



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FAMILY AND COMMUNITY AFFAIRS

Reference: Competitive tendering of welfare service delivery

SYDNEY

Tuesday, 4 November 1997

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES STANDING COMMITTEE
ON FAMILY AND COMMUNITY AFFAIRS

Members:

Mr Forrest (Chair)
Mr Quick (Deputy Chair)

Mr Ross Cameron	Ms Macklin
Ms Ellis	Mr Allan Morris
Mrs Elson	Dr Nelson
Mrs Elizabeth Grace	Mr Slipper
Mrs De-Anne Kelly	Mrs Vale
Mr Kerr	Mrs West

Matters referred for inquiry into and report on:

The desirability and feasibility of increased contracting out of welfare service delivery by all service providers, with specific reference to:

the current levels of welfare service provision by the non-government welfare sector;

the adequacy of current monitoring of performance standards for services delivered by the non-government welfare sector;

the costs and benefits provided by increased contracting out of government services;

the role of government in standards setting and monitoring of accountability standards; and

the role of government in measuring the efficiency and effectiveness of new service delivery arrangements.

WITNESSES

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Present

Mr Forrest (Chair)

Mr Ross Cameron

Mr Allan Morris

Ms Ellis

The committee met at 8.44 a.m.

Mr Forrest took the chair.

ANTRUM, Mrs Jeanette Ann Florence, Director, New South Wales Meals on Wheels Association and Member, New South Wales Home and Community Care State Advisory Committee, c/- Secretariat, Ageing and Disability Department, Level 13, 83 Clarence St, Sydney, New South Wales 2000

CHAIR—Welcome. Before we proceed I need to point out that whilst the committee does not swear its witnesses, the proceedings today are legal proceedings of the parliament and warrant the same respect as does the House of Representatives itself. Any deliberate misleading of the committee may be regarded as a contempt of the parliament.

We have your submission which is published in a volume of submissions already distributed as part of the inquiry. If you would like to make an opening statement embellishing briefly the submission, please do so and we will then proceed to questions from members.

I apologise for the fact that there are not a lot of us here today but we are spread all around the nation. All members see the evidence and what you say is part of the record. Therefore, please proceed.

Mrs Antrum—Thank you, Mr Chairman. The state advisory committee feels that if human services were to go down the path of being open to competitive tendering then that takes us back to where we came from. Human services were set up because the marketplace failed to satisfy the needs of the community. Community development started to look more closely at the needs of disadvantaged groups in the community. This occurred because their needs were not being looked at or addressed in a marketplace economy.

What they are worried about now is if that if we then go back to having everybody's needs in the community addressed through a marketplace process, then the disadvantaged in our society are going to miss out again because that was the reason that community services started. They are being funded by government because there was a recognition that their needs were not being addressed in the open marketplace. Therefore, it seems to us that going down that path would take us back to where we started from.

The community sector has spent many years in looking very closely at what the needs of disadvantaged groups are and has seen that the best way of meeting those needs is to be able to be very flexible at a very local level. You are looking at the community responding to the residents' needs within that community and setting up systems that are flexible and responsive enough to meet more exactly the needs of those groups.

That is very important given the groups that we are actually dealing with, those who are disadvantaged and who are not generally articulate enough in an open marketplace to state very clearly against all of the other competing demands what their needs are. What the community has been working on are things like working together in a coordinated fashion, and working together in a cooperative fashion in collaboration with all other community workers and human services organisations within a particular community to look more directly at how they can satisfy the needs of the people they are

serving.

To the community sector it seems that competition policy is the direct opposite of that, that if you have been working for a long time in a coordinated, cooperative and collaborative way, then by introducing competition you have got the same groups who have spent a lot of time coming together and working out how they can share their resources to provide a more effective service, now competing against each other for resources to provide services which by definition within the community sector have always been better delivered in a cooperative approach. So that is—

CHAIR—‘Diametrically opposed’, the submission says.

Mrs Antrum—Yes. That is my introductory statement.

CHAIR—We have heard in evidence that HACC services are the subject of some fairly intense review.

Mrs Antrum—Yes.

CHAIR—Yesterday we heard there were seven reviews and inquiries and so forth going on, so the sector is reeling from what Mr Morris referred to as RFS.

Mr ALLAN MORRIS—Reform fatigue syndrome.

Mrs Antrum—Very much so.

CHAIR—There is currently a review going on in respect of a common assessment tool. When is that due to be finalised? I am hoping you can point us in the right direction.

Mrs Antrum—There are a lot of reforms going on that come under the banner of what we call the E and E, efficiency and effectiveness, review of the home and community care program. As a result of that review, the Commonwealth has passed on a whole lot of recommendations to the states, and the states are supposed to be finding ways of implementing the recommendations from that review, and assessment was one of them. They are also looking at different ways of providing the program, such as having it based on output funding—that is, funding according to the outputs of the program. They are looking at a fees policy. There are about seven or eight different things that the sector is dealing with.

Part of that whole review—I guess this is where the problem comes and where some of the contradictions come—was to try to help the sector to be more cooperative, more coordinated, and to have a more collaborative approach to providing community services. The original intention of the home and community care program, as we understand it, was about making sure that people were kept out of institutions by providing the sorts of services that that would satisfy their needs. One of the things that has been drummed into the HACC sector ever since it was introduced is that the best way

to do this is to start amalgamating, start co-locating and start working together.

An awful lot of energy has been put into trying to find ways to make the service work in a more coordinated fashion. Certainly, from my experience with Meals on Wheels, an awful lot of energy has been put into getting a lot of our smaller services to work together. In fact, we have put together, with the help of the department, a new model, Meals on Wheels cooperatives, which work in four or five areas around New South Wales. They have been very successful because they work with all of the other HACC services. They have one person who coordinates the delivery of a whole range of HACC services from one centre. They share a lot of the administrative resources such as photostat machines and fax machines.

An awful lot of energy has been put into looking at models that will make the services more responsive to what is needed within the community. In this way, we are looking at the whole person—not just a person who needs Meals on Wheels or a person who needs community transport. It is getting all of these services to work together to look at the person and also getting the services working at an administrative level to say, ‘Okay, this is what this person needs; you can supply that’, and it is all done from one co-located centre or one amalgamated group.

All of that energy has been about producing quality services. I guess the sector is frightened now that we are going to be asked to compete for the resources. What will happen to all of this infrastructure that has been built up to provide the sorts of quality services that a lot of people have put a lot of energy into getting? People have worked really hard to try to satisfy some of the expectations that have come down to us through things such as the efficiency and effectiveness review and this committee’s report *Home but not alone*.

CHAIR—So some of that reform is heading in a positive direction?

Mrs Antrum—Very positive, yes.

CHAIR—You mention a worry or a fear or concern about what might happen. Do you have any examples where competitive tendering has been imposed and has produced a very poor outcome?

Mrs Antrum—Victoria.

CHAIR—We have been to Victoria.

Mr ALLAN MORRIS—Do you have information about that example about children’s services?

Mrs Antrum—I do not have a lot of detail on children’s services because I work mainly in the aged area. That was a suggestion put in by other members of the state advisory committee in relation to what has happened with children’s services. They asked me to include a paragraph in there.

Mr ALLAN MORRIS—Is it possible to find out more about that?

Mrs Antrum—Yes, we could find out more about it.

Mr ALLAN MORRIS—The chairman was saying that we are trying to see if we can find examples of where there may have been some problems and actually see how they worked out what was involved. The adult stuff is a bit dangerous. We pick up a lot of general comments, but it is a bit hard to quote those in a report.

CHAIR—We need concrete examples rather than hearsay or worries about what might happen. We are looking for concrete examples.

Mrs Antrum—The concrete examples that I know of are about Meals on Wheels in Victoria, where—

CHAIR—We have heard all about Meals on Wheels. We are in New South Wales now, so give us an example in New South Wales.

Mrs Antrum—There has not been competition policy introduced into New South Wales. The New South Wales government keeps assuring those of us who work in the community sector that they have no intention of introducing competition policy into human services delivery.

CHAIR—The submission says that, but then you say ‘but’.

Mrs Antrum—But what we keep reminding Mr Carr and the powers that be, the cabinet, is that we have seen signs where it is already being introduced in local government. We have said, ‘Well, you keep saying this at government level and yet one of your own government departments is actually already introducing the tendering process.’ It is a step in that direction.

As far as I know, what is happening in local government at the moment is that they are tendering for the supply side. If you take a Meals on Wheels organisation again, which is the one I know best, then what happens is that they will tender for the supply of food, but the delivery in New South Wales is still carried out by the organisation of volunteers and community services organisations.

CHAIR—That seems to me to be a practical thing—

Mrs Antrum—Yes.

CHAIR—because a meal could be specified—certain nutritional value and so forth. But the rest of it is what we are concerned about; it is the whole aspect of what happens when a meal is delivered and someone is interacting with another human being.

Mrs Antrum—That is what we are worried about. The worry is that if you get a contractor who is there for only profit reasons, and has won the tender because they have

the skills and the resources and the knowledge to put together a better tender than the community services sector, which does not necessarily have that skill, then what will happen is that the actual concrete examples that we do not have yet, but could have, might be that the meal will be delivered and that the person does not actually go in. As far as we are concerned, the meal is only part of the whole thing.

CHAIR—But it is a concern about something that might happen, not something that is happening.

Mrs Antrum—That is true.

CHAIR—You have undertaken to give us some more information on child support services.

Mr ALLAN MORRIS—Where the submission says that, with the child protection services, ‘where children with complex needs were presenting, the results caused a crisis’, that would be interesting to know about. So if we could get some views, that would be helpful.

Mrs Antrum—Okay.

Mr ALLAN MORRIS—Or ask your colleagues?

CHAIR—Could you give us some more information on that?

Mrs Antrum—Yes.

Ms ELLIS—You mention in here 35,000 volunteers in the work force in Meals on Wheels. Is that 35,000 individuals?

Mrs Antrum—Yes.

Ms ELLIS—It is pretty hard to replace.

Mrs Antrum—Very hard to replace, and that of course is another worry. What happens to our volunteer work force? Okay, they are all worries at the moment, but if you bring in competition policy and someone else gets the tender, and you take away the infrastructure that was already there delivering all of those services, and it fails, which is one of the things we have seen happen in Victoria, then you have lost what was there before and you have to start building it all up again. It is very hard to get volunteers re-enthused once you have lost them.

CHAIR—It is not entirely lost in Victoria. There is a concern about what might happen, but do not despair too much. We have been to Victoria.

Mrs Antrum—I have been talking to my colleagues down there and some of them are a bit worried. It depends on what area you are in.

CHAIR—Most of the HACC service in rural Victoria is delivered by the municipalities, and part of the problem has been created because there has been a compulsory competitive tendering process imposed on them.

Ms ELLIS—Before the tendering out of the food's production for Meals on Wheels, how was it done?

Mrs Antrum—In Victoria or here?

Ms ELLIS—Anywhere where it has changed and we now have, say, the competitive tendering for the production of food. How was it done before that occurred?

Mrs Antrum—In New South Wales, it is still being done in very many different ways.

Ms ELLIS—Some examples?

Mrs Antrum—It can be done by buying through hospitals or buying ready prepared food on the open market, which is the most expensive way to go. We still have up to 50 separate volunteer kitchens which are run by community based committees in various locations around New South Wales. There are still groups of volunteers running kitchens and they buy their own produce and do their own cooking.

Ms ELLIS—They are a little local generator of supply?

Mrs Antrum—Yes.

Ms ELLIS—Thanks. I just wanted to understand what has happened to the process.

CHAIR—Are there some situations where this process can be used by government as a market test of whether the taxpayers' money is being well directed and so forth? I know your submission talks about measuring quality on page—the pages are not numbered. If there were a way to measure properly the outcomes for some services—and that is why I was interested in the review that is being undertaken; I understand that that is a process to try in some way to quantify this human interaction—it could be that your concerns would not as real as they are now. It is a worry that those sorts of specifications are not yet established.

