



# HOUSE OF REPRESENTATIVES

**STANDING COMMITTEE ON FAMILY AND COMMUNITY AFFAIRS**

**Reference: Competitive tendering of welfare service delivery**

**BRISBANE**

**Monday, 16 March 1998**

**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	Mrs De-Anne Kelly
Ms Ellis	Mr Lieberman
Mrs Elson	Ms Macklin
Mrs Elizabeth Grace	Mr Allan Morris
Mr Jenkins	Dr Nelson
Mrs Johnston	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

<b>BAKER, Mrs Lois Catherine, State Treasurer, Queensland Meals on Wheels Services Association Inc., GPO Box 2136, Brisbane, Queensland 4001 . . .</b>	<b>749</b>
<b>BOURKE, Ms Michele Therese, Member, Community Futures Network, 211 Hudson Road, Woolloowin, Queensland 4030 . . . . .</b>	<b>687</b>
<b>CARROLL, Ms Anna, Chairperson, Queensland Women’s Health Network, GPO Box 485, Brisbane, Queensland 4001 . . . . .</b>	<b>801</b>
<b>CATALANO, Ms Grazia Maria, Program Director, Youth Program, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001 . . . . .</b>	<b>657</b>
<b>CULBERT, Mr Noel, Deputy Director-General, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001 .</b>	<b>657</b>
<b>DELFO, Ms Ingrid Maria, Community Development Worker, Bribie Island and District Neighbourhood Centre, PO Box 489, Bribie Island, Queensland 4507 . . . . .</b>	<b>742</b>
<b>ERIKSSON, Mr Roger Charles, Senior Project Officer, Community Care Program, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001 . . . . .</b>	<b>657</b>
<b>FRANCIS, Mr Mark, Program Director, Disability Program, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001 . . . . .</b>	<b>657</b>
<b>HALSON, Ms Diana, Community Futures Network, PO Box 63, Wilston, Queensland 4051 . . . . .</b>	<b>687</b>
<b>HAWTING, Mr Paul William, Managing Director, Bromilow Home Support Services Pty Ltd, PO Box 329, Buderim, Queensland 4556 . . . . .</b>	<b>712</b>
<b>HAYWARD, Ms Erna Joanne, Regional Director, North Queensland Region, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001 . . . . .</b>	<b>657</b>
<b>HOFFMAN, Mr Gregory Thomas, Director, Policy and Research, Local Government Association of Queensland Inc., PO Box 2230, Fortitude Valley, Brisbane, Queensland 4006 . . . . .</b>	<b>759</b>
<b>HUGGETT, Ms Gabrielle, Member, Community Futures Network, PO Box 63, Wilston, Queensland 4051 . . . . .</b>	<b>687</b>
<b>JONES, Reverend Douglas Lawrence, Member, Churches Community Service Forum, Warry Street, Fortitude Valley, Queensland . . . . .</b>	<b>814</b>
<b>KENNEDY, Mr Brian Francis, Member, Churches Community Service Forum, Warry Street, Fortitude Valley, Queensland . . . . .</b>	<b>814</b>

<b>LEON, Mr Christopher William, Executive Director, Institute for Healthy Communities Australia, 1 Gladstone Road, Highgate Hill, Queensland 4101</b>	<b>772</b>
<b>LOWE, Mrs Kathleen Mary, State President, Queensland Meals on Wheels Services Association Inc., GPO Box 2136, Brisbane, Queensland 4001</b>	<b>749</b>
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<b>ROSE-MILLER, Ms Mary, 46a Campbell Street, Toowoomba, Queensland 4350</b>	<b>727</b>
<b>SECCOMBE, Mr John Barrie, Member, Management Committee, Bribie Island and District Neighbourhood Centre, Verdoni Street, Bellara, Bribie Island, Queensland 4507</b>	<b>742</b>
<b>SEWELL, Ms Sandra, Project Officer, Community Futures Network, PO Box 63, Wilston, Queensland 4051</b>	<b>687</b>
<b>SMITH, Mr Kenneth John, Member, Churches Community Service Forum, Warry Street, Fortitude Valley, Queensland</b>	<b>814</b>
<b>SMYTH, Dr Paul Gerard, Lecturer, School of Social Work, Social Policy, University of Queensland, Adviser, Community Futures Network, c/- 211 Hudson Road, Woolloowin, Queensland 4030</b>	<b>687</b>
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<b>TAYLOR, Ms Miriam, Worker, Queensland Women's Health Network, GPO Box 485, Brisbane, Queensland 4001</b>	<b>801</b>
<b>TERRANOVA, Mr Salvatore Gaetano, General Manager, Australian Retirement Homes Ltd, 80 Kingsford Smith Drive, Albion, Brisbane, Queensland 4010</b>	<b>704</b>
<b>WALLACE, Ms Helen, Association Member Representative, Local Government Association of Queensland Inc., PO Box 2230, Fortitude Valley, Brisbane, Queensland 4006</b>	<b>759</b>

HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON FAMILY AND COMMUNITY AFFAIRS

*Competitive tendering of welfare service delivery*

BRISBANE

Monday, 16 March 1998

Present

Mr Forrest (Chair)

Ms Ellis

Mrs De-Anne Kelly

Mrs Elson

Mr Allan Morris

Mrs Elizabeth Grace

The committee met at 8.59 a.m.

Mr Forrest took the chair.

**CHAIR**—I am pleased to open this eighth day of public hearings on the committee's inquiry into the competitive tendering of welfare service delivery as referred by the Minister for Health and Family Services, Dr Michael Wooldridge, in April last year. The committee is looking at the desirability and feasibility of increased contracting out of welfare service delivery by all service providers. The main issues to be resolved by the inquiry are to establish the current levels of welfare service provision by the non-government welfare sector; the adequacy of current monitoring of performance standards for services delivered; and the costs and benefits provided by increased contracting out.

An important component of the committee's investigations is to examine the role of government in standards setting and monitoring of accountability standards as well as measuring the efficiency and effectiveness of the new service delivery arrangements. It should also be stressed that the inquiry is being conducted against the background of continued government responsibility for such services.

The hearing in Brisbane today follows hearings conducted in Melbourne, Sydney and Canberra last year and in Hobart, Adelaide and Perth earlier this year. The hearing today provides an opportunity to explore issues with witnesses who have made submissions to the inquiry, and will be followed by further hearings in Townsville and Canberra. The Townsville hearing will enable the committee to gain information from service providers outside the capital city networks. It is particularly important to canvass the views of service providers in areas where population levels are low and dispersed over large distances.

The committee will take evidence today from the Queensland government and other locally based organisations who are closely involved in the delivery of health and welfare services.

**CATALANO, Ms Grazia Maria, Program Director, Youth Program, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001**

**CULBERT, Mr Noel, Deputy Director-General, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001**

**ERIKSSON, Mr Roger Charles, Senior Project Officer, Community Care Program, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001**

**FRANCIS, Mr Mark, Program Director, Disability Program, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001**

**HAYWARD, Ms Erna Joanne, Regional Director, North Queensland Region, Department of Families, Youth and Community Care, GPO Box 806, Brisbane, Queensland 4001**

**CHAIR**—Welcome. Before we proceed, I wish 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.

The committee has already authorised inclusion of your submission in its published volumes, so it is already on the public record. I would like to give you an opportunity to make an opening statement before we proceed to questions from the committee.

**Mr Culbert**—Thank you, Mr Chairman. Good morning, members. Thank you for the opportunity to appear as representatives of the Queensland government and to answer questions from the committee. As you will be aware, the Queensland government submission to the inquiry has drawn on the experiences and consideration of six Queensland government departments and agencies, including our Department of Families, Youth and Community Care. The department was pleased to be able to contribute earlier through the submission.

Our mission statement, significantly, is working with communities to create a caring society. In support of this mission, and as a concrete expression of its commitment to working with communities, our department currently expends in excess of \$200 million per annum in providing grants to the community sector service providers. This amount accounts for at least half of the department's overall budget. There has been a trend over a number of years for an increased proportion of the department's overall budget being made available to support service delivery by the community sector. The department is a very significant funder, purchaser and provider of welfare services throughout this state and is therefore understandably very interested in issues surrounding the competitive tendering of welfare service delivery.

The department sees the need to respond strategically to the economic imperatives



which underpin moves for industry reform and the dynamic tension between these economic forces, on the one hand, and the context of a wide range of political and social imperatives within which our department and others operate. The department is, of course, bound by Queensland government policy with respect to competition, and appreciates that the government's objective is to promote efficient service delivery, efficient delivery of all welfare services, within a broader social policy framework.

We understand, for example, that a decision to outsource services currently provided directly by the department will be taken only if it can be clearly established that those services can be performed more efficiently in both economic and social terms by the non-government sector. We understand also that competitive tendering of outsourced welfare service delivery in Queensland will be guided by strategic directions articulated in both the state strategic plan and the state social development strategy. I ask your permission to table a copy of each of those documents this morning.

**CHAIR**—Permission granted.

**Mr Culbert**—Thank you. Within this framework, and in the light of the government's intention that competition for the provision of services should not preclude a partnership relationship with social service agencies in the private and non-government sectors, the department will continue to espouse a partnership relationship with the community at large as well as with service providers for the private, for profit sector—for example, in child care—and with the not for profit community sector, such as churches and public benevolent institutions.

The department's philosophy of working with communities to create a caring society is expressed through such a partnership relationship. The department believes that it and the industry are still at a developmental stage with respect to competition and competitive tendering, and that a range of fundamental issues still needs to be addressed before the department can, within the context of government policy, determine the extent to which it is feasible and appropriate to foster a competitive environment for welfare service delivery. The department believes that moving to implement output based funding arrangements with the non-government sector by the end of June 1999 will contribute very significantly to greater efficiency and effectiveness in the delivery of services by the sector.

Without wishing to pre-empt your questions, I would briefly like to indicate that the department has gone to some lengths in preparing to give evidence today. For example, we have had an officer attend the public hearing in Melbourne and we have studied the transcript of the Sydney hearings in order to be most helpful today. We have identified, in that process and other processes, a number of key issues which are not only of critical significance to us but which we believe are of some interest to the committee. These include partnership issues; the benefits of contracting out; potential philosophical dilemmas in working with communities and preserving community agencies' integrity; the costs of tendering out, particularly in rural and remote areas; cultural issues and special needs groups; the rationalisation, coordination and cross-cooperation between non-government service providers—especially, again, in rural and remote areas; the need for

innovation and flexibility; standards and specifications; training needs; transparency and accountability; and our legislated duty of care.

In closing these remarks then, and in anticipation of that interest, we have arrived at a variety of positions which we will be speaking to today in response to questions. We are not able to comment in relation to the activities of other departments of the Queensland government; however, should the need arise, we are happy to take such questions on notice and provide a response for you. We emphasise again how interested the Department of Families, Youth and Community Care is in these issues and we welcome this opportunity to answer questions.

**CHAIR**—Thank you very much, Mr Culbert. The trouble you have gone to in following the inquiry is reflected in the quality of your submission before us. You have got a good balance in here, and we very much appreciate your having gone to that trouble.

I have a minor point, before we start on questions that colleagues might have. I got a bit tangled up with some of the figures mentioned. You refer to \$208 million on page 8. There is another figure on page 9 of \$106 million, which is for direct service delivery. Then on page 10 there is another figure of \$191 million and one of \$136 million. Could you just clarify the differences between all of those?

**Mr Culbert**—I will mention the most significant issue and then I will ask Mr Eriksson to give some further detail. On the matter of whether concessions funding is included, there is a figure of \$90 million in concessions and, with that included, it is well over half of our half billion dollar budget. Without that figure, it is a little less.

**CHAIR**—Could you run through those figures, Mr Eriksson?

**Mr Eriksson**—I can give a little further clarification, as Mr Culbert has indicated. I am sorry that the submission that you have is not precisely the same, and so I cannot quote page numbers. I think you will have in your submission—

**Mr ALLAN MORRIS**—Is ours newer or older than yours?

**Mr Eriksson**—Yours is newer than the one that I have. I think in the submission you will see that we have indicated two figures. Firstly, there is the amount that we provide to the non-government sector, and that figure ought to be \$208 million. Secondly, there is a figure for direct service delivery, which is \$106 million. The point that we are making is that that \$208 million does not include in excess of \$90 million for concessions. So, if you add the \$90 million, you get in excess of \$300 million. That \$208 million is a conservative figure. The \$90 million is also slightly conservative. As Mr Culbert has indicated, if you put concessions together with payments to the non-government sector, it comes in at slightly in excess of \$300 million.

**Mr ALLAN MORRIS**—Could you clarify ‘concessions’?

**Mr Eriksson**—In Queensland, that is the Queensland government’s contribution to

the so-called core concessions—transport, energy, rates and those kinds of things—but excluding the amount spent on health.

**CHAIR**—Following that particular section you referred to, there is a paragraph that commences: ‘Queensland Health provides a total of \$191 million to the non-government sector, including the for-profit and the not-for-profit sectors.’ So that was a different figure again.

**Mr Culbert**—Yes. That is a separate department. We are referring there to the Department of Families, Youth and Community Care. I guess that is the confusion, Mr Chairman. The \$208 million figure and the \$106 million figure are for the Department of Families, Youth and Community Care. There is an additional figure of \$191 million from Queensland Health.

**CHAIR**—And then the Department of Public Works and Housing would—

**Mr Culbert**—That is right. There is a further \$136 million from the Department of Public Works and Housing. So they are all cumulative figures in Queensland.

**CHAIR**—I suppose the biggest question that concerns a lot of the organisations we are talking to—particularly from other states and certainly from some of the submissions that we have received from Queensland—is a concern about something that might happen. It is like a fear of something that might happen. Some states are at different stages of advancing, firstly, contracting out or outsourcing, or however it is referred to. Some states are even at different stages of the process to get to that contracting situation—some via a negotiation, and some via a truly competitive tendering approach. It seems to me that Queensland is being very careful about any of this and that it is not well advanced. I like the submission that focuses on working in partnership with organisations, because that is certainly a message that they are giving the committee, wherever we have been. Mr Culbert, could you comment about where Queensland is in that whole time frame?

**Mr Culbert**—Certainly. The important thing, as I mentioned briefly earlier, is that this has been a trend that has been moving for some time. As a department, and as the previous forms of this department, we have long regarded community agencies as the primary agency of service delivery. It is not so true in some of the statutory responsibilities, like child protection, where the department just runs itself, and that would be a more difficult issue; although, even there, we are not against the concept of contracting out services. But that will be somewhat down the track, if that happens.

In other areas, though, there has been a longstanding trend of funding community agencies, and that is by far the government’s preferred mode of operation. It is one thing to fund, but it is another thing to meet the accountability requirements. The changing context we see is that that accountability requirement, coming on government from the community in all sorts of forms, has meant that we have had to tighten up, if you like, on our procedures ourselves. We are being asked by Treasury departments, for example, to look at managing for outcomes, to specify outcomes and everything we do and account for those back to Treasury for the dollars that are given.

Consequently, as part of that process, there is the flow-on effect that we are working with community agencies. We have a major project looking at output based funding. The major project there is working, as you said, in partnership to see whether we can refine our processes. In all of that, there is no suggestion from the current Queensland government that the dollars would change. That is an important factor.

We recognise that the community sector value adds to everything that is done out there, and so it is not just the government dollars. One of the reasons, in fact, for funding community agencies is that it is a value-adding process, both in dollars and in kind. Governments can never be as friendly as community agencies can be. We recognise that. As I said, who knows what governments will do in the future? One can never predict that. But certainly there is no intent to change the dollars. So what we are looking at, with our philosophy—and we have a number of notable examples in the disability area and other areas that we can talk about in detail, if you want to—is moving very gradually to talk to agencies to see whether there is some way of tightening up on our procedures and to progressively, I guess, look at the idea of competition.

We have not moved in many areas to tendering; we have in some areas like disability and, again, that is a good example we can refer to. We are certainly looking at the equity issue to see if we are fair, rather than just funding agencies that have had funding in the past. On the other hand, we have a good relationship with most of the agencies we fund and we do not want to spoil that either. There is always that balancing act of working through processes between recognising accountability on the one hand and looking at new procedures to open up the options—it is amazing how many creative options can arise when you do open up things, we found—and, on the other hand, preserving the good things that are out there now. That is a very fine balancing act; we recognise that.

**CHAIR**—Are you able to give us some examples in the disability area? We are looking for concrete examples. If there is a good model to follow that is something the committee would like.

**Mr Culbert**—We do not pretend this is the answer to everyone's prayers but certainly it is one that we have had some success with, we believe.

**Mr Francis**—First of all, I would like to preface this with acknowledging that the process you use has to be tailored to the particular circumstances of the service delivery at hand. I think that that is a key thing that we are reflecting in our processes. Having said that, we recently tendered out the development of two centres, much like aged care nursing homes in some respects, to the non-government sector. Over a period of four or five months we provided detailed specifications of the service to be provided in terms of the quality of the service, the type of the service to be provided, the generalities of location and some features of the location of those services. Those services were roughly 25- to 30-places with an aged care focus in the longer term but in the short to medium term providing places to relocate people from the Challinor Centre as we closed that institution for people with disabilities.

**CHAIR**—It was a new service you were introducing, was it?

**Mr Francis**—In a sense, it could be argued that it was an example of contracting out of previous aspects of government business, that of running an institution for people with intellectual disabilities. It was a subset of that overall service delivery; the balance and by far the greater number of people who have moved out of that institution as it closes have moved into non-government organisation care provisions through no tendering process.

**CHAIR**—Can you lead us through the development of a specification? Was that done in consultation with potential successful tenderers? How did you actually get that right so it was an acceptable process? Please also tell us how it has gone after you have awarded the contract.

**Mr Francis**—The development of the tender specifications was done in conjunction with those people who knew the particular clients at hand. In this case that is staff of Challinor Centre and parents of those individuals but not potential providers. The simple reason for that was that we did not want to have the tender process compromised and most particularly none of the potential providers knew the particular individuals at hand. The issue was in the short term to get a quality service delivery initiative developed that would meet the needs of the individuals moving from Challinor Centre. That process took quite some time. We tendered originally in mid-June and the development of the specifications took perhaps some six weeks or so prior to that. It involved consultation, as I have indicated, with the families of residents at Challinor Centre, staff members who had been working with those individuals over a long period of time, relevant management staff within the disability program, experts within the Department of Public Works and Housing who are familiar with building issues and so on, crown law for legal issues associated with contracting, and Treasury in terms of financing aspects of the overall operation.

**CHAIR**—It was tendered in June 1997, was it?

**Mr Francis**—Yes.

**CHAIR**—Then what?

**Mr Francis**—The tender was first announced publicly in June and then there was a two-stage process associated—interrupt me if I am going into too much detail.

**CHAIR**—Probably you are. What I am after is: was it a genuine lump sum tender or was it basically a process that said, ‘Here’s a block of money. Please tender some rates for it’? We do not need too much detail but we have not generally come across a genuine competitive tender anywhere we have been where it is just, ‘Here’s a document. Give us a price to deliver this service.’ It has generally always been, ‘Here’s an allocation of money. Give us some scheduled items and satisfy us that you can deliver quality.’

**Mr Francis**—In this instance the budget available for the exercise was not publicly announced as part of the tender. What was announced as part of the tender were the

criteria to be complied with in delivery of the service, the features of the service and some aspects of the client population at hand in terms of their care requirements and so on and some minimum features of the facility in question. The budget aspects were not part of the tender process in terms of being announced as a lump sum available. Therefore, we had quite a range of costs being submitted in terms of the development.

**CHAIR**—How many tenderers did you get?

**Mr Francis**—We had 11 original expressions of interest and that dropped down to six through the fully developed tender processing in which they had to respond to a more detailed set of specifications.

**CHAIR**—And then a contract was awarded?

**Mr Francis**—There were two centres involved. One contract has been awarded and we are still in the negotiation phase for the second contract so we are talking about a recent event.

**Mr ALLAN MORRIS**—Amount of money, approximately?

**Mr Francis**—It was \$2.5 million recurrently in each instance on a per annum basis.

**CHAIR**—And the nature of the service is accommodation related, is it?

**Mr Francis**—Yes.

**Mr Culbert**—An interesting point about the successful tenderer in that case is that it was actually a consortium of people—a construction group and a caring group who got together—and I think that is probably a useful example to look at. We had a residence being constructed and then operated so the successful tenderer had both those dimensions. Maybe there are some messages there.

With your permission I would be happy to ask Grazia Catalano to talk about some of the innovation and flexibility in approaches with youth groups, for example, in service delivery once we have talked about this tender.

**CHAIR**—Before you do that, could you just explain the difference? Let us go back some period of time; how would you have awarded that service without this process? What would have been the old way to award that service?

**Mr Francis**—It might have varied but, as something of a generalisation, we would make contact with providers known to us, have discussions with them around what we were looking for and possibly, but not necessarily, a requirement for them to provide a written submission.

**CHAIR**—Not very dissimilar, in fact.

**Mr Francis**—Not in many ways. No. I would argue that what we have done in a sense is more transparent and accountable if you like because it is more detailed and public and certainly the benefit for us about the whole exercise has been to force that discipline on us of working out what it is we want, what are the features of the service delivery, what it is going to look like both when it starts and longer term—putting all that in writing and making that publicly available to any organisation interested.

**Mr Culbert**—Twenty years ago I would suggest it may have been the government running it itself. That is a significant difference whereas at the moment we are looking at moving it out. It has been a government service historically, an institution of the old style, and the preference is to move it out.

**Mr ALLAN MORRIS**—But you have long had things like Blue Nurses and the Uniting Church so they go back—

**Mr Culbert**—Exactly. I am just talking about this residential care. In other areas the community sector has, in fact, started the service so we do not claim credit for that. Most services started as charities originally, didn't they, and the government is increasingly coming in to fund those.

**Mr ALLAN MORRIS**—Yes. In so many cases the government was never a big provider of direct services in so many areas.

**CHAIR**—You could pursue that further if you wanted to, Mr Morris?

**Mr ALLAN MORRIS**—No, it is okay.

**CHAIR**—I do not want to hog all the questions. I have one more question, then I will ask colleagues to ask questions. There is a theme in many of the submissions that we are receiving on the regulation and accountability process. From a Commonwealth perspective, we could end up with the rail gauge problem, with each state having a different process on this, some good and some bad and some focusing on different elements of it.

I suppose what we are looking for is some evidence to make recommendations about who ought to be a responsible body to make sure that we get proper monitoring and proper setting of standards so that everybody knows what their expectations are. It has been suggested that there ought to be a coordinated national body for this. It seems to us that the states are busy proceeding independently. As I said earlier, some are further down the track on this. Others—for instance, in Queensland—are reservedly holding back, wanting to maintain the focus on the people who count the most—those who are the receivers of the service. Are you prepared to offer us any recommendations about a coordinating body on all these standards? It might also save the states from reinventing the wheel.

**Mr Culbert**—Since we are appearing on behalf of the Queensland government, our masters would be loath for us to recommend any new group or a national group.

Certainly, the concept of standardisation across the country makes a lot of sense. We have done a deal of work on standards and specifications. I would like to ask Grazia Catalano to comment a little more on that in her area.

**Ms Catalano**—There are a number of concurrent strategies being undertaken by the Queensland government at the moment which is really propelling government departments in Queensland to move towards a clearer definition of how we specify the services that we may seek from non-government providers and how we can actually benchmark performance. The state social development strategy, which we have tabled here today, gives a picture of some of the priorities for us at the moment in this area.

The other process is one which the treasury department is driving, a strategy called 'Managing for outcomes'. Basically, these strategies are focusing us on outcomes for clients. The departments acknowledge the responsibility to be held accountable not only for our services that we deliver but also for those which are delivered by the non-government sector on behalf of government. In regard to our current service agreements that are in place and the licensing processes which we manage, we are continuing to refine those systems for the monitoring of performance standards based on client service standards.

We have taken some recent steps to develop our own skills in describing the goods and services that we ourselves provide. This is part of the managing for outcomes strategy in Queensland government and we are actually moving on to an outputs based budgeting process in Queensland government. It is this process which is mirrored in another outputs based funding pilot which the department is currently running. These are strategies which are assisting us to find a match between service standards, the performance indicators and the cost benchmarks, based on not only the service standards but also the available funds. So we are still really in the early stages of developing our skills for specification of services. It is something that we know we need to do hand in hand with the community sector. We have acknowledged and we would want to emphasise that going down the path of further specification of standards of service would need to be something that is done with training not only for our own people in the department but also in the community sector.

**CHAIR**—That is a good approach. We have had some examples of blunderbuss in this. The result was a bad outcome. This document that you have tabled is part of the consultation that you referred to. Is it currently circulating amongst the providers?

**Mr Culbert**—Yes, Mr Chairman. That is actually a Queensland government publication as well being coordinated by the Premier's department. We are participating very strongly, of course. It is out for discussion until the end of this month.

**CHAIR**—Right, and it is a cross-government approach.

**Mr Culbert**—Yes, that is right; it is a cross-government approach. Could I mention the rural remote issue; that is one special consideration.



**Mr PETER MORRIS**—Tell us about the Burdekin shire and their submission and why they are so upset.

**Mr Culbert**—I am not sure that we are able to comment on that one. We have not seen other submissions because they are not released yet. In order to be sensitive to local need, the rural remote issue is particularly pertinent in Queensland. Again, we have done quite a bit of work in this other context of looking at the special needs there and trying to accommodate that need, on the one hand, to have better accountability and, on the other hand, to recognise local needs. I wonder if Erna Hayward can say a brief word about rural remote issues.

**CHAIR**—We might pre-empt some questions. I know half the committee represent remote regions of Australia.

**Ms Hayward**—I live in Townsville which services a wide range of rural remote areas. Obviously, in terms of smaller areas, the approach the department needs to consider is whether or not the rural remote areas have the critical mass that you might have in competition or in need and whether or not it might detract from the provision of services that happens there already. If we take the approach that we need to work in partnership and the approach that community organisations are often closer to the ground and know best how to respond, it is really important that we work together.

In rural areas, the approach the department has taken has been to build on service provision more than setting up competing priorities or competing against provision of services. Particularly in small areas where we might find one community organisation to provide a service, oftentimes that may be the only community organisation in the location. It is important for us to work with that community organisation and the community to add on service provision. There would be concern that we would not want to detract from that capacity to provide the services.

We have instances in particular in North Queensland with indigenous remote communities where the department has worked collaboratively with the community organisations to fund a range of services from a range of funding sources to provide service to the areas and it is really important that we do not lose that in this process of moving down the competition approach. So you also need to balance the strength of that approach with the need to look at other ways of funding.

**Mr PETER MORRIS**—Ms Hayward, I want to refer to the Burdekin shire and some of the comments made at a public meeting that they held. On page 5, it says that, after 20 years of American experience with contracting, none of the promised advantages actually appeared to have been realised. This was also consistent with the experiences of New Zealand. In your duties for North Queensland, that level of apprehension and concern in regional areas is fairly widespread. It is not just Queensland; I think it is across the board. How do you respond to that?

**Ms Hayward**—As far as the department is concerned, competitive service delivery or competitive tendering is one approach. It is not the only approach. We are not

advocating that we go fully down that avenue; we would need to look at each situation very carefully. I think there are issues in remote and rural areas in relation to indigenous communities where, in fact, a competitive tendering may well disadvantage the clients or the community.

**Mr PETER MORRIS**—Let us go further and talk about the submission from the Local Government Association. It says that it believes there has been inadequate debate, critique or analysis. Further on, somebody else says a fairly similar thing. In fact, a number of your submissions in Queensland talk about that, and again that is not uncommon. Meals on Wheels say that the government has not been involved in setting standards at all. It says:

To date, Government has had little role in setting standards for delivery of Meals on Wheels.

Your submission is very good, and I have mentioned that privately to you. It does really cover a lot of the issues and it will be a very useful document to us in terms of being very well focused.

However, your own community is saying that there is not enough discussion about it. The remote people are saying that it does not work there. For a thing that has been talked about for so long, nationally, between governments, it seems that lower down it is either being dismissed and people are refusing to hear about it or it is not being discussed.

**Mr Culbert**—I think that is true. Although, we, in bureaucratic and political situations, have talked about these issues for sometime, in Queensland, certainly, it is early days. It is not surprising to me that community agencies are wondering what this thing is that they hear vaguely talked about. The fact that they have not had discussion about it is, to me, a plus. It may seem a curious position but it is a plus in the sense that we have not imposed it on anyone yet and we do not intend to in the near future. It is very early days, a gradual process.

I think we are also getting caught up in a couple of those submissions that you mentioned. With respect to the issue of resourcing we would be the first to say that the level of resourcing is never sufficient in this business. Governments of all political persuasions in this state have been proud of the fact that it is a low tax, low service state. People in the community seem to cheer when you mention that. So it is true that there is a dearth of resources in many areas and particularly in our business. That is causing some difficulties in some places and I guess it always will. On the other hand, people who pay taxes do not like to pay any more than they have to. So it is applauded in other cases.

With respect to some of the difficulties that people have experienced—you mentioned the local government associations, and the Burdekin shire in particular—I suspect that part of that, at least, may be a resourcing issue as well as other philosophical issues.

**Mr ALLAN MORRIS**—I will go further than my colleagues. The fact is that Hilmer did not deal with welfare services. He effectively said that that was not part of his

inquiry. Yet people still see it as being Hilmer driven and they still see the words 'effectiveness', 'efficiency', 'economy of scale' and all of the other things that come into it. We have also just had the thing with the Commonwealth Employment Service which seems to be price and size driven. However, what you have described to us about how you go about your process of so-called competitive tendering does not sound very competitive and it does not sound like tendering. Is it that we have got caught up in the jargon? Should we find some new words? What you are really talking about is a more modern way of engaging service providers to help governments provide services to the community. Should we change the language completely and talk about it differently?

**Mr Eriksson**—I can respond to that. I think that that is a very intelligent suggestion, if I may say so. I think the welfare service industry that does not produce washing machines, and motor cars and vacuum cleaners perhaps is not as responsive to some of the language of the economic rationalism that seems to be driving some of this. I think the suggestion to change the language is a particularly useful one. As you say, what it is perhaps all about is learning to do things differently, certainly to generate some of the efficiencies and effectiveness that everybody is looking for.

Again, picking up from Mr Culbert's point, this is very much a developmental exercise for the department. The fact that Mr Francis is talking about a competitive tendering process that began in the middle of last year, the fact that the department began working on a whole of department contribution to this inquiry and preparing to give evidence before you today, really only dates back to the middle of last year. What I think has happened in the disability area, and what is happening before the committee today, is indicative of the fact that we are still at a very early stage of the development. We still have an awful lot to learn and I think that idea of some different language is a very intriguing one.

**Mr Culbert**—What we are all about is efficient and effective service delivery. Certainly, your focus is competitive tendering. It is early days in our case but we are certainly on about efficient and effective service delivery. While Hilmer reforms, commissions of audit and all sorts of things have made their views known very clearly, and they do apply to us, as part of that, I see that it applies to us in a little different way. The National Commission of Audit made firm recommendations and we have referenced those in our submission. We had a state commission of audit saying the same sorts of things but I think it is very significant that the state commission of audit, for example, went very softly, if I could use that word, on the community service obligations because they realised that, while one cannot get away from the accountability requirements, we need to take care of the community service obligations in these things.

I think people make a mistake if they say that in taking care of the community service obligations on the one hand they can ignore the accountability requirements, and I think that is the message we need to keep talking about with community agencies. It is very nice for us to be able to say, 'Give me the dollars and leave me alone.' I think the days of any of us being able to do that are long gone. We need to be, like it or not, more and more accountable for what we do.

We need to work in line with government policies and other things like that because if governments give dollars they will want some say in the direction of those things. You could say that that is a normal part of public accountability through the bureaucratic and political process. Nevertheless, in doing that, and this is where the crunch comes, to ensure that there is efficient and effective service delivery to clients out there, which is why we are all here doing these things, we need to recognise what is there now. In providing those services, we need to work with what is there now as well as looking at creative solutions to build on what is there now without damaging that.

**Mr ALLAN MORRIS**—I have one slight extension of that. The question that comes up constantly is rural and remote areas and the equality of service and so on. Yet we still fail to differentiate between costs. For example, let us take a home nursing service in North Queensland—say, in Esk or Tully or further out—where the travel costs per hour of service are twice or three times those of Brisbane, Sydney or Melbourne. Yet we still talk as though they are the same. We do not give people the instruments to allow them to demonstrate their inequality and differentiate their cost input, and that still seems to be the case.

We talk about X dollars for a service for five people for a year. We do not talk about the many thousands of hours of driving involved or the vehicle costs involved. We imply that the cost of the nurses and the cost of the service is somehow part of the cost of travel. It seems to me that we have a lot of experience about this now but we do not seem to be able to deal with this. Mark is shaking his head so perhaps he can tell me the answer.

We have not yet heard, from anywhere around the country, of a system that allows us to, if you like, negotiate a contract that takes into account those differential cost factors across the country so that we do not have to go to economies of scale and to mass organisations and try to pretend that it is costing the same per hour of service in remote areas and regional areas as it does in capital cities.

**Mr Francis**—In allocating resources in the disability program to regions we add in a 10 per cent loading to reflect rural and remote areas.

**Mr ALLAN MORRIS**—Why is it 10 per cent?

**Mr Francis**—That is a good question. Ten per cent is the starting point. One of the problems that we have with all of our service delivery, in effect, is that we do not understand enough about the costs, which is the point that you are making. We do not have enough data coming back from the service deliverers about their inherent costs of service delivery in rural and remote areas. As a first response, in order to be responsive to that very issue, we make a 10 per cent additional allocation to the three regions that have a higher level of rural and remote service delivery within them.

**Ms Hayward**—In terms of costing, we fund a number of remote areas in North Queensland. When we are considering allocation of funding often we have to consider such things as whether there is a house for the worker to live in. We might have to locate

a house if there is not one. If they were in Brisbane or Townsville, we would not have to do that. The other thing is that the move towards output funding would allow us to better cost service delivery in remote communities so that we can better identify the costs associated with travel such as accommodation and infrastructure. One of the positives of moving towards output funding is that it will give us some mechanisms to look at that. Even though we are in an early stage, we are starting to identify that it is more costly in some locations to provide a service.

**Mrs DE-ANNE KELLY**—Thank you for your submission. I would just like to pick up on a number of points that you have made. You mentioned the potential philosophical dilemma in that quite often competitive tendering does not accommodate the subtleties. Could you give us a specific example, or some examples, of where that could occur? Also, concerning the other points that you made about specific rural and remote areas being disadvantaged, I would appreciate it if you could perhaps give us some specific examples of which departments, which services, or which areas are affected. I have a general question also about Queensland, the most decentralised state. Do you believe that a high level of decentralisation does not lend itself to a competitive tendering situation as a broad brush approach?

**Ms Hayward**—The distance makes competitive tendering more difficult and, certainly, some of the issues I have raised earlier are that you may lose some of the positive benefits of regional services in terms of competition. For example, you may have someone who is more competitive to provide the service, yet that person does not know of the community and does not have a relationship with the community. So one of the dilemmas is that often your small community organisations, or your community based organisations, know that community well; they know the people in the community, and have processes set up within the community to respond to identified local needs.

One of the disadvantages is that you may not yet have the critical mass, or the people, who would be able to bid for and get a tender. So one of the difficulties is that, on the one hand, there are some very positive elements but, on the other hand, obviously we are concerned about cost efficiency and effectiveness. I think that one of the charges for us is to find efficiencies and effectiveness measures in other ways, and there are other ways of doing that besides competitive tendering.

**Mrs DE-ANNE KELLY**—Have you done any studies on what it would cost—just generally—for a small organisation to prepare a tender?

**Ms Hayward**—No.

**Mr Culbert**—No, we certainly have not. As far as I am aware, in terms of the funding project we have mentioned several times today, there is certainly a lot of work being done on the way the dollars are used and the response to that. In terms of pure research at this stage, that would be a good topic for some academics to latch on to, wouldn't it?

**Ms Hayward**—We do have funding rounds, and certainly services and small

services do identify that there is a cost associated with putting in submissions. Often it is very small dollars. For example, in terms of disability funding in North Queensland—I can only talk about North Queensland—we had a very small amount of dollars in one year and yet we received some \$8 million worth of applications for funding. It would have taken all those organisations considerable time putting forward those submissions for the very few dollars available.

**Mr Culbert**—Could I make a suggestion which also addresses the rural remote issue and touches on the issue of creativity? We are always encouraging community organisations to work together. It is not that we want to affect their integrity, particularly, but often in the more populated areas there are groups tripping over each other. Again, we need to provide the best services to clients out there, which is why we are all here.

