



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FAMILY AND COMMUNITY AFFAIRS

Reference: Competitive tendering of welfare service delivery

MELBOURNE

Monday, 6 October 1997

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES STANDING COMMITTEE
ON FAMILY AND COMMUNITY AFFAIRS

Members:

Mr Forrest (Chair)
Mr Quick (Deputy Chair)

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

Matters referred for inquiry into and report on:

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

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

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

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

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

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

WITNESSES

CADDY, Father Joseph, Executive Assistant, Melbourne Catholic Social Services, 724 Heidelberg Road, Alphington, Victoria 3078	31
CLEARY, Mr Raymond Leslie, Chief Executive Officer, Melbourne Citymission, 472 Nicholson Street, North Fitzroy, Victoria 3068	44
CORRELL, Mr Denys, National Executive Director, Council on the Ageing (Australia), 2/3 Bowen Crescent, Melbourne, Victoria 3004	3
GILBERT, Ms Wendy Anne, Coordinator, SAAP Regional Network Gippsland, PO Box 1018, Morwell, Victoria 3840	63
HARRIS, Mr John Carey, Industrial Officer, Australian Services Union, 116-124 Queensberry Street, Carlton South, Victoria 3053	86
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JOLLEY, Mr William, Executive Officer, National Federation of Blind Citizens of Australia, 87 High Street, Prahran, Victoria 3181	18
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Monday, 6 October 1997

Present

Mr Forrest (Chair)

Ms Ellis

Mr Allan Morris

Mrs Elson

The committee met at 9.00 a.m.

Mr Forrest took the chair.

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CHAIR—I am pleased to open this first day of public hearings of the committee's inquiry into competitive tendering of welfare service delivery, as referred by the Minister for Health and Family Services, Dr Michael Wooldridge, in April this 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 service delivered, and the costs and benefits provided by increased contracting out. An important component of the committee's investigation is to examine the role of government in standards setting and monitoring of accountability standards, as well as measuring the efficiency and effectiveness of new service delivery arrangements. It should also be stressed that the inquiry is being conducted in the context of continued government responsibility for such services.

The hearing in Melbourne today is the first in a series of hearings to be conducted around capital cities in most states, and will be followed by a hearing in Canberra later in the month, and two days in Sydney early in November. The committee is also intending to visit regional areas in Queensland early next year to gain information from service providers outside the capital city networks. It is particularly important to canvass views of service providers in areas where population levels are low and disbursed over large distances. The committee will take evidence today from a range of organisations based in Victoria, as well as some national organisations who have made submissions to the inquiry, and will explore issues raised in evidence to date.

[9.02 a.m.]

CORRELL, Mr Denys, National Executive Director, Council on the Ageing (Australia), 2/3 Bowen Crescent, Melbourne, Victoria 3004

SHEEN, Ms Veronica, National Policy Officer, Council on the Ageing (Australia), 2/3 Bowen Crescent, Melbourne, Victoria 3004

CHAIR—Welcome. Before we proceed I wish to point out that, whilst this committee does not swear 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 regarded as a contempt of parliament.

All submissions received have been incorporated in the published volumes of submissions already distributed as part of the inquiry. Do you wish to make a brief opening statement before we ask some questions about your submission?

Mr Correll—Thank you. First of all, Council on the Ageing (Australia) is an organisation of older people. When we develop positions such as we have here we consult our membership right around Australia to get their views. We take in all states and territories.

We see competitive tendering as attractive to governments as it is trying to achieve fiscal objectives in terms of paring back budgets and making savings. If that is going to occur, though, there has to be an overall system and a framework for achieving the ends that have been achieved in the past, particularly through community sector provision.

We recognise there is a development of a mixed market of private for-profit and not-for-profit service providers, but we see this needs to occur in a developmental way and with the overall responsibility of the Commonwealth government. In that context, we refer to the Commission of Audit which saw one of the Commonwealth's responsibilities being to retain control over benchmarking and setting of standards.

We do see some dangers in the competitive market. If it is not controlled, we will end up with monopoly situations. I will ask Veronica Sheen in a moment to describe that in rural areas. We see that there is a danger also of older consumers becoming disempowered in those arrangements where there is not the linkage between themselves and the service providers which we have seen and fostered in the community sector.

Finally, we would want to see the proper underpinnings in a mixed market where national standards are set: that there is benchmarking of the services; that people have an equal opportunity to gain access to services across Australia; that there is monitoring of user rights, and an opportunity for people, if they are dissatisfied with a service, to have the opportunity of having that service improved, either through a complaints mechanism or direct to the provider.

Ms Sheen—We greatly welcome the intention of the committee to go and consult with groups out in rural and remote areas of Australia. Council on the Ageing (Queensland) has particularly asked me to speak to you about the issues that they see in outlying areas of Queensland which they have contact with. In their own way, they try to provide some services out there as well. They are most concerned that competitive tendering will exacerbate existing difficulties in service provision in difficult remote locations.

They talk about it in terms of the private sector. In Queensland, for instance, if a private for-profit organisation got a tender to provide a particular HACC service, the service provision will be good in the easy areas like south-east Queensland, but what about the difficult areas? What about the ones out in places like Longreach: how are they going to be served? Their comment was that it is again going to be the community sector and the charitable sector that are going to have to pick up the difficult bits of welfare service delivery.

They particularly note that there is an ageing population in the remote areas—people out on farms and in small centres—and they have questions about whether, if there is growing privatisation of service delivery, people in those centres are going to be served. Where there is not going to be much profit made, they do not see that competitive tendering is going to help those people. That is an issue we particularly wanted to stress today as an additional point to our submission.

CHAIR—I am sure we will pick those points up. Five members of our committee are Queenslanders and, as I said in my opening statement, we are proposing a particular emphasis on Queensland. The submissions have already shown us that, and we are planning to conduct a hearing in one of those isolated locations: Winton. I am sure we will be taking additional evidence, so please assure your Queensland associated members that we will be picking those points up. Is that the close of your statement?

Mr Correll—Yes.

CHAIR—I was particularly interested in page 4 in your submission. When I read it I felt your organisation was not supportive of the whole concept of competitive tendering at all. You have not been as strong as that with your statement today.

I represent a rural area myself, and if it were not for the contracting out of some of these services I would not get services to my constituency at all. In particular, I have had a veterans' affairs network established in the remote north-west corner of Victoria, so there are some benefits. I am wondering if you are prepared to at least acknowledge that in some rural locations it does get services out there that may not have been provided. Is that a reasonable observation on my part?

Mr Correll—You obviously have an experience with that situation in Victoria of a positive component that you have found with competitive tendering. What we are reflecting is some of the experiences of older people, where they have had services, particularly home and community care services, and moved towards a more privatised

model and they have not found it a particularly good experience. They have felt they have lost a lot of contact with the not-for-profit providers. We have also had comments made to us by the service providers that they rely very heavily on voluntarism as part of those services. We note the submission from South Australian Meals on Wheels that they rely so heavily on that.

We are conscious of the volunteers. When something moves to for-profit, we have noticed that the transition often does not occur in such a way that volunteers feel that they still have something to add. There have been examples where volunteers have resigned because they just could not see themselves giving in the same way as they have in the community in the past.

In that context, if there is to be competitive tendering, it is a question of how we create that transition so that the voluntary contribution from the community is fostered and encouraged. If this is just allowed to happen just because of fiscal objectives, we see a danger of losing that component from the community.

CHAIR—On page 4 you quite strongly state that the provision of health services is not suitable for a competitive tendering approach.

Mr Correll—What we are getting at there is that older people have developed a great trust in the type of services that are provided through the health and welfare system in the non-commercial environment. We are trying to reflect their concern that if it does move to a much more competitive environment they are going to lose out.

CHAIR—So it is a fear then, a concern; you are not actually quoting specific examples?

Mr Correll—Not here, no—not specific examples.

CHAIR—Can you see any benefits at all? I have given you one. The particular service there is being delivered by a municipal council, not a volunteer organisation. It provides the government with some confidence as a market test and it is providing a service that was not there before, in my example.

Ms Sheen—We have made quite a strong case against competitive tendering, but that is not to say that we do not know that there are some examples out there where it does work well. The Council on the Ageing in the Northern Territory has found that the commercial providers are actually doing things of benefit in the Northern Territory, because there is not a very strongly developed community sector. However, the unequivocal view of the councils on the ageing in all the other states and territories was that in experience to date, the winding back of government or not-for-profit provision was detrimental in effect overall, especially here in Victoria.

I suppose we were influenced because Victoria has particular experience of compulsory competitive tendering—a much stronger experience of competitive tendering overall—than the other states. We did draw heavily on both the experience of the Council

on the Ageing here in Victoria and a couple of the studies which we have quoted here. The Victoria University of Technology study and the RMIT study both indicated that the effects for consumers overall were not favourable. We would be very happy to talk more about that.