Mrs Antrum—Measuring quality in human services is the biggest single problem we have in the community sector. I was recently at the World Congress on Gerontology and that concern exists right across the world. You can quantify a whole lot of other things within the human services sector—the outputs, outcomes, assessment and all of those things. But how do you measure the actual quality of the program? There was a great deal of debate on that and basically the bottom line seemed to be from most of the speakers that even at the very base level, if you find something to measure, it is still very subjective.

The only person who can really tell you what the quality of the service is is the person who receives it. Quality means so many different things to different people. How do you measure that in human service? We have been talking to the ageing and disability department about this, but we have still got to try to do it because people are not going to be satisfied unless we can measure quality in some way.

Mr ALLAN MORRIS—We found fascinating the remark before about thin people with fat dogs.

Mrs Antrum—Yes?

Mr ALLAN MORRIS—Did you hear that one about Meals on Wheels?

Mrs Antrum—No.

Mr ALLAN MORRIS—I think it was in Queensland. We were talking about the question of quality and they were saying a lot of people get the meals because they want the socialisation. They would give them to the dog, so you would have thin people with fat dogs.

Mrs Antrum—Yes, I can understand that.

Mr ALLAN MORRIS—Whether they eat the meal could be a very simple way of telling the quality.

Mrs Antrum—If the department cannot come up with ways to measure quality, we think the community sector needs to do it ourselves and inform the department how we think quality can be measured. One of the things we are looking at is that you can measure the efficiency of the organisation and you can look at whether they have got a quality management structure in place. That is okay; you can check list all that. But when it comes to measuring the quality or the effectiveness of the actual service delivered, it becomes really hard.

To do that, the only way that we have seen as a way forward is to try to find best practice. We are looking at where we think good practice actually occurs. If it is a meals service, where are they serving meals seven days a week, 365 days a year and providing breakfast in the evening? That is obviously good practice if a person needs that sort of service.

We look at where good practice occurs. We try to document that and, from all of the good practice, we work out what is best practice and then we use best practice as some sort of benchmark whereby people can measure whether or not what they are delivering is a quality service. So if you have got a quality service that is looking after the full food service needs of a particular client, or a particular area, you can say that that is the best practice model. That is very different from what is happening in Woop Woop, where they are only delivering meals three days a week and where they do not bother about whether the person actually eats it. There are all sorts of different ways. That is one

road down which our association, anyway, is travelling to try to determine what is good practice and best practice in the delivery of meals on wheels. We are doing a research program on that at this very moment.

CHAIR—Getting feedback must be difficult, particularly because the frail aged will not complain, even if the meal is cold, because they are concerned that, if they complain, they might not get a meal.

Mrs Antrum—That is exactly right.

CHAIR—I can appreciate that establishing good feedback and complaints procedures is very difficult.

Mrs Antrum—Extremely difficult, and that is why we cannot use that as a measure of whether it is a quality service. We have done a lot of surveys and we know that the surveys do not necessarily tell us what we want to hear. All we get is that we are wonderful people. We know that people say that because they are frightened that, if they do not say it, they will not get the meal. There has to be another way of measuring whether it is a quality service.

Ms ELLIS—It is also the case in a lot of those personal instances where they really do think the service is wonderful.

Mrs Antrum—For sure.

Ms ELLIS—They do think the lady is lovely or the gentleman is very kind.

Mrs Antrum—That is right. That also says something about the nature of the service: it is the relationship between the volunteer and the client. We do not want to lose that and that is the big fear of the competition policy, I guess, that that sort of relationship might be lost.

CHAIR—I used to deliver meals on wheels for a Rotary club, and remembering someone's birthday and having a little gift for them was a special thing that you could do that you knew just lifted their whole day. How do you measure it? How do you put down that they must remember birthdays? Writing a specification about how human beings operate is very complex.

Mrs Antrum—That is right. But how do you write the specifications for tendering out a service like that?

Mr ALLAN MORRIS—Firstly, can I point out that you are the closest thing that we have to a state government representative. Quite frankly, it is disappointing that the state governments have chosen not to make submissions to this inquiry or to bring themselves forward for discussion. It is unfortunate because we do not get a whole of government approach. You might pass it back to your colleagues that it does make it harder for us to understand the issues.

Secondly, as part of the previous report, and the efficiency and effectiveness review, one of the hopes was to move towards a regional funding base. If there was a fees policy, that policy could in fact be done at a regional level and may well have been able to be prioritised in terms of the money raised. One of the real concerns that many of us have—looking at the fee structure and competitive tendering and putting them together—is that it becomes very difficult to work out who gets the fees and if they are apportioned. Many people will not be able to pay for all the services they get. There will be too many so it may almost mean first in, best dressed. It seems to me that, with the 20 per cent user charges on HACC services and competitive tendering, it will create chaos in management terms or in fairness terms. Has that been thought about at all? Is that one of the issues that you are considering?

Mrs Antrum—There are equity issues—certainly, at individual levels. In New South Wales, as you know, a draft fees policy is in cabinet but it has yet to come out.

Mr ALLAN MORRIS—Yes, the Commonwealth is requiring the states to raise 20 per cent from HACC charges, and that is virtually across all HACC services. Each state is going about it differently.

Mrs Antrum—That is right. We know that in New South Wales 11 per cent of that 20 per cent has already been collected and they are looking at finding another nine per cent. That is what the fees policy that is currently sitting in cabinet is all about. Because it has been sitting for so long, again, there is a lot of unrest in the community about what is actually in that fees policy. The worry is with all the things that you have said. Who is going to collect the fees? Who is going to administer the policy? Where does the money go anyway? Is it going back into the development of the service? There are also a whole lot of other questions—for instance, what are they actually paying for?

Meals on Wheels is slightly different because we believe that the client is paying for the food, and that is slightly different from paying for a service. Everybody has to have food: you have to pay for your food no matter whether you get it from Meals on Wheels or whether you buy it at the shop. In terms of housekeeping or home nursing not everybody needs that to survive. You can survive without having your house cleaned; you cannot survive without having food.

So we do not see what the client pays for Meals on Wheels as a fee and we will argue very strongly about that being a fee. We see that as a normal cost. It is a user pays cost but, in New South Wales, we have a financially disadvantaged fund for clients who cannot afford, for a short time, for whatever reason, to access their meals while they are suffering from financial disadvantage. There are a few issues that have to be argued out but we are all sitting on tenterhooks waiting to see what comes out of cabinet.

Mr ALLAN MORRIS—Are you saying that you have been assured by the state government that competitive tendering will not be coming into force?

Mrs Antrum—Yes.

Mr ALLAN MORRIS—Mr Chairman, I suggest that, as a result of yesterday's and today's hearings, we again write to the state government with a series of questions that have come out of the hearings so that we get on record what it is that they are saying. I think what Mrs Antrum is saying is correct, and I have no reason to question her correctness. But, if the state government is saying officially that they will not be introducing competitive tendering for HACC services—and that will be a benefit—we need to get it documented for our own purposes. We might also want to question them about a number of issues that have come up in the hearings and see whether we can get particular answers, given that they would not give us a submission or appear as witnesses. We were thinking about doing this with Victoria anyway.

CHAIR—We can do that. Mrs Antrum, could you supply us with some information about the child protection service and concrete examples of the impact of that? We will decide what actions we take from here and get information from the state governments—we still have South Australia and Queensland to go so we will see what story we get from those states.

Mrs Antrum—Okay.

CHAIR—Thank you for your time.

[9.12 a.m.]

McNAMARA, Ms Bronwyn Ruth, Chairperson, Health & Community Coordination Committee, c/- Royal South Sydney Community Health Complex, Joynton Avenue, Zetland, New South Wales 2017

WILLIAMS, Ms Faye, Committee Member, Health & Community Coordination Committee, c/- Royal South Sydney Community Health Complex, Joynton Avenue, Zetland, New South Wales 2017

CHAIR—Welcome. Do you have comments to make on the capacity in which you appear?

Ms McNamara—I am the HACC liaison officer with community health services and programs in south-eastern Sydney area health service.

Ms Williams—I am also with the eastern Sydney area health community health services.

CHAIR—It is a forum of representatives from—

Ms Williams—It is a committee within area health to look at community service and health issues.

CHAIR—Thank you. Before we proceed, I need to point out that, whilst this committee does not swear its witnesses, the proceedings today are legal proceedings of the parliament and warrant the same respect as proceedings of the House of Representatives itself. Any deliberate misleading of the committee may be regarded as a contempt of the parliament. I now invite you to make an opening statement enhancing your submission, before we proceed to questions from the members. We are in your hands, bearing in mind that we do not have a hard copy of your submission with us this morning.

Ms McNamara—Our committee is, as you mentioned, a forum of health service providers and community based service providers in the eastern Sydney area. We are very concerned that the introduction of competitive tendering for health and welfare service delivery will diminish the quality and the appropriateness of services provided to consumers. We believe that it will push service providers to become less client focused and more prescriptive in the services that they offer. Ultimately, that will disadvantage the consumers that we service—both health consumers and welfare service consumers.

Ms Williams—We are going to do a couple of points each, since we are trying to get through it quickly.

CHAIR—Thank you; it is a tandem effort.

Ms McNamara—I will provide you with an example of a complex health situation. That is one of the areas that we are particularly concerned about. Competitive

tendering requires some form of output based funding, or unit cost measurement. One of our main concerns is that many of the people and many of the situations that we deal with are very complex and very difficult to bring down to a unit of service.

CHAIR—We are particularly trying to get our hands on concrete examples. We are hearing a lot in evidence about a concern about things that might happen—which is more like fear—but we are particularly anxious for you to identify examples where an outcome has been disastrous because this new process has been imposed on it.

Ms McNamara—I will give you an example of service provision under the current set-up, which is not competitive tendering; and perhaps I can then comment on how I feel that may change.

CHAIR—How would you describe the current set-up?

Ms McNamara—Currently under community health services, we have what I would describe as program based funding. In other words, dementia care nurses cover certain areas. They are not funded to do a particular number of clients and a particular number of types of services. Nurses are funded to service all clients with dementia who are referred to them in their particular areas.

The types of people that we see in community health, particularly in those complex situations such as dementia care, have very complex problems. Often we are not aware of the complexity of the situation until we actually arrive. For example, my background is occupational therapy. I once had referred to me an Italian lady who had slipped and fallen in the bathroom. It seemed a fairly straightforward situation. The lady lived with her elderly husband and her daughter, who assisted her with daily activities. They spoke no English, but the daughter insisted that she would interpret for them. Indeed, the lady's problems were reasonably straightforward and simple to resolve with some equipment and some rails. After assessing the lady, I asked the daughter how her father was and how he was coping. She then mentioned that he had been suffering from some confusion and memory loss and that he had actually had a fall recently.

CHAIR—That is a complex situation that is hard to quantify.

Ms McNamara—It became complex, yes. Essentially, this man deteriorated quite quickly over the next six months and he needed a lot of services, such as a lot of dementia care nursing, occupational therapy and physiotherapy. But the person who really needed a lot of support services was, in fact, the daughter. We could do so much for her father, but she was extremely anxious and stressed. She was very distressed by the deterioration in her father. She really wanted to care for him at home and, indeed, she did care for him at home, almost up until the very end—with a lot of support from the dementia care nurses, from community health, from the dementia day-care centre, from a carers support group that she attended and from carers education sessions that she also attended.

A lot of those services in our area are cooperative arrangements. One of the things

that we really value about service provision in our areas is the level of cooperation that exists in providing a service to a particular client. We are quite worried about the effects that competitive tendering may have on that climate of cooperation and, ultimately, on service delivery to people like this man, his daughter and wife.

CHAIR—That is a good example of what would be difficult to specify and quantify; but you were still able to deliver the service, however complex: it is not something that has happened because competitive tendering has been imposed.

Ms McNamara—No.

CHAIR—You are still saying to us that you are worried about something that might happen.

Ms McNamara—That is correct.

CHAIR—Do you have any other examples that you are involved in?

Ms Williams—I can say that we cannot give examples of how it has happened until it happens. In the community services sector that we are involved with, it has not happened yet to the fullest extent. In the HACC program, which you have probably heard people speaking about, there has been in just the last lot of growth funding a process which is moving towards a competitive tendering model, but it is not fully there yet; and we can certainly comment on that. But in New South Wales we are not contracted out yet, and so we cannot say, ‘This is what has happened.’ But we can look at what has happened in other states and, certainly, at what has happened in Victoria. I guess you have the information from there. But we can look at it and try to do some analysis of what the impacts might be.