Part of doing that, we often suggest, is for people to work together. That can be extended to rural remote areas as well. There may be some city based agencies, if you like, that could well help the more isolated areas in providing services. If there is only one organisation or, indeed, if there are no organisations providing a service, say, in Longreach, we would encourage other organisations to look creatively at that. So the notion of people working together across the boundaries, wherever they are, but also across the boundaries geographically, makes a lot of sense. Whether you are looking at competitive tendering or not, you are looking at providing the best services out there, whether through a formal tender process or whatever other approach.

To answer the previous question, we have certainly done a lot of work with organisations concerning how they deliver things and the cost of delivering those services. It is often useful to look at coordination, and maybe even rationalisation of some of those services across the boundaries of the organisations and across the geographic boundaries, too. We have a deliberate policy of encouraging new, small and large providers to bid for services because our view is that diversity is useful and often leads, as I think I said earlier today, to creative solutions.

**Mrs DE-ANNE KELLY**—In small communities, particularly, there is usually only a small pool of volunteers—not that those volunteers are not willing and cheerful. If their particular service organisation is unsuccessful in winning a tender, do you believe that there is a risk of losing that particular little volunteer group; that they all think that they may as well go home and watch the TV rather than volunteering? Is that a risk?

**Ms Hayward**—It is a risk. Certainly, the department is very aware that in some organisations up to 70 per cent of funding will come from sources other than government. There is a great degree of will in terms of volunteers and, not only that, there are people who provide trust legacies and donations to community organisations. The concern would be that we would not be able to meet the cost of what we are getting from the community now. So it is one that we would have to be concerned about.

**Mr Culbert**—That issue, I suggest, is there anyway just because of government funding. For example, where there was previously a voluntary service entirely and governments then came in, some people stepped back at that stage. Maybe they should

have stepped back because it should have been something that government was funding. But the fact that there is this sort of partnership is always difficult. You have a level of government funding on the one hand, and people believe there should be more, and others believe that it is a social justice reason that should be entirely government funded. We try to stress the partnership notion because there should be some value adding both in dollars and in kind from those volunteers.

On the other hand, if we are looking at best practice for clients, while we try to work with the existing agencies, we need to be careful that that is the best possible service for those clients in that area. So maybe we need to gradually—and I stress gradually—adjust things so that we are not just providing a service which may be very well-meaning, but one that also ensures that it has all of those qualitative things and is the best possible service for those clients, too. It may be that some sort of collaborative venture would be a way of doing that. If you are looking at competitive tendering, we would see an obligation on us as government agencies to work with those community agencies—and we believe we stand on our track record pretty well in that regard—to help them adapt to this new process, whatever it is.

**Ms Catalano**—I would like to add a further point to that. There are a number of examples across our programs where we have seen the not for profit sector and the for profit sector work collaboratively and actually come up with a service delivery option which is quite innovative and which draws on the knowledge and skills that we know have historically been there in the not for profit sector.

Related to that is the issue of whether competitive tendering would lose us that whole sector of experience and skills, so that the larger organisations would be advantaged in the whole competitive tendering process. We would want to highlight that we would prefer to look at some collaborative partnership arrangements—joint ventures. It has become known to us that a concern is that the larger organisations will have the management infrastructure to come up with better expressions of interest and tenders. They will have the economies of scale to come up with cost efficiencies that the smaller organisations will be unable to match.

What we would say in response to that is that we would certainly be looking at cost as one of the criteria we would use for determining the best service provider in a particular community. There are a whole host of other criteria which we would want to look at which are related to quality issues: whether the service can deliver to the most difficult-to-service groups of clients; whether the service has local culture; and whether it is culturally appropriate, not just in terms of ethnicity and race, but with a local cultural appropriateness and responsiveness. There are some target groups amongst our clients in the department for whom we would be concerned about continuity of service. Changing the provider at a particular time may for those statutory clients not be the best outcome.

**Mrs DE-ANNE KELLY**—Can you give me an example of a particular service?

**Ms Catalano**—Of a particular service which is a joint example?

**Mrs DE-ANNE KELLY**—No; of the point that you have just made—continuity.

**Ms Catalano**—Continuity of service. It might be that for work that is undertaken in a community for the reintegration and rehabilitation of juveniles, for example, in remote communities or in some of the rural areas, it is not a question of servicing juveniles but of the range of community commitment and support for the reintegration of those juveniles in that community. The best outcome may be to stay with the current range of community providers in that community for the better outcome for those young people.

**Mrs DE-ANNE KELLY**—With crisis service providers such as rape crisis centres, sexual assault units—that type of service—is that an issue of continuity of care? Obviously those services are accessed at times of deep distress. If you find that the service provider that has got it is on the other side of town in a completely different building—and they are not usually advertised either; you do not find them in the phone book—does that come into a continuity of care issue for you?

**Ms Catalano**—I am not sure. I would probably have to look at what the client service standards are for that client group.

**Mrs DE-ANNE KELLY**—It is just that the point has been raised with me that that is a particular service where people need it at a crisis point in their lives and they expect it to be there, but they do not expect it to have moved to the next town or down the road or to be in a different building or have different staff. It is a situation where continuity of service is fairly important.

**Ms Hayward**—It would also depend on how that continuity could be provided as well. A location may move. Often, particularly in a telephone information service, it might be a number that is important, because if you ring the number one day you might get a different person from when you ring the number another day. It also depends on how long you are managing the person through the crisis. Certainly if you are in a crisis counselling relationship, you would want to have some continuity, but the continuity may be over a shortened period because of the crisis, whereas the next person who comes into the system may need that continuity of care over a shorter period of time.

**Mr Culbert**—Access is a key issue there, isn't it? We fund a domestic violence hotline and that hotline is well known. Sometimes the auspice needs to be changed if it is an individual placement, for example, or if for other reasons it needs to change. Certainly, in general, we would support that continuity is important for services—and the more sensitive the services the more continuity is needed. That is certainly a very pertinent issue if competitive tendering is considered. What tends to happen, in our experience—and we have not used tendering very much—is that the auspices tend to continue to be funded. But that becomes a problem in other ways sometimes.

**Mrs DE-ANNE KELLY**—On balance, do you believe then that competitive tendering has a place, but with quite a lot of caveats in the case of decentralised states with a lot of rural communities, with particular cultural sensitivities? Would that be a fair summation of your view or would you like to give your own view?



**Mr Culbert**—That is probably a fair summation. We have talked a lot about the provisos, the caveats, that we would need to have. On the other hand, parts of our services are commercially oriented. Competitive tendering has been used in the commercial world for many years. If you are talking about child-care services, it is nothing new there. But in the more sensitive, not-for-profit sector it is a new ball game. If you quote the example of Meals on Wheels, or something like that, we do not want to chase anybody away or to feel that the volunteers are dispossessed in any way, so we need to have any change very carefully looked at.

**Mr ALLAN MORRIS**—Firstly, there is something strange and peculiar about an individual counselling a person on their long-term life decisions when that person is on a one-year contract. I find it bizarre that we do not actually understand that very well. We expect them to give profound long-term advice to people when they themselves are totally insecure. The question I want to ask you for the record is the level of for profit provision for Queensland in the welfare sector. It is not in your submission—I went looking because I thought perhaps I had missed it.

As we understand, with HACC the for profit sector can in fact be a provider for community options, but not for direct HACC funding. On the other welfare services—Ms Catalano mentioned some collaborative arrangements, which I think are in other submissions—is there much involvement, or is there a battlefield going on, or is there any position philosophically or officially about the for profit sector?

**Mr Culbert**—Mr Chairman, I think we need to take the question on notice if we are looking at the exact dollar figures. We would need to carefully examine, for example, the recent disability tenders, the child-care area; we would not have that offhand. Certainly it is a moving feast out there. I would not say that it is a battle royal. Most commercial providers would not touch the area because they know there is nothing to be made from it, except in areas like child care; and aged care. We do not fund so much of that through our department, but certainly the Queensland government does in other ways.

**Mr ALLAN MORRIS**—In things like, for example, home nursing in a rural area, a self-employed nurse could in fact be a for profit provider and could be extremely valuable in providing that service. Perhaps if that was taken on notice that might be of benefit. I also want to point out to the representatives of the department that if they have any further thoughts, with hindsight, when they are reading their *Hansard* of today's discussion and they wish to add to any of their responses, or to diversify a bit, that would be very welcome as well, given the depth and breadth of your submission anyhow.

**CHAIR**—That would be very helpful. You have already gone to a lot of trouble anyway to make a very useful submission to us.

**Mrs DE-ANNE KELLY**—Mr Graeme Samuel, the Chairman of the National Competition Council, has been flexing his fiscal muscles and saying that in some areas where he believes states have not met their requirements under national competition policy, monies will be withheld. Are you aware of any moves to disadvantage Queensland in that regard because of what I think is its very sensible approach to competitive

tendering of the welfare services?

**Mr Culbert**—I would have to take that on notice in terms of the wider government issues. Certainly in terms of our department we have not had anyone suggesting yet that child protection matters, for example, be tendered out, so I think it is fairly soft. But in areas like local government I know there is strong pressure on local authorities in Queensland to be competitive and they are moving along those lines, with some agony, I know. But, if you like, we could take that on notice and check across the other departments.

**Mrs DE-ANNE KELLY**—Thank you.

**CHAIR**—One of the things I have been struggling with is how to come up with some recommendations about the government's role, ongoing, in setting standards and monitoring. Your submission has had a good attempt at addressing our terms of reference by suggesting a number of models for monitoring service standards, but you do not conclusively suggest which one. Obviously, there is going to be a need for flexibility. But one of the things I was interested in was the suggestion under the Department of Family, Youth and Community Care of a legislative approach. I was kind of appalled at that; that would be the most inflexible way to manage any of this because of the difficulty in making legislative changes. Could you explain to me what you have attempted to advise us in that whole chapter?

**Mr Eriksson**—I hope this partly addresses the question. The issue that we have considered is how to deal with compliance. Does that partly address the question?

**CHAIR**—Yes.

**Mr Eriksson**—If I could pursue that briefly, the first point that we would want to make is that we are taking what we describe as a developmental approach, as we are approaching the whole issue of competition and competitive tendering. We do understand that as you move towards competitive tendering there is a need for greater accountability. We are hoping to get at that partly through the output based funding that has been spoken about before. We realise that there has to be a balance between financial and functional accountability. We do recognise that the Queensland government's submission has referred to the Queensland Commission of Audit noting that the monitoring of performance standards for services delivered by the non-government sector is currently not terribly well developed. We are aware of that.

Our intention is to engage in a number of activities to help develop and implement improved monitoring and assessment processes. Partly, I think the submission indicates that we are doing that through what are called service agreements. We are hoping that as output based funding develops, both from our point of view and from the sector's point of view, how we use those service agreements will be modified over time. For example, the kind of financial accountability that is required at the present time with a lot of organisations providing quarterly financial returns to the department with output based funding may be modified in time.

How we develop and structure service agreements—particularly as we move towards more contractual arrangements in some areas and more purchaser-provider arrangements in others—may alter. I do need to stress that service agreements in Queensland are compelling documents, but they are not legally binding as I understand it. I am not sure if that answers your question terribly well.

**CHAIR**—I think it was Mr Francis who made reference to some pilot approaches. One way to do all this is to say, ‘We won’t attempt any of this until we have got all of these protocols and established procedures in place’. Another is to run it in parallel with some pilots to test whether a model is a good one or not. Perhaps I could ask Mr Culbert if Mr Francis could lead us a bit more through some of those pilot attempts.

**Mr Francis**—Thank you, Mr Chairman. First of all, can I point out that, in our submission when we talk about standards and the legislative provisions, it is very high level. I think it is worth the committee reflecting on the fact that it operates at a very high level. It does not deal with what happens in a service on a day-to-day basis.

**CHAIR**—It is very inflexible, too, I would think.

**Mr Francis**—Because it is high level, it is not particularly inflexible. It provides a set of mechanisms which allow for some redress assuming one has got sufficient mechanisms in place to address what is happening on a day-to-day level. That is the rub, if you like, dealing with that issue.

In the context of a set of reforms or changes in the disability program within Queensland we are looking at a twin introduction of output based funding and quality assurance mechanisms. We will do a number of pilots over the next 18 months that will address two levels of quality issues. One is the quality within a service that a board of management or the managers of an organisation need to be assured about. It is a self-monitoring process that will be conducted at least annually, results of which will be available to government, but it is essentially about ensuring that the organisation itself knows its own position in respect of quality. That will be done against national disability standards. You would be aware of those.

**Mr ALLAN MORRIS**—It is important to keep in mind amongst all of this stuff that at the end of the day there is a duty of care by government to their community whether it be intellectually disabled, people with psychotic illnesses or battered children.

**Mr Francis**—We are very mindful of that.

**Mr ALLAN MORRIS**—We cannot allow a system which will pass on that duty of care and give ultimate responsibility to somebody else who is not government. I guess many of us are very apprehensive about some of these things that can be seen to be a responsibility shifting exercise.

**Mr Francis**—We are very mindful of that and are trying to construct mechanisms to ensure that that is not an outcome—an unintended outcome at best.

**CHAIR**—I think that is understood. Was I taking too much licence from your reference to pilot programs earlier?

**Mr Francis**—No, not strictly speaking. The second element of the quality that we want to introduce is third-party assessment processes. There may be multiple models for how that is carried through but it would essentially involve consumers of organisations and perhaps peer service providers being involved in an independent evaluation of the service at question and that result being linked in with service agreements and so occurring on a three- to five-year basis. That is very much pilot work and will occur over the next 18 months and is timed to be introduced at the same time as our output based funding is introduced.

One of the difficulties, as no doubt this committee has already identified, is that there are so many parallel developments here that both contribute to and impact on competitive tendering that it is often difficult to sort the wheat from the chaff. It is often difficult to understand whether an impact has been because of budget cuts in various states—we have heard a lot about Victoria, all of us—because of the introduction of our output based funding itself or because of the tendering process as a separate issue. Trying to separate the impacts of those issues is quite difficult.

**Mr Culbert**—Mr Chairman, can I just add a quick comment on the criteria for evaluation because I think it is pertinent here? We suggest we should focus on spread, on the equity of the provision and on the adequacy—those three things. All of that needs to be meaningful, measurable and minimal—minimal requirements but to ensure best practice and best service to clients.

**CHAIR**—Don't let those terms develop into acronyms, please! Unless colleagues have any more questions—

**Ms ELLIS**—Mr Chairman, can I just ask a very quick one. Just as I came in there was a comment about continuity—and forgive me if it has already been canvassed, because I was a bit late this morning. It seems to me the more that we listen to people around the countryside about this whole idea of compulsory competitive tendering the more it becomes evident that one of the real problems is in fact continuity, given that once you tend to go down the compulsory competitive process people have to then continue to re-prove and reaffirm and re-prove again that they should continue to receive contracts. I would like to see whether any of you could explain to me how you believe you can overcome that one distinct aspect. That is, if a community group—to use a very crass example—is currently performing service A and, on continual rolling tests, continues to provide it at adequate level, meeting all of the standards that have been set down, that seems to give a feeling of continuity, whereas, for a set formal commercial contract for 12 months, towards the end of 12 months they have to reapply and re-prove. To what degree do you believe that that enhances—or the reverse—the feeling of continuity for both the providers, the people working in the service—because in some cases it can be a joint venture, private sector, public and community—and for the recipients of the service?

**Mr Francis**—Perhaps I can in part answer your question. In the tendering

processes that we have engaged in so far, first of all, we have let a 20-year contract. Secondly, we have not, as a department, developed our thinking or plans sufficiently to have given any consideration to an automatic retendering on whatever term of existing service delivery. In fact, one of the issues in front of us is what we do about existing service delivery. Any tendering that we have engaged in has been in new areas of service delivery where there is a need to make a change or where there is a need to transfer those services from the government to the non-government sector. Those issues are very much questions that we will be turning our minds to over time and do not have a formal position on.

**Ms ELLIS**—What sort of service have you given out on a contract for 20 years?

**Mr Francis**—The tendering of two centres associated with moving people with intellectual disabilities out of institutions and into the community.

**Ms ELLIS**—Residential care?

**Mr Francis**—Yes, residential care.

**Ms ELLIS**—That is interesting. Thanks.

**CHAIR**—We might wrap it up there. Thank you very much, Mr Culbert, and your team. I say again your submission has been very helpful. Thank you for the trouble you have gone to to make it. We have no doubt that things will roll on here, but it seems in Queensland there is a great deal of concern that we have found in other states. I give you that bit of credit anyway. Thank you very much.

[10.15 a.m.]

**TANSKY, Mr Michael, Project Micah Inc, 20 Merivale Street, South Brisbane, Queensland 4101**

**CHAIR**—Welcome, Mr Tansky. Before we proceed, there is a procedure I have to follow. Whilst the committee does not swear its witnesses, 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 may be regarded as a contempt of the parliament.

The committee has already received your submission. It is part of the public record. I would like to give you an opportunity to make an opening statement to summarise your feelings on the matter. Also, you might explain the nature of your organisation.

**Mr Tansky**—Let me start by saying I am here as a representative of Project Micah Inc, a collection of people who have prepared the submission that I will be speaking to. I am actually representing Karyn Walsh who, unfortunately, had competing engagements and could not be here today. Therefore, I may not be able to answer some of the questions you may raise and I will have to take them back to her to respond to you in writing or in

some other form.

**CHAIR**—There are eight signatures on the submission. Are they all within the organisation, or is a community—

**Mr Tansky**—A collection of groups share facilities at St Mary's at South Brisbane. Project Micah Inc is one such group. It is like a sponsoring body for a number of different bodies. For example, there is the boarding house project which I work in. There is the building bridges project. The Catholic prison ministry is another body that is co-located with Project Micah. Wally Dethlefs from St Mary's Catholic parish is involved with juvenile justice issues and co-locates at the same premises. It is a collection of different but like-minded agencies sharing the same facilities.

**CHAIR**—All under the one umbrella?

**Mr Tansky**—That is right.

**CHAIR**—Would you like to make a brief opening statement and then we will proceed to some questions, or you may feel you have already said it all with your submission.

**Mr Tansky**—There are a couple of key points I wanted to make that relate to access and equity issues identified in paragraphs two and five of the submission. One is that competition policy 'has the potential to lead to a reduction in the number, diversity and accessibility of services available to people'. Also, some of the highest need groups, including those with special needs such as young women living in domestic violence situations, and indigenous people, may be further disadvantaged in terms of accessing services.

The examples I draw on have been related to me in terms of the organisation's difficulty in accessing funds or in applying for funds through competition policy. The first point concerns funding criteria relating to capacity to deliver nationally, and grants being inflexibly restricted to existing agencies. One of the purposes of welfare grants is to improve service delivery to the highest need groups but we have seen examples of high need clients being refused access to large services for different reasons. Sometimes it is because their behaviour is demanding, they impose new requirements on accessing services, or because people accumulate debt and so on. Some of the agencies providing best access to these groups cannot get funding under current competitive tendering criteria. Two examples illustrate this.

The first criterion for the tender relating to domestic violence peer education required the tender to deliver nationally. This ruled out small local services which may have peer networks already established and already providing best access to young women. It favours large national agencies which do not necessarily have strategies in place for addressing the particular needs of the target group in local areas. Young women and indigenous people are not using the large mainstream services. The agency and the people working in it have to be accepted by the local community before it will be accessed. For

indigenous people this may mean an acceptance by the various clan and family groups. Restricting funding to large national agencies presents an anomaly for local delivery of services to these groups.

Another criterion stated that the tender for domestic violence peer education had to be an existing service currently funded by the Attorney-General's Department. A few of the currently funded agencies have contact with peer groups of young women. Competitive tendering risks looking like a closed shop by restricting competition to existing funded agencies.

The second example relates to the Attorney-General's Department funding to improve service access to indigenous people. Because of limitations imposed by the above criteria, smaller agencies already being accessed could not apply. Why fund agencies which do not provide good access to indigenous people? The principle of indigenous self-determination, promoted in the deaths in custody inquiry and the stolen generation inquiry, is overlooked by those tendering arrangements.

In terms of the adequacy of grant allocations, the amounts of funding available for the domestic violence education projects were not realistic. Grant allocations appear to favour the agencies with large enough administrative infrastructures in place to absorb costs associated with administering additional program funding. The lessons learnt from cleaning, garbage collection and information technology industries indicate that a small number of firms end up dominating national contracting markets. Is there any hard evidence that competitive tendering reduces costs and increases service effectiveness?

They were some of the comments that have been passed on to me to relay. The only other point I thought I would—

**CHAIR**—On that point, are they actual examples of what is happening or are they examples of what could happen?

**Mr Tansky**—They are examples of attempts by the organisation to apply for funds in a competitive tendering arrangement through the Attorney-General's Department and they were the difficulties. One was the fact that the grants were only available to existing agencies and the second was that they had to be national agencies providing national services to be eligible for those grants.

**CHAIR**—Was that the Commonwealth Attorney-General's Department?

**Mr Tansky**—I would have to double check that with Karyn and confirm that because I have not got all that information in my head. I am just representing the people who had—

**CHAIR**—It is important that you confirm that. One of the things that we are trying to get a grip on are tangible examples rather than fear about something that might happen that has not happened yet. If you could undertake to be more specific about those—

**Mr Tansky**—Confirm the department involved, yes. I am clear that they actually experienced those difficulties in applying for funds.

**CHAIR**—I am sorry to interrupt you.

**Mr Tansky**—I picked up on one of the points raised by the Queensland government, and that was in relation to partnership between the community, government and the private sector. I want to make an observation on one attempt that is going on with Project Micah Inc. We see that partnership as a way to the future. Currently, we are exploring such a partnership with the support of the accommodation providers association, a group which privately accommodates people with intellectual and psychiatric disabilities in south-east Queensland. They are sharing our infrastructure by paying for it, which enables them to more cheaply operate with an infrastructure that services their organisation, rather than replicate the infrastructure. They are also able to access students, to survey the population who are accommodated in their hostels and jointly apply for funds to provide support services across specific catchment areas.

So there is some trade-off in terms of partnership arrangement between the private and non-government sector that we are observing. It is fairly early days in terms of our experience in that area, but it seems to offer some benefits to community agencies and to clients and the agencies that are operating in the private sector.

**CHAIR**—When you made your submission back in August last year you would not have been aware of the Queensland government's submission which we have had this morning. It is on the public record. I do not know whether you have had a chance to peruse it—perhaps you should. Some of the fears that you have raised would probably be allayed by what seems to be a responsible approach being adopted here in Queensland. Perhaps you could comment in respect to that.

**Mr Tansky**—The only area I am aware of where there has been some controversy has been in health funding and the tendering in relation to rate prices services. But that is really a matter that should be addressed to the health department and the agencies that were providing services in that sector. Certainly, there was concern in our agencies about loss of continuity of services and the relocation that was involved in those services having to go elsewhere.

We really have not experienced anything similar in relation to the Department of Family, Youth and Community Care although they have been talking about looking at adolescent resource workers who are involved in the provision of support services to young people who are basically under supervision orders. I guess nothing definite has really come out about that. They are wanting to explore that in moving over to the non-government sector.

There are a lot of things that are not clear, particularly in relation to duty of care and how somebody who is employed in the non-government sector—who is an employee there—takes directions from somebody who is working in the government sector. So there are still issues that we are not clear about in relation to that matter.



**Mrs ELSON**—My question probably carries on from what Mrs Kelly said before about the cost of tendering. If it goes into competitive tendering, does the cost of submitting a tender worry you? Do you know what the cost is?

**Mr Tansky**—The person involved in the administration of the organisation would have a grasp of that, and we could probably get back to you on that. What I am aware of is that under the current system it takes something like two days work to prepare a submission for \$2,000 funding for a one-off project with the city council, for example. That gives you some feel of the sort of time and work that is involved. It takes two days in terms of preparing and writing, as well as other time involved in having meetings with the relevant groups and with council employees to decide how the submission needs to be framed to meet eligibility criteria, and so on.

One of the points we went to was: is it really worth that sort of time and effort for such small amounts of funds and for a great deal of uncertainty in terms of outcome? In relation to that matter I would be happy to get the administrative officer to provide some information for you.

**Mrs ELSON**—I was just curious to see whether it was really worth it, as you said, for \$2,000.

**CHAIR**—I have a question on notice. Would you check the *Hansard* later to remind yourself—perhaps our secretariat will follow you up? We would like to make sure that we do not miss these points.

**Mrs ELSON**—Did you say before that disability services buy services from your organisation?

**Mr Tansky**—No. There is an association of private providers of accommodation for people with intellectual and psychiatric disabilities. It is called the Supported Accommodation Providers Association. Through our organisation as a community agency, they are purchasing infrastructure and access to building space, computers, office space, and that type of infrastructure assistance which they do not have.

**Mr ALLAN MORRIS**—Mr Tansky, the challenge we have in government is that we want to fund services which are efficient. So here we have an organisation which, for example, provides a good service, is of good quality and is credible. An alternative organisation that is also credible offers to do it for a lower price. What does one do? What kind of methodology does one use? Is there an alternative methodology that would allow governments to ensure that they get the best or the most services from money for the community, but still at a quality and reliable level?

**Mr Tansky**—It depends on what sort of systems or structures governments put in place to assess what it is actually buying for the money. You can get a competing tender that is cheaper, or at a lower cost, but in terms of what it will actually deliver on the ground—

**Mr ALLAN MORRIS**—But assuming both organisations are credible and both have experience in quality, but one offers a service at a lower price than the existing provider—

**Mr Tansky**—I would be interested in their credibility in the area that they are going to be servicing.

**Mr ALLAN MORRIS**—So one of the larger state providers offers to provide a service in your area at a lower price than the service that you work with normally, the one that you know very well does a good job: what do governments do? Do they say, ‘No, you cannot; you have got an existing provider?’

**Mr Tansky**—I think that that is one of the things that needs to be taken into account. You have got a continuity of service in that area that people know about and have come to expect, so that when we have an issue or problem in this sort of area then that service is there. If there are changes made that disrupt continuity of services, then I do not think that that is an advantage.

**Mr ALLAN MORRIS**—Isn’t that a recipe to charge more because they are kept on simply for continuity of care? Our involvement in this inquiry is to try and find a process which will allow flexibility and continuity and efficiency and effectiveness and high quality, but also provide service for as many people as possible for the same amount of money.

**Mr Tansky**—I think one of the areas that could be explored further to reduce or minimise costs, particularly some of the overheads associated with effective administration, is the area of sharing administration between organisations in a local area. I do not think that there has been enough exploration of that matter. If you look at setting up information technology, and having that system set up so that it is a shared computer database, a system that is shared across all users, that can be done. It does not have to operate in one office. It can be shared across multiple offices in a catchment area. There is a capacity to actually reduce significantly those sorts of costs through improved information technology and sharing administrative overheads.

You can have one organisation actually servicing and providing administrative support to a range of organisations in that catchment area. You can have the organisations—whether they be for Aboriginal people with high health needs, young women with domestic violence issues, a community agency that is servicing people in boarding houses, and so on—that are most effective in terms of delivering service. It is really coming up with more creative responses.

One of the things that can happen with a large provider, of course, is that you then have the risk of monopolising the service delivery. One of the issues we see is that it is the really demanding clients that have the greatest problem accessing services, both government and non-government. Nobody wants them in the front door, particularly poly-drug users, people with alcohol problems and mental illness combined. They have enormous problems accessing services. I see increasing difficulty for that population

accessing services if services become more restrictive, and that is one of the risks.

**Mrs DE-ANNE KELLY**—I would like to hear your opinion on the current standards for monitoring the performance and the accountability of the competitive tendering processes.

**Mr Tansky**—It is difficult for me to comment on that, not being in the competitive tendering situation. The project I am funded under is one which is a pilot project funded by Commonwealth and state. There is a service agreement in place, which is standard and is similar across other funding services in Queensland. What has been added to it is an independent evaluation of the project and preparation and delivery of a report. Was your question about what could be or should be put in place in terms of monitoring the effectiveness of organisations or agencies funded through a competitive tendering process?

**Mrs DE-ANNE KELLY**—Yes.

**Mr Tansky**—I think there needs to be an ability to assess what is happening locally on the ground in terms of what they are actually delivering to clients. What an agency will say it is doing and what is happening in terms of delivering services to clients can vary. I think it would be important for an assessment process to be able to access information from clients accessing services, as well as from other agencies that collaborate or work with those clients. The linkage between agencies is really important in terms of coordination across services. No one agency can provide it all, particularly to clients who have just come out of prison and might be on parole. In accessing mental health services, drug and alcohol services, a range of agencies are involved, and one of the things that happens is that people just skip from service to service, agency to agency. I think it would be very difficult to assess the gap between what an agency says they are doing and what might be happening on the ground. Monitoring structures in Australia need to be located not distantly but centrally.

**Mrs DE-ANNE KELLY**—Would you favour an independent regulator for the industry who would develop and monitor the performance and the accountability standards—somebody aside from government?

**Mr Tansky**—Yes. Their interests would be unclouded by the interests of the government sector or community sector. They could take an impartial position and have the freedom and flexibility to examine and monitor in ways that are appropriate. I guess an issue for an independent body will always be the adequacy of resources to apply the methodology that they may want to use. If they actually report to government, that answers the accountability issues. I think there is some merit in that approach.

**CHAIR**—Thank you for taking the trouble to put in your submission, and please convey that to all of those signatories there. Thank you also for coming in and spending time with us this morning.

[10.39 a.m.]

**BOURKE, Ms Michele Therese, Member, Community Futures Network, 211 Hudson Road, Woolloowin, Queensland 4030**

**HALSON, Ms Diana, Community Futures Network, PO Box 63, Wilston, Queensland 4051**

**HUGGETT, Ms Gabrielle, Member, Community Futures Network, PO Box 63, Wilston, Queensland 4051**

**SEWELL, Ms Sandra, Project Officer, Community Futures Network, PO Box 63, Wilston, Queensland 4051**

**SMYTH, Dr Paul Gerard, Lecturer, School of Social Work, Social Policy, University of Queensland, Adviser, Community Futures Network, c/- 211 Hudson Road, Woolloowin, Queensland 4030**

**CHAIR**—Welcome. Whilst this committee does not swear its witnesses, 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 may be regarded as a contempt of the parliament. The committee has received your submission and it is already part of the public record. I now invite you to make an opening statement before we proceed to questions.

**Ms Halson**—The Community Futures Network is a coalition of 19 small community based organisations in Brisbane's north. The members of the network come from community centres, women's organisations, housing services, youth organisations and disability agencies. The people from these non-government organisations came together in June 1996 to discuss the ramifications that competition policy would have on community based organisations and, more generally, the impact that competition would have on the welfare sector. A number of organisations on the south side of Brisbane were also concerned about the privatisation of the welfare sector, and these people came together as the Brisbane South Community Futures Network.

**CHAIR**—Are you speaking on behalf of north and south?

**Ms Halson**—I am not speaking on behalf of both. I will just briefly go through this and outline what we are doing. There will be three people speaking today and we all have different sections.

Since the inception of both community futures networks, members have undertaken three sets of activities—education, dialogue and cooperative action. Being here today is one of those activities. I will begin with a five-minute presentation relating to the concerns of the Community Futures Network—this is the north's submission. Gabrielle Huggett will present a case study of an organisation that has recently been involved in a tendering process and, to conclude, Paul Smyth will answer any questions that you may have.

Most people here today will be talking about the advantages and disadvantages of competitive tendering. Specifically, people will be highlighting what competitive tendering will mean for them, and that is important. However, I will try to describe what competitive tendering will mean for the women that I work with. I provide a service to women with mild intellectual disabilities who are homeless or at risk of homelessness.

For this exercise, I want you to imagine that I am a woman who has a mild intellectual disability. I have been in contact with the welfare sector since the age of four. I have not had stable accommodation since the age of 16. I am now 28. I have moved between living in a unit, hostels, psych institutions and the street. I also have challenging behaviours, and this is my story.

One of the services that I have been in contact with for the last two years has just been successful with a tender, which means they can still provide me with a service. Great! There is some consistency in my life. However, they previously provided me with life-style support but the tender was only for accommodation support. A lot of the things that they supported me with before, they say they are unable to support me with now. I cannot understand this. I argue with my worker about her lack of support.

I wanted my worker to help me access an employment agency but my worker said that this was not their core function. They were not allowed nor paid to do this. However, my worker gave me the phone number of an employment agency. When I rang the number, I got one of those automated phone systems. I need support to use those phone systems but my worker did not know of a service that provided automated telephone support as part of their core function.

Another thing that has changed is my hours of support. Before, it was flexible. Now, I am allocated five hours support which I must have in one block. As you know, it is more efficient that way. The worker only needs to travel to my place once a week. Can you imagine what it is like to spend five hours in one block with a worker? I find it very draining. I also have an intellectual disability. This means I find it hard to concentrate for five hours straight.

There have been some recent staff changes and my new worker is not as qualified as my last support person. The new workers do not know how to cope with my challenging behaviours. I tell these new employees about the time I threatened my mother with a knife. It is not true but it scares the hell out of them, and they do what I want. Another trick that I use, which I picked up in a psych hospital, is that I tell them that I am hearing voices. Because they are not well trained, and they do not understand about mental illnesses, I get out of doing most things. Unfortunately, I am not learning much.

Another thing that I noticed about my new worker is that she does not like travelling to my unit. She said her organisation did not pay her travelling time. Now that I live 30 minutes from her workplace, this means that she will only see me on Thursdays when she sees another person in the same area. I need to see her on Wednesdays when I get my pension. But, I guess, Thursdays at 12 is better than nothing. I am told if the other person stopped getting support, the organisation could not sustain their visits to me.

On Thursdays, when my worker and I do the grocery shopping, we go to the supermarket in her car. I am not sure of the safety of her car. I wonder what would happen if she had an accident. She told me that she had to use her car because casual employees do not have the use of company cars.

On Wednesday night, I was late. I did not tell my accommodation support worker. She probably could say that it was not part of her core function. I am also sure that she would not know how to respond appropriately. She has only been trained to teach me to cook, clean, budget and grocery shop.

Nowadays, do you know how difficult it is for me to get a holistic service? Most services have narrowly-defined core functions. What I need often does not fit into these core functions. Alternatively, if they are services that I need, I am excluded from them mainly because of my challenging behaviours. Working with me requires more time and resources. I have the ability to make a service look bad. Those people who are easier to work with always get a service ahead of me.

In other cases, I am excluded from services because I cannot pay. Competitive tendering has resulted in clients subsidising the service. This may be because the tenderer was overoptimistic and cannot sustain their tender without shifting some of the cost to me. Alternatively, the organisation may be a private profit organisation, and the bottom line for them is to make money. I am on a pension and I cannot pay, and thus I am excluded from services. When you are making a decision about competitive tendering, remember you are making a decision about the quality of my life.

**CHAIR**—In your submission, you mentioned that you are happy to provide a number of case studies. Is it your intention to read these out? You do not need to do that; you could submit them.

**Ms Halson**—We have prepared a number. We can submit them for you.

**CHAIR**—It just takes a lot of time to read the case study into the *Hansard*. We will have some questions about that particular one.

**Ms Halson**—But one of the ones that we have, Gabrielle will be going through today.

**CHAIR**—Could I ask you to be reasonably brief. If it is a case study, give us the salient points of it, and we will make steps to have it recorded.

**Ms Halson**—Okay. Gabrielle will start with a case study.

**CHAIR**—How long do you think you will need to complete your opening statement?

**Ms Halson**—This will take about another four or five minutes.

**Ms Huggett**—I would like to present a case study on competitive tendering by a small sexual assault service which would like to remain nameless for this hearing. The organisation evolved from identified needs of a marginalised group within Brisbane and prided itself on being responsive in a bottom-up way, consulting with the target group on their needs and appropriate responses.

The organisation was on quarterly funding at the beginning of 1997 which was creating an uncertain environment in making any activity or future planning extremely difficult. For example, running groups for this population had to be planned to coincide with the end of the financial year. The funding body decided to embark on a tendering process to alleviate inequities in resource allocation to alleviate funding uncertainty and adverse impacts on service delivery.

The specifications of interest document was due to be released in January with applications to close in April. The organisation specifically asked to have input into those specifications. However, this request was ignored. Nevertheless, the specifications were released in mid-March, with the closing date remaining the same. That meant that there was a six-week time frame to fill that tender application.

Elaborate and extensive questions were posed in the specifications, with a word limit on each point. No guidelines were given about how much money was available. The organisation was uncertain whether to apply, because what was being requested in the specifications was a radically different structure compared to the existing one. It seemed that needs, as defined by this organisation in consultation with the target group, were no longer relevant. If the organisation wanted to apply, it had to consider a change to become a state wide organisation, covering a much broader section of the community. They decided to apply because they feared the interests of this marginalised group would be lost and that the organisation would fold. It seemed that the needs, in this particular area, were being defined by the government without consideration of or consultation with the people on the ground.