CHAIR—I am looking for examples where it has failed. You gave one in your submission about Meals on Wheels delivery where the containers were unsuitable for the people receiving the service. I can see that with proper monitoring we could make sure that a specification adjusts that so that people do not deliver food in an inappropriate container or require the receiver to prepare it. These are problems we can overcome as we get better at it.

Mr Correll—The reason we took such a strong stand on this is that there has not been a setting of major standards and benchmarks across the country. If that does not happen then we allow the quality of the service to deteriorate. If people are trying to make a for-profit service make a profit, they will take whatever shortcuts they can unless there are some standards put in there.

We can take the parallel with residential aged care, where a standards agency has been put in place and standards have been developed both with consumer service providers and government. There is a trust in that process. There is a trust in the development of a mixed model of private for-profit and not-for-profit services. But what we are not seeing, particularly in community services, is that benchmarking, that level of service and that level of availability of service across the country. We feel that to go out and competitively tender before we have those things in place is putting the consumer at risk.

You can run a very efficient Meals on Wheels service. Another example is that somebody just wanted to try Meals on Wheels to see whether they could get it and to see whether it worked with their family, but they were told, 'No, the rules are you have to have it five days a week or not at all.' If you create an environment where that happens, then you tend to put people at risk, you tend to make them less likely to use the community services. One of our concerns with that, of course, is that if they do not use the community services they are likely to end up in residential care at vast expense to themselves and to the community. So we make the point quite clearly that we are worried if the standards and benchmarks are not put in place.

Ms ELLIS—Can I just comment on what you are saying to see whether I am interpreting correctly what you are saying, because I have my own personal views about contracting out in the human services area. I think you are basically saying—and I share the view—that the haste with which governments of all persuasions who have done this have gone down the contracting out services track has put fear and a lack of trust in what could in fact possibly be achieved in some areas. There is no doubt that the example in the Northern Territory and the example that the chair uses are good examples, but my fear is that there will be a wholesale tendering out.

Maybe what you are saying is that, by not having those standards and monitorings

in place in the first instance, by giving an impression that everything will be tendered out whereas it should be more horses for courses and by giving an impression that government wants to get right out in some areas of this sort of service, that is where that absolute lack of trust and the doubt that anything could work is coming from. Would that be a reasonable statement?

Mr Correll—Yes. I think, Ms Ellis, that you have picked up very accurately what we are trying to say: that we are trying to reflect the community reaction. This is not a policy paper as such; it is trying to reflect what we hear from older people. That fear is there and they see that, and they are reacting to what is perhaps an ill-considered process.

Ms ELLIS—On your comment just a moment ago about a family wanting to try Meals on Wheels, if we do not allow systems to develop where that can happen, then I think we are letting the whole process down. If the contracting out of Meals on Wheels does not allow that sort of flexibility, it is a failed contract, in my view. That is probably where some of these doubts and fears are coming from as well. Would that be fair to say?

Mr Correll—That is a fair comment.

Ms Sheen—The other thing that came across very strongly from our state and territory COTAs was this whole issue of services being built around the dedication and service ethos of workers. The feeling was that if you put services out to tender and make it all very competitive you start eroding the very foundation of best practice service provision for older people. It is going that extra bit further in helping an older person—of talking between providers, not competing with another agency because that might be the agency that may be taking your job next month or next year. That was really a very fundamental issue that everybody had a great deal of concern about.

On page 4 we said that we did not think, according to the Industry Commission criteria, that overall human services are not suitable for CTC. That is not to say that we do not believe that there are some areas where it is appropriate, and I would like to make that qualification.

Ms ELLIS—Can I just pick up one more point in relation to the comment about volunteers. I happen to have the view that the health of our community can sometimes be very well reflected by its participation in itself. I think the use of volunteers is a fantastic way of sometimes measuring the health of that community. But I also have a view that a volunteer working in an area where all of a sudden they are working not with a community based organisation but with a profit driven organisation could in fact have their reasons influenced for maintaining their involvement in the future. Why would they want to give their time free to an organisation making money out of their time? Would you agree with that?

Mr Correll—I would agree with that, and I would even take it a step further. I had a visitor from Japan some months ago who came here particularly because he became aware that this country has a community sector based very heavily on volunteerism. He compared us favourably with his own country where they do not have that history of

volunteerism. He was going back to see whether he could create that same culture in Japan—a massive task. But he saw that as one of our great attributes of having a community sector and a service provision based heavily on volunteers as well as paid staff.

Mrs ELSON—Could you tell me what your view is on the adequacy of current mechanisms for monitoring performance standards and accountability?

Mr Correll—Divide that, if we could, between residential care, health and community care. I have partly dealt with the residential care area. I do not think it has been particularly adequate up to date. With the outcome standards it has been a ‘police role’ and it has not been developed in conjunction in the past with consumers and with service providers. With the move to the Aged Care Standards Agency, that has been developed very well with consumers being involved in the standard settings as with the service providers and put in the same room to work it out. That, to me, is a mature approach to the development of standards and the way in which they are monitored and the way in which the audits are carried out. That only applies to that very small section of the community who are in residential care.

We would say that the same could apply to health. We currently only have the Australian Council of Health Care standards, which are totally devoid of any consumer input. So we see the health sector as way behind the residential aged care area on that front.

There are standards in the community care area, but they are not developed in the same way as between the consumer service providers and government—as I was describing with residential care—and there is not the same process that will be starting on 1 January with the audit mechanism with residential care. So we see community care being way behind on that front. It links into those earlier statements that unless you do have standards which the consumers are involved in they will not have strong trust in that service.

Another component, if I may say, is the complaints mechanism. We hate the word ‘complaints’, as older people do. They dislike it because it is not a natural thing. They want to talk about the service. They do not want to complain about it; they just want to say, ‘Well, it’s not quite what I wanted or not quite what I expected.’ But to put the word ‘complaint’ around it offends them to some degree. When you look at health complaint units you will see that older people are very low complainers. But there must be a system where they have an opportunity to provide feedback on the service. That example I gave on the Meals on Wheels is where they say, ‘It’s not reasonable that we should have to put up with that type of rigidity.’ There should be some way of handling that, both with the service and systemically, across the country. That is perhaps a longwinded answer to your question, Mrs Elson.

Mrs ELSON—No, that was good. Thank you.

CHAIR—But if those monitoring procedures and adjustments can be put in place

and acted on quickly then problems could be overcome quickly as well. The end conclusion of your submission is quite stridently saying that our committee should report to the minister that we cease the whole concept of competitive tendering. It is quite strident with that recommendation, without pre-empting anything. Surely if there is monitoring and a process for quickly making adjustments you would avoid that problem with Meals on Wheels very quickly. I have been writing specifications all my life and if the specification specifically asks for blue taps, then that is what you get. Isn't that the weakness, not the concept of competitive tendering?

Mr Correll—The major problem is probably that we have just not had that, and we have been through endless inquiries with home and community care. One of the major problems is that we still get caught between state, Commonwealth and local governments. This committee looked at home and community care about two years ago, and we still have the same problems—we do not have benchmarking, we do not have national standards. I know there is movement towards national standards, but we do not have that same development we managed to achieve in aged residential care. That is why we have to take a stand at this stage because we see no movement towards that in a very solid way. So we are forced into a corner on this one in saying, 'If the government cannot put into place those strong controls, then we have to say, no, you cannot introduce competitive tendering in that environment.'

CHAIR—That puts your statement in the right context there. In effect, domiciliary care and residential care have been contracted out to agencies, volunteer organisations and some Lions and Rotary Clubs run hostels. In effect, that process has been achieved with some success. Surely we can achieve it with others.

Mr Correll—Part of it will be, too, that a lot of the agencies that have been running the services are not really managed in the same way as a private business. They have not had an ethic of financial management. I am not saying that they are financially mismanaged but, when you put them up against a Spotless, for instance, Meals on Wheels, you have a massive organisation which is quite capable of putting in a tender—which probably has a whole tender unit able to put in for that—compared with a small local agency which is not used to tendering and which will get beaten in the tender. What we do not want to see there is the community sector drying up because they do not have that experience. I suppose we put it back on the Commonwealth to say, 'We have a responsibility to try to get those organisations a system in being able to tender as well.' At the moment, a lot of them just would fail, not because they provide a lousy service but because that is not where they focus their attention.

Ms ELLIS—It is actually no different to small business trying to compete against multinationals in tendering out. It is exactly the same analogy, I think, with a slightly different ball game being played.

Mr Correll—I would agree with that, Ms Ellis.

Ms Sheen—An additional point is the cost of monitoring and benchmark setting. We believe those are very resource intensive processes. Our concern would be that

governments, in trying to make savings from competitive tendering, will not adequately resource it. Unfortunately, we believe that is one of the motivations for looking at it. So that is another serious concern we have: that if we go down to wholesale competitive tendering we do not have adequate monitoring, which is a very costly process.