Ms McNamara—I can tell you that, say, a dementia care nurse who sees quite a lot of complex people may only spend 25 per cent of her total time directly with the clients; and direct client contact is often the focus for measuring outputs. The majority of the time is spent in other areas that are equally critical to managing the client effectively: liaison with other service providers, networking, education and carer support. If those areas are missed out, you may in fact have that nursing position probably being only one-third funded, if client contact is all that is measured. That is a concern that we have. I do not think it is acknowledged nearly enough that it is not a matter only of the time you spend with clients: it is all the other things that you do to enhance the quality of what you do with the clients.

Mr ALLAN MORRIS—I will play devil’s advocate for the moment and point out that, in previous inquiries, we discovered a tremendous discrepancy, partly in Victoria and partly elsewhere, in the cost per hour for, say, home care. From recollection it varied from \$16 to \$32 per hour, often provided by local government—and similarly with nursing services costs per hour. One assumes that all nurses, say, are trained the same but, if one group of them is provided with a much more expensive car than another group that has a different provider, there is obviously pressure on governments to say, ‘It is really

unreasonable that we get less client service because of inefficiencies' or whatever.

There is an argument that says we should be trying to test the charging structures or the processes that actually end up with a cost per hour for services—assuming, as I said, some level of professionalism. From that, some people argue that competitive tendering is a way of doing that. There may be other ways, but the fact is that historically there were some really major discrepancies between cost per hour for service, from organisation to organisation. From a council on one side of the street, it would cost so much per hour for home care. On the other side of the street, from another council in Victoria, there would be an entirely different charge. That really needed to be addressed in some form by the sector and by governments.

Ms Williams—If the answer to that is output funding, where you say, 'You look after this many people for this much money, and we don't care what the inputs are', that perhaps is seen as a way around that. What we are saying is that what you will lose, in trying to determine what the outputs are, are the kinds of things that are hard to specify and quantify. We might be arguing about the differential cost of a car between two local governments, but what we are losing is the glue that makes the whole process work.

Mr ALLAN MORRIS—Surely there must be an in-between. Part of the cost was the quality of the car, and part of the cost was the bureaucratic overheads in the organisation, in many cases. We had some large councils with very large bureaucracies, with a lot of desk-bound staff rather than service staff, and so the actual amount going to the people was less in some councils than in others.

Ms Williams—You can do that kind of investigation without going into competitive tendering. The results of a lot of competitive tendering have claimed benefits which you can actually get without doing competitive tendering. You can tighten up your budgets.

Mr ALLAN MORRIS—Committee teams were put up as being one way of actually ensuring that taxpayers and consumers were getting a reasonable level of service at a reasonable cost. What are the alternatives? One can argue that those are the two extremes: competitive at one end and no security at the other. There may be alternative ways. Tell us some alternative ways, Faye.

Ms Williams—The way to determine that kind of thing is to have a look at inputs, and there is a capacity to do that now. The way to get a tighter hold on what people do is to tighten up their reporting mechanisms or their job descriptions. A council in New South Wales that had gone into total competitive tendering was really excited at the result of competitive tendering because it had got good job descriptions for everybody. But you can get good job descriptions for anybody without doing that. The concern is what you are losing in applying competitive tendering to community services. If you actually try to value and cost that, you are probably losing more than you are gaining in the kind of accountability that you are looking for.

That is what we can see as, in our HACC program, we try to go into unit costing

and measuring of outputs. Again, that is another paper that we have had within the state government for 12 months and that we cannot get out and talk about. Certainly, what we are concerned about is that you cannot measure the things that we have been talking about that we value: cooperation, coordination, quality and all of those things. The ageing and disability department has been endeavouring to do it for quite some time. We think it is not coming out, and there have been comments that it is just too hard to do. We are going into some kind of pseudo contracting-out process, which is even more damaging because we do not have all the data that we need in order for it to work as a proper purchaser/provider split.

At the moment, we are using the knowledge and expertise of Community Services to do the planning, and we are pretending that we are doing a provider split; yet the large amount of very expensive work that needs to happen within departments to do that successfully is not in place. The other thing is: how much is it going to cost to put this process into place, as compared with whether it is more expensive for one council to run a car than it is for another council?

In New South Wales, we are thinking about what analysis has been done of the costs and benefits of moving down this track. We might be saving money in one direction but we could be putting on a lot of costs, especially on government departments, to do the measuring, the accounting and the consulting with consumers to do the proper specification writing process.

CHAIR—You mentioned contracting as well as competitive tendering. You need to make it clear that the whole concept of outsourcing is not new—it has been happening for decades—but that it is this new suggesting to do it by competitive tendering that is your prime concern, and not the idea of governments contracting out the delivery of their services.

Ms Williams—It is very different from what Community Services is used to, and so naturally we are very concerned about it.

CHAIR—Contracting?

Ms Williams—Yes, we are concerned about contracting; because, again, you have to have your purchaser/provider split in order to provide contracts and therefore you get into a competitive arrangement. Already, just on the small level that we have been doing it within the HACC program, we have seen the break-up of a lot of our cooperative practices in doing that, because you have to compete with each other.

There is an assumption that we can maintain our cooperative networks and have competition that has to arrive out of contracts at the same time. If the contracts are not competitive and you just simply want to define a certain amount of work for a certain amount of time, then that might lessen the amount of competition. But you have then to go back to your measurement and your defining of quality problems and make sure people actually meet the contract. This has happened in the city of Sydney where the council has gone through a competitive tendering process and has now got a contract to run services.

If everything that you want that organisation to do is not specified in that contract, then either it does not get done or you have to pay more to have it done.

This can become quite expensive. It means that if there are pieces of work that are essential that did not get written in the specification they do not get done. I think there are examples within health, too.

Mr ROSS CAMERON—On the question of competition and cooperation, I think you would find routinely in the private sector—in the for-profit sector—that companies in competition with each other would still cooperate. Contracting out to some extent is an expression of that, of just trying to work out what your core business is and what you can do best, how you can add value best and then, instead of trying to do everything yourself, cooperating with, in some cases, your competitors to use their skills and services. Why would that model not operate just as effectively?

Ms McNamara—We already do that. We already have, I guess, a complex network of service providers providing different kinds of services and we already do cooperate. I am concerned about the notion that what we are doing is expensive for what it is and inefficient. I would welcome any of you to go on some home visits with one of our health workers and see the complexity of service provision and the type of work that is provided. We are a very efficient service with low overheads.

Mr ROSS CAMERON—I was not so much questioning your efficiency but just the idea that there is an inherent conflict between competitive tendering and cooperative delivery of services. I would not say that is necessarily the case in the private sector and I would not assume that it would be in the welfare sector.

Ms Williams—I think we get down to the issue of payment and making a profit. I think there is an inherent conflict in there in that in the community sector we are not working to make a profit. There is no profit. The only profit is either your satisfaction in doing a good job or the fact that your organisation is doing well. All the motivation and the way that you relate to each other through making a profit is not there. That is another issue where cooperation becomes more than just ‘We will work together on this particular issue’. It is a fundamental of what ties us together because we are not paying each other for things.

Mr ROSS CAMERON—I note in your submission you make that point and also that you make this distinction between profit seeking corporations and the non-profit sector and suggest that your staff, for example, want to see their clients’ needs being met and have the satisfaction of having contributed to that. Are you suggesting that people in for-profit corporations do not have those motivations?

Ms Williams—No, but I am suggesting that the motivation for profit is fundamental to being in business; otherwise there is not a lot of point in being in business. It simply means that we are operating, I guess, with different structures and part of our currency is that cooperation and we probably could cooperate to some extent. But the evidence we have seen so far and the thing that frightens us is that in the initial stages,

instead of being able to share openly the information which is fundamental to cooperation, we are going to have to hold some of that back—in order to perhaps win a contract, for example. We are seeing evidence of it but we might get through it and get to what you are talking about. But it is still much more important to us that we have cooperation, not the kind of stand-alone that you could have within the market sector if you did not want to cooperate. We cannot do without it.

Mr ROSS CAMERON—Isn't that in your discussion about job description and about accountability and so forth? Isn't this the big problem—that, once you define an environment and say, 'Okay, the motivator here is going to be human altruistic commitment to one's neighbour and to the needy, disadvantaged, or whatever', that motivation might well get you so far in many instances?

You talk about the problems of contracting, that once you contract you get only what you contract for. But again, I would suggest to you there may be a situation where you are entirely reliant on the goodness of the human heart to motivate people. I imagine you would have been shocked by what has happened in Armidale in relation to the youth workers and so forth. There you have an entirely government funded service, reliant on the goodwill of one towards another, and yet we find a systematic pattern of abuse. Apparently, no mechanisms were in place over a long time—

Ms Williams—I do not think that is confined to the sector. I think that is across the whole of our society and I do not think it is really relevant to what we are talking about here.

Mr ROSS CAMERON—Isn't it relevant, though, if we are talking about outcomes, performance standards, what motivates people—

Mr ALLAN MORRIS—That may have happened in a private kindergarten.

Mr ROSS CAMERON—That is right. All I am saying is this. You say, 'Well, all of our people are motivated out of this concern.' One of the problems you have in government agencies is, because there is not a commercial reputation on the line—it seems to me the big problem that we have had, for example, in the Department of Community Services—getting any commitment to addressing these problems.

Ms Williams—That is a departmental issue and I guess we could go on about the department side of what we offer. I would not want to also comment on that here, because I am not equipped to do that. Certainly at our end there is a lot of work that could happen within departments, but I do not know that contracting out, again, is the mechanism to address that. All I am saying is: you can address those inadequacies in other ways besides competitive tendering and using contracting out to get that competition.

The other thing I would like to mention is the assumption that it is only, I guess, the business sector that is hard-nosed and professional. I think that there is a professionalism amongst the community sector as well. This is what we are trying to say: it is a different kind of professionalism and it is a different culture, but it still produces

good results. I see myself as a community professional, not a corporate professional, not a government professional.

We are asking for some understanding of and respect for the kind of professionalism and the way in which we work, and our concern at what bringing in market processes might do to that. I do not think we are unhappy about improving our act, but we are not sure that, in bringing in this process of improving our act, we might not destroy some very valuable parts of it, which will mean that we cannot operate effectively the way we have, and you will end up with community services being provided just by businesses where it is profitable. We are really concerned about the ones that drop out from that.

CHAIR—I am going to have to make that the last question because we have a lot to get through. I would like to offer you at any time an opportunity to supply extra information to the committee.

Mr ALLAN MORRIS—I have two questions for you to take on notice. The first thing concerns the interchange of information professionally. Given that the information belongs to the organisation rather than the individual, then the preparedness to exchange information across providers could in fact be a real impediment to contracting out.

The second thing is this. I am sorry, but your submission is not here. If it is not covered, could you give us a few notes on how you have actually integrated your coordinated care in terms of the health sector and the HACC sector. I think we would be interested in knowing how you have actually meshed those together, because we all saw that as being a fairly difficult challenge, given the different nature of fee for service in health compared to DOC grants to HACC. Information on how you have actually meshed those would be helpful.

Ms Williams—We have been doing that, yes.

Mr ALLAN MORRIS—It would be perhaps instructive to us as a bit of an insight. I am sorry there is no time this morning, but a note coming later might be helpful.

CHAIR—Some of that is in the submission. You can supply any extra information at all that you feel would be helpful. I do not know that we have given you a fair go this morning, but thank you very much.

Ms Williams—Thank you for listening to us.

[9.39 a.m.]

SCOTT, Mr Eric McEwan, Manager, Systems Support, Association of Child Welfare Agencies, Level 2, 323 Castlereagh Street, Sydney, New South Wales 2000

CHAIR—Welcome. Thank you for coming. Before I proceed, I wish to point out that this committee does not swear its witnesses, but the proceedings today are legal proceedings of the parliament and warrant the same respect as the House of Representatives itself. Any deliberate misleading of the committee might be regarded as a contempt of the parliament. Thank you for your submission. I would like to give you an opportunity to make some opening comments before we proceed to some questions from members.