To address a specification in a realistic way, and considering the needs of a state wide resource agency, approximately seven workers were part of the expression of interest. Applications closed in April and the notification date was June. This date came and went. The organisation had funding guaranteed only until the end of June. Several times, the organisation contacted the funding body to clarify time lines. The organisation was particularly stressed as it realised there was another step in the process to begin negotiation on further details if announced as a successful bidder. They also observed that both time lines for the funding body had been breached. Yet dates for the participating community organisations were strict and non-negotiable.

The funding body initially had said that the new structure would commence at the beginning of July to coincide with the new financial year. On 24 June, the organisation was notified that it was invited to submit an offer for a recommended two positions with half-time administration—that being 19 hours per week. The award classification levels had been determined by the funding body as well as on-costs and operating costs. The organisation was shocked at this proposal, considering the specifications had called for a

state wide resource and training service. This offer included no allocation for travel within the state, nor a web site, nor a 1 800 line. Meeting the state wide function then seemed limited if not impossible. The organisation was given 10 working days to respond and resubmit its project plan. They were advised that the offer was not negotiable.

The staff and management committee were concerned about how to address their state wide function with such a minimal number of workers. The organisation was also feeling vulnerable at the prospect of not responding to these government directives. They resubmitted an application and were allowed to utilise the salary allowance to best meet the needs of the service. The current funding levels were maintained for the month of July so as the new funding arrangements could begin at the beginning of August. The experience of this organisation with a competitive funding process meant a long, drawn-out, stressful and uncertain time. The fear was that the already marginalised group would be lost at the cost of efficiency, and therefore further marginalised.

After this tendering process, the organisation's funding remained at the same level that it had been cut back to in the previous December, with a larger geographical area to cover and a broader section of the special needs group to service. The funding was guaranteed for one year only.

**CHAIR**—Members of the committee will have some questions about those case studies. We need to understand that they are real cases that have occurred. I am concerned sometimes when people feel a lack of confidence to back their case study by being willing to be named. That adds credibility, but that is up to the people concerned. I know colleagues will have some questions about that. To kick off with, your organisation is essentially Brisbane and Brisbane suburbs based and not beyond that?

**Ms Halson**—We are a network of Brisbane organisations, but we are in contact with a couple of other groups throughout the state as well.

**CHAIR**—Would they extend to some of the rural and isolated parts of Queensland?

**Ms Sewell**—The Burdekin one that you referred to before is a similar coalition of organisations.

**CHAIR**—All right; it might be appropriate to ask some questions of you. I do not want to hog the questions, colleagues; I am trying to be fair here.

**Mrs ELSON**—Are you the body that coordinates the network? I am just trying to figure out—

**Ms Halson**—There are a number of people that come together. There is a dialogue group. There is an education group. There is an alternative actions group. We all have different activities and we come together and talk about—

**Mrs ELSON**—All voluntary?



**Ms Halson**—Definitely.

**Mrs ELSON**—So your organisation is mostly made up of voluntary workers?

**Ms Halson**—This is the network—

**Mrs ELSON**—Yes, the network. But what about the people that are underneath your network?

**Ms Halson**—That is just workers.

**Mrs ELSON**—You are not from any particular organisation yourself? You are the one that coordinates the network. I am trying to find where your position is.

**Ms Halson**—I am from another organisation and I provide a service for women with mild intellectual disabilities. This is part of my job.

**Mrs ELSON**—Would the biggest fear you would have if it went to competitive tendering be losing those volunteers and not having that base of volunteers within your network?

**Ms Sewell**—Community Futures is a coalition of people in north and south Brisbane—as you have heard, there are two groups that overlap. Most of the people are workers in agencies who, as part of their work—

**Mrs ELSON**—It is like a link-up situation, like we have in the south of Brisbane.

**Ms Sewell**—Yes.

**Mrs ELSON**—That is what I was trying to get at. The people that each one of you good people are representing no doubt work with a lot of volunteers in your groups, do you?

**Ms Sewell**—Some do, yes; not all. Community centres would—

**Dr Smyth**—As an academic, I have only been involved in an advisory way, but if I can relate back to the earlier proceedings this morning when the climate in Queensland about the impending introduction of further competitive tendering was being talked about, one of the important things about this group has been that the group from an early stage started to bring people together to talk about what it might mean. So through them you can have good access to many of the concerns of the not for profit community organisations involved with welfare. As a person who has been to a number of other meetings, I would say that their concerns would be quite representative across the board. Only late last year we had a meeting in this very room with the heads of churches—I think Mrs Grace was present that day—where these kinds of concerns were evident.

It might be well worth it if I could take the opportunity to underline a comment

that was made by one of the panel this morning—I cannot remember who. I might take it further and say there is almost an Alice in Wonderland kind of atmosphere surrounding these proposed reforms here in Queensland. You have the community sector, who has positive interest and very little support, and mainly they feel very opposed to it. In my own sector, in the academic sphere, I would say that the idea of competitive tendering as a model enjoys very little intellectual support, as recent works like Considine and Painter's book on the great debate about managerialism would evidence. It is seen to be a passe model.

Even amongst the bureaucracy gearing up to implement this, you could see even this morning that there was a whole confused array of models at work about how the community sector might be engaged in the process. Some people were talking collaboration, and 'working together' and 'competition is only one model'; other people were talking Hilmer, as though maybe the state needs to go much further down the competitive tendering path. I personally would have very little confidence that the people pushing the reforms have very clear knowledge of where it might end up.

There have already been very many anecdotes from within the bureaucracy of people who have signed up to all sorts of competition agreements in various spheres and then ministers, later on wanting to retract on things, are finding they no longer have the power. We do not feel confident at all—certainly that is the case for me and I think it represents the feelings of a lot of people—that there is a very clear conception of where this is heading in Queensland. And I think those confused models amongst the bureaucracy this morning indicate that.

I would like to underline that there is the world of difference between models based on collaboration and models based on competition. We only have to look at what happened with employment services, with the wipe-out here in Queensland of, say, many of the church groups and community groups with a long commitment and expertise in this area, and with people who could not even be contacted on the phone bobbing up in Caboolture with the second biggest contract awarded in employment services. Inevitably, if we were to be pushed towards this full-on competitive tendering, this marketised welfare, groups like this, and the social capital et cetera they generate and the resources they bring to government in trying to develop policy because of their on the ground knowledge, would be all wiped out with these Caboolture type operations getting in there on a cut-price model.

I probably got a bit carried away there, and I might even have been out of bounds. But I do think we should not underestimate the knowledge existing in the non-government sector, the numbers of meetings that have gone on, not just with this group but with others, and the very strong antipathy towards competition in the welfare scene.

**Ms ELLIS**—First of all, I want to take the opportunity of congratulating you for creating the network that you have in the first place. The value of networking through an organisation like yours, being an umbrella of so many others—they are listed here—is very impressive and it enhances, I believe, more than we can possibly measure at times, the success of the relationships that you then create and deliver to your clients.

I would like you to elaborate a bit more on something you started to touch on a moment ago. That was that if the world of compulsory competitive tendering existed, you would not be sitting here as a collaborative. The message that I seem to be picking up everywhere we go for hearings is that collaboration at that level will almost become nonexistent; you become competitors, not collaborators. I cannot see how that can enhance the people you service. Would anybody like to elaborate a bit more on that? I would welcome anybody's comment—from your own point of view, from the organisation you represent directly, or the network you are here representing.

**Ms Sewell**—I think I would take the chairperson's point about naming the organisation. I work as a community consultant across the field and there is a great deal of fear in the sector about what you are talking about, about being forced into competition—and therefore not giving away information—which is to the detriment of the people that we are there for, the whole reason that we are there. So, yes, I agree with you: I think a competitive environment will destroy collaboration, and to some extent is. Certainly that seems to have been the case overseas. Maybe Paul or somebody else—

**Mr ALLAN MORRIS**—Was it the case with the employment tenders, Dr Smyth?

**Dr Smyth**—Members of the committee might well know that better than me, but just anecdotally—

**Mr ALLAN MORRIS**—I do not know.

**Dr Smyth**—It is a kind of common nostrum that is passed around, that especially smaller organisations, the little altruistic ones, now have one choice: they can buy into the tendering thing and abandon their original goals, values, religious principles, or whatever, and just become like a for profit organisation, competing just on the basis of the dollar to get the contract and deliver the service.

I am surprised that you might not know that for smaller organisations—for example, in Victoria, the smaller church organisations, and I have a lot to do with churches—it was amalgamate or die. So people started to form little consortiums and entrepreneurs emerged, happy to take advantage of the situation and say, 'Sign up with us and we will do the applications for you for tenders and contracts and so on.' It is well-documented that it is death for the little people and for cooperation as normal commercial secrecy and competitive activity takes over our practices.

**Ms ELLIS**—Would you agree that one of the worst outcomes of that scenario you have just painted is the loss of the innovation and the growth of ideas that come from those smaller groups? I happen to adhere to the philosophy that a lot of the innovation and a lot of the new ideas that come through the community sector for servicing people with special needs in our community come from those very groups. You can have, for example, a community group performing a particular service and out of that comes an idea. The clients may have displayed something innovative for them. Under the old process—in some cases, it is still the current process—they have the ability to do that. Under a set contract, as Ms Halson said at the beginning with her example, it is not within the bounds

of that so they cannot do it. That curtails that innovation and that growth of idea. Obviously, you would agree with that.

**Ms Halson**—Definitely. Another thing that might happen is that you might see an idea and think, ‘That would be great but I might need some expertise from another group.’ Will we be able to approach that group and say, ‘We’ve got this really great idea, do you want to help us with it?’ They might rather run with it themselves. So you might be in competition with them.

**Ms ELLIS**—So giving away a good idea, in a commercial sense?

**Ms Halson**—Yes.

**Dr Smyth**—I think this is the really sad prospect. Someone in the department where I was involved was participating with the state government department in something to do with contracting out services in a certain area. She had worked in this area herself for many years and she said, ‘The sad thing is that the people who are really good at the job, who have been in it for years and have all the experience and so on, will not be getting the contracts.’ That is mainly because they do not understand this new world and how it operates. They do not understand how to fill out the forms and go for the tenders and so on. Other people with commercial nous will be winning contracts but the sector will be losing people with the experience and value.

There was talk this morning of needing a new language. I heard a good one a week ago. Apparently, Gary Sturgess, who worked for the New South Wales government and was a fine promoter of this competitive model in its early stages—after all, it is getting a bit grey these days as it has been around a long time—said, ‘It is time for a national cooperation policy!’ I think it would be great if a committee such as yours made a watershed finding and stepped beyond debating the pros and cons of competition and started to try to build into a new model something about cooperation.

**Mr ALLAN MORRIS**—This next question might be from left-field but it came up partly as a result of Ms Halson’s comment. I raised earlier with the government officials the question about duty of care and where the buck stops. How well protected are you or are you required to be if one of your clients were to sue for negligence? Let us say that they were raped by a worker or by somebody when they were under your care. I am trying to get at whether the pressure to get prices down makes people who are in need of a service more vulnerable to the risks of a car accident or being raped or other kinds of things which are liable. Are you required to take out adequate insurance?

**Ms Halson**—We do take out insurance. Because I am part of a larger organisation, that is done across the whole organisation. For us, at this point in time, it is not a costly activity because it is subsidised by another organisation. I would imagine that under competitive tendering it would be more difficult for casual employees. How do we safeguard or insure casual employees? That cost may have to be transferred to those employees.

**Mr ALLAN MORRIS**—I have dealt with a number of cases of professional negligence or policies where the insurance company refuses to support the policy because the organisation has been negligent or the organisation itself has not fulfilled its obligations under the policy. Often they are in very fine print which meant that the organisation became liable. Have you had any experience of that at all? My cases have been more individual commercial cases rather than welfare but it is equally equivalent to welfare services.

**Ms Sewell**—One of the case studies that we have done that we can, with permission, provide to you involves a group of practitioners who decided to tender for a service. At that stage, they had no constituted organisation and, in order to keep their tender low, they budgeted 0.7 per cent for administration, which is just absurdly low. They could not afford the public liability insurance but they won the tender.

**Mr ALLAN MORRIS**—That is more professional negligence. Public liability is one and a second one is professional negligence, which is a much more sophisticated requirement. Often it is much easier for the insurance company to say, 'You are not covered because your organisation did not apply the appropriate criteria for the staff.' But you have not come across that at all. The question about an employee raping a woman with an intellectual disability is one that comes to mind. Would you be negligent as an organisation and would you be personally liable as directors? When I say 'you', I mean in the broad sense. Have you any experience of that?

**Dr Smyth**—The Australian Catholic Social Welfare Commission has produced a paper where they have advised their constituents on those issues and they have explored that.

**Mr ALLAN MORRIS**—I am mindful that there is a concern at the level of some of the organisations nationally. I am concerned about whether there is an awareness at the lower level and whether we are going to have people who are totally vulnerable because the organisation has not been responsible. I guess it is back to the government—I mean, eventually, the government is responsible. The danger that I see in contracting out is that government will say, 'We have given out a contract. It is not our fault'. So legally you are responsible and that means you have to take all the protection. The alternative way would be for the government to say, 'We will give you a contract and, of course, we still stand behind you.' But that is not happening. What is happening more and more is that the government is saying, 'We have given out a contract. We are not responsible. Whatever goes wrong, it is not our fault. Therefore, you need to be adequately insured.' It seems to me the debate about this is not happening at all.

**CHAIR**—That is all the more reason to have those accountability standards in place.

**Mr ALLAN MORRIS**—And clarification of liability and responsibility.

**Mrs DE-ANNE KELLY**—Ms Halson, I have a question on that particular case that you gave to us so well. Is that an individual that you are aware of or is that a

montage of people?

**Ms Halson**—That is a mix of situations. It is not a specific individual. It is partly of things that have happened.

**Mrs DE-ANNE KELLY**—So these are things that have in fact happened?

**Ms Halson**—And there are some things that I see could happen.

**Mrs DE-ANNE KELLY**—So it is a mixture of situations that have occurred and things that you are concerned about possibly occurring under competition policy.

**Ms Halson**—One of the things is paying for services. That is quite prevalent now.

**CHAIR**—How heavily can we rely on it? If it is a montage of things that have happened, it is not really a case study, is it?

**Ms Halson**—I have tried to individualise what would happen to someone who is receiving a welfare service. You are not going to get something like this until it happens. It might be too late then to say, ‘Well, it does not work.’ We have to safeguard the lives of the people that we are working with.

**Mrs DE-ANNE KELLY**—What sorts of challenging behaviours are covered? I noticed you kept using that phrase but I do not know what it means.

**Ms Halson**—That is a term that is used for people that are seen as difficult to work with; it can be many different behaviours.

**Mrs DE-ANNE KELLY**—Such as?

**Ms Halson**—It could be for one person to go and lie on the road to stop traffic. That might be considered a challenging behaviour. Begging for money or begging for cigarettes might be considered a challenging behaviour.

**Mrs DE-ANNE KELLY**—You seem to indicate in your case study that people with an intellectual disability have a broad range of needs—is that so—and are not particularly catered for with a narrow focus?

**Ms Halson**—I tried to highlight that the needs of any particular person are quite complex and that for an organisation saying, ‘This is what we do,’ it would be hard to meet the complex needs of say 10 different people when they all can be entirely different.

**Mrs DE-ANNE KELLY**—Have you found tenders for dealing with people with an intellectual disability to be very narrowly focused and not to take account of the broad range of needs?

**Ms Halson**—Most tenders at this point in time have been for accommodation

support. The people that I work with live in the community and I wonder if services for them will ever be tendered. They can be seen as coping because they are sometimes not seen in the community.

**Mrs ELIZABETH GRACE**—When you all introduced yourselves this morning you said you came from Community Futures Network, but that is your umbrella. Which organisations are you all coming from? You have to all be coming from separate individual organisations. Would you like to tell us, please?

**Ms Bourke**—I am on the management committee of the Benarrawa Community Development Association.

**Mrs ELIZABETH GRACE**—Which is?

**Ms Bourke**—Which is a non-government community organisation in the inner south-western suburbs of Brisbane.

**Mrs ELIZABETH GRACE**—And your main focus?

**Ms Bourke**—Community development and community participation—I guess, in terms of method of working, a self-help approach to working with members of the community who are socially isolated through unemployment, poverty or disability and people from non-English speaking backgrounds et cetera.

**CHAIR**—I am sorry, Mrs Grace. Attachment A is the—

**Mrs ELIZABETH GRACE**—Yes, I just wanted to know which actual organisations they were from.

**CHAIR**—Okay.

**Ms Halson**—I am from the organisation ALINA. We work with women with mild intellectual disabilities who are homeless.

**Mrs ELIZABETH GRACE**—Where are you based?

**Ms Halson**—We are based in Nundah.

**Ms Huggett**—I am from an organisation called WWILD SVP Service. We work with women with intellectual disabilities.

**Mrs ELIZABETH GRACE**—Where are you based?

**Ms Huggett**—Wooloowin.

**Ms Sewell**—I am the project officer for Community Futures Network—part-time.

**Mr ALLAN MORRIS**—Beg your pardon?

**Ms Sewell**—I am the project officer for Community Futures Network.

**Dr Smyth**—I am a social worker in social policy at the University of Queensland.

**Mrs ELIZABETH GRACE**—That is all. Thank you very much.

**Mr ALLAN MORRIS**—Mr Chairman, this is my last question and I am very mindful about time problems. Ms Halson's comment and the issue you raised in some ways was as much to do with the definition and delineation of services into core services versus holistic as it was to do with how you contract them out. That is not part of our inquiry although it does come up with this problem about competing within and between. Could you offer some advice to the committee as to how one could approach this. As you said, people's needs are complex. Some people have no complexity of need; others have problems ranging from psychiatric right through to health and disability of the non-medical kind. Forget competitive tendering. How could we structure a system that would be holistic without focusing on the key areas of the problems?

**Ms Halson**—I wish I knew the answer to that. I think you need to allow organisations to be flexible and to provide a flexible service. If you start putting boundaries and barriers around what they can do, you begin to lose part of what they do and it creates gaps within the sector.

**Mr ALLAN MORRIS**—Yes, I understand that. With hindsight, perhaps you might reflect and drop us a note. You are looking at a way of getting quality monitoring and evaluation assessment processes—all the things you would like to have happening so that you can provide a quality of service to your clientele—but you are also saying that an organisation could have virtually an unlimited range of things they could do for anyone individually. It becomes incredibly difficult to measure the kind of administrative overheads you are going to have. It may be that what we have got is that the core issues have become too narrow. Perhaps the coordinated care trials that we are running across health and community services may be a way. Perhaps there is a coordinated care approach that may be possible for community support.

Perhaps not now but after today you might offer some thoughts. It is not directly part of the inquiry, but it is pretty much in the middle in the sense that we are talking about contracting out or providing services. Therefore you have got to define what you mean by services. The committee has to grapple with that issue at some stage or other. You put it on the agenda fair and square, but if you could offer some suggestions or some advice as to how we might look at that, it could be helpful to us. I am not restricting it to you personally but to the actual network itself.

**CHAIR**—That is a good idea, but Dr Smyth might have some suggestions he is prepared to put on record now?

**Dr Smyth**—I think we will work together first.



**Mrs ELSON**—I have worked with people with disabilities for 15 years and I notice there are a couple of the panel doing so. We had meetings together and shared a lot of our problems and support. Can you see that going away under competitive tendering, so you would not share your experiences? You need to keep those for the competitive tendering process?

**Ms Halson**—We would not share our knowledge and experiences and we would also choose to work with the people who are easiest to work with.

**Mrs ELSON**—Could you see yourself combining as a group of people that you can work with then and tendering that way if that process came in—combining your services—and putting in your tender as a bigger group?

**Ms Halson**—Because I am part of a large organisation, I do not think that my organisation would let me do that. They would want to keep it to themselves.

**Mrs ELSON**—About six years ago in Queensland, they tried that process of bringing all the large groups together and making them one and it fell over very quickly.

**CHAIR**—Could I just finish off with one last question, which you probably created? We were perhaps not as thorough as we should have been in drafting our terms of reference. The concern from your network is not so much about the concept of contracting out, is it? That is something that has been happening with governments for a long time now. It is the process by which that might be achieved?

**Ms Halson**—What is going to be achieved by contracting out? Is it just a way to cut costs for services?

**CHAIR**—Sorry, you really are concerned about the very concept itself rather than a competitive tendering approach to getting the contract?

**Mrs ELSON**—Competitive tendering is just another way to cut costs.

**CHAIR**—Right. My point is that contracting out is a way that governments, whilst still maintaining the responsibility for delivering a service, use an agency to deliver it, because governments find it hard to deliver anything, especially if it is in Canberra, all the way to Townsville. I need to get it clear whether your concerns are to do with the concept of contracting out the service or with the process of getting it via a competitive tendering process.

**Dr Smyth**—To have a grand view, we will probably have to discuss it. I think it is not the problem with the contracting out. There is nothing new about the contracting out; it is the compulsory competitive tendering model or mechanism for doing it.

**CHAIR**—Right.

**Dr Smyth**—I think maybe a brief scenario of where people are coming from

would be that many of these organisations started off as grassroots organisations. They developed services and then a partnership formed with government. This was in the 1970s and 1980s and contract might not have been the right word. But the idea that there would be a partnership—

**CHAIR**—There were agreements in place.

**Dr Smyth**—Most people in community organisations welcome the sort of subsidiarity notion that governments should not have to deliver everything but that there is a lot of scope for a partnership between them and the small providers with their creativity and their closeness to people and so on. However, the feeling is that the whole principle, the bond, this subsidiarity thing, is being broken and an era of working together is coming to an end.

**Mr ALLAN MORRIS**—So it is the process rather than—

**Dr Smyth**—It is the process, there is nothing wrong with the contracting out.

**CHAIR**—I do not know whether you have had an opportunity yet to see the submission we have had from the Premier's Department of Queensland. They gave evidence to us this morning. Some of the concerns that you have raised might well be allayed by the position that they have put. I would invite you to have a good read of that submission. It is on the record.

**Dr Smyth**—I notice that research shows that Queensland has gone least down this path. Of course, the regional factor has been very important there. Maybe that is worth underlining. Studies have been done by John Ernst and Co on the impacts on regional Victoria of contracting out. Do you know of that study as it affects local government? He sees contracting out as destroying local communities and jobs and local democracy as impersonal corporations win contracts for whole regional areas. Maybe the big thing to stand by in Queensland is the regional factor.

**CHAIR**—As a Victorian, I have to say to you that it is not all bad. Queensland has the opportunity perhaps to learn from some mistakes that might have been made. However, it is not all that bad in Victoria.

**Mr ALLAN MORRIS**—Unfortunately, the Queensland government's submission was late in getting here, which means that it was not provided. I think the committee secretariat is going to post it out to people in Queensland who have made submissions but who have not received it. This often happens because government submissions are so much more complex. So, it will come to you automatically rather than you having to go chasing it.

I certainly would be interested in getting some feedback from that. Normally you have that available to you and you can talk about it when you were here. The fact that you have not been able to do so is unfortunate, but it can be overcome. When you do read it, drop us a note if you think there is anything in there that you have any insights into. We

would appreciate that.

**CHAIR**—Thank you very much, members of the network, for your time today.

[11.27 a.m.]

**TERRANOVA, Mr Salvatore Gaetano, General Manager, Australian Retirement Homes Ltd, 80 Kingsford Smith Drive, Albion, Brisbane, Queensland 4010**

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

The committee has received a comprehensive submission from you which is already part of the public record. It appears in a published volume so you do not need to read through that now, but you may want to make a short opening statement before we proceed to questions. I must admit to you that yours was the first submission, along with another one today from Queensland, which champions the cause of the competitive tendering process, because you are a private provider for profit. So, it will be interesting for the committee to have an exchange with you.

**Mr Terranova**—Our company is heavily involved in the business of retirement villages and it operates 17 villages comprising 1,500 units, and it is growing to 2,000 units. There has been a further acquisition since the submission was prepared. There are very high standard facilities provided in many retirement villages and these are not being utilised.

We have other organisations coming into villages, and I applaud the work they do. I am certainly not here to denigrate that. In looking at a competitive situation, I think there are facilities there that are underutilised and we do not really have a system of assessment. Currently, you have HACC and all the other aged care programs in place, but there is no halfway program for these people who have done a lot of the planning themselves in their retired life by moving into a village where they can access a lot of services. But then there comes a time when they need to move on.

We have had a lot of discussion this morning about continuity and ageing. It would be good if people who have lived there for 10, 12 or 13 years could receive some package. I am not talking about the full nursing or care package, but an additional package which could be delivered within the village. In some cases, I could see it working akin to a tuckshop in a school where some of the younger members of a community could assist. It would need some sort of government subsidy or an outside provider to come in and do that.

My real point is that we have a great number of people in retirement villages in a concentrated area where they could be serviced very efficiently by providing the right mechanism. We would not necessarily look to make a profit out of that service. We already have our business set up. It is simply that the facilities are there and we would want to recover costs—the cost of replacing kitchens et cetera. I believe that it could be utilised very effectively. I will now turn it over to questions.

**CHAIR**—I have got an enormous number of aged care providers which are community based in the part of the world that I come from. They are part of a Victorian bush nursing hospital system in Victoria. They are a community group. They get Rotary clubs and all sorts of things, and there are about 60-odd—I think there are 63. There is one private profit provider, and that is the one that I get most of the complaints about—about the fact that the airconditioning was not operating, and all those sorts of things. I have struggled with your submission; I am trying to have an open heart to you. I struggled especially with the concept of frail aged, because I know they are so reluctant to complain in case there is a backlash. They just will not complain. Even Meals on Wheels receivers will not complain because they feel, ‘If I complain, I might not get it.’ So they are a vulnerable group of people.

This is my personal view, I do not know how other committee members feel. I am reluctant to open my heart to you. You are probably a very reputable provider. But the situation changes when you have got dollars driving things—for instance, someone walks around the facility and switches the lights off at night just to save the power bill. I am struggling to come to grips with whether the process can embrace profit providers. I am wondering how you react to my comments? I am not trying to be provocative; I am trying to be very honest with you.

**Mr Terranova**—That is fine. We have actually sublet the catering to a specialist company. I would just see people being classified in a particular category and the external catering company receiving some form of subsidy. I might add that Australian retirement villages under the Retirement Village Association of Australia are also undergoing an accreditation process. I think that should allay some of your concerns there.

**CHAIR**—Am I right in gathering a theme from your organisation: it is not specifically focused on frail aged; it is more in the retirement sector?

**Mr Terranova**—Yes, I am certainly not looking to replace hostels or nursing homes. It is that grey area between leaving your own home and going in and accessing those care services in a hostel. I think there is a window there for people to stay in their own place longer. I think it is quite traumatic for many people to move at that stage in life and many do not overcome that move. They pass on before they really establish themselves in their next venue.

**CHAIR**—You are currently prevented from tendering for any home and community care services, are you?

**Mr Terranova**—We are not prevented from tendering. I simply wanted to highlight the point when I saw the opportunity to do so with your inquiry. It is not prevented as such, but everybody is driving past each other’s door delivering services, and I do not see that as being competitive when there is a kitchen and staff there. If that entity was receiving that subsidy, it could provide a higher quality service and would surely be more competitive.

**CHAIR**—I see your point.

**Ms ELLIS**—I want to ask a couple of questions for clarification. Your serviced apartments, are they like a hostel? This is language that I do not understand. I am from another place. Are independent living units like a town house type of development?

**CHAIR**—She comes from Canberra, by the way.

**Ms ELLIS**—I am one of the real politicians from Canberra; the others just pretend to be from Canberra. Would independent living units be an independent little house?

**Mr Terranova**—Yes, a little villa home.

**Ms ELLIS**—And a serviced apartment?

**Mr Terranova**—It is the next category. A more compact, more clustered—

**Ms ELLIS**—It is like living in a hostel. Do you have your own kitchen?

**Mr Terranova**—Yes, but it does not provide any nursing or personal care. It simply provides housekeeping services—food, cleaning and laundry.

**Ms ELLIS**—Please correct me if I am wrong; I have read this carefully. Are you suggesting that you would like to see your facilities able to cater for people who do not live in them or is it that you want to bring care to those people who live there?

**Mr Terranova**—I think the people within that community could do with both, bearing in mind some of these villages have 100 to 400 people—most of them would have at least 100. Maybe it could go into that immediate community or in the case of, say, food, that could be provided for other organisations that we have had here today to be delivered externally.

**Ms ELLIS**—Are the majority of your residents privately funded retirees?

**Mr Terranova**—Yes.

**Ms ELLIS**—Can you give us an idea of the average cost for people to go into the independent living unit as against a serviced apartment. Are you looking at \$60,000 or are you looking at \$500,000? I do not know what we are looking at here.

**Mr Terranova**—It is very hard to put up an average cost. We are in four states and that is actually the range—\$80,000 to \$480,000 basically. In Queensland, \$130,000 to \$150,000 or \$160,000 would provide—

**Ms ELLIS**—What? A unit?

**Mr Terranova**—Yes.

**Ms ELLIS**—And a serviced apartment would be a bit less?

**Mr Terranova**—A serviced apartment can be accessed from \$35,000 to about \$120,000.

**Ms ELLIS**—And they take their equity out into their estate or if they move on?

**Mr Terranova**—Yes, in some cases, not in the lesser ones. It is not the case in the \$30,000 to \$35,000, but the others all have an equity situation.

**Ms ELLIS**—Thanks, Mr Chair.

**CHAIR**—That all operates in a private arrangement, unlike hostels where you have got some government overwriting. This just operates in a market situation.

**Mr Terranova**—Yes, as approved by the retirement—

**CHAIR**—People buy what they are prepared to pay for.

**Mr Terranova**—It is all regulated under the retirement villages act in Queensland.

**CHAIR**—In Queensland, the same as in Victoria.

**Mr ALLAN MORRIS**—The government's policy at the moment is to extend HACC and the community aged care programs into the profit sector. Has there been any negotiation, contact or discussion about that or any time line set—whether or not it is going to happen and when?

**Mr Terranova**—We have looked at community aged care packages at some of the villages where we have serviced apartments. As far as an independent is concerned, I do not believe they have the resources to deal with all that. Maybe utilisation of the kitchen is the only thing that I could see could be dealt with under this—

**Mr ALLAN MORRIS**—The proposal by the government was that they would allow you to bid for either HACC services—to provide to residents or anybody who wanted to—and for community aged care packages. Has there been any discussion about that capacity being extended to you to be able to bid?

**Mr Terranova**—No, not directly, but we have made application in one area for a serviced apartment complex.

**Mr ALLAN MORRIS**—Right. I do not think you were here earlier for the state government submission, but they were talking about some collaboration between the for profit and not for profit sectors. You give the example where Meals on Wheels use your kitchen—or is that Bromilow's?

**Mr Terranova**—We do provide meals, I think to the Blue Nursing Service, from one of our villages; they are delivered. We did say that in our submission.

**Mr ALLAN MORRIS**—Yes; in one of the submissions, or both, there was some reference made to some collaboration. One of the fears that you would have heard this morning and you would have read in the submissions of the not for profit sector is that if you go into a full competitive tendering situation, people will be competing and not collaborating, bidding against each other and keeping secrets, and trying to effectively undermine each other in one way or another to win contracts. Do you see that as a risk to the existing or current collaboration that is going on?

**Mr Terranova**—I go back to what I said before: we really want to offer the venue to deal with that community and to provide a more competitive service to the customers. As to how we do it, that is something that needs to be looked at. Maybe it is an organisation like that that comes in and buys the food and delivers it, or that may even contract the running of the kitchen in a small village to deal with that community there and the community outside. So I would see us maybe helping them to compete further into the community.

**Mr ALLAN MORRIS**—I suppose there are two things. Is it access to contracts your industry is seeking or is it competitive tendering or both. That is really the kind of concern. It seems to me, from the submissions that are in, that the for profit sector is simply seeking access to a contract. There seems to be almost a sotto voce or subliminal message that if they are given access, then they could compete and be cheaper, hence tendering would actually be an attractive way of doing it. But there is a danger that in doing that you then break the relationships that may be built or would need to be built. So is it access you are seeking or competitive tendering or both?

**Mr Terranova**—I think it has to be both in some cases. It depends on the village. In some villages, it is the access that we can allow them and utilisation of the facilities, as I say. In some of the bigger complexes, where all those facilities exist, sure, we can provide the service and work with them.

**CHAIR**—I would like to pursue that a bit. In your submission you talked about the Lindsay Gardens Village and that there are five to eight residents there who receive a Meals on Wheels service. To me, what you are suggesting is that they are in their lonely rooms with their Meals on Wheels. It would be better if they were in your dining room or at least at some central point where they are getting some fellowship and all the other things that happen with community interaction. That would be something, surely, that you would be able to negotiate, because I understand that in Queensland the Meals on Wheels service facility is very flexible and it is a focus of their ethos, if you like, that there are other things associated with their service than just delivering a meal.

**Mr Terranova**—Let us use that example. There is a dining room at Lindsay Gardens and there are 50-odd residents in the serviced apartment complex there that do access the dining room. These five to eight meals that you are referring to are purchased by Meals on Wheels to be delivered out into the community. I have just been advised it is the Blue Nurses, actually. They are being purchased to deliver out into the community because Blue Nurses does not have a kitchen in that vicinity. But using Meals on Wheels as another example, with them the kitchen is over here somewhere and they are driving



into the village and providing meals as well. Surely it could be done more efficiently if these people are delivering meals over to there out of this kitchen, and these people are delivering meals over to there from that kitchen. That is what I am talking about: if there is a facility there, can it be utilised better? I do not mind which competitive framework we end up working with as a result of the inquiry, but there is a venue there and there is a captive community there to be serviced.

**CHAIR**—I was impressed by one of the statements in your submission. It is not that you are after the service—your core activity is the accommodation side of it; it is just to make your service better, I suppose, and to give the persons that live there a better lifestyle. I would see that something like that with Meals on Wheels could be something you could negotiate, surely, given the ethos of Meals on Wheels—that I know of, anyway, and certainly that the committee has discovered all round Australia. Why don't you give that a try?

**Mr Terranova**—It is simply saying that all these facilities are there, that these venues are there with people and maybe they can be serviced better. Yes, in these villages you even have your own network of volunteers who would work with it, but there is no mechanism to subsidise it or provide any funding there; it is all over here, to the kitchen over there. I am saying if it was over here, bringing somebody in on a daily basis to provide that, adding to that network in a village, it would certainly be much more effective.

**CHAIR**—So, in a nutshell, what you would be saying to us as a committee is that there needs to be some flexibility. It seems silly that people are driving past an existing kitchen. I know in South Australia they would probably build a new kitchen for Meals on Wheels somewhere. One would assume that it would be after some consultation with all the players in a community. But I would not like to see a Meals on Wheels kitchen built next door to one of your villages. It would not make any sense at all.

**Mr Terranova**—No, it does not. But it would make sense maybe in some cases where Meals on Wheels did set up in a kitchen in a village—whether they leased it or rented it or provided some arrangement to recover costs, that is all we would be looking to do—to service that village, and maybe the immediate community, instead of driving that whole distance. I use the example of where I visited a friend on a small crop farm many years ago and he was sending his produce to Melbourne and the Victorians were sending their produce to Queensland. Each was simply trying to get the best price, but were we doing the right thing by our consumers? We were not.

**CHAIR**—It happens everywhere.

**Mr ALLAN MORRIS**—I should point out, by the way, Mr Terranova, that Meals on Wheels funding from HACC is only about 11 per cent of their actual—

**Mr Terranova**—I am aware of that.

**Mr ALLAN MORRIS**—So that is actually a very small amount and you would

not get too excited about it. But the benefit that we have with Meals on Wheels in terms of your sector is the networking of that recipient into the aged care assessment process, and into the other networks, so that we actually build a body of knowledge of the person's condition and circumstances which is often more important than the actual service. One of the problems we have is that there is almost a wall around some of your centres, where the people in there are not known to the people outside who service the frail aged or people with disabilities.

**Mr Terranova**—There has been an element of discrimination at times because people see them as being looked after in there.

**Mr ALLAN MORRIS**—But there has almost also been a marketing ploy by yourselves that says, 'We are different.' You have almost sold the concept. Part of the problem you have got is that you are a victim of your own marketing concept of saying, 'If you are in a retirement village, you'll get a better service.' In a way, you have marketed that concept, which has been a differentiation process which may eventually be not in the long-term interests of many of your residents. In the longer term, that differentiation may be a handicap.