Ms ELLIS—There have been some ideas around in the ether that devolution of certain aged care, disability services or health services will move from the Commonwealth to the states and territories more and more. How do you see that reflecting or playing into the question of contracting out or tendering out processes? Where do you see, if that is the case, the responsibility of monitoring and so on falling? Do you see some problems there or do you think that can be overcome?

Mr Correll—If it is done in an ad hoc manner, there will be problems, without a doubt. This is perhaps going back to our own policy, and also the policy of the Commission of Audit, that the Commonwealth retains the major role of benchmarking, the setting of standards and audit provisions. The first step is to negotiate. If it is to be devolved, the Commonwealth has a residual role which is overarching.

I work voluntarily in the disability sector. The particular organisation I am involved in has people moving to this state because they know it is the only state that provides an adequate range of services for that level of disability. That, to me, is an extremely good example, that if you do not have benchmarking and adequacy of standards and equal access across the country we will get that skewing. That is the same in aged care: if we do not provide that benchmark across the country and leave it to states to decide how much money they are going to spend and where they are going to spend it without some overall mapping of that we will go into problems.

Ms ELLIS—So you are basically also saying that the cost of monitoring would fall at the federal level to give that consistency?

Mr Correll—Absolutely.

CHAIR—Could you give examples of any state that does it better or worse? Are there any particular states that are lagging behind on that issue?

Mr Correll—I am sorry, on which issue?

CHAIR—On monitoring and the setting of standards.

Ms Sheen—I think we would have to take that on notice. We are not sufficiently across that issue to be able to answer it.

CHAIR—You could be in touch with the secretary on that.

Mr Correll—Yes. I am aware of some states, but I would agree with Veronica Sheen's comment to just give that off the cuff without checking those states that I think are the ones behind. I would prefer it if we could come back on that.

CHAIR—In looking for solutions, the committee is in a position to make some strong recommendations in that this referral has been made to us by the minister. I hate the creation of extra bodies, or monitoring bodies, but perhaps a central agency or control body is one way to get some progress on this issue which has obviously frustrated you. Is that a reasonable suggestion? Made up of representatives of consumer groups and government representatives, it could thrash it out and make some progress and set standards of basic minimum requirements in specifications for contracts.

Mr Correll—Once again referring to the aged care area, and residential aged care, we have had a painful year and an exhausting one for both consumers and service providers. But what we did appreciate in that was that there was a definite time scale to work to and a definite objective. What we have probably missed in the past with community care is that tight time line. We could perhaps have done with a few more months, but there we are.

It is very difficult to anticipate the size of the task before you start it, but if there were a definite objective, yes, we could move towards something like that. What was useful—and I will perhaps compare it somewhat unfavourably with the arrangements which were set up under Carmen Lawrence in the previous government—was that we sat around with consumers and service providers in a room, but there was no specific objective to get to. While it set the groundwork for the work we have done in the last year, I would say that we could probably achieve a heck of a lot more in community care if we had that same opportunity, but with very clearly defined objectives of what the government wants to achieve out of it.

CHAIR—We did end up with one extension from August to October. That was a reaction to Gregory's report in 1994. The ultimate objective is to answer and deliver a service that has been grossly undercapitalised, and things like that. I am all for setting time lines as long as they are reasonable. We will be taking more evidence on that, but it is a particular question which we are trying to tease out with anybody who is coming along to give evidence.

Mr Correll—One problem we always have when there is a Commonwealth-state split responsibility is that the Commonwealth, as a rule, does not want to bring the non-government sector into discussions until they have resolved the problems with the states. That puts us in an antagonistic situation. We are not allowed to see the papers, so we have to go ferreting round to try to find out what goes on. That is not a good atmosphere in which to develop a service, and when you consider that the community sector is so heavily involved in this it does seem a fairly naive approach to development of policy if you shut out one major sector.

We hope that you can come up with some recommendations which can overcome the states' concerns to keep the non-government sector out. They are the ones that usually keep us out. They are the ones that say, 'No. We will not enter into discussions with the Commonwealth if the non-government sector'—that is, both consumers and service providers'—are there.'

CHAIR—You are talking about rewriting the constitution, are you?

Mrs ELSON—On page 4, point 3, it says:

The consequences of service interruption arising from contract failures are very serious.

Can you just give us some examples of how you see that, or what you see would happen?

Mr Correll—It could be linked particularly to monopoly situations we have referred to in the submission. If you end up with a major for-profit provider getting a monopoly in an area and then the service fails, there is not an alternative that is real.

Mrs ELSON—Does that not happen now in a lot of areas? In Queensland, especially, we see that there are different groups out there that put in a great submission and get all the funding, and there is a good group out there that does all the work but does not know how to write the submissions and gets no funding and relies on volunteers to keep them going whereas the service that got all the money actually did not spend it the way it was supposed to. I find that imbalance in Queensland. I do not know whether other states see it that way, but I just find that services are not getting out to our rural areas for that reason. One organisation that knows how to write better submissions will get the money, even though it does not provide the better service.

Mr Correll—Yes. That is part of our point here.

Mrs ELSON—It is the same point with competitive tendering.

Mr Correll—Yes, that is part of our point here. Somebody who writes a good tender is not necessarily a good service provider. I would accept also that we would not just be talking about for-profit service providers—

Mrs ELSON—This situation that we have got in Queensland would get worse under competitive tendering.

Mr Correll—Particularly if you end up with monopoly situations in one area and there is no alternative, then how do you bring in a backup service? I will try to give you an example: district nursing is probably not a very good example because they tend to be much more state-wide, but if you took a Meals on Wheels which was provided in a local area by somebody who won the tender but there were no other backup services then who has responsibility for organising it if the service fails? It would probably end up relying on the local hospital.

Mrs ELSON—We do need help out there in the community for those good community groups that are working hard and not getting the money because they cannot write the tenders. They do not have time because they are mostly working in volunteer groups and the one person running an organisation misses out because he or she does not have the time or the know-how to write a proper submission. Do you think that we would be better off putting expertise into those areas to make them more competitive, rather than

this other program?

Mr Correll—I am always curious that we spend billions of dollars of Commonwealth funds in providing services but very little in attempting to upgrade the standards of the business side of it. I am aware that in the ACT government at the moment they are doing a business review of the home and community care services, and that is a very exciting thing. They are looking at how they can become better financial and business managers. That, to me, is where some of the funds should be going, not just being poured into the actual service provision. It is a tough world financially out there. We all have cash flows. We all have to retain our balance sheets. It is very important that the not-for-profit sector be assisted in that as well.

CHAIR—There does need to be some rationalisation, though. I represent some very small communities. There are so many organisations that the Commonwealth funds for different things—six facsimile machines, half a dozen photocopiers and motor vehicles. If there is better cooperation and coordination, the Commonwealth could get a better service to the coalface. That is the objective: to get the service delivered to the people who count without funding all these extra infrastructure needs. Are you finding, or is it an observation that is reasonable, that the process has forced much greater cooperation among all of the agencies that deliver a whole plethora of health and community support? I would certainly like to see that in some of my communities. Your submission tends to suggest the contrary, I think, that organisations withdraw within themselves because they do not want to talk to the other group because they see it as the next competitor.

Mr Correll—I tend to agree with your comment about the plethora of organisations: that if you do have a large number of small organisations they cannot achieve some economies of scale. We are not trying to be Luddites and say that whatever the many hundreds of community care services there are across the country they must be able to operate efficiently and effectively. That needs to be looked at as well. We are also conscious that this country has got a limited amount of resources that can be spent and they should be spent as efficiently as possible. I do not think I can comment on the other part of the question which was more specific about the degree of cooperation between the agencies.

CHAIR—It is probably not a question that ought to be addressed to your association. I am talking more about the very small groups—counselling support groups and so forth. In one community that I have in Mildura there would be a dozen all over the place providing counselling support, for example, to Vietnam veterans, and there is another group counselling others about financial distress. I would much rather see some better coordination of all of the infrastructure that is involved in funding all of them separately.

Mr Correll—It is a very difficult question, because a lot of them start off as self-help groups. You used the example of Vietnam veterans. One of the reasons they set that up amongst themselves was that they felt that no other counselling service understood the trauma of the Vietnam era. They used that as an example. So they tend to come from a self-help base; then they tend to get funding after they have set up as a self-help

organisation.

Maybe it is the process that needs to be looked at. When these organisations first consider setting up, why aren't there other groups in the community meeting that need? Sometimes I think it is because other groups are so starved of resources that they say, 'Look, there is no way we can take that on as well.' So the self-help group starts, then it gets funding later on and then you get another group added to the pile.

That goes back to the type of planning we have in the establishment of community groups. You cannot stop a community group and you would never want to stop a community group establishing itself. The question then is: how is that handled when it comes to asking for a grant to assist its activities?

Ms ELLIS—In an ideal world—for example, in Mildura—we could have a community administrative centre where they share basic infrastructure but do not share counselling. Something that a Vietnam vet might want is quite different to someone going broke under financial pressure and needing financial counselling, but they might be able to use the same basic physical infrastructure in which to deliver their services. That is probably more of a combination of supply of service than a combination of services per se. I have just come up with a good policy line.