Mr Scott—Many of my comments, and indeed the issues raised in my submission, do relate to issues associated with contracting out per se: the clarification of what is expected, what is wanted and how it is measured, and so on. The competitive element of that has been tested in only very limited ways in the field in which I operate, so the question of competition between potential providers has not been so much of an issue as the detail of what they are being asked to do and how there are any measures and checks and regulation on achieving it.

I think that if an environment was such that there was clarity about what was wanted, clarity about how it was costed, paid for, measured and assessed, the issues of agencies competing with each other to get the job would be approached with a lot more comfort. But I think we have proceeded down a track of outsourcing and contracting out in human services with a lot of experiences from commercial activities which do not necessarily translate. So you may find that much of what I say relates more to the whole concept of outsourcing and contracting out, rather than whether or not people are competing for the privilege of losing money on the job.

CHAIR—I understand that in child services, though, in New South Wales, competitive tendering has already been introduced.

Mr Scott—It was introduced as a one-off and has not been repeated, because they have not quite got it right.

CHAIR—They messed it up, so they have pulled back.

Mr Scott—Yes. The intention was—there are a number of factors here that are important—to move all services to the non-government sector by way of competitive tendering, and that was going to shift two lots of money. That was going to shift the money used by the Department of Community Services to provide its own residential and foster care services, and it was going to recycle the money given to agencies by way of grants into contracts put out by competitive tendering.

The impact that would have been felt had that proceeded, or if it still does proceed, was that if money that agencies had previously been getting by way of grants was to be

recycled in terms of contracts, if you did not get a contract, you were not in the game. Agencies that had been providing services for a long time on government grants would be out of the picture completely, so there was a lot of pressure to get a contract just to stay in the game.

Therefore, agencies went for contracts that they did not necessarily think were clear and well funded, because it was a bit of a 'loss leader'; if we do not get in now, we will not be in the game. Agencies that have been providing residential and foster care services for 50 or 100 years do not want to suddenly not exist because the government has chosen to move from a grant to a contract.

However, the Department of Community Services, New South Wales, started by letting 16 contracts: one contract was terminated during the first three years at the request of the provider; the other 15 are currently expiring, or have expired. There are a number of problems which have been covered in the media recently—as recently as Saturday's *Herald*—where the contracts have not been renewed, where the costs have not been clarified, and where the expectations and the relationships have not been clarified. The agencies are saying that they want to keep providing the services because they have a commitment to the young people and, after all, this is work they have been doing for 100 years. But they are now being asked to do it in a different relationship.

The present arrangement is that those 15 contracts are not renewed and are not being renegotiated. That only accommodates up to 90 children. The other couple of thousand children in care in New South Wales are either in the department's care or in the care of agencies operating on the traditional grant system. It proceeded to the 16 contracts, which became 15, and did not proceed any further because it was not to the satisfaction of either party.

CHAIR—What has happened to the children?

Mr Scott—They are still in the services, and agencies are saying that they are committed to continue caring for them. But the contracts have expired—or are expiring; they have been extended to the end of the year. They do not want to give up caring for the children, but they cannot continue to do it on the funding that the contracts attract.

I noticed that in Saturday's *Herald* a departmental spokesperson was quoted as saying that if the agencies did seek to give up the contracts they would be put back out to tender to see if someone else would take them. That is the fear: if you do not stay as a provider, it will be disruptive for the children and you will not be a player anymore. These agencies do have a commitment to providing services. They cannot do it without government money because their own fundraising does not provide for the breadth and quantity of the services that have grown up in the last 10 or 15 years—probably 20 years—since government grants have been the basis of their operation.

They want to continue providing the services, but they have no great desire to do it at a loss, because the agencies that have their own money, raised through charitable fundraising, are able to create innovative programs; they are able to start things off that

governments might not have funded them to do. But if they are having to use their own funds to top up contracts, then they are less able to be innovative and to provide a range of services that their philosophy, their target group, the ideology of their agency—be it a church agency or whatever—seeks to do, because that money is being diverted to top up government contracts.

Ms ELLIS—The one contract that was let, No. 16—how far into the period of the contract did that get cancelled at the request of the contractor?

Mr Scott—About halfway; about 18 months.

Ms ELLIS—For what reasons?

Mr Scott—I can speak only anecdotally and from reported conversations. The target population that they had been asked to take was not the target population that they were being given. It was also in a rural area where recruiting competent and qualified staff was extremely difficult. The one thing that might have changed it was if they had been able to recruit and maintain qualified staff. But in a country centre, you cannot roll into a country town and open up a facility for highly-disturbed adolescents and assume that there are six or eight people in the town available for work who have the qualifications to look after them.

Ms ELLIS—In that particular instance, how were those children looked after prior to that?

Mr Scott—There was a bit of attrition. As each situation with each child broke down they were moved somewhere else. So by the time the service closed, I think there was only one child left. I am not sure specifically what happened but the agency kept going until that child had somewhere to go.

Ms ELLIS—I am sorry, I meant before the contract was let. Before they rolled into the rural town, how were those children there looked after prior to that?

Mr Scott—The 90 children targeted in those first 16 contracts had previously been in the care of the department, and it went through a process of closing its facilities and transferring them to the non-government agencies. They had been cared for in the same approximate location of the state in a departmental facility.

CHAIR—In other words, institutionalised.

Mr Scott—Yes.

CHAIR—Is there a mixture of styles of accommodation for these children, like with foster care?

Mr Scott—Generally speaking, there is a mixture of about 4,000 children in care in New South Wales. The vast majority would be in foster care, those who are in residential care probably numbering only in the hundreds. But the 16 contracts were

specifically for small, cottage-type accommodation caring for up to six children. That was seen to be setting the pattern for what would prevail so there would be no more large-scale institutions; in fact, there are not any. The two types of accommodation would generally be foster care in people's homes or six-bed cottage type units under contract to non-government agencies.

CHAIR—Would the contract have some sort of managerial role to select foster care parents?

Mr Scott—No contracts have been let for foster care because they are still operating under grants. But if there were—

CHAIR—So none of these were—

Mr Scott—They were all for residential units. The problems in day-to-day operation arose from lack of clarity about what was expected. There were descriptions like 'providing care, accommodation and case work for young people'. That is not very easy to measure when things go wrong. If there is violence or running away or self-destructive behaviour and there is concern about whether the young person can stay in that unit, it could be said, 'You have taken the contract, you have taken the young person, you cannot give them back, you are contracted to provide care for that young person.'

How were they going to measure success in terms of the young person having settled down or returned home, or whatever? None of those things were adequately articulated in the contracts. The costs were generally seen as inadequate. But as I said before, agencies had a commitment to moving to this process and were prepared in the first instance to show willingness by taking the contracts. Because the whole process was to shift the care to the non-government sector, it would not have been appropriate for the agencies to say, 'Well, we don't want the kids.' But they did take them with the strong view that the funding was inadequate.

When the young people moved from departmental facilities, there was a lot of testing out in the new places. Many of these young people would say, 'Okay, how are you going to show that you can care for me?' A lot of their institutional behaviour manifested itself in excessive damage. Some organisations had to pay up to \$15,000 for repairs to property within the first few weeks which, out of the contract price, had to be met. So a lot of those things were problematic.

Also, the funder, the Department of Community Services, was also the supplier of the young people. So the agencies got young people on referral from the department. There has been a lot of concern that the assessment was inadequate as to the needs of these young people. They had been assessed in institutional care within the department. That did not necessarily mean that assessment was appropriate to how they might function in a different kind of group living. Often, the assessments were less than adequate in understanding the young person's needs. So agencies did not always know what type of young person they were getting.

Some settled down much better than the paperwork had suggested. Some were expecting all hell to break loose but by moving to a different environment sometimes the young people settle down. At other times the mixture of young people was quite confronting and their behaviour was such that they had to put on extra staff. The numbers were predicated on the basis that there would never be more than two staff on at any one time for six children, because of the cost. That was all the funding would allow. However, sometimes they had put on extra staff—

CHAIR—Could I just interrupt you there. This does not sound to me like competitive tendering; these are contracts awarded on the basis that the contract says, ‘Here is an amount of money. You tell us what you can deliver for that.’

Mr Scott—That is right, that is how it was approached.

CHAIR—It is a sort of fixed price, schedule of rates kind of tender.

Mr Scott—That was so that there would not be the danger of the cheapest person winning the contract and providing poor service. It was decided that in order to maintain quality there would be a fixed price, but the agencies did compete in terms of trying to demonstrate how they would run a service. They were chosen on the basis of a written submission and a face-to-face presentation on how they proposed to care for these young people. There was a competitive selection and a ‘You will get the job and you won’t’ type of arrangement, but the price was fixed.

CHAIR—It was a three-year contract stating, ‘Here is an amount of money for three years’ and a document that attempted to say, ‘These are the expectations we have of you.’

Mr Scott—Yes, that is correct. That is what has fallen down. They have not attempted to do it again. The 15 units currently running under these contracts are at stalemate with the department in renegotiating the contract both in terms of the dollar sum and the clarification on what is expected of them in caring for this flow of young people coming from the department. They do not necessarily know who they are getting and what the problems are going to be, yet for a fixed price they have to take on whatever the department gives them.

Ms ELLIS—Can I just ask one more very quick clarifying question? The 90 young people—how many places did they come from? I am trying to get a fix. Were we moving 20 kids from one institution into four houses of five each or something?

Mr Scott—The department closed about half a dozen units that might have ranged from 10 children to 30 children and some of the children from there were of an age where they moved onto independent living and did not necessarily go into these units. Over the three years, some of the young people moved on and children coming into care for the first time went into those units. So the young people currently in those contracted services are not necessarily the same ones that used to live in—

Ms ELLIS—But it was into smaller accommodation units; that was the prime—

Mr Scott—Yes, smaller accommodation units run by non-government agencies, to provide a split between the provider, that is, non-government agencies, and the funder—monitor, the department. But the current government has stated that it is not absolutely committed to the department ceasing to be a service provider. In fact, it will remain a service provider in a mixed economy.

That raises the question of losing the benefits of a funder/provider split in that you have two types of provider, the department and non-government. The department will monitor the non-government agencies and fund them and set the terms under which they are expected to perform, but there is not clarity as to who is going to do the same for the department. So the whole idea of contracting, tendering, outsourcing, doing things under specified contracts with outcome measures and so on, has not gone down the track that was planned five years ago.

Mr ALLAN MORRIS—I want to put on record three things. Firstly, I want to express my absolute disgust at what happened in 1988-1991 with the decimation of DOCS. Minister Chadwick has a lot to answer for in terms of what is happening to our young people today. The cuts in that budget and the cuts in staffing in DOCS were absolutely criminal and should be a source of enormous shame to those who were responsible for them at the time and to those who in any way defended them.

Secondly, in our parliamentary inquiry on youth homelessness we uncovered an epidemic of problems that really were not being addressed and were being duck shovelled and being avoided and being shovelled around.

Thirdly, I chaired in the Hunter a local planning committee of state officials and non-government agencies to look at a planning process trying to establish a local plan for children's services. We spent a lot of time and a lot of goodwill with both the departmental staff and the non-government sector trying to find some answers and to reconcile the roles that each could play. There was a great deal of work done in that but, unfortunately, it never came into operation. That was caused partly because of this confusion of terminology and responsibility and how you quantify and qualify the kind of issues. I think much of what Mr Scott said today has actually come through.

CHAIR—Could you get to your question, please.

Mr ALLAN MORRIS—I wanted to say that because my questions are prejudiced and I wanted to make sure my prejudices were known; otherwise they do not make any sense. Mr Scott—

Mr ROSS CAMERON—It still does not make any sense to me.

Mr ALLAN MORRIS—I am very careful. Most of my stuff is on the record somewhere or other and it is based on evidence of one kind or another.