**Mr Terranova**—I think you have to look at each village. Some villages do not offer ongoing care; they are simply accommodation villages. That is the argument I am using there. Where we do have ongoing services, as I said before, we can provide those services out to the community. But it is simply the accommodation village which does have a community facility with a kitchen which can be utilised to provide that service competitively.

**Mr ALLAN MORRIS**—It would be wrong to generalise, I agree.

**CHAIR**—Thanks very much, Mr Terranova, for your time and for your willingness to make a submission. We do appreciate that you have given us time today.

[11.50 a.m.]

**HAWTING, Mr Paul William, Managing Director, Bromilow Home Support Services Pty Ltd, PO Box 329, Buderim, Queensland 4556**

**CHAIR**—Welcome. 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 the House of Representatives itself. Any deliberate misleading of the committee may therefore be regarded as a contempt of the parliament.

The committee has received your submission, and it is part of the published volumes of submissions in connection with the inquiry. We thank you very much for taking the trouble. Along with that of the previous witness, yours is only the second one we have had that is enthusiastically encouraging us to roll out the idea of competitive tendering and welfare services, and so we are quite interested to talk to you in that regard. Would you be prepared to make an opening statement to summarise your submission, before we hand over to questions from members of the committee?

**Mr Hawting**—Thank you, Mr Chairman. Firstly, thank you for the opportunity to appear before you today. My comments today specifically concern the non-residential sector, the community care sector, predominantly in-home care and support. Private organisations, of course, have for many years been eligible for government approvals and funding to operate in the residential sector. Research over that time has consistently identified that private for profit providers in nursing homes achieve higher levels of efficiency and profitability and have lower levels of administrative overheads when compared with not for profit sector nursing homes. Indeed, the introduction of nursing home outcomes standards has also ensured that this level of efficiency and performance has been achieved at the same time as government service delivery standards have been maintained.

The private sector though, has not had the same opportunities in the community services area. Some private organisations, my own included, have gained government approvals to provide some community services. However, on the whole, there have been limited opportunities for the private sector to work in partnership with government, to make best use of the funding that is available for welfare services. HACC funding, for example, is still restricted to not for profit organisations. Funding for in-home respite care through the Department of Veterans' Affairs is still largely limited to the traditional non-profit service organisations.

Unfortunately, the community still has a perception and an unreasonable fear that private companies are solely profit-driven and that their philosophies and practices give client care a less important focus. The reality though, of course, is quite different. I think it is fair to say that, in order to maintain profitability, these same companies must both increase productivity and efficiency and, at the same time, sustain a constant demand for their services. This has clearly been achieved in the residential aged care sector over many years.

I am happy to discuss the record of my company in relation to our involvement, for example, in the community aged care packages program. As you are aware, this is a program that provides a structured but flexible and innovative response to the needs of frail elderly people living in their own homes. Our involvement in this program sees us delivering services across a broad area of some 3,000 square kilometres, often to individual clients in isolated areas.

A few weeks back, I attended a seminar in Brisbane, where one of the speakers noted that, in terms of contact time with community aged care package clients, the national average across all providers was six hours per week. She noted that in Queensland the average is eight. My company provides an average of 10 hours per week to our community aged care package clients. Our average contact time is 66 per cent higher than the national average—an average that, we must remember, has been largely set by the traditional non-profit sector.

In providing this care, we fully meet the program's guidelines in terms of our responsibilities to clients, outcomes standards and financial management. This is perhaps a simple example, but I believe it offers proof that the private sector can play a valuable role in giving clients and taxpayers the opportunity to receive more cost-effective services for the welfare dollar. This can be achieved, and we do achieve it within a framework that minimises administrative overheads, maximises client service time and establishes innovative service delivery practices.

Having said this, though, I also believe that the current mechanisms for monitoring outcomes standards are inadequate. While government welfare programs do have guidelines attached to them, there are often no formal procedures to monitor outcomes, whether at the level of an individual client or, indeed, of the program overall. Formal reporting for many of these programs tends to focus on inputs and not outcomes.

Individual organisations have large sums of money provided to them on behalf of the government to provide welfare services; however, I would suggest that there are often times when government has little or no knowledge of how effectively and efficiently that funding is being used. Is the government, and are the public, receiving good value for money from organisations providing these services? The wide discrepancies that I spoke of earlier in terms of contact time with clients under the community aged care package program would suggest that industry performance varies markedly.

This is one area where the government can play a pivotal role by establishing formal performance standards and reporting protocols that are relevant to the individual government welfare programs. I believe that enhanced service program guidelines, the creation of program relevant benchmark standards and the introduction of formal reporting protocols will result in improved consistency and quality of service delivery and also greater accountability of government welfare funding. I also believe that these measures will go a long way to ensure that the performance of all welfare service providers, whether public or private, can be measured against common performance benchmarks.

In summary, I would have to say that I believe that private sector expertise can

play a valuable role in providing welfare services to the community. I believe that our involvement in some of those programs has demonstrated that. If we are to meet the challenges that we will face in the next millennium in welfare in relation to delivery of these services, I believe that the private sector can play a valuable role.

**CHAIR**—Thanks very much for that, Mr Hawting. Could you lead us through the process which led to the awarding of the approved community aged care packages? That is for Commonwealth programs. How did that process develop?

**Mr Hawting**—We have been a provider of in-home care on the Sunshine Coast now for several years.

**CHAIR**—For how many years?

**Mr Hawting**—Five years. In 1995, I think it was, a member of the department in Brisbane asked us to submit an application for funding for the community aged care packages program. I was happy to do that because I saw it as a natural extension of what we were already doing. The type of service that we were providing and still do provide to our private clients is, in many respects, very similar to a community aged care package. It really was a natural extension, and we were successful in that application.

**CHAIR**—Was it a competitive tender? Or was it a matter of ‘Here’s an allocation of a block of funding; tell us how you would spend it’?

**Mr Hawting**—No. The community aged care package scheme is not a competitive tender, as such. It is an allocation of funding to a certain number of clients. You have a pool of funds in which you put together a care plan for each of those individual clients. The funding is not restricted solely to the same amount per client: you can spend so much on one and a different amount on another. It is an overall combination of funding that you put together to provide a wide variety of services to different clients with different needs. In that sense, it is not competitive. It is a grant, if you like, based on a certain number of clients in a specific region.

**CHAIR**—Are there certain accountability guidelines and expected standards and reporting processes in place?

**Mr Hawting**—There are expected outcomes, but they are not reported. We receive large sums of money, as do all community aged care package providers. We send a monthly report to the government that basically just lists details of who the clients are and what leave has been taken from the program—whether they were in hospital, on holidays or whatever the case may be—or whether a client has actually left the scheme and a new client has come on. But that is the extent of the reporting. How we spend that money, the government just does not know. It is quite simple.

**CHAIR**—What period do they go for?

**Mr Hawting**—They are open ended.

**CHAIR**—So each year they are renegotiated or something, are they?

**Mr Hawting**—No. The funding is open ended.

**CHAIR**—What do you mean by open ended?

**Mr Hawting**—It is ongoing.

**CHAIR**—So the money is following the individual receivers of the service in reality, isn't it?

**Mr Hawting**—You are given a certain amount of funding based on the number of clients that the department has engaged you to work with. You get a daily subsidy per client.

**Mr ALLAN MORRIS**—How many clients do you have?

**Mr Hawting**—Of the community aged care package clients?

**Mr ALLAN MORRIS**—Yes.

**Mr Hawting**—At the moment it is 29.

**Mr ALLAN MORRIS**—Where are they located?

**Mr Hawting**—They are located all over the Sunshine Coast from Caloundra through to Noosa, Pomona, Cooroy, out as far as Kenilworth.

**CHAIR**—Presumably you were approached because nobody else was able to provide a service.

**Mr Hawting**—There were other community aged care package providers already on the Sunshine Coast, but they tended to be from the traditional church affiliated service providers, and they still exist.

**CHAIR**—The department received some complaints because they did not have any religious or faith affiliations as the other groups. They wanted something different. Was there a need there from the start?

**Mr Hawting**—The additional services were in line with the department's annual review of needs in an area, just as they have advertised earlier this year for additional places to be made available from 1 July all over Australia. They do a needs analysis each year and, in response to that, they allocate more places. Probably, at the time, there were very few—and still are—private providers working in this field. They were perhaps interested to have another one become part of the service provider organisation, perhaps just to see how effectively they could provide services.

**CHAIR**—Does the individual get some say in who provides a service or are they just allocated?

**Mr Hawting**—To date, the funding has been provided within a specific area, normally within a geographical boundary. At the moment, the department is moving more away from that and we now get to a stage where we are having multiple providers in the same area. But several years ago, it used to be one provider, one area.

**CHAIR**—In other words, the persons receiving the service are empowered to say, ‘I don’t like the way you deliver this, so I am going to go to this other provider.’

**Mr Hawting**—At the moment, they could do that, yes.

**CHAIR**—That is what you mean, in your submission, by voting with their feet.

**Mr ALLAN MORRIS**—How could they do that? I am not aware of any process that would allow that; they would have to go back to the aged care assessment team.

**Mr Hawting**—They would.

**Mr ALLAN MORRIS**—They would have to go back to the aged care assessment team and establish that the service they had been given was not appropriate to them. They could not just choose to move to some other supplier.

**Mr Hawting**—No. It would not be a simple process of just transferring from one day to another—leaving me one day and going to another company or organisation another day. But the process exists for them to be able to do that.

**Mr ALLAN MORRIS**—They would have to establish a lack of value on your part of some kind. They would not be able to do it because they liked to.

**Mr Hawting**—In reality, this does not happen. We have never had a client leave us because they were dissatisfied with the service—quite the opposite.

**CHAIR**—I am just raising that to get your comment, because there have been obvious comments that would say that, because they had this fear that you refer to in your submission, as long as that ultimate sanction was there, I suppose the individual concerned has the choice.

**Mr Hawting**—The reality is, though, that there is a deal of bureaucracy and paperwork to go through before someone comes onto the scheme in the first place. It is certainly not an easy process to be able to just say, ‘Look, I don’t like company B; I want to go to company A.’ That can be done, but it would not be an easy process. It would certainly take some time.

**Mrs ELIZABETH GRACE**—You say you cover basically from Caboolture to Pomona. Having a little bit of geographic knowledge, that is a fair area. I am interested in

how you operate. Do you have carers in various parts throughout that region whom you then allocate clients to, and are they employed on a casual basis, or are they allocated so many clients, so many hours, that type of thing? Is that how you work it?

**Mr Hawting**—All of our carers work in their own geographical area, so, for example, if we are working in Caloundra, then the Caloundra local staff work with clients in that area, as they do all over the coast.

**Mrs ELIZABETH GRACE**—What I am thinking is that you would probably have heaps of clients in Caloundra or Maroochydore whereas in Pomona you would not have a lot of clients because of the size of the village.

**Mr Hawting**—That is right; exactly.

**Mrs ELIZABETH GRACE**—So if you have someone who is based in that general area you can pick up people in those smaller, less populated areas.

**Mr Hawting**—Yes.

**Mrs ELIZABETH GRACE**—The other thing that you make as a very positive statement is that you provide a 24-hour service 365 days a year—

**Mr Hawting**—If required.

**Mrs ELIZABETH GRACE**—as compared with lots of the HACC programs that have shut down. You do not find that cost-restrictive, obviously. You are making a profit; somebody is making a living out of it. So you do not find that cost-restrictive with your packages. I am interested to know how you are funding it and still making a living out of it because that is one of the problems with the welfare not for profit services. They say the cost of providing the out of hours care is a much more expensive exercise.

**Mr Hawting**—If we are talking specifically about the community aged care packages program, that is government funded. And no, we do not have a problem with providing the service 365 days a year. We do, without exception. If a client needs a service seven days a week, they get the service seven days a week, and they often get multiple visits per day. In terms of 24-hour care for a community aged care package client, obviously that is not possible.

**Mrs ELIZABETH GRACE**—But they are on call, or available?

**Mr Hawting**—They are on call, certainly. So we do make evening visits. We do make early morning visits.

**Mr ALLAN MORRIS**—How many of those carers are actually full-time employees of the company?

**Mr Hawting**—Our community aged care package carers are full-time employees



of the company. Most of our other carers are on a casual basis, but many of those also work with our community aged care package clients.

**Mrs ELIZABETH GRACE**—Do you have clients whose doctors contact you and say, ‘Mrs Smith needs somebody there to help her do this or do that. She is willing to pay. What is your hourly rate’, or something like that? Do you have a client base like that as well?

**Mr Hawting**—Yes, we do.

**Mrs ELIZABETH GRACE**—That works quite satisfactorily?

**Mr Hawting**—That is how we started—as a private company providing services on a fee-for-service basis to individuals in the community. We still do that, but the other community aged care package scheme is a government funded extension of what we do.

**Mrs ELIZABETH GRACE**—In that private area, do you offer skilled services as in nursing services—somebody who can come in and bath a patient, change a dressing, do those types of things—as well as somebody who goes in to help with cooking or shopping, or whatever the case?

**Mr Hawting**—Yes, we do. We provide a nursing service, but it is not a clinical nursing service on the same lines as, say, the Blue Nursing Service. We do not get involved in wound management, for example, or administering injections. For the very clinical aspects of nursing care, if that is required, we engage the services of someone like the Blue Nurses or whoever.

**Mrs ELIZABETH GRACE**—But you can provide bathing or showering and things like that, which is sometimes all somebody needs—

**Mr Hawting**—That is our speciality. Our services are provided by people who I guess you would describe as assistants in nursing, personal care attendants. It is that type of care. That is our focus.

**Mrs ELIZABETH GRACE**—Thank you very much.

**CHAIR**—Is that what is referred to here in Queensland as a Blue Nurse?

**Mr Hawting**—Yes, community nursing.

**CHAIR**—Domiciliary type.

**Mrs ELIZABETH GRACE**—We have got three—St Lukes, Blue Nurses and St Vincent de Paul.

**CHAIR**—Ms Ellis, I am from out of town as well. Do you have a question?

**Ms ELLIS**—Mr Hawting, do you subcontract much of your work?

**Mr Hawting**—No.

**Ms ELLIS**—None at all?

**Mr Hawting**—The only subcontracting that we do would be in terms of purchasing the provision of meals.

**Ms ELLIS**—That is like Meals on Wheels?

**Mr Hawting**—Sometimes. I was interested to hear the comments from the previous speaker because we do at times engage a kitchen associated with a hostel or nursing home to provide the meals for us. The other thing is that, in terms of registered type nursing care, if that is ever required, we obviously buy that in as well.

**Ms ELLIS**—I want to be provocative for just a little minute; I try and do this at least once every public hearing.

**Mr Hawting**—That is fine; I had a feeling you might be.

**Ms ELLIS**—In your introduction, and you have repeated it very clearly in your submission, you have set out your belief about the private company role in this sort of area, and I do not dispute that. I think that there is a role in some areas for private company involvement. But I want to take you to task just a little bit for the comment that you make that clients ultimately vote with their feet and take their business elsewhere if they are not satisfied. You are saying that clients, if anything, are more critical and have higher expectations of services provided by for profit service providers. I take it you are saying that is as against not for profit service advisers from the way you have written it.

Can I suggest to you that that might be a teeny bit of an overstatement given that, in some areas of client grouping, there would be people quite incapable of making that dissension. There would be people quite incapable of having the strength or in fact the ability to vote with their feet and, as you have said also in relation to your aged care packages, even though the ability is there, I would submit that in the majority of cases they probably do not know it. It is not your fault that they do not; I am not suggesting that for a minute. If you have an ageing person with early onset dementia, for example, they are not going to be in a position to vote with their feet. So I would like to get you to elaborate a bit more on this because I think this is a bit of an overstatement or a bit of a simplification, if you like, of the way clients can in fact react to services provided in this area of need.

**Mr Hawting**—You are correct when you say there will always be people who for one reason or another are not capable of making that decision. As you say, someone with early onset dementia would not have the capacity, perhaps, to make that decision. I still maintain that if you as a consumer are not happy with the service you will look around for someone that you are happy with to provide the service. We find that our clients are no

different, as a rule, although there are exceptions. If someone does not like the service that we are providing, they will ask us to alter the service or indeed they will go to somebody else. We have had people who have come to us, say, from one of the traditional providers like the Blue Nursing Service, for example, who, for one reason or another, are not happy with that service so they ask us to provide the service instead. I think it is just the common law of the marketplace, really, that if someone does not like what they are getting for their money they will try to find somebody to provide it with whom they are happy.

**Ms ELLIS**—I think the point that I am making—and you are conceding it to some degree—is that the whole reason for this inquiry is to ensure the protection of people receiving welfare services rather than considering it to be a marketplace. I think that you and I might agree to differ to some degree on how we might interpret that. I do not see the recipients of welfare services as participants in a marketplace so much as people in the community who require certain support, and in some cases people totally and absolutely rely on the services being delivered because they are not in a position to discern whether or not they like it. I just repeat that to some degree your statement is a little bit overencompassing and not pointing out the very people in the welfare service delivery area that we are talking about in those sorts of instances.

**Mr Hawting**—I totally agree with your comments, but I am not suggesting in any way, when I use the word ‘marketplace’, that the law of the jungle applies. If any organisation is going to provide services in this particular area, those rules are just not appropriate. A whole lot of other considerations come into play and we have to have a very, very clear client focus. You are really talking about quality outcomes, and you need to have procedures and policies in place to ensure that that is achieved. I agree with your comments.

**CHAIR**—How do you ensure, though, that you are meeting these expectations? If you have got a frail aged person who for various reasons, and one of them is just complete reluctance, does not complain to you, how do you ensure, even for your own quality control, that you are delivering a service in that environment?

**Mr Hawting**—I heard you make that comment before, Mr Chairman, about the reluctance of people to complain. I agree with you that that is very common. At times, it is difficult to get an accurate reading from a client as to how well you are meeting their needs. What we do is a lot of personal contact, visitation, talking with both the clients and their families; we have formal in-house reporting procedures, where our clients maintain, for example, daily logs of what is being done for a client and how well it is being done—constant daily feedback from our staff, in that sense; and we have more formal things like an annual review of care plans, client surveys—those types of things.

**CHAIR**—None of this is a requirement under your agreement with the Commonwealth.

**Mr Hawting**—No, it is not, but as a businessman I want to ensure that the service I am providing is meeting the standards that my clients expect. If I was having someone

come into my home to provide a service, I would have certain standards that I would want that person to achieve. As a provider of those services, I want to ensure, and I need to ensure, that that is being achieved. If I do not, I will not survive as a businessman.

**CHAIR**—Yes. That is a decision that you make; another organisation might make a different decision, though. Do you think the government has a role in here to make sure that, if it does enter into these arrangements, there is a mutual obligation about performance standards, that you know precisely what is expected of you and you know precisely how you are expected to report those outcomes on a regular basis? Do you think there is a need for that?

**Mr Hawting**—Yes, I do. If we look specifically at community aged care packages—if we just focus solely on that particular program—I do not believe that at the moment the government knows how that money is being spent. We had a survey approximately two years ago—a national survey of all community aged care package providers—and the results were published in August last year. But, to my knowledge, that is the only detailed feedback that the government has had, before or since, on what is being provided by those organisations. At the moment the only reporting that is required is a monthly report which lists each of the clients; the provider details leave from the program for whatever reason, details if a client has left the program, and details a new client coming on. But that is it; there is nothing else.

**CHAIR**—Nothing about what was done?

**Mr Hawting**—Absolutely—there is nothing. What I am suggesting is that, yes, the government does have a very clear role. I think it has a pivotal role to ensure that it can more accurately account for how that money is being spent. In so doing, I believe that it can more accurately ensure that there is greater consistency of service delivery across all providers. I certainly would not want to see a reporting method come in that was prescriptive, that said you must do this, you must do that, because I think that destroys the very fabric of the scheme.

One of the strengths of the program at the moment is that it does enable providers to respond in flexible, innovative ways. If you have a reporting system that is very prescriptive and defines exactly how you are going to do something, the beauty of the scheme is destroyed. But that does not mean that you still cannot have a reporting protocol that allows the public, the government, to know exactly how the funds are being spent, and whether they are being spent wisely and they are getting value for money. If we look at the example I gave earlier of the contact time across clients, it varies—

**Mr ALLAN MORRIS**—If you like I will talk about that, but I think you have to be very careful how you use those statistics, because the rate per day is the same whether you are in Melbourne, Sydney or Broken Hill. The travel times can vary enormously—in other words, the cost for the service—so I think you take in those broad numbers. In fact, I was going to ask you a question about your research on nursing homes because I am not aware of what research you are referring to. But I would be very wary about going too far into that because, from my understanding of how those programs operate, the funding is

the same per day but the cost can vary enormously so what you end up with is a net result.

I was talking earlier, before you were here, about nursing services in country areas. When you travel an hour each way and give half an hour's service you get a 2½-hour bill for half an hour of service. You cannot compare that to, say, in my town, where you can get anywhere in half an hour.

**Mr Hawting**—I take your point, Mr Morris, but that is a national average which—

**Mr ALLAN MORRIS**—That is why it is dangerous.

**Mr Hawting**—Yes, but it has already taken into account—

**Mr ALLAN MORRIS**—No, it does not.

**Mr Hawting**—figures from providers who are working in isolated areas—

**Mr ALLAN MORRIS**—That is right.

**Mr Hawting**—to those who are working in built-up suburban areas.

**Mr ALLAN MORRIS**—That is right, but the contracts are not let on the availability of staff and clients being in the same locations.

**Mr Hawting**—No.

**Mr ALLAN MORRIS**—Contracts were let and let over time, and some of those were let on geographically not very sensible terms. I would be very wary about saying they prove you are more efficient. What it may prove is that you have a very happy coincidence of staff and clientele. It may prove some people have a much more fluid staffing of casual staff who are only working a few hours a week for particular clients. The composition, make-up and delivery can be incredibly varied. Of course, I am aware of the point you are making. I particularly wanted to ask you about that research. Could you pass it on to us? I am not aware of the research you are referring to.

**Mr Hawting**—I have not got the details with me but I can—

**Mr ALLAN MORRIS**—I did not mean today. Perhaps you could forward the research on nursing homes to the secretariat. Quite frankly, the nursing home I had the most problem with, where a person died, was actually a private one. I have good private nursing homes and good public ones, but I have not seen somebody saying that there is definitive hard evidence to say that the not-for-profit sector is not adequate in its nursing home provisions.

**Mr Hawting**—I am not suggesting that.

**Mr ALLAN MORRIS**—That is why I am interested in the research. If they are less competent than that would say they are not proficient. I would expect both sectors to be equivalent, in a sense.

**CHAIR**—Now you are being provocative!

**Ms ELLIS**—Mr Hawting, I would like a clarification from you in relation to the aged care packages. You said that you have not been surveyed in the last two years. Do you know whether the clients of those packages are ever approached and asked by anybody in the process, in the whole big system, whether they are getting what the supplier of the money believes they are getting?

**Mr Hawting**—From the department?

**Ms ELLIS**—Yes.

**Mr Hawting**—If that happens I am not aware of it.

**Ms ELLIS**—Thank you. It seems a bit strange that nobody knows what is happening.

**CHAIR**—Probably the aged care assessment team process is involved in it. I think we have highlighted something that maybe we could pursue. That is at least a Commonwealth responsibility. Where do you see the overlap in all of this with the states-Commonwealth partnerships? It has been suggested to us that one of our recommendations ought to be to have a national coordinating body. Some people say that is the last thing we want—another bureaucracy. But somehow we have to get some standards in place. If a particular service cannot meet these standards, then we stay away from this whole Hilmer process. Meals on Wheels is a classic case; already I think committee members would agree that it is not worth bothering to impose on that any process at all.

Perhaps you could offer the committee some closing remarks and any insights that you would see to get some standards in place, so that people are comfortable with a process and they can then relax about some services that just would not go through the process at all. Some should be exempt, but others could be a hybrid of this process if there are people like you out there able to provide the services. Are there any insights you could offer us? Who sets the standards? How do we get the accountability in place?

**Mr Hawting**—My preference would be that the Commonwealth set the standards. I think that will ensure, hopefully over time, that there is greater consistency of service delivery across all providers across Australia, as opposed to different standards for different states.

Competitive tendering is a very contentious issue and one of the concerns that many of the non-profit sector organisations have legitimately is that the networks that have been built up over time which provide wonderful services to the community will in some way be eroded. That is certainly a concern that I share as well. It needs to be handled very

carefully to ensure that that does not happen. I am certainly not suggesting that the non-profit sector does not have a role to play. Clearly they do. They have a very important role and that role should continue. I am simply saying though that there are legitimate private sector providers who could also have a legitimate role.

One of the challenges for private sector providers in this area is to forge close links with the traditional providers. That is certainly a problem that we had when we first started. There was a lot of suspicion and scepticism about a private company operating in this field for all sorts of reasons. It is incumbent upon any private sector organisation, especially, but probably other providers as well to work very hard to forge close links with the community and with service organisations. Somehow that should be built into the tendering process. It really is vital that that does take place.

**CHAIR**—Thank you for that.

**Mrs ELIZABETH GRACE**—One of our earlier witness groups had a lot to do with homeless youth, people suffering mental disabilities and that type of thing. In a competitive tendering model, these people are going to be just as important as the frail aged and the people who have been discharged from hospital and who need in-house care and yet they are a much more difficult client in that they are probably more mobile and less reliable. I know some of the aged care can be extremely difficult too. Do you see yourself as a private provider tendering for, for want of a better word, those tough jobs or are you going to take the soft option? Would that come into the scheme of things? I know you deal mainly with aged care but I am looking at other companies that may tender for that type of thing.

**Mr Hawting**—I would not describe aged care as a soft option. I would take some exception to that phrase.

**Mrs ELIZABETH GRACE**—I know some can be extremely difficult but—

**Mr Hawting**—I could present some case histories on some of our current and past clients that would very quickly disprove the claim that working with elderly people is a soft option. It is not. When you are working with elderly people who suffer varying degrees of dementia, disruptive behaviour, have very complex needs, incontinence management, all sorts of medication management and all sorts of issues like that, aged care is not a soft option. It is like any profession. You have easier clients and harder clients and aged care is no different.

I am quite happy to tackle the tough clients, if you want to describe it that way, and we do. Part of that, for example, is our preparedness to work with individual clients in isolated areas. I know some companies who will not do that, but I will. I will identify an individual carer to work with that individual client if I have to.

**Mrs ELIZABETH GRACE**—Thank you very much.

**Ms ELLIS**—Mr Chairman, I have one really quick comment. Mr Hawting, in your

previous answer to the chairman you were talking about the appropriateness of both the government and non-government sector to be involved in this sort of work and the suspicion that you faced as a new company. Would you agree that one way of getting over that and also one way of ensuring confidence in any increasing number of private sector operators would be to request some prior experience in the area with which they are planning to deal? Maybe I should narrow that down and say, 'If you are going to take on contract work with psychiatrically disturbed people or residential care for people with intellectual disability or other very specialised areas of delivery of service, would it help if the company coming on stream could somehow display evidence of prior work or knowledge of the area?'

**Mr Hawting**—I think that would be essential.

**Ms ELLIS**—But it has not always been the case, I do not think, with some private companies, has it? I am offering this as a constructive suggestion to maybe get over some of the problems.

**Mr Hawting**—I find it hard to believe that a good tendering process would enable somebody who has a speciality in delivering meals, for example, to suddenly become a provider of services for psychiatric clients. It is all about appointing the most appropriate person to provide that service. The tendering process, surely, should identify whether that person has the appropriate experience and background to do that.

**Ms ELLIS**—It is interesting we have not quite seen that happening in employment service areas, so it might be something that we need to think about more strongly when we get into this area if we go down this track. I was just making that as a comment.

**Mr Hawting**—My organisation has a very strong record in providing in-home care to people but that does not mean that we have a strong record in providing all types of in-home care. I think it would be a mistake, perhaps, for government to consider us for certain applications.

**Ms ELLIS**—Thank you.

**CHAIR**—Thank you very much, Mr Hawting, for your trouble. You can watch the progress of the inquiry as we proceed. The *Hansard* will be sent to you. If at any time you feel you would like to add to anything you have said, we will be quite open to that, although we are wanting to wrap the inquiry up by about the middle of the year and table our report to parliament. Thanks again. I appreciate your time.

**Proceedings suspended from 12.31 p.m. to 1.16 p.m.**



**PARKS, Ms Debra Joy, 42 Doncaster Street, Toowoomba, Queensland 4350**

**ROSE-MILLER, Ms Mary, 46a Campbell Street, Toowoomba, Queensland 4350**

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

The committee has received a copy of your submission and it is part of the published volumes of the inquiry thus far. You do not have to read it into the *Hansard*—it is already there—but you may wish to make a brief summarising statement, either one or both of you, before we proceed to questions by the committee.

**Ms Rose-Miller**—Thank you for the invitation to make a verbal submission to this inquiry. I speak on behalf of four social work colleagues who live and work in Toowoomba, and I am accompanied here today by Debra Parks. Between us we have many years experience working in the Darling Downs and south-west Queensland as social workers. We have a thorough understanding of welfare service delivery throughout the area from Toowoomba through to Charleville and Cunnamulla, towns which are approximately 900 kilometres or nine hours drive west of Brisbane. At a rough count there are approximately 120 non-government organisations providing welfare and health services and it is primarily with reference to these that we made our submission because that is where our working experience lies.

Like most who work in the community sector, we welcome moves to improve health and welfare services such as new models of service delivery, performance measurement, a more coordinated approach to service delivery, and accountability for receipt of government funding. So there is no way in which we are saying to just leave things as they are. However, we do have serious reservations about whether competitive tendering is a way of achieving these aims. We accept that funds available for the provision of welfare services in rural communities are limited but we are concerned that the process of competitive tendering may not be the best way of allocating limited funds, and it may even lead to a reduction in the services currently provided.

I guess we have five particular concerns. The first one is that working cooperatively is one of the community sector's greatest strengths. In small rural towns it is quite common for organisations to share offices, meeting rooms, faxes, photocopiers, cars, useful contacts and addresses, training resources, information about costs of providing services, and copies of policy and procedure manuals and so on.

In areas where competitive tendering has started to operate, we are already seeing evidence that services are withdrawing from working cooperatively for fear of losing any advantage they might have over their opposition in the competitive process. There is also some confusion about when working cooperatively becomes collusion, a practice which is frowned on by advocates of the free market approach.

Secondly, there are some differences in costing services in rural areas. I deliberately said 'differences' rather than 'additional' costs. There probably are additional costs but I do not have proof of that. However, there are certainly some differences and we are concerned that these may not be adequately addressed in assessing competitive tenders.

For example, an important consideration is the particular issue of safety of staff who visit clients at home. There are things like dirt roads, stray stock, and having no mobile phone reception. Welfare service delivery may involve sole workers visiting isolated properties where there are guns and dogs.

Adequate mobile phone communication in western Queensland requires a satellite phone with a capital outlay of about \$5,000. Also, for many services the majority of phone calls will be STD. We heard recently of a small service with an administration budget of \$11,500 a year that spent \$6,600 on phone calls in the year. The nature of welfare service delivery involves distressed and isolated people where their phone is literally a lifesaver. That means it is very difficult to reduce the length of calls. It might not be uncommon to be on the phone counselling someone for an hour, and it will be an STD call.

There are high freight charges. It is necessary to have airconditioning when summer temperatures reach 45 to 50 degrees centigrade in an office. Car lease arrangements are often less economical in rural areas. There are high petrol bills. All these things need to be considered in writing up service budgets.

Rural communities are concerned about who is going to provide the unpopular and the uneconomic services in a competitive tendering situation. We have already heard people like Michael Tansky talking earlier this morning about people coming out of prison where there are perhaps challenging behaviours, drug problems, and a whole range of issues.

Thirdly, departments are increasingly expecting sophisticated tender documentation to be submitted. Tenders may sink or swim on their visual presentation rather than on the quality of consultation and planning that has actually occurred in preparing them. There are some serious issues here for rural communities because many small services do not have administrative staff to type up tenders, to produce statistics or graphs, and they may not have a computer, video equipment or e-mail. And often there is a very short time frame, three to four weeks perhaps, for preparing tenders. Also, the person preparing the tender, or with the main responsibility for that, may be the same person who is responsible for providing direct services to clients at the same time. Many of the small services in rural areas perhaps have an operational budget, including staff salaries, of about \$50,000 to \$60,000 a year and it is basically a one-worker show, maybe with some part-time administrative support.

The fourth point is that organisations must have legitimacy and credibility in rural communities to deliver effective and efficient services. Most rural communities have well-established local health and welfare organisations to which communities are extremely loyal. These organisations have usually been supported by extensive local fundraising over

many years and have a whole network of volunteer support. We are concerned that competitive tendering will favour larger services with limited knowledge of local communities and limited capacity to acquire that knowledge. It needs to be understood that, if competitive tendering displaces these services, there may be considerable community backlash and not necessarily any better client outcomes.

A primary task of our social work profession is to advocate for people and communities who are disadvantaged. We work mainly with people who for whatever reason do not fare well in the competitive situations we all face in life. These are the people who by and large form the target population for most welfare services.

We believe that the core concepts and principles of welfare service delivery are likely to be compromised by competitive tendering. Competitive tendering may be fine in a world where outcome measures can be clearly outlined, where players are more or less equal, where functions can be clearly separated and where human relationships are not the main currency of service provision. But we believe that this world is not the world of welfare service delivery.

**CHAIR**—Thank you very much. Do you wish to comment, Ms Parks?

**Ms Parks**—No, thank you.

**CHAIR**—Before I hand over to colleagues for questions, can I take you to page 5 of your submission, at paragraph 3.9, firstly? It makes a statement about stories already abounding about this having happened in industries where contracting out has been used, and it refers to a Radio National *Background Briefing* of 13 July. If the stories are abounding, I am sure this committee would have heard about concrete examples.

I would have to say that, other than the odd state, nobody has been able to put in front of us a specific example of where a competitive tendering process has occurred and there has been a disaster as a result. You need to be mindful, if you are going to make a statement in your submission, that we need those concrete examples. But it may well be that that is in the broad and is not specifically related to welfare services.

**Ms Rose-Miller**—No, it was not.

**CHAIR**—Yes; so you are using that as a broad example. That is the way I have interpreted it. So you have confirmed that. Paragraph 3.11, though, has some very serious assertions that worry me. It says:

Most local service providers, funding program representatives and opposition MPs can identify such organisations. Often senior staff in these organisations have influential contacts at high levels of government and previous attempts to challenge them have been quashed once the organisation has ‘gone political’.

You need to give us specific examples of that in evidence, if it has occurred, rather than make a loose assertion like that. Can you do that for us? Are you able to make a more

concrete example of what you mean in that paragraph? It is a fairly serious assertion—given that we want an independent, transparent process. If it is not valid, the committee will ignore it, unless you can give us specific examples.

**Ms Parks**—I think that we need to go back and talk to the other members of our group before we are able to actually table to the inquiry a specific example. Certainly, when that paragraph was written, there were a number of examples that we discussed amongst ourselves. I would be loath to give a specific example to the inquiry in relation to that particular matter without talking to the others first.

**CHAIR**—I just make the point that, without examples, we would basically ignore the assertion. I do note that, when you made your submission back in August last year, it would have been prior to publication of the Queensland state government's submission, which we have had discussed earlier today. Many of the concerns you raise might well be alleviated by studying that submission. There has been serious, very detailed consideration given to a lot of the concerns you have raised. Is that an appropriate perception for me to make? Or do you still have concerns?

**Ms Parks**—We heard the verbal evidence, or certainly a proportion of the verbal evidence, this morning and in the break we discussed a number of those issues. Is it timely to mention some of those—for example, data collection as a means of monitoring services and their performance?

**CHAIR**—In view of the fact that that submission was received late, it has not been collected in the volumes there. We will undertake to make sure that you are sent a copy of it, so that you can peruse it. It might well address many of the concerns you have raised. Having said that, I am prepared to accept questions from colleagues.

**Mrs DE-ANNE KELLY**—Thank you. It has been a very good submission. Can I return to 3.11, the paragraph that the chairman particularly queried you on? Are you saying that there are service providers that have received grants, or whatever, on the basis of political contacts rather than performance?

**Ms Rose-Miller**—Yes, I do believe that that has happened. I also believe that there are organisations that have not performed as well as they should have in delivering services. When perhaps local representatives of a funding program have endeavoured to bring about some change with that organisation, basically the organisation has been able to seek support from more powerful contacts; thus effective monitoring has been difficult. Basically, I suppose, the drift of our submission is to be very wary and critical of competitive tendering. We were saying there that there are some situations where it could be quite a positive development, if it were able to make some existing organisations sit up that are quite complacent about the government funding that they have been receiving. There are organisations around that consider that they have been receiving funding—perhaps under a recurrent program—for years and that they have an almost divine right to continue to receive that funding.