CHAIR—Our committee is made up of a significant number of rural members, so we are very focused on trying to get the service delivery to some people who do not have access. I particularly favour the concept of a tendering idea, because the evidence I see is that it is delivering on the ground. I read your submission and in fact I feel much better about it having now had an opportunity to talk face to face. You are not quite as strident as your submission suggests. Your main point is that we have got to get the monitoring right and the standards set, and quickly, before we go any further with progress. Is that a reasonable summing up of your position?

Ms Sheen—We are very keen to see the maintenance of a mixed economy in welfare service delivery. We would not like to see, as Mr Correll said, the development of monopoly situations and the erosion of the diversity. The strength of Australia's welfare and community services sector, as the Industry Commission's charitable organisation report said, is that there is diversity. The strength of Australia's welfare system is diversity and multiplicity and we really want that preserved and competitive tendering could be a threat to that.

CHAIR—We have seen that not everything that the Industry Commission puts up to government is wholeheartedly supported. Hopefully, we will keep the government to that.

Ms ELLIS—In your industry, do you see that there are a lot of disjointed organisations out there that need help? Perhaps they need to have the standard set so that they know they have a direction in which to head, rather than just hit and miss and hope it works.

Mr Correll—I am just trying to think on what level. I mentioned earlier that, from the point of view of running a business, a lot of assistance is needed by community organisations. Because of the type of people that tend to come into them, it is somewhat difficult to introduce the same strong financial business principles. That goes for organisations such as our own. We try to work with other organisations to work out what are the best ways of doing things such as managing budgets and sharing that information.

That has depended a bit on the environment by the funding authority to create the incentive for us to get together to use our resources. We do not need much more money to do it, because a lot of us know how. Let us say that one organisation has a problem with grievance procedures. They will develop a grievance procedure within their organisation that can be shared with others. Not everybody has to go down to the employer's federation to find out and probably spend some thousands of dollars getting one developed. So at that level there is great room and opportunity for both service providers and consumer groups to have that information shared. I do not think it has been done anywhere near adequately enough. There are some industry associations which could help but, for example, with community care, I do not think there is any major industry association to assist them in that area. Maybe that is another need.

Ms ELLIS—I wanted to take up one of the points you made earlier on and to ask you to elaborate. It is in relation to assistance to community groups in particular in any competitive tendering process to allow them to continue to exist. I am convinced that it is no good any government agency calling for tenders for delivery of a particular service and having it go to a community service group which has not also been given the opportunity to brief themselves—particularly from their voluntary point of view—on how to administer it. Then, should something go wrong, they have the wrath of the government agency coming down on them for having failed when they were not in fact given the armour to do it adequately in the first place.

I have seen that happen in my own community too many times. It inevitably leads to the destruction—inadvertently or advertently—of that very community sector, because along comes the professional mob who then swoop it all up. I am a very strong advocate of the community sector in that sense. You alluded before to comments about the need for adequate training, adequate information and so on. Do you want to elaborate any further at this stage on that very concept, that is, the amount of money that should be put in to allowing those groups to be professional in how they develop, deliver and maintain accountability and so on?

Mr Correll—In the submission we did cover that. If a lot of the community groups that are providing services at the moment have to go into a tendering situation, their resources are stretched to the point when they do that—especially if they have not done it in the past—where they will probably not have highly developed skills that a professional tenderer or professional tenderer organisation would have. There is a definite need for skills development in that area.

As I mentioned before, the business development area is just crucial if they are going to be able to do that and understand what kinds of cash flows they have to have if

they are going into a new venture. We are well aware of situations where a community organisation or a for-profit organisation that is not really clear on what it is entering into can get itself into deep water. It is very destructive on a community when that does happen. You end up with terrible infighting and bitter fights which probably we have all experienced. If that skill base had been there in the first place, and maybe the resources to assist community groups to be prepared to make those tenders, that would be a great improvement.

As for the amount of resources needed to do that, you could look at a percentage of the total budget, for example, in home and community care, being devoted to that. It is actually earmarked for it. An example in Victoria is the Transport Accident Commission which seems to have an amount of money earmarked for prevention issues. The trouble with those things is that unless they are earmarked it does not happen.

CHAIR—Thank you very much for coming along and giving evidence today. You are well aware of the procedure. This will be a fairly short inquiry in the normal terms. We will probably be tabling our report by the early new year. Thank you very much for your appearance today.

[10.00 a.m.]

JOLLEY, Mr William, Executive Officer, National Federation of Blind Citizens of Australia, 87 High Street, Prahran, Victoria 3181

PETERSON, Mr Ivan, Victorian Information and Advocacy Officer, National Federation of Blind Citizens of Australia, 87 High Street, Prahran, Victoria 3181

CHAIR—We are very pleased that the National Federation of Blind Citizens of Australia has been prepared to step in to give its contribution because of the delay of other persons. Before we proceed I wish to point out that, whilst this committee does not swear witnesses, today's proceedings 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 regarded as a contempt of the parliament. Do you wish to proceed to an opening statement before the committee asks you some questions?

Mr Jolley—Yes, please. Good morning to all of you, and I thank you on behalf of my organisation for the opportunity to present our views to you today. First of all, I would like to make a few remarks on my personal background so that you will be able to see, for example, where I have come from and so you will have a little more insight into what has shaped my attitude to life.

With me is my colleague Ivan Peterson. Ivan works as our Victorian advocacy and information officer. He has extensive experience of working for different organisations providing services to people with disabilities, and he worked for a short time for the Victorian government. We particularly want to address issues concerning the adequacy of services, the costs of services, accountability and the impact on these that there may be from competitive tendering or contracting out of services.

For my part, I was born totally blind back when Collingwood won its third-last premiership in 1953—but, of course, Essendon has won many more premierships than that so that makes me a happy person. I come from a family with no history of blindness or disability, but I am one of four children in it who are blind. We had seven children in the family. I have four children who can all see, except that one has some vision impairment that relates to my wife's vision impairment.

I have benefited from a great deal of community support through the volunteers who assisted me in my education when I was a young child, and I have benefited through having a very loving family background, particularly my parents. Many of the values that I have got during my life have encouraged me to think about the community in which I live and to see that really very much of what we do is a team effort.

I have been involved in the National Federation of Blind Citizens of Australia since we formed it in 1975 as the National Organisation of Blind Individuals, and for a number of those years since then I have worked as a mathematician with Telstra in a completely different environment in research—looking at telephone traffic management,

the cellular mobile network and, indeed, quality of service.

I currently have the position of Vice-President of the World Blind Union (East Asia Pacific Region), and I also convene the Disability Discrimination Act standards project, which facilitates community consultation and input into the development of education, transport, employment and other standards under federal disability discrimination law.

My organisation, the NFBCA, is the national association of blind people and our priorities are advocacy, information, peer support and providing advice to government. Often in the process of providing advice we do not take a fixed position such as contracting out being right or wrong. That is a position that one may take in one's community and through other organisations. But in the NFBCA we particularly look at how changes affect people who are blind and visually impaired, and then we make the judgment whether the overall change is positive or not.

Blindness and vision impairment is a mixed form of disability. Among younger people it is a low-incidence disability. So there are only 1,000 or so people who read braille in Australia, there are only 400 users of dog guides and there are only a few hundred children born each year with severe vision loss. But, overall, close to 300,000 people in Australia have vision impairment—most have late-onset blindness and their vision impairment is related to ageing.

Clearly it follows from that that the vision impaired and blind population of Australia is a growing one and that the demand for services is growing similarly. As for the services for blind and vision impaired people largely provided by blindness agencies, private non-government organisations, the use of competitive tendering and contracting out has not yet started to have a major effect but that well may have in due course.

As for the current position we are in, there is little duplication, but there are many gaps in services. In general terms, there are good services in the capital cities of Melbourne and Sydney, but there are very poor services in much of the country, including Queensland.

When we think about the new direction or the new auspice for providing services, sometimes there is confusion over, and conflict between, means and ends. There tends to be an association of competitive tendering and contracting out with profit making organisations in the sector. We need to be very careful about the introduction of profit making organisations into a community services sector because of the confusion between means and ends.

The objective of a for-profit organisation is to maximise profits. The means through which it does that is the provision of goods or services. On the other hand, the end objective of a non-profit organisation is to provide, in this case, services. It does that to the best of its ability by attracting resources and managing them properly. Most organisations do.

In thinking about or moving towards a new regime for service delivery, we must be very careful to ensure that adequate safeguards are in place. We, as the national association representing blind people, conditionally support the direction towards competitive tendering and contracting out, so long as there are safeguards to ensure that the interests of consumers are protected and that the quality of services is maintained.

I do have doubts and I sometimes wonder where we are going in our country. I become very concerned when I hear glibly that the market will be the primary arbitrator. The free market might be free, but it has presided over hundreds of billions of people living in chronic poverty in places like India.