Mr Scott, you make the point that the reason for contracting out is that governments are incompetent at doing it. You then say if they are incompetent at doing it, how on earth can they be competent at managing it. In a way it is the blind leading the

blind. So the idea that somehow a department that has been judged to be incompetent is then actually going to measure and monitor and let contracts is really a very good insight into whether or not contracting out is just a divesting of responsibility or genuine progress. You make that point fairly well in the sense of responsibility.

We have been concerned about that and I am now pleased Mr Rose is here because one of the issues that has come through consistently in contracting out, moving to an accountability question, is contractual liability. What you are saying in here raises the same question. Is a government by contracting out divesting itself of responsibility for management and putting it onto the contractor which is on a commercial contract rather than a duty of care by government?

Have you made any more progress on that? You raise it but you do not necessarily answer it. You raised it as a suggestion. Have you made any more progress on delineating whether or not all the government duties of care and all the rest of it would flow through to their contract? In other words, if the contractor fails, is the government legally liable?

Mr Scott—As with many of these things, until it is tested in a court it can only be speculative and we do not particularly want it to be tested in a court. At the moment, the Department of Community Services is putting a lot of pressure on agencies to see that they have the responsibility to fix up the problems with the young people. Because I represent an organisation made up of non-government agencies, they are certainly not against the idea of being service providers. They are not seeking total government service provision. The question is, apart from the adequacy of the contract price, clarity about what they are being asked to do so that they know where both their casework and legal responsibilities lie and they can be clear about what it is they are meant to achieve and how they are going to be assessed in achieving that.

There is a lack of any independent body overseeing this. If the department is to remain a player, most of the child welfare sector in New South Wales would want somebody independent of the department to scrutinise the department's performance as well as that of the non-government agencies. With equity in funding and expectations, there is no difficulty in a mixed economy, where you have a number of providers, in having some independent body to set standards, scrutinise and call to account performance. That is what is lacking at the moment. Until that is clear, I am not aware of any forward moves, at least in substitute care, which is my limited area of expertise compared with what the members of the committee have to overview for the whole country, being made in competitive tendering until a lot of work is done on the detail.

Assumptions were made that it could be done cheaper and that it would be easy to move children out of big institutions into smaller care. The fear is that beds are being lost. A number of agencies have ceased operation. If you try to provide quality care, you do not buy the same number of services. Until that is resolved and there is a commitment that children are important and need to be adequately resourced, we are always going to be chasing beds and having either not enough beds or not enough quality.

Mr ROSS CAMERON—You say that your expertise is substitute care. Could you

give me a quick definition.

Mr Scott—Care in residential facilities or the foster care of children who are unable to live with their natural family.

Mr ROSS CAMERON—The opposition in New South Wales released this letter last week about the facility in Normanhurst. As I understand it, there had been a repeated series of representations to the department that something be done about this problem, but nothing was done. Is that accurate?

Mr Scott—From what I understand, the complaints go back over time. The minister's announcement that Ormond would close was merely a formalising of something that was being planned. I do not think it came as a surprise to anyone for the minister to say that it was closing. Plans were in place to look at the needs of that population. A consultancy had been let. A report was in the minister's hands recommending that a different approach be taken to caring for those young people.

Mr ROSS CAMERON—The bottom line was that the facility was still operating?

Mr Scott—Yes. But plans were in place to close it. You cannot close these things without an alternative. Even if you announced today its closing, it is the home of 10 or 20 young people. They need to have somewhere else to go.

Mr ROSS CAMERON—I take your point about the question of who is looking at government. My colleague says Virginia Chadwick. He would go back a decade or so. I think Bismarck has a lot to answer for, but I do not refer to the 19th century. Is it not the case that, as an agency, DOCS has consistently demonstrated a virtual total incapacity to address clear problems that emerge in the culture of the organisation? The whole problem we are having now is that they have not been able to respond to them effectively. For whatever reason, it just seems that these things have been allowed to fester year in and year out.

Mr Scott—It is manifest in the shape of the Department of Community Services. There are a number of factors, to some extent, outside the department's control, such as its budget allocation and political expediency, which sometimes results in knee-jerk reactions. There is also the question of other departments. For example, the contracted agencies that are members of my association often need to call on mental health services in the health department and on local schools to take these young people in. So if principals suspend a child, if the local adolescent mental health team has a waiting list or finds the young person unsuitable for treatment, that agency has been given a child by DOCS to care for while other government departments are not providing back-up services. All of us in ACWA would not shrink from being critical of DOCS. However, we have to remember that this is a whole of government thing. One department is the manifest perpetrator, but there are other departments and political and budgetary issues.

Mr ALLAN MORRIS—It is a whole of country thing.

Mr ROSS CAMERON—One reason why there has not been an effective response to this problem is that there is no driving imperative to do anything about it. Is it not possible that if you were a privately contracted organisation with a commercial reputation on the line, and you knew that if you had some kind of a scandal, you would probably rule yourself out for further consideration in contracts? Do you not put in the hands of managers a powerful incentive to identify a problem and do something about it?

Mr Scott—Yes. But private contractors would not touch it because you cannot do it. You could not afford to do it. Would one of the private hospital firms decide to open up a residential unit for young people and proceed to lose money hand over fist in doing so? I cannot see them taking it on without adequate money. If the money were adequate, a lot of the other things would flow.

Certainly reputation is important. An agency that falls over in terms of quality care, a scandal or a mistreatment of children is clearly not going to continue to get money from the government to do it. I do not think you can have an environment where that would be tested in any level playing field way until people are asked to take on the money and do the job with clarity. At the moment, it is under-funded. Nobody is going to touch it unless they have large sums of money to top it up. There are problems on a day-to-day basis with the referral of young people. We need to be a lot better at quantifying the issues, identifying the tasks and measuring the outcomes before either side of the equation would feel that it is safe to proceed.

Mr ALLAN MORRIS—It is actually worse than that. The ones dealt with would be the easy ones. They would cost \$15,000 per year. The ones that would not be dealt with would be the hard ones, and they would cost \$95,000 per year. So it appears that the private sector is doing this wonderful job for tremendously efficient value by way of cost per young person while the public sector has this massive inefficiency which is hugely expensive. But this is mainly due to the creaming effect, where the cases are separated out.

Mr Scott—That would be a possibility. Many of the agencies would say that they have the money for the middle range kids but that they actually have the hard end kids.

CHAIR—We will wind it up there, Mr Scott. We thank you very much for bringing your concerns to our attention. We will explore ways in which to pursue some of those concerns.

Ms ELLIS—Would it be possible to get a list of the organisations represented by you?

Mr Scott—Yes. I can send some material to the committee.

Ms ELLIS—It would be useful if we knew who was in your service group.

Mr ALLAN MORRIS—Mr Scott, Mr Rose is going to be appearing with us in Canberra. He was here this morning, but we had a scheduling problem. So the question I

was asking about contract liability will be taken up with the Law Reform Commission in a bit more detail.

Mr Scott—Thank you. I will send some material to you.

CHAIR—We want more time to do that in light of the seriousness of what you have brought to our attention. So we will be speaking to Mr Rose in Canberra at length.

Mr Scott—Thank you.

CHAIR—Thank you very much.

[10.09 a.m.]

BACKHOUSE, Ms Helen, Coordinator (Staff), Illawarra Forum Inc., PO Box 273, Albion Park, New South Wales 2527

POLLARD, Ms Joanne, Executive Member, Illawarra Forum Inc., PO Box 273, Albion Park, New South Wales 2527

CHAIR—Before we proceed, I wish to point out that, while this committee does not swear its witnesses, the proceedings today are legal proceedings of the parliament and warrant the same respect as proceedings of the House of Representatives itself. Any deliberate misleading of the committee may be regarded as a contempt of the parliament. Thank you very much for your submission. Both of you can have an opportunity to embellish it briefly before we proceed to questions. We are in a bit of a rush this morning and we apologise for that. We wanted to make sure that you get a fair hearing. The evidence you give us is very important.

Ms Backhouse—We represent 280 community organisations in the Illawarra. The Illawarra goes from the Wollongong LGA down to the Shoalhaven LGA. It goes down to Milton, Ulladulla and across to Wingecarribee, which is in the Bowral and Moss Vale area. So we cover an area that has both urban and rural services. A lot of the organisations that we represent are quite small. They are organisations that may have only one part-time worker and a lot of voluntary effort to keep the organisation going.

We think it is important to present that kind of perspective because, when policy makers are looking at things like contracting and tendering, we often try to look at the big picture. You have been discussing this morning substitute care and really big picture type things. It is also important to understand how it actually works in small isolated communities with small services and how changes to contracting, tendering and competition impact on what services are delivered in a small area.

Ms Pollard—Those small services have a preventative role to play in the community. So they are getting people before problems develop and building systems and processes that support those people and make those communities of a higher quality. The substitute care end may not necessarily be reached.

CHAIR—Could you send us a list of all the organisations you represent. That would be useful.

Ms Backhouse—I believe that we did.

CHAIR—Thank you for that. We need to establish very clearly what your concern is. Is it the concept of outsourcing and contracting out or is it concern about the process that might be established, which is a competitive tendering process? In some states, that is at different stages. The evidence we are hearing concerns worry and fear about something that might happen. We are not there yet. We are down the track in some different sectors. What is it precisely?

Ms Backhouse—It is a bit of both, and that does not help necessarily. In a sense, outsourcing can be a problem in the kind of areas we represent. I will take up Ross Cameron's last question about outsourcing to private providers. In the sector we represent, about a quarter of all employees have HSC and below. The rest are skilled and trained employees in the community services sector. If you are looking at a small community like Milton, Ulladulla or Sanctuary Point or some of those communities, you would not find that expertise within a private sector type agency. Our concern is that outsourcing will open up doors to people who may say that they can do certain things but that, within the context of rural communities, they do not have enough skilled people to do the kind of work that is necessary.

In some senses, it is about the outsourcing program itself and whether it would actually work. There is then the process about what we actually have and how community people interact with the services that we have. As you are saying, there is a lot of almost fear about what is going to happen. That is having an effect at the moment. If that continues, there is concern about how that is going to affect the amount of service that people are delivering. Most of the services that I am talking about in our area, are community managed services.

Ms Pollard—They are voluntary.

Ms Backhouse—You would be fairly familiar with that now. In the urban areas, the voluntary management committees can draw on people who have welfare certificates or university qualifications in welfare and who have experience in tax and all the rest of it. In your rural communities, the typical community management committee is very much made up of your local community members. Quite often, it involves women, and women who are unemployed or out of the work force at that time. Those people make several contributions to the service. The level of funding that services currently get is quite small. You might run a whole service on funding of about \$45,000. I am assuming that part of this inquiry is not about upping the pool of money that goes into community services. We have to try to maintain the quality and amount of service for that kind of money.

The way that that is done in rural areas is that those management committee people—and you might have 10—are voluntarily managing the service. In relation to your point about private managers having the skills, I do not think that our society can afford to pay those private managers in areas where there is not already that amount of money going into it. So, in a sense, you are getting a fairly low skill level of people managing services, with a high skill level of people working in the services.

The people who are managing services are currently dealing with a whole range of legalities and accountability requirements. With very minimal resources and infrastructure resource coming through government funding, there is very little available for community management support. If you took a similar model to small business support in our region, there are things such as total quality management, export industry enhancement, and things like that, but nothing that is really funded about infrastructure support for community based services.

Those small services also rely on volunteers. Our research shows that for every one worker that the government pays for, you get the equivalent of 2½ volunteers, on average, across the region. So you are already getting quite a lot of value for money. It is hard to see how introducing a competitive environment in those communities will be beneficial—whether there are other people to compete for it in the first place, with the required skill level, and where the efficiency will be gained.

Ms Pollard—You were talking before about the atmosphere of competitive tendering and contracting. That is already putting pressure on management committees: it is getting increasingly difficult to attract people out of the community to work on management committees because of the increasing legal requirements. They are accountable in a great range of ways now. We have recently been involved with DOCS on a planning process. Part of what came out of that was the sorts of ways that these management committees are already accountable. But the increasing pressure that is put on them, through the legal requirements of contracting, makes it increasingly difficult to attract people to management committees, and especially if you are talking about ethnic communities and Aboriginal and Torres Strait Islander communities.