In my previous employment, I worked with a funding program as an area manager

for the HACC program. I know, from talking to other representatives of funding programs, that the conventional wisdom is that it is very difficult to defund an organisation. But perhaps competitive tendering is one mechanism for doing that. Having said that, I am really not here to argue for competitive tendering.

**CHAIR**—If there were proper accountability processes and proper recording processes in place, it should not be difficult. If someone is not meeting expectations, it should not be difficult. It is probably part of the process which drives—

**Ms Parks**—Which is quite separate from competitive tendering, in our view.

**CHAIR**—Yes, I accept that.

**Ms Parks**—That is why we made the point very early in the submission that we were actually quite supportive of a fairly rigorous examination of agencies' effectiveness and efficiencies and, in fact, of the quality of the service that they deliver.

**CHAIR**—Let us say that we can get proper monitoring in place, and then someone still does not meet the standard: how would you go about renegotiating or reassessing how that service could get delivered, unless you had a tender type of process in there, where an organisation would ask to recheck and market-test on standards—not costs—against another agency?

**Ms Parks**—I would hope that, in any funding program, if it were looking at proper evaluation, that would actually be built into the process, irrespective of the basis on which the funding was decided. So, as part of the performance review, that would become evident, and part of the sampling of the consumer base of any agency would actually be sampled to say, 'Is this agency giving you the service that they have promised that they will give you or that you expect? If not, why not?' Given the opportunities, most consumers or clients, while they might not necessarily be very informed about what else is around out there, may well be able to provide valuable information about the kind of service that they are actually receiving.

I was a bit alarmed this morning to hear the suggestion that there was not enough data floating around. In fact, I am aware of three different departments that, without exception, require quarterly activity report, quarterly financial reports and annual audited reports—and, where there are public AGM reports, they require those as well. I would hope that those would be used as part of the measuring tool for whether agencies were actually meeting expectations and in fact delivering the service that they were funded for.

**CHAIR**—You would not have heard that from us. There are heaps of data around. We constantly hear organisations complaining about it. The problem is that it is not coordinated.

**Ms Parks**—One of the speakers from family services mentioned it. There are other techniques. For instance, some of the minimum data set collection techniques that are used by the federal government in a number of programs may already be useful tools. There

should be periodic evaluations of individual services and how they relate not necessarily to other services but to the benchmarks that have been set for the quality of that particular kind of service. There are, I think, three.

**CHAIR**—I am sorry, Mrs Kelly. I have interrupted your line of questioning; it just led into this other point.

**Mrs DE-ANNE KELLY**—I will always defer to you, Mr Chair.

**CHAIR**—You still have not gone beyond the point where it has been decided that someone is not meeting their performance standards and we need to have a process that either appoints somebody else or puts them through a quality market test, if you like. How do you do it?

**Ms Parks**—I need more than five minutes to think about that if I am going to be responsible for the departmental budget. It should be built in at the very beginning, so that it is part of the planning process. There should be periodic reviews and these may well require a periodic review of the funding in toto. It should not be assumed that it will always be given to this particular agency in this particular way. You should not grant recurrent funding in perpetuity. It should actually be reviewed after a period. If they are successful in meeting the criteria, they want to continue to do it and their clients want them to continue to do it, then you continue to do it.

**CHAIR**—We have gone beyond that. That is all given. We have got good accountability in place and someone has just not performed, and you say, ‘This is no good; I am sorry. We are going to have to take this job off you.’ As government representatives, we then have to appoint somebody else to deliver a service on our behalf. How do we do it? How do we, firstly, find those people, subject them to a quality market test and then appoint them for the ongoing delivery of the service if we do not use some process in there?

**Ms Rose-Miller**—One of the difficulties is that, at a local or regional level, it may be decided that a particular service is not performing as well as it might. For action to be taken in terms of withdrawing funds, it needs to go to the highest level in a department. It is usually on its way up there that the decision is stalled.

**CHAIR**—We have a time line: we have people out there who need a service; we have someone who was delivering the service who was not good enough; and we need to get somebody else quickly.

**Ms Parks**—And it is clearly not good enough?

**CHAIR**—They have not met the guidelines.

**Ms Parks**—Not even vaguely close?

**CHAIR**—No.

**Ms Parks**—It is not possible to pull it out of the water?

**CHAIR**—Maybe, but they would have to re-tender their credentials and satisfy us. For instance, they would need to tell us what changes they had made to overcome whatever deficiencies there were. This is a real life potential dilemma. We are already there. How do we go to the next steps, firstly, to entice other providers to make submissions? In the past, it used to be submission based funding. But we now have a new environment where it is suggested that this should be subjected to some tests. How would you do it, if you did not do it by a competitive tendering process?

**Ms Parks**—There are two issues in there for us. One of the suggestions that Mary may well be making later—

**CHAIR**—I have not got a view either way. I am pushing you because I want your ideas, because that is a part of what this committee needs to recommend.

**Ms Parks**—In the very short term, to get you out of a bit of a sticky situation in terms of client service, I would be looking at other agencies. If it was a population that actually had other services, I would be looking to those in the first instance. It may well be that you actually say, at this point in time, that we will be looking for other agencies. One of the things that might well be useful, particularly in smaller or regional centres, is actually trying to engage in some kind of cooperative planning processes. That has happened before in our region. When there have been holes and the holes have had to be filled in a fairly tight time frame and where there are community planning structures in place, it can work really well. Longreach is an example of that.

**CHAIR**—It is a government partnership with agencies, basically.

**Ms Parks**—A collection of agencies which may well service a larger region than one town or which may have a particular interest in a particular town and nowhere else, but have something to say.

**CHAIR**—Mrs Kelly, you can pursue your line of questioning. I have distracted everybody.

**Mrs DE-ANNE KELLY**—You have put a very balanced submission together. On balance though, do you believe that competitive tendering is unsuitable in certain instances and preferable in others? Do you have caveats on where and when it could be advantageous, if at all?

**Ms Rose-Miller**—What we said was that we have great reservations about whether it is an appropriate model for welfare service delivery because the characteristics of welfare service delivery are about relationships between networks of agencies—in the community sector generally, the loyalty, history and commitment of local organisations that are already providing services—and the concern about what happens to clients who are perceived as difficult, uncooperative, too complicated or uneconomic. I guess there are some situations where competitive tendering might be appropriate.

We spoke in our submission about where there are completely new services starting up in an area. This is a good way to test the market as to who is out there and who could deliver the services. I think it could be appropriate where there is a very discrete function that needs to be offered. The analogy people often use is in the transport industry where there are goods to be delivered from A to B—a very discrete task.

I have concerns about contracting in welfare service delivery where it is the core function of the organisation being contracted out, because I think the organisation can lose a lot of the core expertise. Who is going to retain the expertise in order to monitor the functions that are being delivered? I think there is room for some judicious use of contracting and competitive tendering. I think we have to be very careful about adopting a model that may have worked in the commercial sector.

**Mrs DE-ANNE KELLY**—I have one last quick question. Were the National Competition Council and Mr Samuel to overarch the Queensland government and their intentions with regard to this and say, ‘No; you’re going to do it or you won’t get your money’ and really force that view that you have just said is appropriate to the commercial sector on the delivery of welfare services in Queensland, what would you say to Mr Samuel? You can say whatever you like here.

**Ms Rose-Miller**—I would just think that he has failed to understand the basic issues and principles in welfare service delivery. He has failed to understand that the target population for most welfare service delivery will be people who are not able to survive in the marketplace, who are not able to survive in equal competition. Our society is not a level playing field for everyone.

**Mrs DE-ANNE KELLY**—Thank you.

**CHAIR**—We will now go to Ms Ellis then to Mrs Grace.

**Ms ELLIS**—Mrs Kelly just asked the question that I was going to ask. I am happy to defer.

**Mrs ELIZABETH GRACE**—In your submission, at 5.1 on page 2, you have said:

Small communities who are ‘uneconomic’ or ‘inconvenient’ to service may miss out. Numbers of people requiring a service in small communities eg mental health may be so low that they are not even considered for planning purposes.

Having lived in the area that you people service, and still having family in that area, I know of the isolation and the distances that are involved. You are not even in western Queensland until you get to somewhere past Charleville, really. You are only halfway to the border, and the isolation gets worse the further west you go.

How do you as a group of social workers service those small communities now? I am thinking of Wandoan, Taroom, Drillham, Muckadilla, Mungallala and those sorts of



small communities. Obviously, there would be aged people there, and people with disabilities and people with mental disabilities, intellectual handicaps. None of those areas are isolated or quarantined from those types of difficulties. How do you as a group of social workers, in the organisations you are now employed with, service those areas? What happens?

**Ms Rose-Miller**—It varies. There is quite a well-established network of HACC services so that, for frail elderly people, I would say there is a reasonable level of services across western Queensland.

**Mrs ELIZABETH GRACE**—Excuse me for interrupting, but is that also going into properties?

**Ms Rose-Miller**—Yes. Most of those services now would offer their range of services to people in their own homes; so that would be home-care and domiciliary nursing. Not all services provide services to people at home, but certainly most HACC services would. Service providers are also incredibly creative about getting meals out to people on properties and getting people transported into Toowoomba to see specialists. Some of the innovation that service providers can show in the bush is absolutely remarkable.

**Mrs ELIZABETH GRACE**—Just another interruption then: how do you write that into a tender?

**Ms Parks**—We see very little avenue for that to be written into a tender; and sometimes people service those people against the rules. Depending on the agency that you work for, or the pool of volunteers that you have, sometimes your agency is quite happy to turn a blind eye to, for example, offering a counselling service on a one-off basis to somebody who you know is not going to access any other service. Sometimes they are not like that, and the more tightly the program is targeted the less likely you are to have an employer body that is able to say, 'It's fine.'

**Mrs ELIZABETH GRACE**—They are less likely to have the flexibility to make that decision?

**Ms Parks**—Yes.

**Mrs ELIZABETH GRACE**—Thank you. Sorry to interrupt.

**Ms Parks**—It is almost impossible to write it into a tender document.

**Mrs ELIZABETH GRACE**—Yes; that is what I think, too. I am sorry, Mary. Please go on.

**Ms Rose-Miller**—Also, a lot of those services that are provided to people in those situations—say, community aged-care packages being provided to people at home—would actually be informal services, perhaps using people within a church parish to provide

transport to someone at home. I suppose one of our concerns with competitive tendering is that an organisation based in Brisbane, say, might put in an extremely good and smart tender document, but they would not necessarily have the local knowledge of the local community to know that Mrs Jones down the road actually goes into town every day. A lot of those informal things are a very important part of the way that services are delivered.

Just to complete the answer to your question, the availability of services depends a lot on what the service is. For example, if you are looking at mental health services or professional social work services to people in those rural areas, it is a much more patchy story. Lifeline Darling Downs in south-west Queensland has a social worker who actually does provide home visits to families right through western Queensland, but that is the only domiciliary service that I am aware of.

**Ms Parks**—It is one person and on an extremely tight budget. So, if somebody is wanting generalist family work, for example, it is nigh on impossible.

Just to add something else, Mrs Grace, one of the other avenues is that you work sometimes with coalitions of groups—and I have certainly been able to do that in my current capacity—to support them in lobbying endeavours to get services or to actually change the way services are delivered so that they are more accessible to people.

**Mrs ELSON**—In the rural areas, as you mentioned before, you do have a lack of services and they are scattered: how could competitive tendering compete? To compete, you have to have a lower price, so how could you make that lower? And what would happen to the scattered services that are there?

**Ms Parks**—Some of them would simply forgo the opportunity, because it actually costs money to put in a tender. I did a quick calculation before, when I was listening to one of the other speakers giving evidence about costing of tenders. I thought it would cost about \$1,930—based on an eight-page submission that did not include graphs, did not include video or photographic evidence, did not include consumer consultation and was not bound; and that only allowed for two management committee people doing 10 hours of work each. That is not realistic. Most organisations do not have that kind of money to invest, even if they get the work. I suspect that lots of them would withdraw and some of them would continue to try and lobby as a coalition.

**Mrs ELSON**—In rural areas also, you would have a very high content of volunteer workers, wouldn't you?

**Ms Parks**—Huge.

**Mrs ELSON**—And what would you see would happen re competitive tendering and volunteers?

**Ms Parks**—Given that most of my professional working life has been with volunteers, I would suggest that lots of the smaller organisations would be decimated;

those volunteers would actually withdraw. They might be prepared to still do hands-on work but they would not be prepared to put in the energy that it takes to actually do the research and then actually submit a tender: they would choose not to participate in that way.

**Mrs ELSON**—Why? I think I know what you are going to say.

**Ms Parks**—Volunteers are usually very busy and, while they are committed to the service, most volunteers actually want to see something done. They volunteer because they can see a need and have some avenue to participate in adding something to the community.

**Mrs ELSON**—It is a sense of ownership, in other words.

**Ms Parks**—Yes.

**CHAIR**—Could I ask you about monitoring performance standards, and so forth? A major part of our brief is what the government's role in this ought to be. Clearly there is a major role, and your punchy recommendations support that. I am interested in the point of view and the perspective of the people that get the service themselves, particularly the frail aged. They are often reluctant to complain about quality. They feel that, if they complain, the service might stop delivering the meals. But, really, they have got rights too. So part of this process has to be able to incorporate a mechanism for their voice to be heard.

I just wonder what perspective your group of people has. This is not about preserving empires for organisations. This is about the government knowing that every dollar it spends gets to the coalface. That is why we are scratching a bit, to see if there are opportunities somewhere so that we can do it better. How do you, in your activities, ensure that there is proper advocacy for the people that receive the service you deliver—for the disabled and right through the whole sector of welfare?

**Ms Rose-Miller**—Getting effective feedback from consumers and building that into services is a really difficult area. It is something that organisations are actively wrestling with—and that, I suppose, is step 1: having organisations actually wanting to receive the feedback and realising that it is important.

**CHAIR**—But are they adult enough and big enough, though, to be willing to be part of that process? Being willing to be criticised means you need the capacity to change if you need to.

**Ms Rose-Miller**—They would certainly all give lip service to it. Most organisations have got some mechanisms in place, like regular client surveys, periodic reviews with clients where they sit down and look at how things are going and whether there are more things that the services should be providing. There are always imperfections in that sort of a process, but I think most services these days, with accreditation and the standards that are required through funding programs, have to have

some sort of system of monitoring and reviewing their services. It is easy enough to get client feedback. It is difficult to get really good and effective feedback because people are afraid that their services will cease.

**CHAIR**—The feedback they will give you is all the good things.

**Ms Rose-Miller**—Yes, often it is.

**Ms Parks**—Not necessarily. I think if you ask people in the right way, and it is not necessarily the person who is actually delivering the service doing the asking, sometimes that is extremely useful. Having been through a review process a fortnight ago today, I know that being able to deliberately include people who you know will be critical of your service can actually mean that you are kept on your toes about what it is that you are doing. Saint Luke's, Bendigo, is an example. They have been able to use some quite interesting ways of making sure that consumers have a voice in the planning of what their agency does and how it does it.

It can be planning days, periodic external reviews—I do not think it is one simple thing that will guarantee it. I think you have to apply a range of tools across a period of time to get some kind of comprehensive picture about what it is that a service is or is not doing from a consumer's point of view. It can be having consumers on management committees, making them structurally part of a service.

**CHAIR**—Is there a role for independent advocacy agencies, do you think?

**Ms Parks**—Absolutely.

**Ms Rose-Miller**—One of the real difficulties in the area of evaluation and getting client feedback is the language that is used. We have not been very good at asking people questions in simple English and I think that is one of the greatest challenges in any sort of evaluation or monitoring system that is set up.

**CHAIR**—The committee has that problem too, you know!

**Ms Rose-Miller**—Yes. I think it is also a real challenge for government departments in putting out service standards and so on. A lot of the small organisations have great trouble in deciphering the language. In my role in a number of positions I have certainly found that one of the most important things I have been able to do for an organisation or a client is to put the government expectations into plain and simple English. When you do that people usually can get the point. Everyone understands you are not going to get money for nothing and most people want to improve their services and so on.

**CHAIR**—It is pretty difficult though, I can imagine, to document how human beings behave when they interrelate—for example, that if the Blue Nurse is visiting she will collect the mail out of the mailbox and bring it inside. It is pretty hard to document how that process occurs, isn't it? It might even mean making sure the cat is fed. It is just

difficult to document.

**Ms Parks**—It also assumes that your consumer base is very informed about what is good quality service and what is not, compared to other services. As part of the evaluation that the program that I am responsible for went through a fortnight ago, one of the consumers who came to meet the external evaluators said—I believe this is a quote; I was not there—‘I think your questions are stupid and this is what I want to tell you about this service.’ So he really did not like the questions that they asked, but he certainly had something to say about the service. And he was not somebody I had anticipated would be fairly extensive or would elaborate.

**CHAIR**—I hope some of our witnesses do not have that view of us.

**Ms Parks**—I hope you do not think that of what we have to say.

**Ms ELLIS**—I would like to add one quick comment and get your response. Mrs Elson mentioned the volunteer force that is out there. I am not from a remote area but I should imagine that a volunteer network in a remote area would gauge a lot of things, would supply a lot of things and would be almost the lifeblood of the community network to some degree. Would you agree with that? And would you agree with the conclusion I draw, which is that the decimation of that volunteer network would be a very unhealthy thing to have happen anywhere, but particularly in a more remote area where that community network would provide such value generally to its community? Would you agree and do you have anything to add to that? Or am I drawing the conclusions too far?

**Ms Rose-Miller**—I agree completely with what you are saying. Yes, volunteers are important everywhere. The reasons that people volunteer in rural and remote areas may well be slightly different from the reasons that people volunteer in towns. You very often find that volunteers volunteer in more than one capacity, volunteers wear lots of hats, and that certainly becomes more and more intricate in small rural communities.

**Ms ELLIS**—There is value adding in that process, isn't there?

**Ms Rose-Miller**—Absolutely. The whole is greater than the sum of the parts.

**Ms Parks**—Your training dollar has the potential to go much further!

**Ms ELLIS**—You train one volunteer and get seven services.

**Ms Rose-Miller**—Yes.

**Ms ELLIS**—The other thing is the health of the volunteer, particularly in the older age group, I would suggest, where they are able to. That helps to keep them going as well. We have had many discussions on this committee about the benefits of volunteering being on two sides of the coin. I am sure you would agree with that as well. If a 70-year-old lady or gentleman is still able to get in their car and drive and perform a service, they are then enhancing their own lifestyle, health and wellbeing.

**Ms Rose-Miller**—We are also seeing the nature of volunteers change too. I have heard a couple of agencies in Toowoomba talking about this. It used to be that the healthy older person was the typical volunteer. Now there are a lot of younger people volunteering. For example, Lifeline are finding with their telephone counsellors that where once upon a time they might have had them for five to 10 years, now they will have a lot of their counsellors for two years, then they will be moving on from town or going into full-time employment or something. You are getting slightly different volunteers from what the traditional picture is.

**CHAIR**—Thank you very much, Ms Rose-Miller and Ms Parks. Thank you for taking time and effort. You will be watching no doubt with great interest where we go from here. Have a read through the Queensland government submission at your leisure. I will make sure it is sent to you.

**Ms Rose-Miller**—Thank you very much.

**Ms Parks**—Thank you.

[2.04 p.m.]

**DELFOF, Ms Ingrid Maria, Community Development Worker, Bribie Island and District Neighbourhood Centre, PO Box 489, Bribie Island, Queensland 4507**

**SECCOMBE, Mr John Barrie, Member, Management Committee, Bribie Island and District Neighbourhood Centre, Verdoni Street, Bellara, Bribie Island, Queensland 4507**

**CHAIR**—Welcome. I point out that, whilst this committee does not swear its witnesses, proceedings today are legal proceedings of the parliament and warrant the same respect as that attributed to the House of Representatives itself. Therefore any misleading, deliberate or otherwise, of the committee would be considered as a contempt of the parliament. I do not like reading that out, but it has to be said.

The committee has received your submission as part of the authorised submissions for publication. I would ask you to provide us with a brief statement. Your submission was fairly brief and to the point. You may wish to embellish a little the points you wish to make before we proceed to questions.

**Ms Delfos**—Thank you. The purpose of this presentation is to emphasise and to illustrate the points made in our written submission to the committee dated 22 August 1997. In this submission the Bribie Island and District Neighbourhood Centre expressed grave concerns about the feasibility of opening up for tender services such as ours. Our organisation successfully manages and delivers generic family support services to the individuals, families and community of Bribie Island and district. We strongly believe the reason we are successful is that we grew out of and continue to be responsive to community need.

Our history, growth and development have been dependent on local community support and involvement. For example, in the right-hand corner there, you can see a press clipping from 1989. That was the first photo of the building that was purchased. The establishment of the building was the result of lots of lobbying by Bribie Island local clubs and organisations who wished to purchase, or wished the government to purchase, a neighbourhood centre. The state department of family services finally bought a house at 9 Verdoni Street in 1989.

Another example of how local community support and involvement have been integral to the Bribie Island and District Neighbourhood Centre is, of course, the management committees. Over the past nine years, in excess of 50 local people have served on the management committee. They have given their time in order to give something back to their community and to steer projects and services which meet needs they themselves have identified in the community—for example, emergency relief, a family support worker, play groups, sole parent support groups, women's self-esteem groups, a no-interest loan scheme and many others.

Another example is the volunteers that of course have been integral to the

development of the centre. In the past four years alone, I estimate that over 4,000 hours of voluntary work have been done at the centre by local community members. These volunteers answer phones, do basic office tasks, provide information and referral, and distribute emergency relief. They are trained in basic counselling skills so that they are there to listen to people when they need a willing ear, a cuppa and a chat. These volunteers are people who are committed to their community and to the concept of neighbourliness in line with our mission statement, which is to work with the local community with the aim of building and maintaining a fair and caring community.

As expressed in our original submission, in a competitive tendering environment we may be faced with a possibility that a Brisbane based or national organisation successfully tenders to provide family and community services to the Bribie Island and district community. It is difficult to imagine such an organisation being able to attract the enormous amount of community support and involvement a local organisation such as ours has been able to. Without volunteer involvement, service delivery will suffer and certainly the community spirit will be poorer.

Similarly, with management committees, it is difficult to imagine local community members wanting to serve on a management committee which is being directed from Brisbane or further afield. We believe their sense of ownership and certainly parochialism would prohibit such involvement. As a consequence, of course, knowledge of local needs will suffer and so will the effectiveness of the service.

In conclusion, I want initially to talk about Bribie Island as a community apart. I was hoping, actually, that Peter Slipper would be here because Bribie Island used to be in his electorate. He used to live in Caboolture. He would know that Bribie Island, although part of Caboolture shire, does not actually see itself as part of Caboolture shire; it actually sees itself as something quite apart.

**Mr Seccombe**—We are islanders.

**CHAIR**—Mr Slipper has been elevated to higher duties now and is no longer on committees.

**Ms Delfos**—Has he?

**CHAIR**—That is why I am now chairman.

**Mrs ELSON**—Mr Chairman, I might indicate that I was born there and lived there for many years.

**Ms Delfos**—You would know then, Mrs Elson. It does see itself as a special place, a proud and self-reliant community. However, in the end I think every community has a sense of local pride and every community feels theirs is special.

The establishment and fostering of local community organisations such as neighbourhood centres by local communities is what enables them to work and grow



within and with communities. So it is the community working within and with the community, if you like. It is this process which builds and strengthens communities, and it is this process which builds and develops social capital as opposed to economic capital. This can best be described by likening it to the planting of a seed, so the planning and lobbying for purchase of a centre is the planting of a seed; the watering and fertilising of this seed is symbolised by the work and involvement of various management committees and volunteers from the community, until what you have is a healthy and growing tree with strong roots symbolised by a strong and healthy community organisation and a strong and healthy community.

**Mr Secombe**—I would like to take a slightly different tack because, whilst I do not have a copy of the Hilmer report, I am very conscious—and I can be corrected, but this is what my memory says—that that report clearly indicated that the matters of social significance had been excluded from their terms of reference. I do not believe that you can institute a national competition policy without considering the social effects of that policy on the various communities.

My question on competitive tendering is in two parts: are we looking for better service or are we looking to save money? I can appreciate, and all of us must appreciate, the desire of governments and all organisations to save money where possible, or to get the best value for it.

In looking at organisations such as our own, I believe that you can look and question the percentage of money that is assigned and relate that to the end result. In other words, what percentage is taken up in bureaucratic administration, what percentage in local administration, and what percentage perhaps gets down to the end user, to the end recipient or client? And then you must look at what would be the cost of replacing that existing service with one which is as effective or cost effective. That question, again, leaves out the social implications.

You need, in every case that I have heard mentioned today, volunteer helpers. How many of these volunteer helpers are going to stay on board with an organisation whose motives are, first and last, profit? With the greatest goodwill in the world, if I am running an organisation—I ran businesses before I retired—I have to look at making a profit at the end because I like to eat, as do those people I am employing. Very often the decisions that I made would be governed by the question of whether I could come out at the end with a margin. I do not believe that these private organisations which would enter into competitive tendering would have such altruistic objectives as to give service ahead of profit.

As for the social aspect, Ingrid has already mentioned to you the fact that our volunteers cover a broad spectrum. We have male and female. They cover various ages. They include retirees; they include young people; they include people who have some handicaps. They are performing a service for their community but, beyond that, there is the result for them as volunteers. There is the service that they render, the satisfaction of rendering that service, and the self-esteem that comes with it. You take those services out and put them into a remote organisation and these people have lost that opportunity to find

that satisfaction and purpose in life.

From our management committee questions have been raised about assessment. Our committee regularly makes an assessment and gets reports and assesses those reports on the performance and effectiveness of the services we are rendering. As well as that, regular assessments are made of the performance of our staff. We have two full-time staff and one part-time; the rest are all volunteers. That management committee, which covers a spectrum of experience, again, over a broad age group, some of whom are also volunteers who work within the organisation, has backgrounds including social work, education, management and accounting—just to name a few. Our staff are assessed and their performance is discussed with them on a regular basis, as Ingrid will confirm. I feel that we are effectively serving the community and I cannot, with all due conscience, see a private organisation serving the community, meeting perceived needs, and changing its actions to meet those needs, when they are only governed by a profit motive.

**CHAIR**—Thank you. I will ask Ms Delfos a question. You make an assumption that if there is some progress in this direction all of the successful tenderers are going to be big city people. That is an assumption that might not necessarily be the final outcome. You could have a condition in the tender that you need to demonstrate the quality of the local knowledge you can supply. You can manage that sort of thing. If you cannot demonstrate that you have got a local management committee of retired people like Mr Seccombe and other community people in it you will not get the job. Some of those concerns can be put to rest. I would firstly like to test your reaction to that comment from me.

**Ms Delfos**—I would agree and I would be heartened if those were the conditions under which a tender was sent out and those were the parameters. Also, the confidence of the community was part of that; I think that is important.

**CHAIR**—That is one comment. We have now been just about everywhere around the nation. Some of our questions we feel we have asked a few times. We are hearing a lot of fear and concern about what might happen. There is an assumption that we as a committee have an agenda. We do not; we are just trying to respond to changes that are occurring. We have not heard of an actual example yet. No-one has given us a tangible example. There was one; Meals on Wheels in Victoria did. We understand that that has subsequently been fixed. No-one can give us concrete examples; why is that?

**Ms Delfos**—It is very difficult in Queensland because we have not had any experience of competitive tendering yet. It is more or less almost scaremongering. I think there has certainly been an awareness in the local networks and in the sector that we need to prepare for it. I have been to two conferences and I could have gone to half a dozen in the past 12 months dealing with the issues. When I said scaremongering, I do not think people are making assumptions that are completely out of the realms of possibility. I think they are aware that they need to be prepared and need to be mounting a defence of what has happened in the past.

I would like to make a point, though. I know our local council, the Caboolture

Shire Council, have a building for the Bribie Island Youth Centre. It is their building. It was funded through the Department of Families, Youth and Community Care. At the moment it is a voluntary management committee; they have no funding at all. They are talking about asking that voluntary management committee to write Caboolture Shire Council a report saying what they have been doing, what they intend to do, their strategic plan and everything. If that strategic plan is not good enough for the council they are then going to put the management of the centre out to tender. That whole process has created enormous division in the community. Anonymous letters have been written and all sorts of things. I do not know if it is relevant or not, but there is a potential in a community like Bribie for those sorts of things to happen: undercurrents of community discontent and people being nasty to other people.

**Ms ELLIS**—Can I ask you a couple of questions on comments you have just made? Do you believe that a voluntary community based board of management or committee would happily sit and operate with a for profit organisation running a particular facility?

**Ms Delfos**—Having not had any experience there—

**Ms ELLIS**—I have not either but what is your theory?

**Ms Delfos**—My initial reaction would be that they would not be happy. Some people might be—people who probably do not have a lot of familiarity with our sector. I am thinking of the local chamber of commerce. People from there might. But I think that that would definitely change the character of the service.

**Ms ELLIS**—Yes. The example you just gave of the local chamber of commerce could in fact turn out to be quite an inappropriate way of it being if it is a commercially driven enterprise. The other comment I would make is in relation to the youth centre situation you just described. A thing that particularly worries me personally about the threatened onset of compulsory competitive tendering is that it can be used as a tool for other purposes as well. There would be absolutely nothing outrageous about any shire council or any governing body counselling and working with an organisation running a facility like that to make sure that, on a cooperative basis, the services that are supplied are what both ends of that situation want, rather than threatening them with loss of the facility if they do not reach certain standards in isolation from the governing body. Would you not agree with that?

**Ms Delfos**—I definitely would. I think there has been a definite lack of consultation and development work done in the relationship between the council and the committee.

**Ms ELLIS**—I think this would apply to comments made by the previous witnesses in relation to how you sever links with organisations running a particular facility if it is felt that they are not running them satisfactorily. At the time when there may begin to be recognition that services are not quite up to scratch, why is there no attempt to bring them into line or to counsel them or to work with them rather than reach that point where you

say, 'How do we now sever this arrangement?' There could have been a lot of work done to protect that arrangement or enhance it for the sake of the clients of the service. Does that make sense to you?

**Ms Delfos**—It does make sense to me. The worse that situation gets, the more that undercurrent happens—for example, the writing of anonymous letters and the bitchiness sort of carrying on.

**Ms ELLIS**—And in the meantime the clients of the service are the ones who are suffering.

**Ms Delfos**—That is right.

**Ms ELLIS**—For however long that goes on. By the way, what is the population of Bribie Island?

**Ms Delfos**—Bribie Island itself has 14,000 but our target area is Sandstone Point and Ningi as well, so it is almost 18,000. We do not go up to the highway, which is the centre line, but halfway across that—

**Ms ELLIS**—You have a land connection?

**Ms Delfos**—We have a bridge.

**Mr Secombe**—One other thing that came to my mind was that we must differentiate between competitive tendering and contracting out certain services. I think we must be aware of that. I know that a few years ago there was a great proliferation of service organisations within certain communities where two and three were virtually providing the same service under different names. I can see value where those occur in getting them to work together under one umbrella and saving a lot of administrative costs for, say, a couple of church organisations and another community based organisation all doing the same service. I can see benefits in that. But in cases such as our own where we are one organisation providing that service—we certainly have HACC on the island providing transport services—but each one is quite separate and works separately, though we work in together where it is appropriate, I cannot see a better way of doing it at this time.

**Mrs DE-ANNE KELLY**—Ms Delfos, you mentioned that the council had considered tendering out. Was that your centre?

**Ms Delfos**—No, that was a youth centre which actually does not get any funding. There is no funding attached to it.

**Mrs DE-ANNE KELLY**—The building is owned by the council but who covers the administrative costs?

**Ms Delfos**—Volunteers, through fundraising.

**Mrs DE-ANNE KELLY**—Do they?

**Ms Delfos**—Yes.

**Mrs DE-ANNE KELLY**—Why were they going to tender it out?

**Ms Delfos**—They had an AGM and the old management committee was ousted and a new management committee elected and the resultant discontent led us to council. Basically, council now wants to see that the centre has been running appropriately and they want evidence of that.

**Mrs DE-ANNE KELLY**—Who would be replaced? Would it be the volunteers who are administering it? Is that what you are saying?

**Ms Delfos**—The management committee could not be replaced by council but a new incorporated body would have to be established to take over the running of the centre.

**Mr ALLAN MORRIS**—It would depend on the constitution.

**Ms Delfos**—Yes.

**Mr ALLAN MORRIS**—Thank you.

[2.27 p.m.]

**BAKER, Mrs Lois Catherine, State Treasurer, Queensland Meals on Wheels Services Association Inc., GPO Box 2136, Brisbane, Queensland 4001**

**LOWE, Mrs Kathleen Mary, State President, Queensland Meals on Wheels Services Association Inc., GPO Box 2136, Brisbane, Queensland 4001**

**CHAIR**—Welcome. We are always pleased to hear from Meals on Wheels. 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 the House of Representatives itself. Any deliberate misleading of the committee may be regarded as a contempt of the parliament. This also protects you in the evidence you give. You can be as frank and fearless as you like and parliamentary privilege protects you in respect of anything you might tell us.

The committee has already authorised your submission and its publication in volumes of submissions in connection with the inquiry. I would like to give you an opportunity to make an opening statement, or a summary of your submission, which has been comprehensive and we thank you for it.

**Mrs Lowe**—Thank you. I am not going to make a long opening statement. I would rather submit ourselves to questions, but I would like to raise a few issues. The first one is that we have asked ourselves why we are here. Nobody has said that Meals on Wheels in Queensland is going out to competitive tendering. However, like some of the other people who have spoken here today, we need to put our point of view. I felt comforted when I heard the people from the Queensland government give evidence here this morning. I now have a better insight into their attitude because we have had no discussions with them yet.

There are three groups of people that I would like to be asked how they feel about our service going out to tender—us, our clients and the taxpayers. I can say quite categorically that, at least in Queensland, Meals on Wheels is the most cost-effective agency in the home and community care program. Despite that, we get the meanest part of the HACC budget. I think we get about three per cent of the HACC budget.

Meals on Wheels has been very well placed in the way it has conducted its affairs because since day one we have always been a partly user-pays service. We charged a fee the first day we went out in Ipswich in 1956 with our first meals. We have always charged a fee to our clients, and they have always been happy to pay it. We have always been a partly user-pays service. Also, we have never had means testing, which some other HACC agencies indulge in. We say quite happily that the millionaires in Surfers Paradise or the paupers somewhere else can all get meals. Hopefully, they will all get the same quality of meal and they all pay the same price.

What cost benefit would there be to government to put our services out to tender? I would say absolutely none. I have listened to many issues being discussed over many years because I have been the state president for 11 years. I have been to a lot of

conferences so I have heard a lot of issues discussed. I heard how tendering went out in America in some places but after a few years the tenderers gave up because there was not enough money in tendering for Meals on Wheels, and then we had to come back and pick up the bits.

I cannot see there is a big market for private enterprise in our service. I simply do not believe that private enterprise could play the caring, monitoring role that our volunteers play in going into people's homes. We have a motto, 'We are more than a meal' because sometimes when we go into the homes of our clients they almost forget we are bringing in food as they are so pleased to see us. Their doors are always open to our volunteers and we always get a very warm welcome into their houses.

The other thing we should address very seriously, and it is part of your terms of reference, is that we do have to be accountable to government. Meals on Wheels in Queensland is placed in a very curious position with funding because we came in under the old Delivered Meals Subsidy Act. We were subsumed into the HACC program without being asked. No-one asked if we wanted to be; we just read all these acts of parliament that that is where we were going to end up. We are under the umbrella of Queensland Health.

I was the national president for three years so I have seen how Meals on Wheels runs in most other states in Australia. They all seem to be under different portfolios—the Department of Community Services or the Department of Aged and Disability Services—but in Queensland we have always been under the Department of Health. I find it interesting that some of the nursing students always think that everybody we take meals to are sick. I keep trying to tell them they are not all sick.

Anyway, we are under the umbrella of Queensland Health and I noticed there was no-one from the HACC program in the presentation from government this morning. I suppose that does not bother us too much except that this curious subsidy arrangement existed. So, when HACC came in in 1985, Queensland Health did not know what to do with us. They put us under Queensland Health, took us into the HACC program and said, 'All right, we will continue the subsidy arrangement with these people,' because that seemed a nice, easy way of doing the book work and it was easier for them. So this has just gone on historically. I know New South Wales has changed over to program funding and there have been all sorts of hiccups in the changeover from the subsidy basis to program funding.