I was recently in Da Nang in Vietnam. Many of you will recall there was a big American air base at Da Nang during the war. It was 7 o'clock in the morning on 28 June, just before the big news event was happening of Hong Kong being handed back to China. I was listening to Radio Australia for the last time for some time I would hear Radio Australia in Vietnam. The discussion was about how Radio Australia was changing. There would be different transmission and, basically, the resources were being taken out of Radio Australia. I thought of an old phrase, 'Weep not for yourselves but for your children and for your children's children.' What are the consequences of closing down Radio Australia, of becoming in some sense isolationist when we are a much more global village in our world?

A bit frustrated with what was happening to Radio Australia, I turned on the television and Australia Television was there. They had a really good quality program. It was one of those infotainment things that goes for a quarter of an hour with young beautiful people advertising jewellery or something totally culturally inappropriate in a place like Vietnam. I guess there are a number of factors that have shaped my thinking about changes in directions in our country. I am committed to working with governments, and with oppositions for that matter, to improve the situation of people who are blind or vision impaired.

As I said, we face a situation with blindness or vision impairment where there is increasing demand. There has in general terms been an inadequacy of resources, and possibly always will be, in the welfare and community services sector. This is demonstrated in the findings of recent reports concerning home and community care. I ask Ivan Peterson, who has considerable more experience in this area, to make a few comments concerning what has come out of those reports.

CHAIR—I do note that you have made a formal submission, to which the committee wants to address some questions. I ask you, Mr Peterson, to be brief so that we can get to that. If you have further examples to submit, then please do so at any time during the process of the inquiry.

Mr Peterson—Just briefly, we submit that particularly for younger people with disabilities and people who are blind or vision impaired there are insufficient services available in terms of what have been used throughout Australia now with regard to HACC services. They are home and community care services highly valued by people who are

blind or vision impaired which support them in their own home, maintaining a lifestyle in the community.

We find that targeting and prioritising is being used throughout this area to decide whether or not people receive services. Very often we find that blind and vision impaired people do not receive services because their disabilities are prioritised as being those which do not directly rate very highly on a priority scale with regard to their application for services.

There is often an understanding amongst people who assess for those particular services that people who are blind or vision impaired have high levels of independent coping skills because of the image that they perhaps present in that area, so they very often miss out on services because of that error. The HACC service, in particular, which we see as a valued service, is one which blind and vision impaired people are very often, unfortunately, not able to access.

Mr Jolley—In terms of demand for service or access to service for people who are blind or vision impaired, it is regrettable, but I do feel that in Australia we have among the worst braille production services of any developed country. There is, for example, no general magazine that is provided to readers of braille. The services for people who are deaf-blind are very fragmented, and there is virtually no staff training, so services are provided with support from people who may be trained to provide other services but not to communicate with people who are deaf-blind. There is still no braille based telecommunication or TTY device for people who are deaf-blind in Australia.

There has been little evidence that we know about where costs of accessing services have reduced following contracting out. In fact, we can identify some clear examples where costs have increased. The Braille and Talking Book Library, which produces talking books, is required to form an arrangement with what is effectively a selling cooperative to sell the talking books it produces to public libraries, but there is 2½ per cent off the top that goes to that cooperative. That organisation is a non-profit organisation, and it has to make those funds up either by reduced service or by seeking greater support from the general public. There have been some other examples, too. A person requiring podiatry service found that the cost went from \$6 to \$25, and they were just told, 'There has been some restructuring, and that is the cost now.'

Particularly I want to come to the question of accountability and monitoring. I was listening carefully when Denys Correll was talking this morning. People often do not like to use the word 'complaint', and in a sense complaints suggest an adversarial system. Nonetheless, people do need to complain sometimes, or need to give feedback. It is true that accountability provisions and quality provisions are being put into contracts to a greater extent, but the reality is that the government officers who administer those contracts are paying less attention to them now. Either they are so strapped for resources in those government departments that people cannot get down to that level of detail, or the issues are too complicated and people just do not understand them.

There is certainly a need for a quality and accountability mechanism involving

government or the funders and involving service providers and consumers. But, for that to be done properly, the consumer representatives particularly need adequate training and resourcing. It is no good saying, 'It is good to have a consumer on this working group. Where will we get one from? They are not very experienced, but at least they are here.' That is just not good enough—not acceptable. We do support, though, the development of a model with those three sectors represented.

I have no in principle concern against the involvement for-profit organisations, but it changes the priorities. The corners can be cut, because the priority is to make profits—to make a return for the shareholders—and the providing of the service is the means to that end; so greater accountability and monitoring of quality are more important than ever they have been. In that regard we would urge the committee, if it is to embrace competitive tendering and contracting out, to do so with caution and to recognise the second-order effects: the unintended consequences that can result from a different mode of operation.

CHAIR—Thanks, Mr Jolley. I am fascinated by the technology you are using to help you with your presentation. I was unwilling to put you under too much pressure on the time, but we thank you for that contribution.

It seems to me that what you are saying as an organisation is that, regardless of the question of competitive tendering, support services for blind people are not adequate rather than it being a fault of the process of competitive tendering. Is that a reasonable precis of what you have just said?

Mr Jolley—Yes, as a starting point that is correct. We would be concerned that competitive tendering may exacerbate the problem. But, yes, there is a paucity of resources, particularly in rural areas and outside the key block of Melbourne and Sydney.

CHAIR—You mention in your submission, right up-front on page 1, that the move from institutional to community living arrangements has had a major impact on the demand for support services for people with disabilities. You are speaking in the broad there, but we know you mean blind people. My impression has been that we have made a lot of progress right across the community involving infrastructure, adjustments to kerbs and walkways and so forth. Could you give specific examples of where that has been inadequate? Again, I think, that is not the fault of any move towards competitive tendering—that is part of your main point.

Mr Peterson—We would agree with that statement. Certainly we would support deinstitutionalisation and the move of people to live in the community and be supported in the community. We would say that there has been a start in that area, and the community resources have been there to meet and support people when they arrive in the community, but there has not been a commensurate increase in those resources. There has been some increase in resources, because the funding has been transferred from the institutional base to the community base. We recognise and appreciate that. However, we would simply maintain that, whilst that initiative is one that we would support, the level of resources is not yet adequate to resource people in the community.

Mr Jolley—I would like to take up your point on general access. Certainly there is a steady improvement in access to the built environment for people with disabilities and people who are blind and visually impaired generally. Nonetheless, there is still a great deal of work to be done. For example, one of the great developments over the last 20 years has been audible traffic signals—the clicking component of the traffic lights so we can hear when to cross the road—but there still are not well-structured programs for introducing those audible traffic signals. We find as an individual advocacy organisation that we need to negotiate about many of them, though not every one. We find that local government engineers will say, ‘Yes, it’s very meritorious to have an audible traffic system, but we don’t have a budget,’ or ‘it will have to wait until 1999.’

There has been progress, but there is still a great deal of progress to come. That is why I, for example, am strongly committed to the development of standards under the Disability Discrimination Act because the development of standards creates a lot of certainty and takes away the guesswork in the success of complaints and litigation. Transport and education, particularly, are important there.

CHAIR—You mentioned some examples earlier. You made the statement that you see very little improvement in service, in fact a reduction in service, to the people with blind disability, as a result of competitive tendering. I noted your example with the talking book library. Do you have any more examples like that? Are you sure that that is a result of any process of competitive tendering or is it just an organisation trying to cover its cost?

Mr Jolley—In general terms, competitive tendering has not started to bite in relation to blindness services. Services to people who are blind and vision impaired— independent living training, employment, rehabilitation, disability service, some accommodation—are mostly provided by the specific blindness agencies. We expect that there will be an impact into the future. I am quite sure that, in relation to the example of the Braille and Talking Book Library, it is not simply an organisation trying to cover its cost. It is a change in the way they are required to sell to public libraries. So it is a change, in a sense, in the way public libraries are required to buy book stock. An organisation like the Braille and Talking Book Library, which is a part of the Association for the Blind, is a non-profit organisation. At best it is working to cost recovery. I have no doubt on that one. I would not have picked an example that I was not sure about. I am a cautious player in that respect.

For example, I am concerned about what is happening in the change in employment services that will have an impact on people who are blind and vision impaired. The whole system of employment services for the community generally has been changed and there is flex 1, flex 2 and flex 3. You do not really need to know the details of them except that they are essentially a gradation in terms of the needs of the clients. A flex 1 service is just about for any people who need support in their job search. Then there is flex 2. Flex 3 is for people who have special needs such as people with disabilities.

For a service provider to provide a flex 3 service they have to provide a flex 1 service. It is a bit like saying that your top obstetrician has to do a certain number of

hours as a GP each week. It is making it difficult to have that specialisation. The problem is that blind and vision impaired people are a very low-incidence disability group in the group of people who are working age. Most blindness is aged related and so the very high proportion of blind people are elderly. This means that the blindness agencies which have had a record of achievement in job support, training and placement of blind and vision impaired people in employment are unable to be providers of employment services under DEETYA support unless they provide a service to the community generally, which they have no expertise in or wish to do. That is an example where some problems may arise.