Mr ROSS CAMERON—The balance of the evidence seems to be saying that there is this network of human relationships which undergird this exercise, and that those relationships are driven by a certain ethos, which is not primarily commercial. There is a view that that ethos is fundamentally inconsistent with a commercial approach and that, if you try to introduce the one, you will inevitably undermine the other. But if you can run 2½ volunteers for every staff worker under that community network model, doesn't that give you a massive competitive advantage under any competitive model?

Ms Backhouse—Sure.

Mr ROSS CAMERON—So what is there to fear in competition?

Ms Backhouse—We will give an example in a minute but the other side to that is: why introduce it? If there is nothing to fear, and nothing is likely to change, why undertake this exercise?

Mr ROSS CAMERON—In Illawarra, it may be that you guys are leading the nation. But the problem for those of us who are inevitably allocating funds raised by taxpayers, and shops and factories in Parramatta, and other places around the country, is that at the moment we are in a sense taking your word for it. Everyone is saying, 'Trust us. We are great human beings. We are very committed to our community. We are totally professional, reliable. We run our services at very low cost. So just trust us and continue the current relationship.' But if the service is so good and so efficient, and so capable of tapping into community commitment, volunteers, et cetera—I am not saying it is not, I am just asking the question—what is there to fear in competition? Surely you will beat hands down anyone who seeks to get into your market.

Ms Backhouse—We are saying it is cost-efficient: we are not saying it is perfect. If effort is to go into some new system that is going to improve it, then that is very

welcome, and I have referred to the infrastructure and resources for that. It is not perfect, but it does pull on a whole lot of things that a strict cost-benefit analysis is not going to show up, in terms of community involvement.

The very last sentence you said was about what there is to fear in competition. Maybe if Joanne gives some examples of where competitive tendering is being applied at the moment in the region—and it is being applied from different levels—and of the kind of consequences that have come up, that will give you a grassroots idea of it.

CHAIR—We need concrete examples.

Ms Pollard—Before I do that, I would just like to take up Mr Cameron on one point about ‘Just trust us’. In fact, it is not a case of just trusting us. Community based organisations have got a long list of accountability requirements. We have got a list of them here, if you would like to look at it. It is not the case that we are left to our own devices and so please trust us: there are many levels of accountability that we have to reach for governments and communities, et cetera.

A couple of recent examples are these. As part of my role in the community management support unit of the Illawarra Forum, I am working with a very disadvantaged group of Aborigines at Coomaditchie, which is an ex-mission. The unemployment rate there is 85 per cent. The community, with its elders, has been trying to do something about the unemployment rate amongst its young people, a rate which is as high as 95 per cent. To do that, we have been negotiating with what was until recently the Commonwealth Employment Service, to set up an employment and training scheme.

Part of that is to write a document for a training package which outlines the outcomes and what we hope to get from it, et cetera. Normally, the way that the community services sector would operate is to go to other people who have run similar training packages, to get ideas from them and to share information about those sorts of things, so that we are not reinventing the wheel—we are not starting from scratch: we are using other people’s expertise and ideas on what works, building on what is already there.

The area of training is one area where competitive tendering has already come in. In trying to go about our usual processes of gaining information so that the most cost-effective and realistic proposal has the most likelihood to succeed—especially in this area, with Aboriginal people, where there are whole histories of things not being done properly, et cetera—we have found it extremely difficult to get any sort of help from other providers about the best way to put together a training package. They are very reluctant to give any sort of information and are reluctant to help, because they see us as competition. That is one example.

Another example that we have come across recently down in our area is working with community based organisations—again, local management committees—where the council is putting out to tender all the council operated premises. These council operated buildings house places like neighbourhood centres. Those buildings are being put out to tender, and that is causing great divisiveness amongst the community sector, because you

have got a neighbourhood centre that has been there and provided services and upgraded the building at cost to the neighbourhood centre, and then you have got other community based organisations tendering for the same premises. That has caused divisiveness amongst the community organisations. Those are two small examples of the lack of cooperation that has already occurred in our area with community based organisations.

The other thing that I can speak of is that I work very closely with community management, the people that Helen is talking about. It is untrained people, and usually women, who manage these services, and this has got great benefits for them. I was talking before about building on the strength of the community so that they have got resources before they get to problem areas, and this sort of community based management gives them skills in dealing with money and in managing services, and they get a great deal out of it. Increasingly, they are saying to me that they cannot do it any more, because of the legal requirements of contracting and the general atmosphere that there is around competitive tendering and contracting—especially, as I say, with ethnic communities and Aboriginal communities, whose resources in terms of dealing with these sorts of issues are behind the eight ball to begin with.

CHAIR—The volunteer spirit has been undermined, are you saying, through legal threat?

Ms Pollard—Yes; because the legal requirements of contracting put increasing pressure on them. They are saying, ‘We cannot do it.’ Whether it is a real fear or otherwise, the people that I work with are saying that they cannot do it any more.

Mr ALLAN MORRIS—It is real to them.

Ms Pollard—It is real to them. That is right.

Ms Backhouse—Local government’s putting out all its halls to competitive tender is an important example in a way, because it shows that another reality within our area is that people are reliant on local government, state government and federal government for different parts of what they provide. When one side of what they provide is thrown open to tendering, it can affect how they are standing for everything else. We now have the situation where nobody has security of tenure in their buildings. People are competing for funds in another program, and some of those people are being eliminated because they are not considered to have premises from which they can operate. Therefore it is not seen by the state government as wise to give to money to such an organisation that may not have a locality to operate from, until that local one becomes resolved.

That kind of thing involves anxiety, but there is also the time that is involved in that process. As well as neighbourhood centres, we have youth health services, youth refuges, accommodation services, and all the rest of it. Some of these groups are finding that, in terms of service delivery, the real key is that with the funding levels at the rate they are and the size of the organisations we run, we have to make sure that people deliver absolutely as many services as possible, because we cannot meet the need in our area. When anywhere up to a day per week is taken away from your management and

your workers in dealing with these problems, you are reducing the service that you are providing to the community.

That is being felt with the consumer feedback that we are getting. Consumers have started to complain to organisations about the feeling that the service is just not operating, particularly in the disability field, for up to one day per week, and they are not getting the services that they would hope for, because that service is finding that that is the amount of time it is taking to fulfil the amount of accountability requirements there are and to try to get some sort of security about other factors that go on.

We have a list of all the accountability requirements. When you are dealing with three levels of government, even just to rent a hall from local government, these services are required to provide three-monthly statistics and all the rest to local government. Being funded for some operation through state government, you have your accountability requirements for that, and it is the same with the Commonwealth government. Then you also have your incorporation accountabilities, and your accountabilities to the community in terms of your annual general meetings and annual reports. So there is a huge amount of accountability already happening.

Your point was about the sense of confusion and fear that things that will just up-end everything and throw things into chaos are going to increase the burden. With the accountability, the key point that we find is that people feel that they are already providing the government with a lot of information about what they do. It is very well documented in annual reports and all the funding packages, but where the shortfall comes is that that information does not seem to be used to best effect. It is being repeated, so that we are being asked to consult consistently on issues for which all that information is already there. We are not saying, 'Just trust us.' We are saying that there are really good accountability requirements at the moment, but there does need to be a system improvement about how that accountability is done and used.

Ms ELLIS—I have a question based on a comment. I happen to believe that the health of our social fabric is measurable to some extent by the health of our community service organisations—because, to me, they have grown over the last 20 or 30 years, or more in some cases, from the community and have become what they are through the community. So I have an intrinsic belief in the role of community organisations. But I can also say that I have a very strong feeling of empathy with the clients that we serve, no matter what process we use.

The biggest question I have, and I would like your comment on it, is about the future rolling on of services in a competitive tendering mode versus the community program grant process. Now I understand at the moment—and correct me, if I am wrong—that, when a community organisation gets a grant to implement a program, there is a review process and a reapplication process built into that so that, unless there is something dramatically wrong, a community organisation can be expected to reapply and, under normal circumstances, services to roll accordingly.

I have this huge question about competitive tendering, and we have already had

evidence from other places to fertilise my question. The contract is put out to tender and it is for three years and it is a competitively based tender. How do we know where that is going to go next? Is the competitive tendering process going to mean that it is retendered and retendered and retendered in the future? What happens to the poor client base in terms of security of tenure?

I just want your comments on how you see that working because competitive tendering is either competitive tendering or it is contract letting with renew processes. I cannot see the two merging. Therefore, I am worried about the tenure of future delivery from a client point of view.

Ms Pollard—And stability of services.

Ms ELLIS—Absolutely, particularly in the more vulnerable areas—the aged, disability and so on. What is your comment?

Ms Backhouse—We could not agree more. One thing that comes up a lot—and it came up in the Industry Commission report, too—is that people do not know where to go for services. There is a perception that it is somehow confusing out there. If you are going to give a contract or a tender to someone for three years and then you move that to somewhere else, your clients are going to get increasingly lost. The relationship that the clients build up with the service is very important. That sense of trust and that sense of security is very important. The community knowledge about where you go for a certain service is also very important because then it is word of mouth and neighbours and people who can recommend services.

We would be very worried about shifting programs from agency to agency. There would need to be some security to make sure that your clients are getting the best possible service and they are not getting lost in the process.

Ms Pollard—We can draw on our experience with outreach services in rural and isolated communities to back that up. Many services in outlying areas such as Milton-Ulladulla or Sanctuary Point rely on outreach services. They have got features of the thing that you were talking about in that there is not a clearly identifiable service there all the time that people know about. We are finding the problems with providing outreach services are great. A great deal of work needs to be done on setting up a model of outreach that works, let alone introducing the other thing of instability of service delivery where in one three-year period it might be there and in the next three-year period it is over there.

Ms Backhouse—There is a high expectation that services will continue under the current funding program. Where problems do arise, what we notice is that when there is a problem there are not resources within either the government department or the community sector to work with an organisation or work with a client group to rectify that problem at the moment. So things have to become extremely bad before there is any suggestion of defunding. But in that process there is not any sort of developmental work to try to make that service better. That is—

Ms ELLIS—That gets back to the comment you were making a moment ago about the use of the accountability process.

Ms Pollard—Yes.

Ms Backhouse—Yes. There has to be some follow-up. There is strong accountability but there has to be a follow-up.

Ms ELLIS—It is logical.

Ms Backhouse—You cannot just be handing in your documents.

Mr ALLAN MORRIS—I think the vast bulk of community sector workers are totally trustworthy. I have no problems with taking you on trust.

Ms Pollard—You don't have to, though.

Mr ALLAN MORRIS—A witness yesterday was saying that one of their workers had forgone 137 hours of work in lieu in the last month. Do your organisations keep records of the additional unpaid hours that their mostly part-time staff work? You do not have to answer it now, but if you do know could you drop us a note? We know that a lot of volunteer work goes on but if there is any indication of the quantum of that, even from some other organisation, it would be helpful to get some—

Ms Backhouse—There was a study done with neighbourhood centres about that matter last year, so we can forward that to you.

Mr ALLAN MORRIS—We are talking about that volunteer thing.

Ms Backhouse—Which is part of the ethos.

Mr ALLAN MORRIS—If there are any quantums available, it would be helpful to us just to give us a better insight.

CHAIR—Is that the 153 organisations listed?

Ms Backhouse—There are actually 292 in there and 12 of them are not community based. That also tells you the training and skills level and the type of organisations and where they are placed. It is sort of an industry report on our sector in the Illawarra.

CHAIR—Because it has got very much a rural theme to it, we are very interested. We may later on re-explore. We are not sure where we will go with this. We are just collecting evidence at the moment.

I do want to thank you for your time and your effort and for travelling down to talk to us. Thanks once again.

[10.34 a.m.]