We still go on with this. Every year for the last few years we have got a 5c increase in our subsidy until at 30 June last year we were getting \$1.25. We looked forward with great anticipation to the other 5c coming this year but our health minister said, 'No, you have been getting too much funding,' and so he is only giving us 3c. So we now get this strange little figure of \$1.28 per meal.

With that \$1.28, plus what we charge the client, plus community support, we have to balance the books. We get very little capital grants in this state for Meals on Wheels. I think I could count on one hand how many we get in a year, and that would not be any

great amount in dollar terms. In all fairness to the minister, I must say that he has agreed to meet us in deputation on 30 March. We propose to tell him what we think about his 3c.

In recent times we have tried to put in place procedures which will make sure that we are accountable. One that is a HACC funded project is 'Guidelines for service management'. This is the first time in Queensland that Meals on Wheels will ever have had a manual in their centres saying how we need to run Meals on Wheels. The government never did this for us. We got heaps of HACC documents. But this takes account of the seven HACC principles and is being introduced to our 168 centres in workshops. It will not be sent in a padded bag through the post but will be introduced at personal level by trained people—talking about how to use the manual, how to give clients access to complaints mechanisms and all the other things that the HACC program expects of us.

Alongside that, we have our nutritional guidelines being rewritten. They should be printed within the next three months. We will have a whole new set of guidelines for Meals on Wheels which will take account of NESB meals, vegetarian meals and all sorts of things that we have not had in previous manuals. We are also getting a new recipe book, and every one of the recipes in that book—which is 60 entrees, 60 main courses, 60 sweets—has been trialled on clients. The clients have evaluated every food that has gone into those recipe books. We have deleted some foods that were not well received and we have inserted others that clients wanted.

We have lodged in the Industrial Commission a Meals on Wheels industrial agreement which we have run under for several years, but we are now having it approved in the Industrial Commission as an award so that our workers will also be covered under our own award.

I believe at this point in time Meals on Wheels in Queensland has put itself in the position where we can offer lots of accountability to government, and adherence to the standards that HACC expects of us.

**CHAIR**—Are you happy to table that?

**Mrs Lowe**—I am quite happy to table that if you want to have a look at it.

**CHAIR**—Thank you very much.

**Mr ALLAN MORRIS**—One of the complications with Meals on Wheels is the fact that you are all different throughout the states, but you do communicate pretty well so you know what is going on with Meals on Wheels.

**Mrs Lowe**—We have very good networks all across Australia.

**Mr ALLAN MORRIS**—In some states there have been attempts to call for prices for supplying meals and contracting the purchase of meals, and that has been causing some difficulties, hasn't it?



**Mrs Lowe**—Yes.

**Mr ALLAN MORRIS**—Can you canvass that? Which of you knows most about that?

**Mrs Lowe**—I suppose we actually have contracts with Queensland Health because we get meals from about 40 hospitals in this state. We enter into arrangements with Queensland Health at my level, at state level, so that we can get the uniformity and the prices that the meals are charged for from the hospitals. We also do buy some foods from private enterprise organisations into some of our kitchens.

**Mr ALLAN MORRIS**—I think we heard that earlier on in some submissions. Do you get the individual hospitals to tender to you at a single price or do you buy it at the state level?

**Mrs Lowe**—State level. Queensland Health agrees on the price with us, and then they send the notification.

**Mr ALLAN MORRIS**—But, in a sense, you are contracting out a service and calling tenders, if you like, for the supply of a welfare service—namely, a meal. Do you know how that relates to the actual cost of production?

**Mrs Lowe**—It is a bit disappointing for us because Queensland Health did not raise the price of their meals in their hospitals for 11 years. I think I have met every health minister in the last 11 years asking them to raise the charges. I think there have been 14 health ministers that I have met so far. We asked them to raise the prices of the meals from \$1.50 to bring them more in line with what we have to charge in our kitchens. At the present time we have them at \$2.50. We had them raised 50c last year, so they are at \$2.50 now.

I can understand the counter argument of Queensland Health which has a duty of care to people who live in remote centres who perhaps do not have access to the medical care that, say, the clients of Meals on Wheels have in Brisbane. So I guess what Queensland Health are saying is that they have a supportive mechanism for those elderly people out in remote areas as well, so that, if they do not have to charge this higher price for the meals, it puts a little more money in their pockets if they have to come away for specialist care. The hospital meals would cost Queensland Health at least \$7 or \$8, and our clients are getting them for \$2.50, whereas in my large centres in Brisbane we would be charging \$4.50 for a meal, and that would only be covering the cost of our staff and our food.

It is not as bad as New South Wales. I think New South Wales get it for \$1.05 from the public hospitals. They have been trying to address that issue for lots of years as well. There will always be an imbalance between what the clients pay for hospital meals and what we charge for the meals where we are cooking them out of these large kitchens. In Toowoomba, where we put out about 450 meals a day, we would have 12 full-time or part-time staff employed in that kitchen.

**Mr ALLAN MORRIS**—Where do you think it is going to go to? There has been a bit of conjecture for a couple of years now as various states have tried to restructure or re-orient their Meals on Wheels services. Where do you think it is going to go to? Do you think you are going to be negotiating separate contracts with separate health areas or will a statewide price continue?

The irony is that Meals on Wheels is the reverse of what the government is doing. Governments are going to bigger and bigger providers for lower and lower costs yet, with Meals on Wheels, they are doing the opposite—they are subsidising the country hospitals or the country consumers via the hospital system. Where do you think it is going to go to, because it will not stay where it is now. It is going to move somewhere.

**Mrs Lowe**—At the moment our agreement with Queensland Health is that they will raise their charges 50c a year, so they will never catch up to our costs when we have to cook the meals. It is hard. I have tried to introduce a minimum pricing policy in Queensland. I thought we should start off with a minimum pricing policy. I cannot see how we could ever go to a maximum one because, where meals are being sold in Brisbane now for \$4 or \$4.50, they are being sold in Ayr for \$5.50. You have mentioned Ayr a few times here today. They are being sold in Townsville for \$5 now. Apparently their electricity costs and the costs of food up there are much higher than in Brisbane. So it would not be logical to try and introduce a state pricing policy.

There are all sorts of issues that come in. I can tell you in Gympie they never buy a pumpkin because the forestry workers in the pine forest grow all the pumpkins and bring them into the kitchen and donate them. So there are all sorts of issues that creep into Meals on Wheels. Having a statewide pricing policy just would not be possible.

I thought I would take issue with the man from the retirement villages. I have met with these people on various occasions. The first thing I have always asked them is why they do not build their kitchen and dining room in the centre of the complex and theme their complex out like that. They start their projects, but they put their dining room and their kitchen here and then they build down this way. So they expect Mrs Smith, who is right down there, when it is pelting rain in a thunderstorm, to go from there up here to their dining facility. She is probably in a wheelchair or using walking sticks so she simply cannot get there. I ask these retirement village people: why would she prefer to do that than have Meals on Wheels driving in here and delivering it to her door in the rain?

There are all sorts of issues that come into retirement villages. Some of them have tried to put in place policies that prevent Meals on Wheels coming in there. The reason they do not want us to come in there is that they probably charge \$6 in their dining room for the meal that we are bringing in for \$3.50 or \$4. The client surely has got a choice.

I know of one old gentleman who was not allowed to have Meals on Wheels in a retirement village where the meals were \$6. He could get our meals for \$3. He wanted to buy himself physiotherapy treatment for his emphysema with the money that he could save, and he was not allowed to. I think there has got to be some client choice in where they get meals.

At Nerang, we have a large retirement village called Earl Haven which has got hundreds of units. My little Nerang service, which only provides 60 meals a day, takes 20 into that retirement village. If that retirement village withdraws that service, Meals on Wheels would not probably be economically viable.

We have looked at the issues that some of these people have raised today. In regard to the gentleman who said that he would provide a kitchen, I would like him to go and build in some of the newer outer residential areas where we do not already have a kitchen. I think where they are building the retirement villages is probably next door to where we have got an existing facility. We would be quite happy to buy meals out of their facility. We do buy them out of hostels and nursing homes all around the state now. HACC has been quite innovative about where it allows us to get our meals. We have got meals from cafes, restaurants and hotels. So long as the meals are of good quality, HACC has been quite innovative in that area. We have tried to be disciplined, so that we do not keep asking the government for money to build a kitchen, if it is financially not viable. We can get a good a quality meal somewhere else such as a hostel or a nursing home.

**Mr ALLAN MORRIS**—I should point out—partly for my colleagues sake because of the confusion about HACC and the for profit providers—that HACC cannot contract directly to a for profit provider. They can do it indirectly via organisations like yours or community options or other organisations. I think there is a fair bit of confusion in the community as to who can access HACC and who cannot in terms of for profit or individual providers.

**Mrs Lowe**—There has been a bit of discussion here today about the CACPs packages. We have got no quarrel with the CACPs packages because, in the end, it is what is best for the clients, surely. That is what we are all about. We were told by HACC when these packages came out that, if the client was a Meals on Wheels client, they still had the right to get the meals from Meals on Wheels, but that has not happened in a lot of instances. The client has not been given that choice. The CACPs packages come in—for instance, one agency can supply the whole package. The agency has got a kitchen and can supply the meal. We have clients who ring us and say, ‘I do not want their meals; I still want to get Meals on Wheels.’ It is a difficult issue. We do not want to get involved in a quarrel with the agency that has got the CACPs package, but that was supposed to be the rule when they came in.

**Mrs ELSON**—I just wanted to add that I felt that we were being very intrusive into Meals and Wheels as a government, if we are looking at competitive tendering. In your statement here, the government contributes 11 per cent to the cost of the Meals on Wheels. Do we have any right in contracting out the whole service? I would probably have to say that, if every other organisation could show us figures like that, we would not even be looking at competitive tendering, would we?

**Mrs Lowe**—If the government was putting the figures in, they would say it was 15 per cent, but I would still argue about the difference.

**Mrs ELSON**—I would like to congratulate you on an excellent cost-effective

service.

**Mrs Baker**—I have got a bit of a worry about contracting because we hear of incidents in Victoria where competitive tendering has been in for about two or three years now. Stories reach us from friends down there about the quality of the meals provided by the private person who has got the contract. They have not been up to scratch and they have had to be reallocated to another organisation. There were time limits on the delivery of meals; the client had to have the door open. They said, ‘This gentleman’s delivery is going to be at 12 o’clock. His door has to be open so that the person delivering the meal can run in, drop the meal and run out.’ That is not what we like to think our Meals and Wheels service is about. We would not like our Meals on Wheels service to go that way.

**CHAIR**—Some of that, I have to say as a Victorian, is overstated. Meals on Wheels where I live is still operating in the same way that it was when I was delivering Meals on Wheels via the Rotary Club.

**Mrs Baker**—I agree that some places are overstated. I did not say it was all over Victoria; I just said some places.

**Mrs ELSON**—He cannot help himself!

**Mrs Baker**—That is okay.

**Ms ELLIS**—I want to take the opportunity to congratulate you both very sincerely for an excellent submission and for giving us an absolutely A1 example of why compulsory competitive tendering should really be approached with the greatest of caution.

On page 3, I also thank you for giving us a dollar value that you have worked out on your volunteer contribution level. A lot of people talk about it, and we talk about it, but you have actually put it in realistic financial terms. As a committee, we are going to value that part of your submission, particularly given that we are doing comparisons in our findings on how we could apply or not apply compulsory competitive tendering.

**Mrs Lowe**—We put in there examples about those single serve meals that are available from other agencies. In the final analysis, if the client does not like our food and would prefer to buy it from another agency because they prefer that sort of food, I do not think we have any argument about it.

At this point of time at state level, we are having consultations with two very large manufacturers of foods who are wanting to put single serve meals into supermarkets. They are talking to us about what would be the minimum nutritional requirements and sizes for a meal for a single person. We are only too happy to talk about it because, in the end, the clients are entitled to the choice. They may prefer our food and good service and to have the company of our volunteers every day but, if they prefer to buy meals elsewhere, that is still their choice.

The thing that worries me a lot about the clients that we serve is their deteriorating

health. I believe that a lot of clients that we are now serving are really hostel or nursing home clients. We have one lady in Brisbane where we have to have the key to access her house because she is so frail and has such dementia, yet she is living alone in a great big home in the western suburbs. But she does not want to go into a nursing home or a hostel so, I guess, until her family take some action about it, she will not go. I worry about the sorts of people that we are serving in their homes. I think a lot of them are hostel care patients or even nursing home patients and this is why we are now seriously looking at the issue of three meals a day, where we can deliver a breakfast pack and some sandwiches for tea.

We have had a trial going in Maryborough for over a year where we started with six clients. We have just one of those clients left now because five of them have gone into nursing care. I think the pilot program proved that those clients were just at the next step of going into nursing care and I think we are going to be serving a lot of those sorts of clients.

**Mrs ELIZABETH GRACE**—I was going to ask you how the Maryborough pilot had worked. You have answered that question.

**Mrs Lowe**—We are hoping to start that trial in Fortitude Valley, to look at one in Brisbane shortly.

**Mrs ELIZABETH GRACE**—To qualify your other comment, I still do my Meals on Wheels run and, yes, I have noticed quite a deterioration in the frailty of the clients that we are now delivering to. Particularly over the last couple of years, it has been quite noticeable to me, to the extent that I have actually picked two clients up and had to call ambulances when we have gone to deliver meals, and that is only in the last 12 months. So I qualify what you are saying there.

**Mrs Lowe**—I would question whether private enterprise would take the time to worry and ring. We have got a rule that we do not go to bed until every client is accounted for. So if they are not home or we cannot make them open the door, we do not go to sleep until we find out where they are.

**Mrs ELIZABETH GRACE**—I was interested to see how the Maryborough program had gone.

**Mrs DE-ANNE KELLY**—Mrs Lowe and Mrs Baker, I would like to congratulate you. It is very impressive. For 41 years, you have never had a food contamination complaint. I think there is no restaurant in this country that could do that. And you have a wonderful service—\$18 million worth of volunteer contribution. I think any government that considered tendering out your service should be rightly hung and dried. You really do a magnificent job. It is a wonderful tribute to volunteerism.

**Mrs Lowe**—Queensland is a large state. Look at Victoria: I can understand why local government got very involved with Meals on Wheels in Victoria, which is something they have not done in Queensland. They do help us in some areas. There are little

communities here where there might be only three meals a day needed, but it is each community caring for its own. That is the really important aspect of Meals on Wheels. It is like a lifeline to those local people. I do not think anything could replace that.

**CHAIR**—‘Hands off Meals on Wheels!’ Put it in chapter 1!

**Mrs Baker**—It has been our experience that nobody can go in and start a Meals on Wheels service in a community. It has to come from within the community. It is like Ingrid Delfos talking about the seed. It comes from the community, and then the community supports it.

**CHAIR**—Could I ask you, before closing, about some annexures that you provided in your submission, with examples of volunteer satisfaction in one and client satisfaction in the other? We have not actually circulated those annexures, given that they are about individuals with names. Do they know that they will—

**Mrs Lowe**—I thought we deleted the names. It has just got the name of the centre, as I recall.

**CHAIR**—We are in your hands. If those individuals do not know—

**Mrs Lowe**—I did seek the permission of the centre, and the people did not object. I sought the permission of the Meals on Wheels centre, and I think they asked the client.

**CHAIR**—We might seek, later on when we write a report, to use those sorts of case studies. That is something we have done in the past, but I would want to know that those people knew that they would be so mentioned. Would you clarify that to the secretariat?

**Mrs Lowe**—I will.

**CHAIR**—As there are no more questions, we thank you very much, Mrs Lowe and Mrs Baker, for your evidence. You have sat right through the hearing today. I hope it has been interesting for you.

**Mrs Lowe**—It has been. Thank you very much.

[3.00 p.m.]

**HOFFMAN, Mr Gregory Thomas, Director, Policy and Research, Local Government Association of Queensland Inc., PO Box 2230, Fortitude Valley, Brisbane, Queensland 4006**

**WALLACE, Ms Helen, Association Member Representative, Local Government Association of Queensland Inc., PO Box 2230, Fortitude Valley, Brisbane, Queensland 4006**

**CHAIR**—Welcome. Do you have any comment on the capacity in which you appear before the committee?

**Ms Wallace**—I am also the Acting Community Services Planner from Brisbane City Council.

**CHAIR**—Thank you. Before we proceed, I wish 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 the House of Representatives itself. Any deliberate misleading of the committee may be regarded as a contempt of parliament. This also protects you in the evidence you give—which can be as frank and fearless as you want it to be—and gives you parliamentary privilege and protection from anything you have to tell us in assisting us with our inquiry. The committee has received a detailed submission from the association. You may wish to make a brief statement in regard to that, before we proceed to questions.

**Mr Hoffman**—Thank you, Mr Chairman. Our presentation today is in two parts. Helen will speak to the association's submission, and I will talk to a supplementary submission, of which I have copies to give you and which is the result of a survey we have recently conducted. Then I would also like to talk generally about local government's experience and position on the issue of micro-economic reform, which is relevant to these considerations.

Firstly, the association has no opposition to efficiency gains in the public sector. That is something that we have been living with for a number of years, either independently or in conjunction with state government programs that we are associated with. However, we believe it is essential that there be a balance between efficiency and equity access considerations, and that is particularly relevant in the welfare service area. It is also relevant in a geographical sense, given the size and diversity of Queensland's population settlements. The LGAQ's opinion is that the public good is paramount, which means that we need to keep a balance between economic and social policy objectives. Helen would now like to speak to the submission, before I return to those other points.

**Ms Wallace**—I wish to emphasise some of the key concerns around the idea of a blanket competitive tendering approach—and I can leave these notes with you, as well. One of the key concerns is that precise specification of deliverables through competitive tendering might inadvertently reduce welfare service delivery, by eliminating the more

flexible and logical and necessary extensions of the service currently delivered by many community service operators. It might reduce the types and numbers of service providers in the game, if there is an aggregation of smaller providers and a dominance by larger providers, in terms of being able to win contracts and so on.

There is a risk that some of the expertise that is resident with small community service providers might be eliminated from the field, if they are not the successful tenderers. It is very valuable expertise that has built up through years in Queensland. We are concerned about potentially diminished community development outcomes, and this is a key concern of local government—which is wanting really to enhance the capacity of local communities to address their own needs through robust community networks and structures being fostered and assisted to be maintained. A reduction in that area would concern us also.

I give an example of Townsville City Council delivering an inclusion into child-care service for children with disabilities. They deliver those child-care hours, but really they are very interested in the outcomes whereby other children, parents and staff learn to be comfortable with children with disabilities in those mainstream community child-care centres. That has flow-on effects for attitude changes and community development and inclusion outcomes there, and so that is a highly valued aspect of it. We also have concerns about a potentially diminished community and volunteer contribution in a move towards competitive tendering, which might mean a big net reduction in spending in the long run for service outcomes.

Another area of concern for local government is that, if there is reduced service delivery—where state and Commonwealth are seen as offering less resourcing or less funding or restricted and more confined operations—local government then gets looked to, in order to fill the gaps. That is a fairly constant theme, I suppose, with the examples of community groups looking to councils to exempt them from paying rates when the funding reductions come their way. That is looked to as another area to save money, as are grants that are earmarked for community development purposes: groups apply to them to do with that money the sorts of direct service delivery work already covered by Commonwealth and state program areas.

The third area of concern is the risk that the complexity of welfare service delivery might not be fully estimated in the process of specifying tenders for competitive tendering. This has been documented for some time. Back in 1995, the Brotherhood of St Laurence was pointing out that the legislation was requiring rapidly developed contracting arrangements. It was legislation around that and processes to do with commercial sensitivity, as well—so that, as experienced players, they could not comment on how those specifications were designed. There was an inadequate partnership around that area.

Similarly, local government has expertise that we feel might not be incorporated in a collaborative way to determine the specifications for services. I think areas of disability, domestic violence and welfare—a whole range of areas—do involve a lot of complex issues around very personal and intimate relationships with people, or intimate service delivery, if you like, through a service provider relationship.



There are also some concerns about the adequacy of consumer redress where an arrangement is a contract between a government and a private business provider. We need some assurances about the quality of consumer redress and how freedom of information, for example, would be dealt with—all those sorts of issues.

The fourth area of concern is a fear that there will be increasing casualisation of the work force. This is happening already, but there are some impacts on communities and families faced with the insecurity of their jobs. It forces people to say, 'What is my spare time? What are my spare resources to contribute to this community, given that I do not have a permanent job now—I am just delivering a service on contract?'

There are some concerns around cultural appropriateness as well. Looking at indigenous communities in regional and rural Queensland, I think history shows us, and indigenous people tell us, that they need a service that is delivered in a culturally appropriate way. Similarly, if an all-indigenous agency won a contract, then the non-indigenous members of that community might feel that it is not a culturally appropriate delivery for them either.

Where the complexity of welfare services involves activity that is less measurable because of its sheer complexity, there is a concern that there will be less emphasis on standards around that area and less resourcing for that as well. In other words, policing contract conformity may be reduced to the more easily measurable aspects of delivering a service and not pick up so readily those complex long-term preventative areas.

The last point relates to preventative work, which is not easily costed. There is a concern that that will receive less emphasis under a competitive tendering arrangement. A concrete example might be installing a non-slip bath service for someone. You prevent their having accidents, you prevent a whole lot of health costs arising from potential accidents, but you cannot actually cost what your saving is as you install that thing. They are some of the points that I wanted to emphasise out of our earlier submission.

**Mr Hoffman**—I open with a reference to a survey that we have recently conducted. I would like to tell you a little of that. Firstly, ABS data indicates that in Queensland local government spends \$148 million per annum on what are defined as welfare related services; that is, education, health, social security, welfare, housing and community development.

**CHAIR**—Of its own money?

**Mr Hoffman**—Of its own money. We undertook a survey earlier this month to try to dissect some of that aggregate spending into a greater dissection. The survey showed that the use of own-sourced local government revenue is quite substantial in supporting state and Commonwealth programs. In other words, they are not discrete packages. What is spent of local government money in many instances supplements a state government program, a federal government program or, in some cases, they are all packaged together.

In the specific welfare programmed areas that we targeted of aged care, child care,

community housing and other family support, local government funds represented around 40 per cent of gross outlays from the 50 councils that responded to the survey. For capital outlays in these areas, local government funding contributed around 30 per cent while the recurrent funding represented about 45 per cent of the outlays.

The point I am making here is that, if you are looking to try to pull out of those programs or those packages certain elements for purposes of contracting, you confront that inherent difficulty of the current bundling and packaging of service delivery by virtue of the nature of Commonwealth programs and state programs. In many instances where those programs have seen reduced funding or seed funding that has subsequently diminished, council involvement sees to the continuation of those programs and you get the result of the contributions that I have just outlined. That is a factor that is relevant to local government involvement in Commonwealth programs.

We also have a particular concern about the potential impact on rural and remote communities that could arise from the contracting of services. Obviously, for competitive tendering contracting processes to be effective, there needs to be a marketplace in operation. In many rural and remote areas those markets do not exist to enable them, within their own right, to effectively benefit or potentially benefit from competitive tendering processes. What has been experienced in some cases—and this is relating not just to welfare but to the processes of competitive tendering—is that the service can be provided in those areas where there is an immediate demand or need, namely where 70 per cent or 80 per cent of the population resides. But if it is a service that is extending to a wider area then it is those more distant remote areas that, in fact, can see service diminution because of the difficulties of servicing those areas.

I would like to conclude by mentioning a couple of current experiences of local government in the area of micro-economic reform that do have a relevance to this subject matter. The first relates to the national competition policy reforms and, in particular, to the competitive neutrality reform processes that are applying to water and sewerage services as well as to other services that councils provide where they are, in fact, in competition with private sector providers for those services.

Queensland has the highest level of compliance of all local government in Australia in terms of meeting the target timetable and having public benefit assessment processes. It is important to note that the structure that has been put in place in Queensland, apart from requirements to undertake these public benefit assessments on time lines, is a voluntary one. In other words, councils undertake the public benefit assessment tests in a very transparent and open process. They ultimately make the decision as to whether they make or introduce reforms as a consequence of those public benefit assessment tests. In other words, they make the change if the benefits can be demonstrated as outweighing the costs. The fact that it is a voluntary process means that they are accountable for what they are doing.

If they choose not to make the changes then they have to answer to their communities on the basis of the tests that have been done. Importantly, they have to answer to state government and federal government compliance mechanisms to be able to

access any of the bonus payments that are available to them for introducing reform. I am simply saying there that a process that enables an assessment of whether the benefits outweigh the costs of the particular change can ensure a greater acceptance and ownership of those changed processes; in other words, not change for change sake but change for the sake of benefits that outweigh costs.

An example of this that is relevant, strange as it may seem, is in the area of road reform. In 1993, the state government here introduced a requirement for the tendering of construction and maintenance works on state controlled roads. They introduced a three-zonal system involving an area of the state where all of the work was subject to a public tendering process, a second zone where there was a mixture of tendering and pre-allocated works, and then an area in western Queensland where councils were given the work as of right.

There were significantly adverse impacts on many of the communities in that second zone because of the nature of those communities—smaller areas that had relied significantly on the maintenance of local government work forces for the viability of those towns and the ability to sustain those communities and to arrest, in part, the drift to coastal and larger centres. The reason that they suffered was that contractors were able to succeed in that marketplace but they were not resident contractors. They were contractors coming from coastal or major centres, achieving an outcome, leaving the town and taking the money out. In other words, there was an efficiency outcome in part achieved—though there is some doubt about the quality of work, but I will not seek to argue that case—but an efficiency outcome that in fact saw a social deficit in terms of the community that the work was done in or near.

A response to that has been a change of policy which now sees what we know as approved price performance contracts for new work and road maintenance performance contracts for maintenance work. Those contracts are based on benchmarked unit costs. In other words, for councils to be awarded contracts they have to enter into contracts with the state government on the basis of agreed unit costs. If they perform the contract at that price, that is obviously the objective. If they can perform it for a lesser amount than the agreed price, they keep that surplus. If they do not complete the project at the price agreed and it costs them more, they pay that extra cost. The outcome of this approach is efficiencies in terms of the government achieving its objectives in relation to construction and maintenance of roads at known prices, but it also maintains the viability of those communities, in that the councils are able to maintain their work forces and maintain population to the benefit of those communities.

The reasons for mentioning both the competitive neutrality reform processes and these other approaches is that there are mechanisms available to government to achieve efficiencies but not to lose sight of the social impacts of the achievement of those efficiencies—in other words, balancing the economic and social policy agendas.

In conclusion, as an association we are not opposed to moves to seek and achieve efficiencies in the most appropriate use of government monies. But we should not be driven solely by those as objectives when there can be consequences which are to the

detriment of communities. We think that is very relevant in the consideration of welfare service delivery, where efficiency should not of itself be the goal. Thank you.

**CHAIR**—Thank you very much, Mr Hoffman. I want to say that I am sorry you had to try and sort us out, when you made your submission back in August, about our terms of reference. We have long since realised we have not got the wording right and that we have created some confusion with that. I am glad you have not rehashed that today. I hope you appreciate that we understand better. In fact, I think we always have. It is just that the terms of reference do not document the major differences between contracting out or outsourcing as such and the process to achieve that in a contract by competitive tendering. We take all that as given. I know my colleagues have some questions now.

**Mrs ELIZABETH GRACE**—I am probably acting a wee bit as a devil's advocate here. In the beginning of your submission you say that local government roles and involvements include library services, et cetera, then you go on to community, youth and cultural development, respite care, aged care services, child care, community assistance grants and provision of community facilities. Why do local governments buy into the welfare side of the community when generally it is considered that local government are roads, rates, rats and rubbish? What benefits do you perceive as being provided to the community by local government buying into it? In other words, why not leave it out there for the other community services to run those services? Why do local government get involved in it?

**Ms Wallace**—We are trying to say that there is quite a diversity across different local government authorities. In some areas it may be that the council has the most organisational infrastructure to mount a service and so it might be the best equipped to provide welfare services, whereas, say, in Brisbane, where there is a huge community sector able to do so, the Brisbane City Council does not provide direct welfare services. But alongside that is local government's community development role, where we are saying that, yes, local government is concerned about roads, rates and rubbish, but that the roads, rates and rubbish are there for people. Let us understand our communities and let us look at the range of their needs that the role of local government plays a part in addressing.

Almost everything that any sphere of government does has some social impact. It might be a town planning scheme that has a land use issue around the future of caravan parks, for example. If they are all in future urban zones, then eventually they may well disappear. What is the impact on those communities if that low cost rental option is not there any longer? That is just an example of the interplay between community development and welfare in the local government roles.

**Mrs ELIZABETH GRACE**—Mr Hoffman, would you like to comment?

**Mr Hoffman**—One of the reasons local government is involved is in fact because Commonwealth and state governments have, to various degrees over time, sought it. They have programs generated out of government policy but realise that they cannot deliver at

the local level; they do not have the infrastructure, nor the capacity, so they look to agencies of various sorts to assist them.

Invariably, local government gets involved because it has, as Helen said, the infrastructure and the organisational capacity to be involved. Overlay that with community expectations, in many respects, where Commonwealth and state government programs are not available or do not meet identified community needs. In other words, the programs that the Commonwealth government thinks are appropriate may not in fact be appropriate or may not even have been thought of in terms of what is a need of a particular community. The local community can identify that need, a council can respond, so you get an involvement, a devolution, an engagement from above, as well as a community expectation and need from below. Councils get involved for those reasons.

I would also add that related to the devolution or involvement of local government by state and federal governments is the establishment of programs seeking local government involvement which end because the government direction changes. But the community has received a service and still needs a service so the councils, in many respects, pick up and do their best to continue meeting a need that the Commonwealth and state governments have withdrawn from. So there are a variety of reasons why councils are involved.

**Mrs ELIZABETH GRACE**—The other thing you mentioned was that you thought pilot projects should be established because you think there has been inadequate debate and critique or analysis of the whole system. I probably should not make any suggestions, but how would you see these being operated? How would you go about having a pilot program in competitive tendering? That is probably what I am trying to say.

**Mr Hoffman**—Perhaps we would suggest, in advance of competitive tendering, that an attempt be made to establish those benchmarks and performance targets that government might want to achieve, and that arrangements such as those agreed price contracts be put in place. Whether that is with local government or whether it is with current providers does not really matter, but it is begging the question of what is the objective and can that objective be obtained with and through the current providers as opposed to thinking that a marketplace of itself is going to produce that outcome.

**Mrs ELIZABETH GRACE**—Thank you.

**Mr ALLAN MORRIS**—Firstly, I will just make you aware that, in your submission on page 4 where you mention that there is inadequate debate or critique or analysis, state government officials agreed with you on that. They confirmed that that was a fair comment, but they hoped to be better in the future.

Can I go to an area which perhaps has more to do with state government but which may be partly yours as well—that is, the question of licensing and regulations. I will ask in two ways—firstly, in terms of people and, secondly, in terms of facilities. There is now a great downward pressure on price which puts much greater pressure on quality and professional standards and building suitabilities and the rest of it. In other words, if a

person who is not a nurse but rather a personal carer can do a higher area like administer a bandage, and if a building can be used for a function which requires less expensive fitting out, both ourselves and the state governments have now, if you like, a heavier responsibility to ensure that the savings that come through on committee tenders are not just simply ones of up-scaling of functionality above a licensing capacity because your licensing rules become very vital. Is this being discussed between yourselves, or is it being discussed by your association? Is there any understanding or awareness of the significance of that issue?

**Mr Hoffman**—I am personally not aware of discussions that are focussing on that. Perhaps Helen may know. I could add the comment that I think what you are trying to ask is whether there are ways and means by which we can mix and match circumstances to produce outcomes.

**Mr ALLAN MORRIS**—I am trying to make sure that there are not artificial savings, that prices are not cut down simply because people are using lesser facilities or lesser skill levels to do a function. If a person is using an assistant nurse rather than a full nurse to do a function that is a professional function for a nurse, then that is a shift in functionality, which is critical. If a person is using a scout hall to run a service which would normally require that there be toilets and kitchens and so on fitted, then that would be a function for yourselves. Is it that savings may be made on ancillary support, either through personnel or facilities, so the licensing functions that you and the state government have do have to ensure that like is compared with like. In other words, is a kitchen being used which is not commercial standard to make Meals on Wheels, hence underpricing a professional standard kitchen which is much more expensive? There is that kind of problem.

**Mr Hoffman**—Let us put it this way. I cannot think of an example that might be a useful way to respond. One of local government's major responsibilities is in the area of public health. You can seek to jig and play with the standards. I have no problem with that, but I guess there are some basic bottom lines that you cannot go below in terms of maintenance of not only workplace health and safety but public health and safety.

By all means look to flexibility. Look to, perhaps, multi-purpose facilities where you might have a variety of standards that would normally be imposed in independent facilities, but look to multi-purpose facilities where you can find perhaps some common ground where there might be some flexibility in those standards to enable the facility to provide for a number of services. I recall some discussions some time back in relation to child-care facilities in terms of licensing and regulations.

**Mr ALLAN MORRIS**—That is an example.

**Mr Hoffman**—One of the issues was a process of devolving responsibility to local government to be able to licence the centre as a facility as a building, but have the state government retain the licensing of the individuals. We did not have a problem with that, as such.

**Mr ALLAN MORRIS**—Can you see the point I am making? If on one hand child-care services are required to have X number of toilets per child and other certain open space requirements, and someone is allowed to do that informally, then the cost of providing services is quite different. So what would appear to be a more competitive tender is actually made more competitive, not by more efficiency, but by a lesser level of regulation, and council being asked to be more flexible and to allow that kind of approval.

Child-care places is one of the areas in which that occurs. It occurs across a number of areas, and it is not clear cut. Because there is not yet a great pressure on competitive tenders at the moment, it is not coming through that strongly. But there is a great danger that, if you move to a system of more tenders, then you would start seeing more of it—people who are less qualified, areas that are less well equipped.

**Mr Hoffman**—A lot of the legislative and regulatory reform that is now taking place is moving away from prescriptive requirements to performance based requirements. We as an organisation do not have a major objection to that because it does provide flexibility, it does provide for innovation in terms of how you might go about the particular business. It does of itself, though, probably beg the question of how you are going to ensure that those performance standards are met and, if that is going to be a feature of a competitive tendering process, then it necessitates that the decision makers in the granting of those tenders have the ability to assess performance to enable that to happen.

**Mr ALLAN MORRIS**—It may mean that the generosity of spirit, if you like, of a particular local government area may make it much cheaper to put in a service in one municipality, whereas next door it may be much more expensive because they apply their own codes a bit more stringently.

**Ms Wallace**—There might be totally different issues around risk management between neighbouring local government authorities.

**Mr ALLAN MORRIS**—They are the big words at the moment—capital R and capital M—risk management?

**Ms Wallace**—Yes.

**Mr ALLAN MORRIS**—What I am trying to raise is that the potential for an artificial lowering in price is based on so-called efficiencies, which are actually more to do with a more flexible regulatory regime which allows people to do things that they would not normally or would not previously have been allowed to do. Local government therefore has a heavy responsibility as both a watchdog and, if you like, an enforcer of some of these things.

I am not sure what people are talking about. It is not in your submission and the state government has not raised it. Nurses raise it in terms of people doing some of their functionality and there being a concern as to how far they can move along the spectrum,

but it is one that you might like to put your minds to and think about.

**Mr Hoffman**—What you are saying is this: should we have flexible standards or an open mind as to how you would specify and assess the requirements? I guess the answer is yes.

**Mr ALLAN MORRIS**—Of course, yes.

**Mr Hoffman**—But, for example, in relation to child-care facilities, I would be inclined to think you would want to be absolutely certain that the people who are running child-care facilities are not only appropriately qualified but, I would suggest, appropriately screened to ensure that they are the right people in the right place.

**Mr ALLAN MORRIS**—If you divorce the function and you only apply your building regulations and you ignore all the other parts of it, and each agency that is involved in a level of regulation goes to its most flexible, you could find you could make a huge difference in the cost of the totality of the service—because you and state governments do not necessarily talk to each other in a whole lot of areas, and adjacent areas may not talk to each other. So someone could in fact end up with a much cheaper service and boast about efficiency gains and about how competitive they are, when in fact it is because of the generosity or the flexibility of the regulatory regime. That should be on your agenda today; I hope so. I do not think it has been.

Perhaps after today you might think about that, because I would be interested in a bit more insight as to how we could protect the community. I am not saying by being less flexible; I am just trying to see how we can ensure that we do not misuse flexibility as an artificial price reduction that may end up in a lower quality provision of service.