In the area of print disability service the Commonwealth government provides about \$1.2 million to support the production of braille and audio books; in large part it is educational material but there is some reading material. There is scope there for a good pilot project of competitive tendering. We have the current situation where the government provides a subsidy to producers, effectively under the Disability Services Act, of about 20 per cent. One large organisation, the Hear-a-Book Service in Tasmania, produces a lot of books and gets quite a high subsidy, but some other organisations say that they will not buy from Hear-a-Book because the quality is not adequate, yet many public libraries do.

This means that the public libraries and other libraries have different views about quality. It certainly means that there is some dichotomy here. Either the Hear-a-Book organisation's quality is not good enough and the government should not be funding them, or it is good enough and other organisations should be firmly encouraged to buy from them. Developing a competitive tendering process for the production of talking books well may solve that problem and lead to a good pool of high quality talking books in Australia. There are some examples where it can work but it has to be done very carefully. That is our message.

CHAIR—If that is your message, we appreciate that.

Ms ELLIS—Mr Jolley, I am enjoying the knowledge coming through in your presentation; I am learning an awful lot from you. On page 2 of your submission you mention costs and you talk about anecdotal evidence:

There is no evidence at this stage of which we are aware that reductions of the cost of services to the consumer directly attributable to contracting out have occurred . . . contrary with examples of increases of up to 50% in the hourly rate charged for some services.

Are either of you in a position to elaborate on that?

Mr Peterson—Yes. That has actually occurred to consumers who have been in receipt of, for example, specific home care as a home and community care program funded service. It may well have been that in the past the service provider did not accurately assess its costing. We know, for example, that in local government certain areas of service carried over the costing to service provision. Their administrative services, for example, were not costed on to the actual service. However that has been brought about, the fact is that the end consumer who was, in the past, paying something in the order of \$3 to \$5 per hour for that particular service may well now find themselves paying a much higher rate in the three-tier stream which is being introduced in Victoria for fees for HACC services—low, medium and high or full cost recovery. They find themselves being

on that higher rate.

A consumer who had applied for services contacted me just last week. The person is on a blind pension in a rural city and had applied for in-home support in the form of specific home care and had been assessed and was required to pay \$15 per hour for service. In actual fact, that is at the rate of full cost recovery. The person could have gone out and hired a carer herself at the rate of \$12 an hour. So this is clearly an issue that is a problem. Prior to the restructuring of this particular local government council, the fee for that particular service has been \$6. I can give the particular city. It is a fact that that is a particular service where fees that consumers are paying have in many areas increased. In many areas it has remained the same as it was because that three-tier fee structure was already in place. But there are definitely areas where that service is now more expensive to the end user.

CHAIR—When it is in a local government context, though, the cost process is transparent rather than being subsidised by the broader rate paying community.

Mr Peterson—That is true; that is an aspect of that.

CHAIR—That is not necessarily a fault of competitive tendering; it is a process of ensuring that costs are allocated transparently to specific service sections.

Mr Peterson—That is certainly true.

Mrs ELSON—Thank you again, Mr Jolley. I would also like to add my congratulations on your presentation to those of Mr Peterson. You said to us earlier in the piece that there were 1,000 people using braille. Is that over Australia or in Melbourne, Victoria?

Mr Jolley—No, it is probably in Australia.

Mrs ELSON—And then you went on to talk about your flex 1, flex 2 and flex 3, and the fact that they have to provide services to able people and disabled people. Presently, what does the National Federation of Blind Citizens of Australia provide as far as job placements go? Can you compete with what flex will be doing? Are you providing an adequate service now?

Mr Jolley—We do not provide an employment placement service. As the national association of blind people, our members are all blind and vision impaired people, and our services are advocacy, distribution of information, peer support and advice consultancy to government. It is blindness agencies such as the Royal Victorian Institute for the Blind in Melbourne or the Royal Blind Society in New South Wales which provide those employment, training and placement services.

Mrs ELSON—So people who are visually impaired would presently have to go to those organisations to get training and so forth?

Mr Jolley—Largely, yes.

Ms ELLIS—I am showing a bit of ignorance here, but can either of you tell me whether elderly people who have complete blindness would be the sort of people who would use Meals on Wheels? They would in some cases if they were living on their own, I think.

Mr Jolley—Yes, many of them would.

Ms ELLIS—Do you have any views on the adequacy of that service? I am sitting here thinking of the sorts of service delivery that people have and I am being a bit provocative, I guess. With a community based organisation delivering Meals on Wheels with volunteers and so on, I know from my own personal experience that that service is enhanced somewhat by the care that is exhibited as well as the delivery of the meal—that they check on dear old Mrs Smith and make sure that the house is looking the way it normally looks and so on. Can you see a problem in trying to compare that sort of service with a commercially driven service at that end of the delivery? I have a personal query about whether or not the same level of service would be delivered, given those extras that come along with a community organisation. Do you see that sort of problem?

Mr Peterson—Certainly we would see that as being a very good example of an area where, as Bill said before, we need to be cautious. Home and community care services, including Meals on Wheels, are very valued by blind and vision impaired people; they can help them maintain their standard of lifestyle in their own home.

Of course, Meals on Wheels is a very good example of being more than simply a food service. It is one that provides the human contact, the human touch and the community link-ups and so on that you have just described. Certainly, we have a concern about the depersonalising, or dehumanising, of particular services, but that is an issue I believe can be addressed in the developing of the specifications for the service. Such things as a three-minute drop-off for a meal, which has been written into services, is inappropriate. There needs to be sufficient time built into the meal delivery schedule of every operator to make personal and human contact and, if necessary, to make a phone call because Mrs Jones was not able to be aroused to receive her meal on a particular day, rather than to leave the meal, only to become alarmed if the meal is still in the same place the next day.

So, yes, we would support your concerns but believe that it is not necessarily the system. It must be that the requirements are built into the system, and I suppose that a point that we would like to make very strongly about that area of service is the monitoring and the accountability of the service provider in providing that kind of service. We support the concept of developing specifications which include those concerns. We see that as being an appropriate way to address those concerns. However, in a particular service such as HACC, there can be up to five levels of managing that program before it actually gets to the end user: federal and state governments, then regional government and then local government, which may then contract out that service.

Our concern then is monitoring the quality control of that end service provider meeting the needs of the consumer. One of the concerns that we have is the complaints system. We are really concerned that in this process quality monitoring—and complaints in particular, which is seen as being a standardised and safeguarded way for the consumer to give feedback about quality—is one of the areas that we feel needs to be addressed.

Ms ELLIS—Where would you think would be the appropriate level of government—you have named five levels—to draw up and oversee and overarch both the standards of specifications and the carrying out of them?

Mr Peterson—If we continue with the HACCC example, which is quite an easy one for us all to grasp, there are national standards. We believe that those nationally developed standards, which have been an initiative of federal government, are appropriate, well thought out, well designed and they do safeguard, if they are used appropriately, the end user and their needs. We would support the national standards in that service area. We would then see that the federal government clearly cannot step back from those standards, having developed them, because standardisation across the country is a valued thing, so that the standards attained in various settings are comparable.

We were asked a question about the setting up of an independent umpire whereby there would be consumer representation, service representation and government representation. We would support that concept, provided, as Bill said before, the consumer representation is informed and empowered. There would need to be some process of training those representatives and perhaps an accreditation process similar to that used, for example, in Victorian community health where there is a community health accreditation and standards program which has a budget devoted to it for its application. We would recommend that the panel could in fact consider that.

But we would see that the federal government has a responsibility in the area of ensuring accountability. We are concerned about that multi-tiered example and that if you pick any particular level along the way there could be shortcomings.

Ms ELLIS—We could also conclude from your comments that the drawing up of standards, specifications and so on would be absolutely essential and that current community level deliverers, particularly, be consulted—to go back to the Meals on Wheels example—so that what is being delivered is understood and acknowledged in that process.

Mr Peterson—Yes.

Ms ELLIS—What we would not want to see is a set of circumstances where tenders are called—and I am using fairly crude examples here—and one tender comes in saying, ‘Ours is going to cost X because we are going to take eight or 10 or five minutes per household, on average, for all of these reasons,’ and then tender Y comes in saying, ‘We are going to take three minutes and we will be cheaper.’ It is no good doing it that way. You have to put the horse before the cart, not the other way around, and consult at that level to understand what we are delivering. You would agree with that?

Mr Peterson—Yes.

Mr Jolley—Yes.

CHAIR—It is all about writing a proper specification for the tender.

Ms ELLIS—And understanding why.

Mr Jolley—It is about writing proper specifications, but it is also about having a mechanism in place to ensure that they are followed afterwards and that the contract does in fact deliver on what some economic rationalists would say are the softer parts. But it has to deliver on those as well as on the bottom line in dollars.