BALE, Mr Raymond, Branch Manager, Home Care Service of New South Wales, Gosford Branch, Suite 8, Level 2, 153 Mann Street, Gosford, New South Wales

HUTCHISON, Ms Therese Anne, Vice Chairperson, Central Coast Home and Community Care Forum, PO Box 851, Gosford, New South Wales

LOUIE, Mr Gregory Thomas, Chairperson, Central Coast Home and Community Care Forum, PO Box 851, Gosford, New South Wales

SKUSE, Ms Robyn Anne, Member, Central Coast Home and Community Care Forum, PO Box 851, Gosford, New South Wales

VOHRADSKY, Ms Michelle Sharon, Secretary, Central Coast Home and Community Care Forum Inc., Tuggerah Lakes Community Centre, Bay Village Road, Bateau Bay, New South Wales

CHAIR—Welcome. Before I proceed, I wish to point out that while this committee does not swear its witnesses, the proceedings today are legal proceedings of the parliament and warrant the same respect as proceedings of the House of Representatives itself. Any deliberate misleading of the committee may be regarded as contempt of the parliament.

We have your submission which has already been circulated as part of the published volumes and it forms part of the inquiry already. It is on the public record, so you need not feel any obligation to read it out. I am not sure whether you have a spokesman, or whether I should give you all an opportunity to speak. I wonder whether someone could just explain the way that the forum is formulated. Obviously you each have representation from a sector within a large regional group. Could someone just explain it?

Ms Vohradsky—I will act in that capacity. The Central Coast HACC Forum represents approximately 40 services that receive HACC funding. The forum is regional and covers two local government areas reaching up from the borders of Lake Macquarie, the Newcastle area, down to Mooney Mooney and bordering on Hornsby area and out west to Somersby. There are quite a lot of isolated semirural and rural areas, as well as densely populated areas. We represent a wide variety of services that make up HACC services in any other area, ranging from respite care to paramedical services, such as nursing, podiatry, dementia care, community transport, home modifications, information and referral services, case management services and home help—and if I have missed any, I apologise.

Our submission was quite lengthy and probably raised a lot more questions than we could answer. However we felt that we needed to approach it from an aged and disability perspective, and a HACC service perspective, and we are here today to answer whatever questions you have to ask us. However, our great concerns are the impact that

competitive tendering would have on our consumers. We feel that they are probably one of the most vulnerable consumer groups in the country. Our people are frail aged, people with disabilities, and their carers. Many of those people are unable to answer for themselves and many of them end up having legal guardians, so we feel that they have a lot of vulnerabilities that need consideration.

CHAIR—Your case studies were much appreciated. And after reading the reports, I can say that they are the sorts of things that we are trying to get a handle on. I imagine that the names are changed, but they are actual—

Ms Vohradsky—Actual clients, yes.

CHAIR—So each is a real case with a different name. The committee is trying to establish at this stage, I suppose, what is fair about what might happen and what actually is happening: what are the concerns about the concept of contracting out, or what is the process by which that might be achieved. We have come across some interesting so called competitive tenders where someone has said, ‘Here is \$100,000. Give us some prices as to how you might spend it.’ That is really a fixed price tender, a different way of doing it from the way it was previously done, where your organisations made an application individually for a funding round. This was the same thing, but delivered differently. We have a confused picture.

Ms Vohradsky—It is very confusing. We already have a certain degree of contracting out in HACC and we have put that in our submission. For example, under the home modification program the service may not actually be able to go out and do the modification itself so it will subcontract. That does already occur. We are very fortunate also that my colleague Robyn Skuse has recently joined us from Victoria and has worked under the system down there. So if you want to hear some real examples, she may be able to fill you in.

Mr ALLAN MORRIS—Is she a refugee!

Ms ELLIS—Anybody coming from Victoria these days is classified as a political refugee.

CHAIR—No, I am advised they are turning it around.

Ms Vohradsky—We have the philosophic concerns that other organisations have raised. I would like to say ditto to those two previous speakers concerning everything they said. Without going over what they said, we have some philosophic concerns, obviously. We come from that field. This is where we work; this is why we work. We work to represent the interests of our consumers. We would not work in this field otherwise because the pay is lousy and we do put in a lot of extra hours. Actually, just writing the submission, I probably put in at least 24 hours of unpaid time in lieu, staying up all night just to do that. That is without all the other uncounted hours that occur. So we have philosophic concerns.

We also have direct coalface level concerns. We also have extreme concerns about the loss of collaboration that can occur between organisations. That is how the community welfare sector has been structured over the years. It is through cooperation that we succeed, particularly in working with this target group who are so vulnerable. Collaboration is intense between a cross-sector of organisations, including health. We all come from a multidisciplinary background and we do work extremely well together. The collaboration is there but under competitive tendering we are extremely concerned that will be gone.

We can actually give an example at the moment, and Therese may wish to speak on this. In our recent funding round, round 13, the ageing and disability department has introduced a new process without consultation. It has actually created competitiveness and non-cooperative feelings already, even in these last few weeks.

CHAIR—Can we just pursue that before we move on to Therese. I come from a rural area and I understand how volunteers work. Their ethos is that the people are to be served. That is the ethos; I understand that. But, if that is the driver, why would a competitive process to source the funds change any of that?

At the end of the day, if we can preserve the people who are important the most, the clients at the coalface, the people we are trying to serve, and the ethos of all the organisations involved, what will change? A process occurs now which is like competition. People put applications in for block grants. Someone does not get it but we survived that; the cooperation is still preserved. So what changes? Why does this suspicion suddenly break down all that cooperation?

Ms Vohradsky—That is a very difficult one to answer.

CHAIR—To me it is an ingredient that says, ‘This is about our organisation surviving’, which is not the ethos that I know drives a lot of these community organisations.

Ms Vohradsky—It is a real concern that the community organisations do not have the resources to start with to be on a level playing field to begin with. Those larger charitable organisations have built up enormous resources over the years. We cannot just go to a bank manager. We do not have the resources, we do not have the volunteers, and we do not have the time to be able to put in a tender and look out for potential tenders to start with. It is very difficult to explain it in five minutes.

Mr ALLAN MORRIS—But surely you cannot compare country Victoria, where there is only one organisation, to the Central Coast where there are any one of a dozen organisations that could bid for the same tender. If there is only one organisation available, then there is no competition anyhow.

Ms Vohradsky—We do not see that. We feel that organisations, when it is opened up to full profit, will come into the area. They will look for marketable areas, densely populated areas like ours where there is a great population of aged people.

Mr ALLAN MORRIS—In country Victoria, for example—and John spoke of the community support there where there is only one organisation—there will not be any competition. In the same way, you do not find Optus, other than digital mobiles, out in the bush. There is only one supplier. They are not laying cables to small country towns, and they are not going to—it is not worth it. So you actually pick the eyes out. But, in a similar way with contracting, it is between being both the not-for-profit sector and the for-profit sector in the larger areas.

Your organisation's survival may well depend on you tendering for five other projects because the one you have got now you may actually lose to somebody else. So, unless you actually tender across a range, you may actually go out of existence because, if you assume that you will keep your same contract now, that has not been shown in the past.

Ms Hutchison—That is the point that we wanted to make about the current round of funding. We have taken some time to put together a copy for everybody of what we have got to say today. There is some repetition in it because we were on such a short time limit. Both Michelle and I worked on it. We have put the two together and there is some repetition.

Within that you will find a section on what is happening with round 13 with the funding from Ageing and Disability. They have written the service specifications for the expressions of interest in such a way that only regional projects can apply for the funding for respite care. At the moment, in aged care services we have respite care operating on an LGA basis by separate organisations. They are in fact precluded by those service specifications from applying. They can apply, but they will not be given preference. We have already been informed that preference will be given to regional applications. If the move by government departments is to—

Mr ALLAN MORRIS—If we actually recommend regionalisation of services, partly as a funding base and partly to try and help get some semblance of balance, the hope there is that we will get organisations that actually will cooperate or collaborate. If you had more than one organisation in the region, in different parts of a region, they would actually work jointly. So you get the coverage; otherwise there are overheads, assessments and the other things that come into it. So in *Home but not alone* we recommended regional funding, but also regional costings and monitoring so that you match the data.

Ms Hutchison—That is fine, but what you will see is that, instead of there being two services, there is one in each LGA that responds very differently to the needs of the clients according to what that LGA and the consumers perceive to be their needs—remembering that consumers form part of our management committees and direct the way that we respond. If you want to regionalise things, you are destroying the local community input into those individual organisations.

Mr ALLAN MORRIS—Can't they be joint venture? The expectation was, when we put that forward, that people would joint venture.

Ms Hutchison—I do not believe that is what will happen. I believe what will happen is that you will find large organisations, probably the church charities, coming in and saying that they will provide a regional service in this area. What you are going to do is set up yet another service.

Mr ROSS CAMERON—Duplication.

Ms Hutchison—Duplication of what is already there.

Mr ALLAN MORRIS—The hope was, as I said, when putting that forward, that we would get joint venture.

Ms Hutchison—Unfortunately, there was no consultation with the community from ADD prior to them changing the way that specifications were set up. What was supposed to be a transparent process indeed has turned out to be anything but transparent.

The other concerns that we have raised are the setting of outcome indicators. When the Commonwealth government contracted Alt Statis to do a study on what they saw as the outcomes for the HACC program, they wanted to measure quality, quantity and cost. Very early in the research they discovered that they could not measure quality, so they proceeded with the quantity and the cost.

The questions that were raised out of that and out of the performance indicator consultations that DOCS, at the behest of the Commonwealth government, held with the community—right in the middle of the page that is set up like that—were about appropriateness of care, quality of care, the use of service by those with the greatest need, equity, individual unit cost, project cost and efficient program management. The government still has not been able to answer the questions on quality of care. The questions on the difference between minimum standards and quality services that were raised and sent back to us are listed there for you. I fail to see how you can set up effective contracts for community services until you can measure quality.

Ms Vohradsky—Every consumer has a different definition of quality. You speak to them and everything is different from consumer to consumer. It is extremely difficult to put a figure on quality in human service terms, particularly when you are in a home based service.

CHAIR—What is the value of sitting down and having a cup of tea and spending time?

Ms Vohradsky—That is exactly right. How do you put a dollar on that? Spending the extra half an hour with the lady, listening because she is lonely because it is the first anniversary of the husband's death.

Mr ALLAN MORRIS—At the same time, how many miss out on the service because of that?

Ms Vohradsky—That is exactly right.

Mr ALLAN MORRIS—We put forward a couple of ideas about that regarding quality systems. One in Tasmania was being used by some HACC services as a self-measuring, self-assessing process. I think we are all very mindful of that problem. What you are saying is that the government in putting this forward has not come up with any ideas.

Ms Vohradsky—We are very concerned about the complexities of the people that we see and their needs not being met as well as trying to have better outputs and more for the less dollar. We see some extremely complex people. Their situations are just mind-boggling. Their situations change from day to day and from hour to hour. Their needs change. How on earth would you fit competitive tendering around that in set contracts? Some of these people will miss out. The hard basket people will not be catered for.

Mr ROSS CAMERON—You have probably gathered that I am the obnoxious member of the committee.

CHAIR—Devil's advocate.

Mr ROSS CAMERON—I have a view that if you are going to have a parliamentary inquiry, you ought to actually inquire into the terms of reference rather than just exchange self-congratulatory platitudes about how much we love and respect each other. I understand that over 80 per cent of Australian corporations regularly support charities of various kinds.

Ms Hutchison—As long as they get a tax deduction in exchange for it.

Mr ROSS CAMERON—Yes, but they still do not get the entire amount back. That is still a voluntary contribution to charity. The New South Wales property industry foundation has just spent \$500,000 building a house for homeless kids in southern Sydney. Lend Lease runs the Dusseldorp foundation for training youth, the unemployed, et cetera. What do you mean by the statement that benevolence and charity are not known characteristics of for-profit companies?

Ms Vohradsky—Do you want to answer that one?

Ms Hutchison—I can answer that. I have first-hand knowledge of perhaps one of the most controversial for-profit providers in the arena that I work in which is transport. You can look at taxi services. Those services that contract out transport either to the non-profit provider—which is us—or to the taxi service make the choice of the person being dumped at the front door of the doctor's surgery or being escorted in. In taxis, there is no sense of responsibility for the individual person. It is just a taxi fare.

Mr ROSS CAMERON—I do not doubt you can find an instance, but it is an extraordinarily broad statement.