**CHAIR**—It is a long question.

**Mr ALLAN MORRIS**—It is a very important one.

**Mr Hoffman**—The answer is yes, flexibility is desirable. We are heading towards performance based standards; but, in a number of aspects of welfare services, there are some fairly discrete bottom lines that you would not want to go past, given the nature of the service and particularly of the clients, the people that are being serviced.

**CHAIR**—I thank you, Ms Wallace and Mr Hoffman, for coming along today and for your willingness to make a submission and to come along and wait all day to put it on the record. It is proposed to incorporate the supplementary submission from the Local Government Association of Queensland, dated 16 March 1998 and lodged today in the transcript of evidence in today's proceedings. As members have no objections, it is so ordered.

*The document read as follows—*



[3.37 p.m.]

**LEON, Mr Christopher William, Executive Director, Institute for Healthy Communities Australia, 1 Gladstone Road, Highgate Hill, Queensland 4101**

**CHAIR**—Welcome. Before proceeding, I wish 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 the House of Representatives itself therefore any deliberate misleading of the committee would be regarded as a contempt of parliament. This procedure also protects you and the evidence you give—which can be as frank and fearless as you want it to be—and gives you parliamentary privilege and protection for anything you wish to tell us to assist us with our inquiry. We have a copy of your submission. It is part of the authorised publications for the committee's inquiry, but I would like you to have an opportunity for a brief opening statement before we proceed to questions.

**Mr Leon**—The Institute for Healthy Communities has actually got a subsequent paper as well, that we would like to talk to today.

**CHAIR**—Is that additional?

**Mr Leon**—Yes.

**CHAIR**—Okay. Table that at the appropriate time.

**Mr Leon**—I will table the subsequent submission now, if I may. The Institute for Healthy Communities Australia was formerly the Community Health Association of Queensland. Our organisation's main purpose is to help build the capacity of other organisations to reorient the system towards a primary health care and a social justice model. We do that by running a quality management unit that actually runs a national accreditation program. We also do that by providing education and training. We support other non-government organisations and groups. We run public campaigns in terms of conferences, seminars and workshops. We recently co-hosted an international conference with the World Health Organisation. We also have a library and information unit, and we run a healthy ageing program and an elder abuse support line.

The organisation's main purpose here today is to talk about our quality management role as an organisation. We run a set of standards and an accreditation model for health and welfare services in Australia. Our organisation used to be just Queensland based. Since we wrote the paper, we have somewhat changed. We have actually opened operations in Western Australia and the Northern Territory—hence the need to change our name.

Some of the pressures that are on community organisations at the moment are things like the funder/purchaser/provider split, output based funding, mandatory standards and competitive tendering. With that, there are many different types of funding technologies also being used, such as the list approach, where we list services down and we fund the ones that we decide on; the submission based model; the needs based planning model, where we look at the type of needs the community has and we look at funding services to address those issues; the purchase of service and contracting; and individualised funding.

Our organisation itself originally was a funded organisation. We ourselves about two years ago lost our funding to go in the direction of the competitive tendering approach. We are a not for profit organisation but we actually now have to sell our services in the way of training and accreditations reviews, in a commercial or business approach. That puts us in a unique position, being an organisation that has actually had to go through change and operate in a competitive model. Also, as an organisation, we have had to struggle with our value system being social justice and primary health care, and how we incorporate that into a commercial or business approach. That has been quite a difficult task for us over the years, but we believe that we have actually been able to make that transition successfully.

One thing that we see as very important about the community sector—and I think it is one of the things that possibly we mistake—is that we often see community organisations as either failed mini-bureaucracies or failed businesses. They are neither of those things. They are unique. Their strengths are that they are small, they have local community knowledge, they are individualised consumer focused, they hold people very strongly in their value system and they usually work towards a common purpose.

I think that community organisations cannot really talk of not affording quality assurance. They cannot afford not to embrace quality management as part of their practice. With competitive tendering—and I think this was alluded to with the Local Government Association—quality management is becoming increasingly important within those organisations. If we are actually looking at competing for the dollar and we are actually funding on a unit cost, then the quality of that service delivery needs to be ensured and monitored.

The principles of quality management are that quality is defined by the customer. It is a process of improvement. There is a standardisation of processes; measurability; continual systems monitoring; continuous improvement; continual learning; the idea that people are the most valuable resource; organisation-wide commitment and involvement; and leadership. Quality is a journey and not just a goal.

Our organisation is linked nationally. Queensland operates in the Northern Territory and Western Australia. New South Wales operates in the ACT, South Australia and New Zealand. Victoria and Tasmania are stand-alone. We are all part of an organisation called

the Quality Improvement Council which is the national body that holds the actual standards and review processes.

We have recently upgraded our standards. We have a core infrastructure standard which applies to all services. In Queensland we would have about 80 per cent of all community health services. Health and human services in Queensland are undergoing our review process and our accreditation model. They all have a similar core infrastructure standard. Then there are modules that they can attach to those standards such as a primary health care module, a mental health services module, multi-purpose service module and home based care modules. Other ones that we are in the process of developing at the moment are Aboriginal health, training, counselling, women's health, alcohol, tobacco and other drugs, maternal and child health. We already have some of those standards as stand-alone.

If we are looking at the core infrastructure standard, they cover issues such as management and leadership, planning quality improvement evaluation, training and development, work and its environment, consumer rights, consumer and community participation and liaison.

The actual process itself is a continuous cycle, unlike other accreditation systems that come in—they actually do a tick and flick. Do you meet minimum standards? CHASP is a maximum standard model and it is a continuous improvement cycle. We assess that they are trying to meet those maximum standards in an ongoing way.

There is about a six-month process of education and training for the service where they familiarise themselves with their own practice and what they are doing. Then there is a period of one week where we come and validate whether the information that they have gathered has been correctly assessed. They then develop a business plan for how they are going to proceed over the next 12 to 18 months. They implement that and the process starts again where we come out and reassess whether they have actually met those requirements.

The benefits of going through a process like this—and it is an outcomes based model—are that there are an increased understanding of what the service actually provides, more efficient resource deployment and an emphasis on continual learning within the service. There is better sharing of successes within the service and with others. There are team building, a shared commitment, continuous improvement and a more open form of management.

We have many options for services. We are trying to be very flexible in providing services for very small organisations right through to very large entities but also we need to provide flexibility for organisations that are relatively unsophisticated in terms of service delivery right through to organisations that are extremely sophisticated, for example something like the Blue Nurses.

With those options we provide, automatically as part of the process, an ISO standard, which is from the International Standards Organisation. It is an international standard. It is a minimum model. They automatically gain international recognition under that process as well as going on to a maximum standards model. That concludes what I wanted to speak to in our paper.

**CHAIR**—You have gone to a lot of trouble with your submission. I was particularly impressed with the document about the standards establishment and how that is proceeding on to the subsequent submission. I was looking for the definition of a maximum standards model. What do you actually mean by that, simply?

**Mr Leon**—We get the industry to set the standard. We talk to them and it takes about a year for us to develop a standard. The last standard, our fourth edition, has just taken two years. We consult with the industry.

**CHAIR**—I understand that. What I mean is what is the difference between a maximum standard model and a minimum standard?

**Mr Leon**—Maximum standards are what an ideal service would achieve and they are striving to meet that. A minimum standards model is: do you have an adequate number of fire extinguishers; do you have the minimum requirement in terms of what you put on the document; do you have basic policies in place et cetera? A maximum standard actually goes much further.

**CHAIR**—Why would they be different? Why would you have a minimum standard and a maximum standard?

**Mr Leon**—Most accreditation systems have always been based on a minimum standards model. It is very much a pass or fail philosophy. That is really where quality improvement has come out of in history. Quality improvement now is moving much more towards a maximum standards model where services are trying to strive to achieve a greater level. Most organisations when they are confronted with a minimum standards model will only do what is required to pass.

**CHAIR**—Instead of getting 51 per cent for the exam, let us get 99 per cent.

**Mr Leon**—That is right.

**CHAIR**—I thought that is what it was but I needed you to tell me that.

**Mrs ELIZABETH GRACE**—You say that you are actually the victim or the result of the competitive tendering process. Would you like to go into that a little bit more: how you went about the process, how you dipped out and how you reassessed your situation to keep yourself viable and in business?

**Mr Leon**—It has been very difficult, I will say that. About four years ago the organisation was funded by Queensland Health to establish a quality improvement program in Queensland. We were already operating nationally and nationally we were fully funded.

**Mrs ELIZABETH GRACE**—Who was funding you then?

**Mr Leon**—The Commonwealth. When we opened up in Queensland the agreement was that we only operated for 12 months on funding and then we would move towards a commercial model straight away. The organisation prior to that had been funded to provide the healthy cities program, for example, urban health programs and other projects. We found it difficult to get off that funding once we had been funded. The organisation could not generate the income it required because the industry was not used to having to pay for services. There was often debate about who was responsible: whether the service or the government was responsible for paying for training, education or quality improvement accreditation systems and we were often stuck in the middle of those debates. We also had a problem with governments changing where, because we were so dependent on government services buying our product, if there was a change of government things froze and of course we did not have the cash flow to last sometimes eight months for the government to start purchasing again. We had those sorts of difficulties and that is just from a basic business operation sense.

Something that was much more difficult for us was to come to grips with running a commercial model when we had a value system that talks about equity and accessibility. We wanted to be able to provide services to organisations in a way they could afford them. For example, to operate a review in Normanton would cost us around \$10,000 for a very small service, yet a review of a very large organisation like Inala Community Health with 100 and something staff would cost us only about \$2,000 to do it, so Normanton was the organisation that would suffer. We tried to carry that by creating a fee structure that offset those, but really that just moved the burden from those smaller organisations onto us and we struggled with that as well.

The other area that we struggled with was our own membership base. We had an organisation membership of around 4,500 members and that has dwindled over the last few years. We feel that the reason for that is, because people are now paying for our services, they no longer see the need to provide that in kind support in terms of volunteering their time, et cetera. That has also been a major difficulty.

I believe that we have grappled with all of those issues now. We have a sustainable fee structure and sustainable operations. Our membership is starting to grow. What we have had to do is separate out the advocacy role of the organisation to the committee, develop lots of sub-branches that are able to operate in a very small local way and provide our commercial activities as being very separated from the advocacy role.

**CHAIR**—I notice on page 10 you are offering to our committee your services in order to assist in the development of mechanisms for establishing and monitoring standards to improve the efficiency, effectiveness and quality. A part of our terms of reference, you understand, is to consider recommending ways to achieve all that but you have not actually documented it. Are you suggesting to us that the procedure you are working through is a good model based on accreditation. Is that what you are saying?

**Mr Leon**—Yes, we are proposing that the services enter into a review process that is developmental. It does take quite some time, but we also provide a lot of training and support through that process so that they can bring themselves up to a certain level. A lot of the organisations that we work with would not be able to successfully tender for activities. They are organisations that are fairly unsophisticated in the way they deliver services and they are learning how to operate as businesses. We help that process along by providing them with training and support. We believe that the model we offer is the best of the quality improvement and monitoring organisational development models that are applicable in this sector.

**CHAIR**—From what I have seen of accreditation procedures, they are effectively as rigorous as a tender. A lot of effort goes into not tendering a price for something but tendering that you are good enough to be given the responsibility. From what I have seen and from what has been presented to the committee, this is very often what is referred to as a competitive tender. It is not so much ‘Please give us your price to deliver this service,’ because the fixed amount of money is already known and allocated. It is, ‘Please give us a submission in detail justifying why you have the quality control and all of the necessary professional people to back up the delivery of a service.’ I think the terms have got very confused about what competitive tendering really is. Even the terms of reference of our inquiry have not got it right. Is that in fact what this is all about?

It seems to me that a process of accreditation is as rigorous as a tender. It is an enormous amount of work for someone to satisfy government bureaucracy that it has got the right credentials to run a program.

**Mr Leon**—I think this is another reason why we moved away from a minimum standards model. Minimum standards models require the examination process where the service has to provide some sort of rigorous process to tell us whether they meet a standard or not. Our process is very much a self-assessment model where they spend the six-month process improving their organisation and developing a business approach and a business plan. We then come out and validate what they have done. We provide an external validation. The service does not have to go through that rigorous process that you are talking about to satisfy us, so all of their energies are directed into actually improving the organisation rather than giving us information.

I see the issues of quality and competitive tendering to be very different. I think organisations must or should have a quality improvement model in place and that is very

different from tendering to provide services and the process of that.

**CHAIR**—I was just making the observation that, from what has been presented to the committee so far, we do not have tendering as such. We have people justifying their credentials. There is considerable paperwork involved in that in ticking every box and going through the detailed quality of the people that are involved in it and so forth.

What you are suggesting is an accreditation procedure from the start. If a program is badly needed in some part of remote Queensland there are some organisations there that would be quickly allocated to it. Is that the kind of model that you are outlining to us, or am I stretching it too far?

**Mr Leon**—I understand what you mean. You mean that if there is an organisation in Normanton, for example, that we would actually be able to support that organisation to develop up to a certain level.

**Mrs ELIZABETH GRACE**—If there is an organisation in Normanton that you have accredited, that has gone through your system, that then sets a standard for us as a government to say, 'We need a service in Normanton and there is somebody up there who already has a standard.' Is that what you are aiming towards?

**Mr Leon**—Yes.

**CHAIR**—Yes, that is what I am trying to get at.

**Mr Leon**—I am saying those services that have reached accreditation you can be assured can provide good quality services.

**CHAIR**—The next step is to say how much funding should be directed towards it. That is the difficult part. How do you do that? How much does it cost to run that program in Normanton, or wherever it is? What is a reasonable budget for it?

**Mr Leon**—That is where competitive tendering comes in. If you have three organisations that are accredited, we know that they are all going to provide good quality services and they are all going to have a similar outcome. Therefore, it is then about the price they can do it for.

**Mr ALLAN MORRIS**—The next question is: how can they make it cheaper if they are all providing the same quality service?

**Mr Leon**—They should not be able to. There should be only slight variations. But there are going to be slight variations because an organisation that is large enough is going to have a reduced infrastructure. There is going to be a tendency, under a competitive model, to fund larger organisations than smaller ones. If they are all providing the same

quality, the only organisation that can do it is the organisation that can offset their costs.

**Mr ALLAN MORRIS**—Is your process sufficiently transparent to show whether a person is taking a loss, whether they are quoting incorrectly, or whether they are cross-subsidising?

**Mr Leon**—We can certainly build that into the model. The model looks at whether they are structuring their services appropriately, which would cover that issue. It also looks at a systems and financial audit as part of that process.

**Mr ALLAN MORRIS**—I will give the example of the famous Mr Roude and the employment service in Sydney that does not exist yet and for which he has actually put up a price. He has put up all these parameters as to why he can deliver a good service but he has not actually delivered one. How would you handle that?

**Mr Leon**—We couldn't. We cannot accredit a service that does not exist. We could certainly do a minimum model. When an organisation says, 'We have just opened our doors. We have been operating for two weeks', we could do a desktop audit and say, 'These are the minimum things you need to have in place now to open your doors. In six months time we will come back and look at what your quality is.' You cannot assess the quality until the service actually starts to operate and get some infrastructure behind it. It is about saying, when they open their doors, that it is about minimum requirements.

**Mrs ELIZABETH GRACE**—Taking a slightly different tack, if someone you have worked with has been quality assured and does have ticks on all the lines and is aiming at the maximum levels for processing, does that put the smaller organisations in a better position to come into the competitive tendering process? What we have been hearing is that if we go into a competitive tendering model, a lot of the smaller organisations are going to fall over because they just do not have the wherewithal to tender. Will your program and your training of the smaller organisations help keep them in the race and help keep them in the system?

**Mr Leon**—Yes, I have no doubt that it will. The caveat that I would put on that is that a service which went through this process would have to reach accreditation. Any organisation that actually reached accreditation would be able to actively compete with any other organisation.

**Mrs ELIZABETH GRACE**—Yes, it puts them on an equal footing with some of the bigger organisations that already have systems in place.

**Mr Leon**—Yes, it would put them on an equal footing. The issue with that is that some smaller organisations might not be able to reach accreditation.

**Mrs ELIZABETH GRACE**—Yes, I understand that, but I am going to the nth



degree: when you have given them the stamp of approval, the seal, the gold star, or whatever it is, at the end they would be in a fairly competitive position to compete with others in that field of service, or whatever might be required?

**Mr Leon**—Yes, I would have no hesitation in saying that if they were accredited, they would be one of the best services in Australia.

**Mr ALLAN MORRIS**—So an alternative to a competitive tendering model would be a model where organisations which are accredited, whose costs of management inputs and overheads et cetera that you have built into them are transparent? A government could engage them on a contract with a rolling review or a periodic review requiring that they keep outputs to an appropriate level in terms of the standards established and that administration or whatever was within reasonable parameters. That would mean governments could say, 'That is reasonably efficient, it has good outcomes and the quality is through the process, not simply through the outcomes.'

**Mr Leon**—Yes.

**Mr ALLAN MORRIS**—So that would provide an alternative model to a competitive tendering model to governments that are looking to ensure that they were rigorous about how they spend taxpayers' dollars and so on?

**Mr Leon**—Yes. There will be situations, I imagine, where there is no-one to compete with, and you would be looking at a model that also supports that.

**Mr ALLAN MORRIS**—That model I am suggesting is as an alternative rather than where there is only one model. Competitive tendering is being proposed as a way of ensuring that you get efficiency and effectiveness and so on, but it is hard to build quality into that model unless it is a requirement. If you do it your way and build in the quality first, you do not require the competitive tendering.

**Mr Leon**—I would agree with that; I would support that.

**CHAIR**—I notice that you have made a very practical suggestion in your submission about the function of an external auditor in this whole monitoring of standards. That is fine, but could you give us some ideas on who you think the external auditor would be? Is it a completely different advocacy network? Who would you recommend to us?

**Mr Leon**—I believe the only experts are the people actually delivering services, people who are actually involved in providing those sorts of organisations. The way our model and other accreditation models work is that we actually train nationally a pool of reviewers, or surveyors. Mostly those courses are actually linked to universities. For example, ours is linked to the Primary Health Care Reference Centre in Queensland to

actually provide accredited training courses to teach workers in the field to actually become auditors. Then we actually use that pool nationally to put those people onto reviews.

**CHAIR**—So it is peer control?

**Mr Leon**—That is right. The benefits from that flow both ways: not only do you actually have the benefit of peers coming to an organisation to look at how you provide services, but also those people can take information back to improve the sector as a whole. We also have in our review process an internal reviewer, who is one of the people from the organisation itself who also forms part of that review team. That gives the service ownership over the actual process, so it does not feel to them like an exam; they actually feel it is a process that they are undertaking themselves.

**Mr ALLAN MORRIS**—It also provides potential for an ongoing internal process, doesn't it?

**Mr Leon**—That is exactly right.

**Mr ALLAN MORRIS**—One of the requirements we have is that, if it is only once a year reviews then you get great lumps, but if qualities are concentrated it is not simply once every so often.

**Mr Leon**—Not a month goes past where we are not in contact with services to see how their process is going. The services provide a membership fee to us where they pay yearly for the ongoing support. We make sure that the services are continuing to go through that cycle and implement the development plans, et cetera. If they actually stop doing that or enter out of the process, we take the accreditation away. We do not believe a service not going through that is providing quality if it is not providing a continuous improvement process.

**Mr ALLAN MORRIS**—We found in the HACC process and so on that clients were reluctant to complain. I think we had a situation where there were complaints by providers against clients but no clients complaining against providers. How do you ensure within that quality system, the clientele—and it may well be in all the material you have given us—the recipients of service, in many cases frail aged or people with disabilities or psychotic illnesses and so on, have a capacity to feed back into the process?

**Mr Leon**—We take the systems approach to this issue and we look at what systems the organisation is using to address that. For example, as an organisation we would be looking to see how they are getting consumer feedback. How are they finding out about complaints? How many complaints have they received? What have they acted on in terms of those complaints? Are they doing consumer surveys? Are they doing exit interviews of consumers? Are they correcting? A sign of a good organisation is not an

organisation that does not get complaints; a sign of a good organisation is an organisation that gets lots of complaints, acts on them and fixes and corrects those issues. Those are some of the types of things that we would look for.

It is very difficult to take any approach other than a systems approach to monitoring this issue. In the actual process itself, we also have an avenue where the review team interviews a group of consumers that is randomly picked, as another validation process.

**CHAIR**—Can I get back to my question about the external auditor. I am just sitting there thinking: how could you set up something like that that had the respect of the agencies in the industry, if you would like to call it that, but also was autonomous, separate? I have got some difficulty in my own mind, trying to get around that.

**Mr Leon**—Work out how the independence is put into that.

**CHAIR**—Yes. I agree with the fact that it has got to be credible, but there is a need to have them separate. That is the big problem we have got here: to have these transparent processes where no-one can ever say they got at him to get a tick on their pass rate.

**Mr Leon**—To make the process credible, we have to make sure that we use qualified people. We aim for senior management people, in most cases, as being the most appropriate. We make sure that there is a rigorous examination process within the training to become an auditor. Also, we have guidelines in terms of how we use those auditors once they have trained, how they retain their licence to audit and where we use them.

For example, we would not use a staff member from Inala community health on Ipswich community health. We would use someone from Inala community health on, say, Cairns community health where those people are not well known. Organisations have an opportunity to reject the review team that we nominate. We nominate the review team to start with and they have an opportunity to reject them if they have some problem or issues with the people.

**CHAIR**—Sort of like a jury selection process?

**Mr Leon**—It is actually, yes. It is a bit like a jury selection process.

**CHAIR**—That has got some merit. I would like to thank you, Mr Leon, for your time and effort and for the submission of your extra information. Is it the wish of the committee that the document be incorporated in the transcript of evidence? There being no objection, it is so ordered.

*The document read as follows—*



**CHAIR**—Thanks very much, Mr Leon. Thanks for sitting out most of the day to give us your thoughts.

**Mr Leon**—My pleasure. Thank you.

[4.16 p.m.]

**CARROLL, Ms Anna, Chairperson, Queensland Women's Health Network, GPO Box 485, Brisbane, Queensland 4001**

**TAYLOR, Ms Miriam, Worker, Queensland Women's Health Network, GPO Box 485, Brisbane, Queensland 4001**

**CHAIR**—Welcome. Before we proceed, I wish 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 therefore be regarded as a contempt of the parliament. This also offers you protection in the evidence you give—you can be as frank and fearless as you like—and gives you parliamentary privilege and protection for anything you tell us to assist our inquiry.

We have a submission from you which is part of the published record but you may want to make a brief opening statement with respect to that. It was submitted some months back in July last year. You may have some additional thoughts you would like to make before we proceed to questions from the committee.

**Ms Carroll**—Thank you. We do want to put a context to our discussions with you. We have come along as representatives of the Queensland Women's Health Network and we thought it might be helpful for you to have an understanding of where we come from and so the concerns that we bring. We are an organisation that started back in Queensland in 1986. At that time in Queensland there was only one community based women specific health service and that was not funded. It worked on the smell of oily rags, lamington drives and with women as volunteers. We were able to establish the Queensland Women's Health Network and that came out of, once again, women networking together. After being down at a community health conference in Adelaide, they came back to Queensland and, from 1986 to 1993, worked together as a statewide group to lobby and to bring information from the other states into Queensland so that we could get funded services. In 1993 we did receive funding from Queensland Health, a total amount for the network of \$30,000. We still retain that amount today.

Since 1993 we have tried to bring women together from around the state to do some advocacy and planning on the health services that we now have. We do research projects. We undertook a project called Asking Women, which mapped out models of best practice in Queensland for women's health. We host regional forums in places like Collinsville, Rocky and Gympie—Collinsville is outside Townsville. In conjunction with QCOSS last year, we did host a forum entitled The Tender Age, which was looking at some of the early processes of what community services will go through to tender.

One of the things that people often do not realise is that it is a voluntary

organisation. Miriam is the only paid worker. The other members are from a management committee of community women from Brisbane, Townsville, the central coast, south-west Queensland and western Queensland. We do that work voluntarily. We do work via the phone. We do teleconferences every month and, obviously, we are happy that there is e-mail now. We do a lot of work with information technology to keep in touch. We have also tried to broaden our membership—we have over 170 individual members or organisations. We were hoping that today we could provide you with a perspective of some of the issues that women are raising about how this may impact on them as service providers and as women, so our presentation is slanted that way. Miriam has some specific information for you that we would just also like to preface.

**Ms Taylor**—I will begin by stating that we are funded currently under the national women's health program, which is a national initiative with state tied funding until recently to services. We currently have eight women's health centres throughout Queensland and a number of other concomitant services around the state for women. The national women's health program is based on the social model of health and wellbeing, not the medical model; and under that philosophy there is a philosophy of collaboration between services and service providers, not one of competition.

We are very new in many ways in terms of Queensland's women's health services. We are very new to the environment of competitive tendering. We have recently had some experience of contracting out of services, but competitive tendering has not occurred yet within the specific women's health sector. It has, however, occurred within the sexual assault service sector in Queensland. I can give you some highlighted examples which might carry our message about collaboration versus competition.

We have more than 30 sexual assault services around Queensland. They are all very diverse in terms of service provision, service structure and philosophy which drives them. We may, in some cases, have sole providers out west who are sexual assault counsellors, crisis care in hospitals or 1800 numbers where women can contact counsellors 24 hours a day, so they are quite diverse.

We have found in Queensland under competitive tendering in that sector a number of different factors that have caused distress, not only in the service provision sector but in the clientele. We have found with competitive tendering that short lead times in the sexual assault area have really contributed to high stress and to a competitive nature between services rather than collaboration. In other words, when you are all going for one bucket of money it is more than likely that you are not going to tell your competitor, whom you may have collaborated with for 15 years, what you are actually offering in terms of a service.

We have found that with community based management structures like our own in the Queensland Women's Health Network, there is often a reliance on the management structure to take the workload for the competitive tender. It is an enormous workload, as

anyone will know, when you are actually writing a tender for a management committee who are often just members of the community. They do not have specific skills; they do it out of commitment—they are unpaid. It can be a huge and onerous task for them to take on the tender writing process and see it through.

We have found that there is no incentive in terms of competitive tendering, certainly in the sexual assault area, for any gender analysis at all. It does not make money to analyse things in terms of gender and that is certainly one of the driving features of sexual assault services. What you can purchase that is visible is often more competitive in that environment, like the 1800 numbers, the clinical response in rape crisis centres inside hospitals—that looks better than a counselling service out at Roma. Often the long-term benefit, the informal benefit, of a counselling service, say, in Roma is an invisible benefit; it is very difficult to quantify.

We have found, too, that inside that process of competitive tendering for sexual assault services no-one else can really pick up on these kinds of issues. It is a very specialised field and it requires, more often than not, a commitment from workers and a commitment from management structures to maintaining that service. It is not something that is easily marketable. It is very difficult to market. ‘Do you want to provide sexual assault services for women in a specific area?’ is not very groovy.

Taking up that theme of what has been happening for sexual assault services—tell me if I have gone on for too long—

**CHAIR**—I would like to get an idea of how long you will be. I wanted to ask about that sexual assault service, but if you are going to finish soon I will not interrupt you.

**Ms Taylor**—I will not be long. We have experienced in the women’s health sector a movement from submission based funding to output or outcome based funding. That is occurring now. I can only reiterate what the difficulties are, which I am sure you will pull out of us, in terms of the long-term benefit. The social versus the economic benefit that is often discounted or devalued inside this specific sector is not factored into any kind of competitive tendering process at all. Any one of those instances, from sexual assault services to women’s health centres to domestic violence services, can be utilised there to give examples. Often, as I have stated, best practice for these services is not based on cost efficiency. It is based on long-term benefit to individual clientele and on that model of preventative health strategies. I have finished on that point.

**CHAIR**—You can come back to any of those points. I would like to ask you about this sexual assault service because you have said that has already been subjected to a competitive tender approach. Could you tell me what sort of approach that is, because I understand that is very much a Commonwealth funded program? Is that right, or is it a mixture?



**Ms Carroll**—It is 100 per cent state funded.

**CHAIR**—It is entirely state?

**Ms Carroll**—It is entirely state funding.

**Mr ALLAN MORRIS**—Funded or managed?

**Ms Carroll**—Both.

**CHAIR**—What is the process though? Was it a genuine competitive tender? Or was it: ‘Here is an allocation of money to establish a relationship with an organisation, direct to them to deliver a service. Please submit to us all of the information that backs up that you are credible people’? Or was it a tender? And a tender is: ‘Here is what I want. Tell me how much it is going to cost me.’ There is a difference. Which one was it?

**Ms Taylor**—It was the latter.

**CHAIR**—Was it? Completely open ended—no money indicated in the documents to tell us what this is going to cost us?

**Ms Taylor**—And a number of services who had been players in the sexual assault sector lost out in the process, and others were funded above and beyond—in terms of peer credibility they did not actually have it, but they won the tenders.

**CHAIR**—Was it for services that were already being delivered or was it for a brand new service?

**Ms Taylor**—For services already being delivered.

**Ms Carroll**—I think it highlights the example of one of the issues that we have with the process—that is, that it was driven from: we have done this surveying and investigation at a departmental level and believe that these services should be offered and available. Some of those services flew in the face of what the community may have been asking for and requiring. So, with competitive tendering, it is the process of who sets what is required. Our concerns are that it shifts from where, in the past, we have been able to say, ‘The community are saying they need this and we can be responsive and innovative,’ to a process that says, ‘We want to buy this and this and this, from the information we have.’ That kind of planning and determination of who buys and gets what, and how that is determined, is of concern in this process of competitive tendering.

**CHAIR**—You had better inform the committee which state department it was?

**Ms Carroll**—It was Queensland Health.

**CHAIR**—Queensland Health?

**Ms Carroll**—Yes. It probably would be of great value to speak with them because, to our knowledge, the Department of Health was one of the first departments to go through the process.

**Ms ELLIS**—You said that the process ended up giving programs already being conducted into the hands of a different service deliverer. What was the process that the current deliverer at that time faced? How were they divorced out of that? What happened to them? Did they compete? I take it they did.

**Ms Carroll**—Yes.

**Ms ELLIS**—If they did, what notice did they have prior to that process? What were the reasons given for having to set up the competitive process, given that they were already delivering the services? What happened to that organisation at that point?

**Ms Carroll**—It is my understanding—and it would be good to check with the department—that the service agreements were not renewed. So you got to a point at the end of the service agreement which ran its natural course.

**Ms ELLIS**—I am only asking this because this is following on from earlier witnesses: do you happen to know whether there had been any—for want of a better term—counselling between the government department and the provider at the time to indicate that there was a problem with their service agreement and the delivery of their service? Or did they just say, ‘Sorry, this has ended. We are now going to do it a whole new way.’ Was there anything more than that?

**Ms Carroll**—In some instances, there were and, in others, I do not think we could comment because we were not familiar with them.

**Ms ELLIS**—Was there more than one provider involved?

**Ms Carroll**—Yes.

**Ms ELLIS**—And is there only one provider now or did it go to a multitude of new providers?

**Ms Taylor**—Within Queensland under the prevention of violence against women program, there are more than 30 service providers in sexual assault services around the state.

**Ms Carroll**—So in that process, at the end of that tendering time, some services ceased to exist and others opened as brand new services as a result of going through the

tender.

**Ms ELLIS**—That is what I wanted to know.

**CHAIR**—Because you are the first one who has brought it to our attention, we are wondering why the previous submissions—

**Mr ALLAN MORRIS**—Because it was family and community services; it was not health.

**Ms ELLIS**—It is a different department.

**Mr ALLAN MORRIS**—In fact, it was brought to my attention outside that the health department had been doing some work, but they were not part of the submission this morning. HACC is also administered by health. That is what the Meals on Wheels people were saying.

**CHAIR**—Could you just go through with us again why those outcomes have not been good outcomes in respect to sexual assault?

**Mr ALLAN MORRIS**—Why are you measuring outcomes? You said it is hard to have an outcome measured—an outward based system. You said it was hard to do that.

**Ms ELLIS**—How do you quantify it all?

**Ms Carroll**—I do not know if this is the question you are asking, but some of the services can be produced—for example, particularly from a sexual assault service at a women's health centre—under a model where you are based on purchasing services and you have got to account for them and input them and have them as a data collection. Systems and processes are quite easy to do. So you can count the number of phone calls and you can count the number of counselling appointments. But other services and programs, particularly under the national women's health program, where they do a lot of work in health promotion and community development, the long-term benefits of that preventative work is very difficult to see, to count and to quantify.

Our concern is that, under this current process of competitive tendering, how would the government ask us to provide that as a service? How would they say to us, 'We want to purchase this, this and this' when it does not bundle up easily. Some of those kinds of descriptives and that very narrow definition of what is an outcome and an output do not fit well, particularly in a social model of health.

**Ms ELLIS**—It is the same as trying to get any government to spend money with a 20- to 30- to 40-year view towards good ageing. It is the same thing, is it not? Is that what you are saying?

**Ms Carroll**—Exactly.

**Ms ELLIS**—So then how do you say that the money that you have programmed in has prevented older people from getting dementia in 30 years time? How do you quantify that? You are asking how you go in there and do that preventative work and then prove that you have brought the statistics down? That is the difficulty, is it not, in outcomes and outputs?

**Ms Taylor**—Yes. Additionally, how do you actually quantify the long-term informal benefit that a woman and her family may receive from post-sexual assault counselling?

**CHAIR**—That is a good perspective; thanks for that. Are the services being delivered though, nonetheless? What is wrong with the services being delivered? Your concern is about your ongoing justification, but there is a service being delivered now as a result.

**Ms Carroll**—At the moment.

**CHAIR**—Yes; at the moment. It is a fear, is it?

**Ms Taylor**—I think it is a fear founded in what is happening in other states and what is also being full run here in Queensland in terms of output based funding for the particular element of the community sector that we work in.

**Ms Carroll**—We are having discussions. We came this morning from a meeting with our health department where they were saying, ‘We will ring you and tell you what we need to purchase.’ Our concern is that we have things that we believe and that the community are saying are valuable and should be purchased but, within the constraints of what our planning is telling us at a government level—this is what we can pay for and this is how we have to accommodate and account for it—some valuable things may be lost. Yes, it may be a fear but, as Miriam said, the concerns are what we are seeing elsewhere in some of the shifts in-house as well.

We do not know that it is a particularly good model to use in this sector because within this sector come some other things. There are some roles that perhaps are best to be played by the government because there are people that miss out and there are people that fall by the wayside in being competitive, which might be okay in a larger organisation when you are working with transport or postage, but when you are working with some delicacies—such as, in our case, violence against women and young women who have been abused and who go on to be long-term users of the health care system—there are some services that we believe should not be subjected to competitive processes. That is not to say that they should not be accountable and they should not be competitive in what they are doing. You will get a clear message from us that there are certain philosophies

that come with some social services, that may be lost if it goes to the best bidder as opposed to the best service provider, that I do not think have been captured in this instance.

**CHAIR**—You have had a meeting with the department of health this morning? They have not spoken to us. We will try and fix that.

**Mrs DE-ANNE KELLY**—The competitive tendering that you just referred to would be the one that the Mackay region's sexual assault support service missed out on. It was defunded, wasn't it, in my area?

**Ms Carroll**—Yes.

**Mrs DE-ANNE KELLY**—So the points that they make are the ones that you have made today. They tell us—and this is on page 13.81—that they were not funded because of value for money and yet they have not been able to get any information, so they say, on how that decision was arrived at as to what actually makes up value for money. In services like that, crisis services, is there a difficulty with continuity, with women that have been attending a service like that and going back and finding that the door is locked?

**Ms Carroll**—Due to this process?

**Mrs DE-ANNE KELLY**—Yes.

**Ms Carroll**—From my experience, there was a period in one service that I worked at—I cannot speak for any of the others—where the books had to be closed because there was no guarantee or no knowledge that the service would be there at the end of the process. So that was a real fear where I was at the time; I cannot speak for other services.

**Ms Taylor**—On that topic, it is interesting that we followed on from the last speaker. Currently as it stands, services that we have contact with are not being funded for accreditation nor are they being funded for the SACS award, which is an award that they have to meet inside the community sector. They have to pay their workers to that award. So they are not being funded incrementally for that award increase and they are not being funded to be accredited and yet they are required to be accredited.

**Mrs DE-ANNE KELLY**—How much does it cost for a small service to become accredited, roughly? I guess it is how long is a length of string.

**Ms Carroll**—From my experience of being involved in a service that was, the first payment to have your first review is \$8,000.