Mr Peterson—Just to round that out a little further, we believe there is good commitment to that kind of delivery or establishment of quality services, but there is a problem of ensuring accountability—the follow-up to make sure that the feedback is there. That needs to come from two areas—directly from consumers and their representatives, perhaps through their peak bodies. But there also need to be resources committed to the accountability level for the service provider.

At the moment, what we are seeing in some areas is a certain level of self-evaluation by service providers because the resources at state or regional government level to oversee multiple service providers are very limited. It is almost an impossible task for one or two program managers at regional or central level to oversee a multiplicity of service providers and their accountability. So we would ask that consideration be given to commitment of resources to that area of accountability of service provision.

CHAIR—That is a good point. Mr Jolley and Mr Peterson, we have been very impressed with your evidence today and certainly your commitment. Just for my own information, Mr Jolley, what was the process for you to be able to have access to the facilities you have used this morning? I noticed you were using a mobile phone earlier.

Ms ELLIS—You are a walking technocrat model.

Mr Jolley—With Windows 95, I have dropped behind again, so I have to catch up. This device here is, I suppose, a very basic computer. It has a capacity for synthetic speech and also braille. It has an 18-character braille display. So I have just written some notes on this and was able to look to them while I was speaking.

To actually get other major documents in braille, we now have quite good facilities to produce braille using a computer. So I just got the disk of the particular files and translated them into braille and printed them on my braille embosser that I have in my office at work. So it is really a combination of different technologies.

Producing braille was one of the earliest social applications of the computer back in the 1960s. Now, braille can be produced in most languages using a computer. I have actually had an involvement in East Africa in Kenya and in Vietnam to produce braille in

different languages. I did not actually write the programs, but I just helped people to understand it.

CHAIR—Thank you very much. Thank you for also being prepared to step into the breach earlier. You are quite welcome to observe the rest of the inquiry.

Mr Jolley—Thank you for giving us your time. I would just like to say very briefly that our organisation is one that can often give to you people, as members of parliament, short, sharp advice on a question you might have. We are just a fax or telephone call away and are always happy to provide advice. For example, I know there is a new radio for print handicapped station going into Mildura. That is the sort of development that we supported. We would be very happy to advise on that.

Ms ELLIS—We also have an excellent one in the ACT.

Mr Jolley—Yes, that is right.

CHAIR—Thank you very much, once again.

[10.50 a.m.]

CADDY, Father Joseph, Executive Assistant, Melbourne Catholic Social Services, 724 Heidelberg Road, Alphington, Victoria 3078

WEBSTER, Ms Marilyn, Associate Director Policy/Research, Melbourne Catholic Social Services, 724 Heidelberg Road, Alphington, Victoria 3078

McCARTIN, Mr Damien Laurence, Social Policy and Research Worker, Good Shepherd Youth and Family Service, 117 Johnston Street, Collingwood, Victoria

CHAIR—Welcome. Before we proceed, I need to point out that, whilst this committee does not swear 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 regarded as a contempt of the parliament.

Your submission has been received and incorporated in the published volumes of submissions already distributed as part of the inquiry. If you wish to make a brief opening statement before we commence questioning, I will give you an opportunity to do that.

Father Caddy—Thank you for the opportunity. Just by way of background, Melbourne Catholic Social Services is an office of the Catholic archdiocese of Melbourne. It is a peak body for over 100 Catholic welfare agencies involved in the whole range of human services. At the last survey, the total operating budget of those services was just in excess of \$100 million. That does not include Catholic hospitals and health services, which would increase that amount considerably. About 64 per cent of those funds come from governments at various levels.

By way of our own background, we come from a commitment which the church has for the poor. Option for the poor is part of the Catholic teaching and it is a term that we find used more and more often. It indicates that one of the fundamental projects or missions of the church is to support those options in society which advantage the least well-off and to reject those options which further disadvantage those people. Our primary mission is to serve those who are marginalised, oppressed and powerless. Option for the poor reflects the concern of Jesus for those who are marginalised and disadvantaged. Option for the poor is the reason for our interest in this inquiry.

Traditionally, with different emphasises at different times, churches have responded to those who are marginalised and disadvantaged in several ways: through the direct alleviation of the needs of those who are poor, such as in night shelters or emergency relief; through empowerment of those people; education and job training; work with people with disabilities; and the development of innovative programs. We have also worked with people through advocacy for individuals and for whole areas of activity and also to challenge structures of injustice and to help bring about equitable and social structures.

In Victoria—and perhaps more so than in other states—the churches have always played a very prominent role in the field of human service and human welfare delivery. The environment that we are working in, with compulsory competitive tendering, is new and we are all taking some time to get used to it. But in its short and fairly vigorous and lively history in this state, we have been able to discern already that there are some areas of real danger.

The success of many of the programs in the whole field of human services depends on the building up of relationships of trust between agencies and governments, between the agencies and their own staff, and between the staff and the workers and the constituency—the people with whom we work. The increased incidence of contracting out of human services has introduced a corporate and competitive environment into a field of activity that really, in order to be most effective, works best and depends on a community environment.

We have been quite amazed, and even entertained at times, at some of the difficulty and rigour with which governments and bureaucrats that we have talked to have talked about creating markets for the sorts of services we deliver. It is difficult because to make a market does depend on people having capacity to choose. They often talk about this. We had one example in speaking to—

CHAIR—Surely the objective would be to abolish the market?

Father Caddy—That is right. We are trying to do ourselves out of business, that is true. We were talking to one bureaucrat who was talking about creating a market for parenting programs; that is a bit of a nonsense really. Most of the people we worked with, at the time we worked with them initially, lacked that capacity to make those sorts of choices. In fact, the very thing we are on about is empowering people to widen the range of choices that are available to them and the outcomes that are available to them in their own lives and families.

The market talk and imagery is really a bit strange to us and amusing at times, but it also does have some dangers because a market really does assume that there are no price makers. Yet the model that is most frequently pursued in Victoria, at least, is a purchaser provider model. In the case of the government's agreements with welfare agencies, there seems to be a distortion there because there is only one purchaser and that purchaser does set the prices and the quantities of service provision. It is not as though our agencies or any welfare agencies can say, 'We will go to another purchaser for that service.'

Another aspect of the inadequacy of the market in this is that the purchaser of the service is not really the ultimate consumer of the service, so the benchmarks and the expenditure limits that are set by the purchaser may not really relate to the consumer needs or the demand. So in the case of the people we work with, who are more and more being called consumers or customers or clients but who in fact are our friends and brothers and sisters, the users of those services that we provide do not have the capacity to pay. Commercial viability and profitability are not our motivation or the motivation of

most people in the not-for-profit sector in their involvement in welfare service delivery.

An interesting example that was written up in the newspapers this weekend involved the contracting out of employment services. Two of the big commercial organisations in that area—international players in employment services—Morgan and Banks and Manpower, declined to tender for those services that were being offered because they decided that they were not commercially viable; that the time frames being offered did not allow them enough time to amortise the investment that would be required. Yet there are many church agencies and not-for-profit agencies who have tendered for those services. We will see what the outcomes are of that later on. So it is clear that churches do not really respond to the price mechanism; they respond to community need. Another indication is that it would just be wrong to imagine that if there were no money available for the sorts of services we offered that we would stop offering them; that is clearly not so. We are committed to offering and serving those who are poor.

We think a better model would be the model of partnership. We do not think markets adequately cover our various obligations; that is, the obligations we have as churches and the obligations that governments have to those who are disadvantaged. The partnership would describe well the relationship which churches and not-for-profit welfare agencies should have with one another because cooperation rather than competition is better for the field in which we work. Also, it is a good description of the relationship between the state and the churches in the area of welfare provision. We believe that the idea of partnership allows both the state and the churches to fulfil their various obligations—for which, I suppose, we will both be ultimately held accountable to a higher source. A partnership relationship rather than a purchaser-provider relationship better satisfies both the duty of care for community service obligations and the demands for accountability.

In relation to the disadvantaged in the community, churches have a duty to the poor, and that comes from the gospel and it comes from our mission. Governments also have a duty to the disadvantaged, and that is in the interests of creating a fair, just and inclusive democratic society.

CHAIR—Thank you. Do other people want to add anything, or can we move to questions?

Ms Webster—We do have a number of comments under each of the key question areas of the committee and we can either make those now or in response to your questions.

CHAIR—I will give you an opportunity to make your contribution. You may answer some questions by making a contribution.

Ms Webster—The first area of particular interest to us is the impact on duty of care which some of the competitive tendering processes have. Again, we have seen this very much at a state level and it may not quite apply to the same extent at a federal level. I think it is an issue which arises most pertinently when the state has a special relationship

to the people for whom services are to be delivered. A particular point in this example is where, for instance, the state has a guardianship relationship in relation to children it may care for.