Ms Vohradsky—I can give an example. Recently our local radio station ran a charity drive for children. They announced that they had raised a certain amount of money—\$30,000 approximately. They also announced that they were very disappointed the way business, including big business, did not support it. It was mostly families and community groups who put their money in.

Mr ROSS CAMERON—I agree that the private sector ought to be more generous, but if you want the submission to have credibility as a factual account, do not suggest that benevolence and charity are not known characteristics of for-profit companies. What keeps coming through in the evidence to me is that the non-profit sector see themselves as the custodians of charity and nobody else has it. They see this as a pitched battle between the bad guys and the good guys. It is not quite as simple as that. The fact is that we are finding in the non-profit sector things we have talked about like DOCS which has become just a haven for paedophiles over the last decade at least and a management culture which has failed to respond in any way to that problem.

Mr Bale—The country itself has refused to address paedophiles, as has the rest of the world.

Ms Vohradsky—That is really irrelevant to our submission.

Mr ROSS CAMERON—Not necessarily. I would suggest to you that it is absolutely germane to it and absolutely on the point. Because the question is—

Ms Hutchison—Mr Cameron, I would not like to be held accountable for workers who are in a separate part of the community sector, just as you, I guess, would not like to be held accountable for the rest of the parliamentarians who might have rorted some system. There are rorts and problems in every system. To hold us as HACC workers accountable for—

Mr ROSS CAMERON—I am not holding you accountable; I am asking a question about what the impact of different funding models on service provision outcomes is. That is the question we are asking.

Ms Vohradsky—A lot more research needs to be done into it prior to it being introduced.

Mr ROSS CAMERON—That would be a fair comment.

Ms Vohradsky—We are not against reform. We are not against improvement. We are asking that more research be put into it prior to it being introduced.

Mr Bale—From Home Care's point of view, the emphasis is that we have experienced private providers going to people who pay us a corporate rate and providing a service to very high need customers at probably a higher rate than Home Care charges. In the majority of cases they are only in there for a very short time, either because they relocate or because they are unable to keep up with the service. Some of our services—for

instance, the one that I gave as an example—are three or sometimes four times a day. That does not include the times when people make telephone calls because they have fallen out of bed, et cetera or where problems exist.

We do compete actively with private enterprise, but I would emphasise that we do so mainly on a quality basis. We have highly qualified trained nurses going in and providing services to previous and existing home care customers, either as a piggyback or as a replacement. In the short time that I have been with Home Care, the majority of those customers have come back to Home Care because of the quality, timeliness, dependability and reliability of our services and the social contact they get from Home Care. With other providers, the nurse races in and knows that she has to go to the next service. Our staff do too, but we have a little bit more flexibility. That is one thing we will never get away from in community service provision. I do not say that corporate people will not do it, but I am aware that home care people in my branch spend a large majority of their own personal time making personal visits to the aged and disabled in the community.

Mr ROSS CAMERON—I have a final question. That comes back to my earlier question to the previous group, which I still do not feel we really got an answer to. I am not suggesting that there is no accountability in the system. There is lots of accountability in the system. That is one of the frustrations everyone keeps expressing: because there are not really effective outcome measures, you get laid up with more and more paperwork, trying to demonstrate that you deserve the money you get.

If the service is as good as you say—and it may well be; I have not said it is not and I am not doubting that there are numerous highly motivated professional people out there going well above and beyond the call of duty—and people keep coming back to you and they have tried the private sector alternative, what is the problem with competition?

Mr Bale—The evidence in the recent tender has already shown that, if you write a tender that prescribes things which do not include services or if you advertise for a for-profit service or if you advertise broadly and specify things which government instruments cannot produce, you are going to have an impossible competitive tender. We already have the evidence of a tender that has been let which includes \$40,000 for yet another employee of government to contract the services out, when you already have at least six services on the central coast—

CHAIR—Is that specific example in here?

Ms Vohradsky—No, that has only occurred within the last couple of days.

CHAIR—Can you give us some details of that?

Mr Bale—I will give you the details, yes.

CHAIR—Are you prepared to do it now, or do you want to do it later?

Mr ALLAN MORRIS—Perhaps later, Mr Chairman, when he has some time to

make sure it is the one we need.

CHAIR—We need concrete examples.

Mr Bale—That tender has been let by ADD to include the hiring of a part-time employee to develop a contractual arrangement to spend \$143,000. They are going to spend \$40,000 to spend \$143,000. Having been in the public sector most of my life, that accounting just does not calculate. Here is a government organisation letting out a tender that is going to cost us \$40,000 worth of service to the customers. A consumer out there would be screaming to take that money and yet we are employing another employee on a part-time basis to tender out an existing tender.

Why not make it a \$183,000 and just give us the money to service the customers? You already have the infrastructure within government to provide the service. Yes, we will compete, and we will compete very well, but why create another structure behind that? In other words, why create another department to tender out? You are actually employing more employees to do the same job.

Mr ALLAN MORRIS—For the record I should make it clear that for-profit providers have been a part of HACC since community options, because community options can and do use that. The aged care package, which was a quasi-HACC system, may be given to the for profit sector, and increasingly so. So it is not a question about the for-profit sector and the not-for-profit sector; that is not really the issue. The HACC community has never ever opposed for-profit per se; it was more opposed to the methodology of competing on the right criteria. Competition is often about marketing and about projection, about perceptions, rather than about quality. I think that question before about the quality has been so critical.

It is important to say that because there is a danger that somehow the inquiry is about for-profit and not-for-profit, and it is not.

Mr Louie—Could I speak on the home modification and maintenance programs.

CHAIR—Could you be very brief. I am sorry, but we have run out of time. I will give you an opportunity.

Mr ALLAN MORRIS—He will be brief.

Mr Louie—Our projects survive on user fees because the government does not give us enough money to keep our projects going.

Mr ALLAN MORRIS—What is the rate, currently? What is your average?

Mr Louie—At the moment I get \$18,500 a year.

Mr ALLAN MORRIS—What percentage?

Mr Louie- It depends on everyone's ability to pay.

Mr ALLAN MORRIS—Overall?

Mr Louie—I would have to inform you later in writing. I get \$18,500 to spend on people in the Gosford area, over a thousand square kilometres of fairly rugged terrain. We may have to travel up to an hour and half to get to one person's house. Every person's ability to pay is assessed before the work is started. That person may be able to afford \$13 an hour for labour plus the cost of materials, or that person may not be able to afford anything. How are you going to control that if you are going to put it out to competitive tender? What is the government going to do? Are they going to say, 'Oh, we're going to give you more money because that person cannot afford anything.' How is the government going to handle that?

CHAIR—How is it determined that you get \$18,500 now?

Mr Louie—I would like to know. I have been asking for years because the central coast—

CHAIR—Is it some sort of per capita allocation?

Mr Louie—I believe the statistics are incorrect because the central coast is like God's waiting room. A lot of elderly people go there and are frail aged and are at risk. We cater for those people over all HACC projects. Despite that, they came back to us and told us in the last round of funding that we are only going to get X amount. We believe the statistics they are using are incorrect.

Ms Hutchison—I would refer you to the page where the statistics are—

CHAIR—I am going to ask—

Ms Hutchison—They are the Commonwealth's figures that were supplied with each round of funding. I have been involved with the funding process for quite some years now. We were supplied with those figures by the Commonwealth Department of Health and Family Services. For some magical reason we have had an increase of 37 per cent in our population but a decrease in our HACC target population. Considering we are funded on a per head of HACC target population, the effective dollars we have got per head keep shrinking.

Ms Vohradsky—And it cannot be because nursing home bed numbers have increased, either. They have actually decreased.

Mr Louie—I have not quite finished; could you give me about another minute? With regard to building, obviously you are aware that the Building Services Corporation has had a lot of trouble with builders over the years, with the way they have gone in and ripped people off and have not completed work. This will be a perfect opportunity for those people to get back on board and get back in to these elderly people who are

probably confused.

I am a licensed builder and the clerk of works. I have come from the private sector, tendering through Public Works. People tend not to care as much for the particular person that they are doing the work for in the public sector. When I employ, through our project, a full-time plumber and a carpenter who have come from private enterprise, through HACC training—which the government provides money for—these people are made aware of the different conditions that these people suffer from, and their training is ongoing. It does not take up too much of our time, because I cannot afford it to be taking too much of our time, because our waiting list is there.

With our projects, we carry out our work on a priority list. This priority is basically to keep people alive at the urgent end of the scale, and I have other people at the other end of the scale who need a security door put on because people keep breaking in and so they are at risk, also. How is a builder who is given a tender to go out there and prioritise which person gets the first lot of work going to do it? He will just say, 'This is a pretty good deal; I am going to make more money out of that one, possibly' and so he will take on that particular job first.

Ms Skuse—I can back that up from my experience in Victoria.

CHAIR—So you are concerned about what still might happen. We have been to Victoria and we have a wealth of comments from there. If you want to briefly make a comment, you can; but I really do need to wrap it up.

Mr Louie—I believe that it is important that we have a fair say here. You may have another appointment—

Mr ALLAN MORRIS—Your submission is pretty good, though.

Mr Louie—But I would like—

CHAIR—If at any time you feel that there is additional information, you can put it before the committee. This is valuable. Do not feel constrained in that way.

Mr ALLAN MORRIS—You have been here for some time. You have heard other witnesses and you have now had a chance to read submissions, and we always get more material. So do not think this is over.

CHAIR—This inquiry will not wind up until well into the middle of next year; in fact, as a committee, once we have reviewed the evidence, we might consider coming out to have a look at some of these rural areas that we have been challenged to see.

Ms Vohradsky—You are very welcome at any time.

CHAIR—That is something that we can think about.—

Ms Hutchison—Mr Forrest, just to tie up—

CHAIR—I do not want you to feel as though you have not had a fair opportunity. I was really only expecting Michelle but, when you came up en masse, I thought, ‘We have only allocated half an hour.’

Ms Hutchison—I have read the Hilmer report from cover to cover. Mr Hilmer did not ever intend competitiveness to be part of the community sector, and he has made that quite clear himself. I fail to see what government believes it is going to achieve by competition—other than to destroy what is already working. It is a very brave and courageous government that, at a time when aged care reform is impacting severely on our community, could consider undoing what is already working.

CHAIR—I would refer you to my opening statement at each inquiry, which tries to assure you that the government is interested in delivering services to people, who count. We are looking for mechanisms that get the best value for the taxpayer’s dollar. The government does not have any money; it only has the taxpayers’ money. It has a custodial role.

Mr ALLAN MORRIS—This is not the government.

CHAIR—This is a parliamentary committee overseeing all governments.

Mr ALLAN MORRIS—We are bipartisan.

CHAIR—We are in a position to influence things. What we are hearing though, quite clearly, is a fear about what might happen.

Ms Hutchison—And also what has already happened.

CHAIR—Internationally, in the UK they have precluded health and community services from any of this. There is a risk that we may blunder beyond that, so that is the charter of this committee.

Mr Louie—Our interest is not for our jobs but only for our consumers, and that is why we are here representing them.

Ms Hutchison—The issues of confidentiality are raised in this paper as well, and we have already had approaches from for-profit providers to supply names and addresses of our consumers so that they can approach those people, knowing that they are very vulnerable consumers. That is detailed in here.

CHAIR—What I want to do now is put your additional information on the *Hansard* record. We will have a resolution to achieve that. But, again, I say that you are welcome to submit additional information to us at any time.

Mr ALLAN MORRIS—I want to add one more thing. This inquiry is not about resource allocation. That is a huge problem that we are all aware of, and we would be really silly if, in amongst all this, we were to try to deal with that. You may get the impression that we are, but we actually are not.

CHAIR—I can think of the title of our report already, from what I am hearing: *Hold the bus*, probably! I propose to incorporate the additional notes prepared for the hearing by the New South Wales Central Coast HACC Forum, dated 4 November 1997, in today's transcript of evidence. There being no objection, it is so ordered.

The document read as follows—

CHAIR—Thank you all for coming along today.

Mr ALLAN MORRIS—Your forum has contributed to previous inquiries in a very constructive way as well, so I am pleased to see that the tradition has been carried on.

CHAIR—I now close today's proceedings.

Resolved (on motion by Ms Ellis):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 11.10 a.m