**Mrs DE-ANNE KELLY**—Who does this? Is this done by the state or the federal government?

**Ms Carroll**—The services have to do it themselves and, in this instance, we are talking about a women's health service. That was through CACS using standards from New South Wales for women's health. That amount could be for the whole accreditation process, but the former speaker would be the best person to have that information.

**Ms Taylor**—Many of these women's health centres run on very small budgets with huge levels of staffing, and they are covering enormous areas as well, as you would be aware. On a budget of \$260,000 for, let us say, Ipswich Women's Health Centre and Sexual Assault Service, that is a fair whack of money that is being required. And if they are required, even more so through the competitive tendering process, to maintain accreditable standards and also to pay their workers award rates, we have the experience—as we have now in Gympie Women's Health Centre—where they have to shut their doors for one day a week, and they have had to reduce staff because they cannot afford to pay their workers.

**Mrs DE-ANNE KELLY**—Is this because of the CACS or—

**Ms Taylor**—Yes.

**Ms Carroll**—In our submission we talk about the need for accreditation, and I think that is one way that our sector sees that we can be credible and accountable. But that does not necessarily mean that that is the answer to everything. That is just one component of it. As we said, there are accredited services that have had to go to this level. They are going through accreditation but they still are having difficulties with meeting wages. Just because you are accredited it does not necessarily mean that you are competitive, it does not mean that you are innovative and it does not mean that you can be responsive.

**Mrs DE-ANNE KELLY**—What does accreditation cover?

**Ms Carroll**—I think it is about quality processes. From our experience it is about ensuring that you have a common philosophy in process and understanding in place for the whole of the organisation that filters through down to where the first aid kit is, through to exit signs on the doors. It is very broad and it is an involved process. In going through the accreditation process, I think you asked the question, is it the same as going through the tendering process?

**CHAIR**—Yes.

**Ms Carroll**—I do not believe it is. Accreditation is not pass or fail. It is, 'We can work with you over a period of time to address your organisation issues.' Tendering is pass or fail; you either get it or you do not. And, as we have seen, if you do not, unless you have something else, the doors close. With accreditation, if you do not pass, you have an organisation and support from CACS to work with you to meet that, to get you to a

level where you move on.

**Mrs DE-ANNE KELLY**—You cannot tender until you are accredited; is that right? Or, if you are not accredited, you will not win the tender; is that right or is it wrong?

**Ms Taylor**—Not at the present moment. It has not been the case for sexual assault services.

**Mrs DE-ANNE KELLY**—So you can tender even if you are not accredited and still win the tender. So why go through the accreditation, especially at that sort of cost?

**Ms Carroll**—I think because it is a valuable process for change in an organisation.

**Mrs DE-ANNE KELLY**—It would want to be at \$8,000, wouldn't it?

**Ms Carroll**—I think some of the services are wanting to do it because we are aware of the forecast that a minimum requirement to go through a tendering process will be to have a level of accreditation. If you are sitting on the outside as a consumer, if you want to go to a service, it is good to know that that is an accredited service. You know you have got rights.

**Mrs DE-ANNE KELLY**—So you are in favour of the accreditation even at that level for small centres in small communities.

**Ms Carroll**—The principle, yes. The practicalities, I think, need addressing, definitely. I personally believe the principle is a good one and I think our submission said that we think that is a good way of having accountability, and it brings about legitimate change within organisations. It is quite healthy.

**Ms Taylor**—But, additionally to that, I think we have made the point in the submission as well that we would not like to see accreditation replace the role of government. We really find that the role of government is the key to this sector, especially to the women's health centre.

**Mrs DE-ANNE KELLY**—The only reason I ask is because I have had complaints from very small centres that that accreditation cost is really onerous. It is a considerable burden.

**Ms Carroll**—It is, absolutely. I could not agree more. Not just for small organisations but any organisation at this time, when there are no wages moneys coming through and there are no CPI moneys coming, that is valuable money when you see the demand in the community. When you have to make that choice it is very difficult.

**CHAIR**—I heard Ms Taylor say that the government should always stay in there. Could you perhaps give us some insights into what you think the role of government is in all this? There is standard setting, monitoring and ensuring proper accountability. The second part of this question is that you get all of these agencies accredited but they are not all going to be funded. You can only have one or so in each community, so I am a bit confused about how you decide which one gets funded because they are not all going to be funded, credible as they all might be. What is the government's role in all of this?

**Ms Taylor**—On that last point, we have found in the women's health sector and in the women's sector generally that there is no duplication of services. In fact, there is probably a paucity of services, and they try as hard as they can to meet all of the unmet needs in their specific communities. We are certainly not overflowing with resources, nor are we overflowing with services.

In terms of the role of government, the ethos of the national women's health program has been developed at a national level and driven by government. We would like to maintain the role of government in driving policy and developing policy that maintains the national women's health program longer term, not just in this state but in all states around Australia.

**Ms Carroll**—I think there is also a need—and this is a crude thought which could be developed further—for some of that channelling of all the information that is held out in communities to be channelled into policy and also into planning. So, if you have 30 sexual assault services across the state who have tendered, are given their money and told, 'Thanks for coming; just give us a report now and then,' but you are a competitive service now, where is all that information? Where are the trends and the emerging issues that can then create a greater response?

There has been a vacuum of new and innovative services in Queensland for a period of time, and that could be because there has not been that channelling of information so that we can get planning in response to emerging trends, so I think that is the role. Some people might call it duplication, but I think it is another level of accountability to have some level of program management within government departments, particularly the stringent auditing departments. These are the financial auditing processes that programs and budgets have to go through. That is another way of doing it.

**Ms Taylor**—In late 1996 the report came out, and we had to obtain a copy, through freedom of information from the health department, of the state financial and service evaluation which was undertaken for the national women's health program in Queensland for all the services, including the eight women's health centres. What the evaluation actually states is that the services provided around the state, over time, have been extremely cost effective and have targeted specific areas of unmet need. In terms of the government role, they initiated that state evaluation of all the services, pulled it together and did a service audit and a financial audit of all the services as well. That is



accountability in our terms—strict accountability—back to the public and the public purse.

**Ms Carroll**—I do not think it is a government's role to be involved in the 'how to' of service delivery. I think that is why you want responsive, on the ground, services. That is where I see we need to find a successful way of saying who can provide the best service, 'Yes, you have been awarded this contract, agreement, or whatever it is. These are what we require from you,' and the service can get on and do the actual 'how to'. A significant amount of a service coordinator's time—I would say at least 30 to 40 per cent—is caught up just reporting and putting out fires that are a result of being part of, involved or funded by government, under the current ways and in the current 'will we, won't we' tender process. That is a lot of valuable time lost.

**Ms ELLIS**—I just wanted to go back very quickly to the accreditation discussion of a couple of minutes ago. Would it be right to say that part of the problem is that almost all community groups of one sort or another now have to start to become self-funding to some extent, and that \$8,000 or whatever it is is from the organisation? I notice on page 2 of your submission you mention that the Commonwealth government has withdrawn funding from the Australian Community Health Association secretariat in Canberra. That sort of decision can sometimes, I would imagine, lead to an impact where the accreditation process becomes more costly: the organisation running it has to recoup its costs to continue to provide the service. Would you agree?

**Ms Carroll**—Definitely.

**Ms ELLIS**—So whilst we are saying that it may be costly, there are reasons for it being so.

**Ms Taylor**—Absolutely. We would not deny that the accreditation process is a good one and very valued by the services.

**Ms ELLIS**—I am not debating that at all. It is what you have got to pay to get it.

**Ms Taylor**—It is also part of something bigger in terms of accountability. We still want to maintain that government accountability process, top down. Whoever is funding the services needs to know that they are working well.

**Ms ELLIS**—Sure.

**Ms Taylor**—Accreditation is only one aspect of that.

**Ms ELLIS**—Absolutely.

**Mr ALLAN MORRIS**—Why did the Commonwealth pull out of the national

association or stop funding it?

**Ms Carroll**—I could not comment on that.

**Mr ALLAN MORRIS**—You say the role of Commonwealth is national standards setting, national monitoring and all the rest of it. It seems a bit strange to pull out of funding a national accreditation body, doesn't it?

**Ms Taylor**—Neither of us can comment adequately on that.

**CHAIR**—Thank you, colleagues; thank you, Ms Taylor, for your time and effort and for drawing our attention to something we were not aware of prior to your comments, which we will pursue.

[4.54 p.m.]

**JONES, Reverend Douglas Lawrence, Member, Churches Community Service Forum, Warry Street, Fortitude Valley, Queensland**

**KENNEDY, Mr Brian Francis, Member, Churches Community Service Forum, Warry Street, Fortitude Valley, Queensland**

**SMITH, Mr Kenneth John, Member, Churches Community Service Forum, Warry Street, Fortitude Valley, Queensland**

**CHAIR**—I think it is good to see the churches cooperating. 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 the proceedings of the House of Representatives itself. Any deliberate misleading of the committee may be therefore regarded as a contempt of the parliament. This also protects you and the evidence you give, which can be as frank and fearless as you please, and also offers you parliamentary privilege and protection for anything you have to say to us to assist us with our inquiry.

Could I save you the trouble of trying to sort out our terms of reference. Since August we have sorted that one out. You may want to comment on that but I will give you some brief opportunity to summarise your thoughts to us. Your submission is already part of the public record. In whatever order you choose, could you briefly—we have been here all day and have probably heard what you are about to say in all of the centres we have been to around Australia—use this opportunity to make sure Queensland does not blunder into something that other states have.

**Mrs DE-ANNE KELLY**—That is very provocative, Mr Chair—getting rather wild in the afternoon.

**CHAIR**—I have been here all day.

**Rev. Jones**—Mr Chair, we have spelt out in our submission the values base from which the churches have operated and continue to operate. They are based on our understanding of the people being made in the image of God. They are people thus who are valued and they are people who are worthy of our utmost efforts. We have indicated that a caritas or love or grace is also foundational to the way in which we respond to people in need. We have not spelt out there that for us the life of Jesus Christ is exemplary as a model of self-giving love and has both been a model and an inspiration for the Christian church down through the ages as it has looked around itself and it has seen people in need. We have responded to the needs of people both as individuals and as community. Often times our community response has grown beyond our wildest imaginings into very major infrastructure. In making that comment we have not sought to

be paternalistic, although at times our responses may have been interpreted as such.

We believe that governments and other agencies, including church agencies, should not take over the proper responsibilities of individuals, families and community groups. Balanced against that notion, which in Catholic theology is referred to as subsidiarity, is our commitment to solidarity, standing with people in their need, to ensure that they have what they need to maintain human dignity. We believe that those two notions of subsidiarity and solidarity are in creative tension and they inform the way in which we look at our role in society. I believe also there would be an important consideration for us in looking at how government responds either with a minimalist approach or with an interventionist approach to the needs of community.

We are committed to holistic care and one of the issues that has surfaced for us has been that if we move to a constrained competitive environment then we are concerned that our capacity to advocate will be muted; and that has been expressed in our submission. So our fundamental values are the value of each person and the care for each individual, our understanding of each individual and a respect for and enhancement of each person's human dignity.

In looking at our own history, we have responses to community needs that stretch back generations. Because of that commitment both through communities of faith and by those communities of faith drawing in other people of goodwill, we have developed substantial infrastructure. As we have looked at the role of competitive tendering in our current responses to human need, we find we are not opposed to the notion of competitive tendering, but it should be in certain prescribed areas and in certain forms. The reason that we are not opposed is that we believe that any money that comes to us should be effectively and efficiently used. It should be targeted to people in need. But, because we are so enmeshed in our communities, we rely so much on volunteers, it is very difficult often times to quantify the actual cost of delivering services because there is a substantial community or voluntary component. Often also our infrastructure has developed over quite a period of time. That has come about because people have been prepared to give of themselves as volunteers in fundraising over countless hours. So if we applied a cost competitive approach to some of our services, the infrastructure that has been built up by the community may end up being redundant, and that could have significant community impact.

Therefore, we make the point that we have made in our submission, that there is a continuum of approaches to service ranging from one which is very much a collaborative and community approach, down to the very extreme end where there is a cost competitive approach involving competitive tendering and a market approach to welfare and community service delivery.

In our own organisations we are moving towards accreditation. For example, in our domiciliary nursing services we have taken a fairly substantial step over the last two or

three years and we are in the process, in the Uniting Church, of accreditation through the Australian Council of Health Care Standards. That is at a time when recent changes to the federal government legislation have also required some form of accreditation for residential facilities.

So we are not opposed to accreditation and we are not opposed to benchmarking. In fact, we are benchmarking internally ourselves. We are finding that is part of the process with HACC funded services. Unit costs are part of our language and we recognise that they are a legitimate part. We need to be good stewards of the money given to us in trust by government. You asked us to be brief so I will stop at that point and hand over to Brian.

**Mr Kennedy**—I was going to address some of the comments we made under 3.8, 3.9 and 3.10 and then come back to the recommendations later on. If there are any clarifications you would like me to make as I go through my points, please feel free to ask me. I will try to address some of the points we have made here. If I can ground them in some practical examples for you it will be more interesting for you and not just a rehash of our submission, which I am sure you have read thoroughly.

Item 3.8 deals with getting more bangs for the buck; in other words, getting more efficient outcomes for the amount of investment that governments and the community make into community services. I think Doug has already addressed some of those. We are concerned about issues like quality outcomes and benchmarking, and some of the very real benefits that have come from the process of competitive tendering. In other words, we are analysing what we are doing and what is coming out of the efforts we make in our own investments.

However, there are difficulties with that because much of what we do in the human services area cannot be easily quantified, which is a different thing from saying that we are against quantification. Of course, we are trying to define the outcomes and trying to quantify those, but that is not to conclude that therefore it is always easy and always possible. If you are dealing with prison ministries or some of the SAP funded services or even some of the HACC services, it is not always easy to simply quantify an outcome.

I would like to make one further comment in relation to that before I conclude with something that needs to be considered by the committee. As Doug said, we are in the game of community services and social provision, not just for the provision of a service. The principles he enunciated are really about dignity and solidarity of community building, about the nation and about morals, at the end of the day.

We are in the game not just of providing a service, whether it be a domiciliary nursing service, an aged care service or a disability service. We are also on about the people who are the recipients of those services. We are on about the fact that they are living dignified lives in our community and, if possible, living lives that are not at the

margin but as part of the mainstream.

That involves often a good deal more than simply the provision of a particular straightforward discrete service. I am not saying that therefore we try to do everything. That is always a risk, I guess, in church organisations. However, you can often do things like simple referrals. Probably one of the most frequently used devices in all of our services is referrals to other community organisations, to other services within our own networks or to local volunteer networks or whatever. Those sorts of outcomes and activities are things that you cannot always readily identify as being linked into a service or costed and quantified. Yet, from the point of the view of consumer, the person, they are very important elements of remaining citizens of our communities.

To conclude that particular point, we feel, firstly, that the elements in this ‘more bangs for the buck’ comment are not just the element of price but also the element of benchmarking—in other words, concern for quality and outcome, and concern for accreditation type processes. How you bring in some of the other elements, I am not sure—the elements of referral and of concern for the whole person, not just the particular narrow aspect that you might be servicing with a particular service. But they would be some of the elements that we think should be in any sort of government funded service, which means that government departments will need to go beyond simply offering tenders to organisations to respond to on the basis of price. They should also build quality outcome types of benchmarks into the process and also some support for accreditation processes for organisations so they have some assurance—and we all have some assurance—that services are vitally concerned with quality.

Secondly, there are the charity and philanthropic models as opposed to citizens’ rights, responsibilities and entitlements. As everybody knows, we have been through the process in the last 100 years of going from social provision on a charity model to an entitlement model to a market model. The middle is often called a justice model as well. So we have come from the charity to the justice to the market model. Each of those models has its difficulties, strengths and challenges. As we move into the market model—and I suppose the recent labour market tender is a good example of where a national tender is offered to national and local organisations, and I am sure if Elizabeth was here—

**CHAIR**—Are you involved?

**Mr Kennedy**—Yes, we are certainly involved. Let me tell you a story quickly. If Elizabeth was here she would say, ‘Oh yes, we heard this last Friday afternoon,’ because Senator Chris Ellison was up here. With organisations like us, primarily we are not concerned whether we are in the field of labour market programs or not. What we are concerned about is that unemployed people get a good quality service that puts them back into the community again and gives them a quality of life, and for them not to be marginalised.

We have been in the field, and many of our churches have. But we certainly have made a focus over the last 15 years in being in the labour market programs. Hence, we have been there in the days when skillshare first became a name, from the community youth support scheme, then the community employment package, the CEP program, then with the slow growth of the job clubs and, after the white paper, the case management services, skillshare programs and so on. So we have a long-term commitment to it. I am sure every backbencher in this parliament has had their local skillshare organisation on to them, so I suspect that you know as much as I do about some of the criticisms that are coming from community organisations on the labour market tender.

Let me just tell you our story. As I say, we are not primarily concerned with being involved if others can do it well. I suppose that one of the things we will be looking at very closely over the next 18 months is to see whether in fact the assumptions behind the labour market tender are going to be fulfilled. I am sure some of them will be, so this is not a blanket condemnation of the new approach. It is an acknowledgment that we did need change. We feel there are many good features of the national tender approach.

However, what we are concerned about—and I am sure you have heard it from organisations like churches and local communities as well as the smaller private guys—is that by funding your national structures, of which my church is one, at the cost, if you like, of many of those smaller organisations, including the smaller labour market trainers, that have carried that task over the years with effective track records, the danger is that in a place like Dalby you will have a big organisation, funded possibly with its headquarters in Melbourne or Sydney, that will send one of their staff into Dalby for, say, half a day a fortnight.

They will go there with their computer, they will do their matching process between job registrations and job vacancies, and they will do a nice little matching process of those people who are involved. What they will omit, though—what they will not measure and what we will never see—will be the fact that in a Dalby situation you already had an effective skillshare program, a community organisation, that bonded together local businesses, local churches, local employers, small business and the other community organisations that make our little cities and towns operate as little communities.

The issue of social capital which is assumed by so many of our government programs—the community exists there to do all these marvellous things—is very often undermined or can be undermined by these sorts of national price based competitive tendering models, if you like, because very often the issues we are talking about here cannot be readily measured.

I am sorry; I have gone on a bit there. I think that is one of the concerns that many of us will have with national tenders like the labour market programs. We will be watching very closely with people like Elizabeth and other politicians around Brisbane,

and in our own communities, what is going to happen over the next 18 months to see just who starts falling through the cracks.

Going back to the point, we are not only concerned, as Doug said, with the individual service that we are providing but also with issues such as: why is there disadvantage? Why do we have people marginalised because the sheltered workshop movement has diminished and we have these new competitive training programs and supported employment programs and so on for people with disability? How come many of them are not working terribly well? Is it because it costs more?

It was simple under the old sheltered workshop model. You could simply put 50 people into a sheltered workshop and pay them \$5 a week, build up the rest with the pension and you could forget about them. These new models are much more expensive—and those costs are readily available, even now. But they are simply not adequate to fulfil the numbers of people who are currently disabled. Twenty-one per cent of people registered in the 1993 survey by ABS had severe disabilities and were unemployed, compared to that time when I think it was about 12 per cent. It was higher than the CES number. That was the ABS version of it. However, the point is that we are concerned about the total person and very often that is not measured in competitive based tendering.

Thirdly, we recognise the need for change. We all participated in the Industry Commission inquiry a few years ago and, by and large, that was a very important inquiry for all of us. In the community sector, you have such a vast range of organisations from local volunteer groups to highly centralised larger organisations whether they are managed by churches or by other philanthropic types of organisations. So it is often difficult to generalise. We are concerned that—

**CHAIR**—Could you tell us about monopsony?

**Mr Kennedy**—That is coming up next. I will take it up at the conclusion. Let me simply say on this one that, when governments start developing the terms of reference for competitive tendering, the government sector defines the service to be provided, the quality of the service—and that is assumed—in the competitive tendering process. I suppose many of us feel that we would also like to share in that definition of needs analysis as well as in the definition of the benchmarking types of arrangements, based on our own massive experience. In that process, I do not believe, if you go to a pure competitive tendering model, that opportunity is available to us. Thank you.

**Mr Smith**—I was going to deal with the next two issues, one of which you mentioned that you are quite interested in.

**CHAIR**—I would like you to give examples, though.

**Mr Smith**—I am happy to do that. I have worked in the government arena, the



non-government arena and in senior levels in a number of jurisdictions. I think the issue of monopoly powers, of government as funder, purchaser and provider, is very real. In particular, in terms of most funding arrangements for human services, there are clearly major inequities in the way that funding is provided and there are major perversities in the funding system mainly caused by an emphasis on funding inputs rather than on outputs and outcomes.

There is a range of areas where it is really clear that funding is provided based on who is to receive the funds rather than what outcomes are meant to be put in place. Basically, the concept of monopsony is one that, as a funder, there is an ability to actually control the end price of what is provided in a competitive situation.

The perversities that have arisen in the past have often been where, say, government departments are both purchaser and provider. Where they are, obviously, if it costs \$10 to deliver X service, that part of the government agency gets \$10 to deliver that service through the budget process, whereas where the funding is provided to an external organisation, particularly the non-government sector, traditionally that funding base is not provided to the full cost of the service required and in a range of areas that can be seen in the health care system. For example, in areas like home help and in community health nursing where you would have, in certain jurisdictions, those services being a direct responsibility of the state and, in other jurisdictions such as Queensland, a lot of home nursing and home help services are the responsibility of the non-government sector.

I have spent 20 years in government. If it costs \$10 to deliver a unit of care, that \$10 is available to deliver that unit of care. Often funding to the non-government sector is based on an expectation that that unit of care can be delivered at \$10 minus a certain premium and that is creating real pressure out there in a range of services. The ones that I am most familiar with are in areas like home nursing. They occur throughout a range of funding regimes where, if government is both purchaser and provider, it will fully fund and, if the community are provider, it will only partly fund that cost. So I suppose one of the concerns is that, as government gets progressively out of the provision where it has fully funded the cost of providing that service, it should not actually withdraw the necessary funding levels to deliver that service reasonably.

What we have suggested here is, I suppose, in terms of competition arrangements, that there should be some consideration of the monopoly position of government and an ability for competition authorities to actually consider independently reviewing the price of delivering particular services and allowing for an independent assessment of whether the contract price is actually at a level which can effectively and efficiently deliver that service. We are suggesting that maybe government's monopoly or monopsony position needs to have some independent review just as there is independent review in other areas of competitive behaviour. Without that, the non-government sector could be in a very disadvantaged position. We were attracted to that concept and I assume it has come up in other presentations to the committee.

**CHAIR**—Not the term; that is why I asked you to explain it. You put it in the context of an abuse of power—as if you have got Attila the Hun there.

**Mr Smith**—No. It is not necessarily an abuse of power but it is related to an understanding of the conflicts between the funder, purchaser and provider. Those roles exist but, where they exist in one agency, particularly in government service providers where they are both purchaser and provider, there is not a clear separation and an ability to treat all providers equally. I think you can look at a range of areas—whether it is public housing as opposed to community housing or whether it is immunisation delivered by general practitioners as opposed to qualified nurses. The funding is not delivered to achieve the outcome that is meant to be achieved. The funding is delivered to an institutional or professional arrangement.

In areas like immunisation, for example, the funding delivered to medical practitioners to deliver an immunisation service far outweighs the funding delivered through other agencies to provide, say, herd immunisation, yet the outcomes can be exactly the same in terms of the jab to an individual child at the point they require that immunisation.

I think the perversity in some of those funding arrangements has been seen by Commonwealth and state health ministers through the COAG review of health funding arrangements, which was seen very much to be input focused rather than outcome focused and patient or client focused. There are huge challenges in human services in moving to a far greater degree of an outcome focus and appropriate levels of funding for the services that are provided.

**CHAIR**—What you mean by this is that if the government has an agency of its own and there is a parallel agency that you or the churches provide, it is negotiating with you for a service but it ultimately says it can get it out of this public hospital over here for half the price you want to do it for. Is that what you mean?

**Rev. Jones**—Could I come in and try to help there? That is a good example which I could build on. For example, in our home nursing, the funding that we get from government currently covers about 75 per cent of the cost of delivery of a home nursing visit, give or take a couple of per cent. We find ourselves then in a situation where, in Queensland, we may be in direct competition with a community nurse. The government is able to fully fund the cost of that community nurse's visit, who is an employee of the government, but are not able to fully fund the cost of our visit. That sort of funding arrangement will come under scrutiny with the coordinated care trials where there will be an opportunity in a fairly controlled environment to look at the cost of delivering services through agencies such as ourselves to see where the money will go and the actual cost of the service will be costed.

We will not be putting in our voluntarily raised component and it will become self-

evident that the actual cost of the service to the community is significantly higher than government is currently funding us for as a not for profit. But they are able to fund their own service to the full extent of the cost of that service and that is where it bites for us. We are expected to raise \$7 million a year in Queensland to fund our Blue Nurses but that is not costed and there is nowhere we can pick it up in this submission.

**CHAIR**—It is the opposite to what I was—

**Mr Smith**—It is more that within the government system, if it costs \$50 an hour to keep a nurse on the road delivering services to people in the community then through the budgetary arrangements governments get \$50 an hour. They do not get \$28 an hour and are told to find the difference between the two figures. That is why I am saying there can be a potential for government, in their dealings with the non-government sector, to have very different expectations than simply the way that budgetary arrangements work for consolidated fund departments.

**CHAIR**—I think I understand that. Sorry, it is the end of the day. It is actually monopoly in reverse.

**Mr Smith**—The second issue is one about the balance between social and economic policy. It simply is an issue that I think a lot of people within the sector believe the balance is tipped to seeing social policy really as a tool of economic and fiscal policy. In saying that, we are not saying that those issues are not important—clearly they are important. But it is important that social policy issues are effectively dealt with at a range of levels including at a national level. Obviously the work of your own committee is a part of that process of looking at the way social policies are determined and put in place.

Many social policies, including what this inquiry is looking at, that is, competitive tendering in the non-government sector, are spin-offs from major activities which have been important activities looking at increasing competition and major microeconomic reform within Australia, in which the non-government sector needs to play its part. But I think there are issues apart from economic issues that actually do need to be taken into account.

One of the things we have tried to point out is that a lot of our provision of services actually go beyond the direct unit cost that, for example, may be associated with changing a bandage on an older person with a leg ulcer. The sort of work that needs to go into palliative care is very hard to cost in terms of unit cost of care. You can cost an hourly rate, and you can get a reasonable hourly rate, but to try and actually have a case-mix arrangement which says that for this type of terminal cancer at this point in the terminal process, the unit cost will be \$40 a week regardless of the needs of the client is a very difficult arrangement to be in. The churches' involvement in social welfare services move beyond just the unit cost because they start to involve other issues within the person's life with respect to family support and community support rather than just fixing

the problem that might simply be a manifestation of much deeper problems that an individual may have.

**CHAIR**—Do my colleagues have any questions?

**Mr ALLAN MORRIS**—Gentlemen, in an earlier submission today we were told that there is research that shows that the for profit funded nursing homes achieve a higher level of efficiency and therefore profitability when compared to the not for profit sector and that many church and charitable organisations already operate multi-million dollar enterprises, often with great success. Regrettably, some do not have the required level of professional skills to do so. Is there a battle going on here between the for profit and not for profit sectors? Is this symptomatic of a campaign or is that just an isolated incident?

**Rev. Jones**—Can we each respond to you?

**Mr ALLAN MORRIS**—Yes.

**Rev. Jones**—We probably will have something different to say.

**Mr ALLAN MORRIS**—I am asking for a response.

**Mr Kennedy**—You might be sorry you asked that question.

**Rev. Jones**—Multimillion dollar enterprises—they certainly are that and we operate on the premise that we are not for profit. Anything that accrues as a surplus is reinvested into the services.

**Mr ALLAN MORRIS**—The question here is they are talking about the level of skills.

**Rev. Jones**—Yes. I think that is a fair comment that when an organisation grows—

**Mr ALLAN MORRIS**—But has there been an incident up here—has something happened that demonstrated that one of the churches or the charitable groups have had a visible incompetence?

**Rev. Jones**—In the aged care area you are talking about primarily?

**Mr ALLAN MORRIS**—The earlier witness was talking about aged care, predominantly, yes. This is from Bromilow Home Support Services.

**Mr Kennedy**—I am certainly not aware of any aged care example, or in fact any examples where there has been that conflict of—

**Mr ALLAN MORRIS**—I thought there may have been an incident that occurred when there was a clear dysfunctionality or incompetence. Why would they say that some do not have the required level of professional skills to do so?

**Mr Kennedy**—I could give you an example of where that might be the case. Let me just quickly cite the conditions of it. One of the dilemmas that we have in church organisations is that very often we operate, as you know, through parishes or presbyteries and so on. All of us over the years, would see, and all of our congregations would see, if you like, a response to local social issues as being part and parcel of our Christian commitment, particularly in the Uniting Church and in all our churches. We all have local responses.

The dilemma for us arises, say, where in our regime of growing accountability and growing professionalisation of services you have an emphasis on local activities—all parishes doing their own thing. Over time they use the corporate cover of their larger parent body. What do you do? Do you build up a massive infrastructure at the organisational level that can oversight every social response in the church and every parish local response? You try to do that. But many of these parishes can sometimes have their own committees and employ their own staff.

There was an example late last year—I can say this because Anglicare is not here so I will use them as an example—of a youth program at Inala where they have a local committee. The typical thing that happens is that you have a charismatic parish priest or a charismatic minister and he attracts a great deal of interest in a local social issue. He gathers together a you-beaut management board and committee and they do wonderful work. They get grants from this group and grants from that group. They develop a big infrastructure and a very competitive and very efficient organisation. Then he gets a posting somewhere else so suddenly the charisma disappears and over time the hard work of trying to work with marginalised people gets a bit too much for some of your committees. Committees are fairly passive and often in difficult circumstances they can tend to fragment. In this particular case, the committee fragmented and the staff took over more and more of the actual responsibility for the program without the degree of accountability. That is possible, say, in large church organisations. We are all facing it and every church traditionally has exactly this issue.

**Mr ALLAN MORRIS**—But it was not an incident in aged care?

**Mr Kennedy**—No, that was in a youth program. That was not in aged care.

**Mr ALLAN MORRIS**—My second question was about tendering remotely. We have been talking today to a range of people, particularly about the quality of accreditation. As pointed out, you can do benchmarks or in-principle accreditations. With the employment contracts and tenders, it appears that organisations were accredited that do not exist and there is the question that you raised about providing a service in Dalby when

there is nobody there.

Can you explain to me how someone could evaluate or assess the capacity of an organisation like your own to provide a service in somewhere entirely different? How could anybody assess the capacity of, say, Centacare or Samaritans or you to provide a service somewhere where you do not have an existing operation? In other words, how do you win a tender to provide an employment service in Dalby for people from indigenous backgrounds or non-English speaking backgrounds? You may have a great record in Melbourne or in Brisbane but how can you be assessed to provide a service in Dalby or anywhere else where you do not currently have a presence? In other words, it is a theoretical service.

**Rev. Jones**—From our perspective, we would only respond to a need in another community if we had the capacity to actually support that, in terms of our infrastructure, and we had ways of actually monitoring the quality of what we are doing. In terms of a funder monitoring or making that assessment, they would have to look at our track record in other places. Accreditation might be one way to do it but a comparison with a similar scoped response in another town and the way that that has been handled by our organisation might be one way in which the funder could be assured of our capacity to, in principle, provide a similar quality service. I am not sure what other undertakings we could give.

**Mr ALLAN MORRIS**—The point I am making is that we started hearings last year and we have been around a fair bit of Australia. We are all saying we are talking about real live things and we are not really talking about simply cost cutting or whatever. We are talking about people being evaluated on their performance and so on. Then in a town like my town the non-English speaking background and disadvantaged unemployed people are being serviced now by someone we have never heard of, whom no-one knows and does not exist at the moment. It makes us look a bit foolish, in my view, when we say to you that this inquiry is a serious inquiry about real organisations and real services.

**Rev. Jones**—The tension, I think, obviously is that part of the way you make your assessment is on the historical performance of an organisation but you cannot exclude the new operator coming into the field. That is the tension. How do you make an assessment?

**Mr ALLAN MORRIS**—You wipe out the person existing in Dalby because you are good in Brisbane?

**Rev. Jones**—Yes, but you have no proven record of operating in a small community.

**Mr ALLAN MORRIS**—Yes, but the one who is operating there now gets wiped out—

**Rev. Jones**—Yes. If your new one is unsuccessful what do you do?

**Mr ALLAN MORRIS**—So what measurements do you use? How do you actually compare them? Do you have any clues as to how this is done? I am having difficulty. People all the way through this inquiry have been raising these kind of questions with us and we have been saying, ‘No, that wouldn’t happen.’ But now it has. Some of us are a bit embarrassed.

**Rev. Jones**—Can I say that from our experience we have, at times, community initiatives which do not work. They might be a HACC funded community response with a local committee and it goes sour, for whatever reason. So we have been approached on a number of occasions by government saying to us, ‘You have a proven track record. You have the infrastructure and the capabilities to manage this. Will you consider taking it on.’

**Mr ALLAN MORRIS**—Yes. I have been involved in that myself.

**Rev. Jones**—That is the only comment I can make from our direct experience.

**Mr Smith**—I think, Mr Morris, the link to accreditation is really ensuring that a service has gone through an independent process that has accredited various aspects of its commitment to service delivery, its efficiency and its effectiveness that demonstrates that it has the track record to take on those services. So the value of accreditation to government, I think, is that there has been an independent assessment and, in the case of the Australian Council of Health Care Standards, an ongoing commitment to continuous improvement and to delivering quality services.

From our point of view, we also said that there needed to be some recognition by government, as funder, for accreditation arrangements and for a process of self-assessment, if you like, and peer assessment that should not need then to be duplicated by government arrangements.

**Mr ALLAN MORRIS**—I can handle that—

**Mr Smith**—I think at the moment, Mr Chair, there is an incredible amount of duplication between the role of government as, if you like, purchaser of service and the incredible hoops that organisations go through internally through their auditing process and through their accreditation processes. There is a potential to streamline those, I think, so that organisations can actually deliver more services, and quality services, rather than spend time writing endless submissions and reports that sit on file.

**Mr ALLAN MORRIS**—Yes. I can agree with that.

**Mr Kennedy**—The issue you raised was really a concern with our Centerpact submission to the labour market programs.

**Mr ALLAN MORRIS**—Where Newcastle missed out on all the employment services which they had been very good at.

**Mr Kennedy**—It was difficult. Without going into great detail, with an organisation like Centerpact they got a tender that was very good for some areas and disastrous for others. Because we could not change the conditions of the contract—you either took it or left it—the pressure on our national structure to take it was pretty high from some of the centres.

We were not part of Centerpact because we have been in the field longer and we felt that we wanted to retain our own identity; we will join them next time probably. But what might not be obvious is that Centerpact contributes to each of their different contributing centres. Firstly, there is their local diocese, and therefore when a local diocese takes on something there is inevitably a whole lot of local involvement. I mentioned the question of social capital before. There is a whole issue of parish and diocesan involvement at that local level.

The second thing is they do contribute towards a national infrastructure and there is certainly a commitment to benchmarking which goes well beyond anything we sign contracts with government for. So there is that quality control. Even though there is no accreditation process at this point for labour market programs, there is certainly that commitment to it within the organisation, albeit informally.

**Rev. Jones**—One of the geniuses, I guess, of church and community aid organisations is that they fulfil a role as mediating structures in our society. I guess a football club can do the same sort of thing. Part of our genius in the past has been to provide a mechanism whereby people of goodwill can express a commitment to the community, and governments can be assured that they are channelling money into the community in a way that will be cost effective.

It is difficult to quantify, but I think that we are key mediating structures in our society. Historically, we have been. I think we have been reasonably good stewards of any money that has been given to us by government. I would encourage your committee just to keep that notion in mind as well.

**CHAIR**—Your submission has been very good. You have provided us with some short and punchy conclusions of recommendations we ought to try to consider. So we will take that on board. We thank you for that. I do propose to wrap it up though. It has been a long day for us. I know you probably think you have not had a fair opportunity. You need to understand—and I think you would, if you had had an opportunity to peruse the evidence we have received—that we have heard pretty well much of what is in your submission everywhere we have been, so we will take all that on board.



Colleagues, we have had a subsequent submission from the Institute of Healthy Communities Australia in regard to accreditation and membership fees which I propose incorporate as supplementary evidence as part of today's transcript. Do members have any objections? It is so ordered.

*The document read as follows—*

Resolved (on motion by **Mrs De-Anne Kelly**)

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 5.51 p.m.**