An example is a recent program initiative in Victoria for very high risk adolescents. There are about 240 adolescents in Victoria who are state wards and who present great problems for the system in terms of actually providing adequate care and supervision for them. I am sure this is not only an issue in Victoria; we know of other discussions elsewhere.

A particularly pertinent program has been developed, targeted at these high risk adolescents. That means funding will be moved from a block funding for provision of residential care to a kind of eclectic funding delivered by a brokerage model. The concern for agencies taking on that brokerage model will be what will happen to the duty of care which normally resides with the guardianship of the child, that is, the state guardianship of the child, when the brokerage model is taken over by the community welfare agencies that are making decisions about what level of service to provide to the child and which services to provide. There is very real concern around how far inroads will be made into what has traditionally been seen as a state responsibility.

Another example around duty of care and maintenance of standards has to do with the disability area. We have one very small organisation that provides disability care to fairly severely intellectually disabled people. There is a similar service also providing the same sorts of services to the same target group which has now begun charging those users of its services additional charges for day excursions, so that not only is the agency charging for the care of the person concerned but also it is charging, for instance, for any external excursion that that person might participate in as a result of being in care. There is an additional charge.

The concern for our agency, which provides those excursions through the use of volunteers, is how they are going to resist the pressure to cost that particular part of their service delivery into their total program funding. There is definite pressure on the agency to include that, and obviously strong resistance from volunteers around providing what they see as a service for which the person is to be charged. There is a real issue of duty of care around that.

Ms ELLIS—Are the clients who are being charged that additional fee in residential care?

Ms Webster—Yes, they are in residential care. They are charged an additional fee for day excursions which I believe is based on the hourly rate of the paid staff member who undertakes the excursions.

Ms ELLIS—So that additional fee is coming out of their DSS income?

Ms Webster—I assume so.

CHAIR—I think we should let the representatives finish their contribution and then we could have questions.

Ms ELLIS—Certainly. I will continue with this later on.

Ms Webster—I will just make a further comment about monitoring performance standards. The Catholic social services sector believes in strong accountability standards. We know that we have not fared too well in recent times in terms of the standards of care that we have provided in the past for young people and adolescents, but nevertheless we very much believe that public accountability and public exposure is very important in guaranteeing overall standards of care.

Recently, in Victoria, the funding and service agreements which will underpin the round of competitive tendering arrangements required organisations to sign an agreement in which they virtually sign away their right to speak publicly about the program which they are providing. The famous clause which you will no doubt hear about from other presenters today is clause 25.

There have been a long series of negotiations with the bureaucracy around trying to restrict the application of clause 25 of the funding and service agreements to that standard which is applicable in the commercial sector. I think this particular debate in Victoria demonstrates clearly that issues of accountability can become lost when contractual arrangements are used for purposes other than those originally intended. It is our belief that clause 25 is there to circumscribe public criticism and also to ensure—perhaps in relation to the earlier issue—a transfer of duty of care in the public realm.

There are further issues that I want to make comments on in relation to standards. We recognise that the contractual arrangements are very important for establishing appropriate standards but in order for that to happen, those signing the contractual arrangements and the bureaucracy must be on an equal footing in terms of both development of the standards and also the resources used in order to review the standards and develop them.

Currently in Victoria it would be fair to say that the non-government sector, and particularly the church sector which has provided services for many years and which can be said to know the consumer groups best, has been excluded from the development of the standards in relation to some of the funding and service agreements for state government programs, and we would strongly resist that. At the same time, we support the need for development of standards. We feel that the COAG performance measures have been very useful, particularly in the protective services area and the housing area, in evaluating the performance of our own programs and also the state performance as a whole.

We feel that perhaps legislation may have some place in the development and maintenance of standards, although we would point to the propensity for legislation to quickly become a burden in this area. For instance, there is an act in Victoria, the Community Services Act, which requires an accreditation and licensing process for people providing residential care for young people, and yet those provisions have not been fully

promulgated since the time of the amendments to that act in 1987. So legislation, by itself, is not the only appropriate means of determining standards.

The other comment we would have in relation to performance standards is that very largely, at least in Victorian agreements, they relate to throughput standards and not quality standards. Often this is because they are the standards most easily grasped by the bureaucracy, but there has been a lot of work in the human services area around what quality services are. We feel that these should be appropriately incorporated into the funding and service agreements through consultation with the organisations that are already providing the services.

There is a proposal for a central regulatory body in relation to service providers and consumers. There may be a possibility to provide additional accountability and additional development of service standards, but we would see that as only one plank in a whole complex of mechanisms by which standards are achieved. They are my comments.

CHAIR—Mr McCartin, do you want to make a comment briefly?

Mr McCartin—Yes, if I could, very briefly. The Good Shepherd Youth and Family Service's social policy position may highlight some of the points that have actually been made already. In response to primarily the state government's competitive tendering policy, we actually developed our own policy on competitive tendering where we have clearly stated that we will not compromise our services in order to tender for services that have been put out to tender.

This was something that we had to struggle over. We had to determine what were our standards and then determine whether we would see them as fitting in with what tenders were put out by the government. We have now made that decision—that we would be more prepared to lose staff and to lose funding than to actually tender for services that we felt fell by our own standards. Given that that is our position, I would wonder what some of the other agencies may be feeling compromised into doing in terms of compulsory competitive tendering.

One of the ironies of today is that one of my priorities is actually to put out a tender document or to contribute towards producing a tender document. This would highlight some of the costs. It is not actually my normal responsibility to do that sort of thing but, at the moment, given the short time lines that we have been given on a particular tender, we currently have four staff working on putting out a tender document. That is just the nature of the way that tendering is working.

From a social policy perspective, in particular, we are very concerned about clause 25 that Marilyn talked about—the confidentiality requirements that can be imposed on community service organisations. We have a strong advocacy role. We believe that representing the interests of our clients is part of our moral responsibility as well as one of our core functions. Confidentiality clauses would, in fact, stop us from being involved in contributing to the social policy debate and that would be a major concern of ours as well.

Ms ELLIS—Are you in a position to actually tell us the agency that is doing that?

Ms Webster—No, I am not prepared to do that, because the information was given to me by our Catholic agency that was most affected by the issue.

Ms ELLIS—That is okay. My understanding is that people in those positions who are in residential care—that is, the clients—generally have a percentage of their DSS income taken for their care. Is it not 85 per cent?

Ms Webster—Yes, it is roughly about that.

Ms ELLIS—How do you judge the financial impact, before we get into morality of it? What is the financial impact and what are the excuses, reasons or however we want to put it, as you would understand it, from the agency that now charges that cost?

Ms Webster—I think I will base my response to you on the response on the Catholic agency situation and the concerns that they raised with me last Friday. It is my understanding that that charging mechanism will make further inroads into the disposable income of the people in the care of that particular agency. That is precisely the concern of the Catholic agency and underpinned their reason for making for a definitive policy decision not to charge for those excursion services.

Ms ELLIS—What right have they exercised in placing that cost, or is there no right and they have just gone ahead and done it?

Ms Webster—I am not sure of that, no.

CHAIR—Father Caddy, I can only endorse the principles of fairness and justice. This is the whole of Christ's message to the world. It was naive, but He did hope for the best. I would suggest you read my opening statement where I tried to make the point that this inquiry is not about the government absolving itself of its duty of care; it is all about making sure that we get it right.

Father Caddy—Yes.

CHAIR—The nature of the evidence we are hoping to collect is to direct us along that course. I suppose we are looking for examples of a process of competitive tendering, which is the desire to deliver a service to the people who count at the coalface and use taxpayers' funds as judiciously as possible. That is the objective. We do not want to lose a process along the way that delivers equity, fairness and justice. That is the kind of evidence the committee is looking for. It is not all bad. We have already had some examples where a service has ultimately been delivered where it was not originally being provided. It is a matter of getting that balance.

Father Caddy—We understand that. One of the areas that we are very happy about is the accountability that it has actually brought to agencies and brought generally to the field of welfare. I think that has probably tightened us all up a little bit. As well as

being of benefit to public accountability for the use of public moneys, it also in fact probably contributed to the tightening up of our own organisations at times.

Our concern is the lack of consultation that has been around in the vigorous way in which it has been pursued, especially here in Victoria. So we have really welcomed this inquiry and this opportunity to be involved in consultation on the issue. We really think that in setting standards and benchmarks, that type of consultation needs to be extended, especially here in Victoria. We note some of the concerns. As government has fewer practitioners in the field through contracting out services, there is a real danger that they could get further and further out of touch with the grassroots or the cutting edge. That is the importance of having a good set-up there for negotiation and for consultation in setting benchmarks and tenders.

It also underlines the importance of governments listening to advocacy bodies and other advisory bodies. We really are in a policy context now where a lot of those bodies are being defunded and that would be a concern to us, because we believe that they are a very valuable resource to government. I think goodwill should be presumed rather than that advocacy bodies are out to get government or to bring people down. I really think there is a lot of goodwill in the social welfare sector. I wish we could meet that in bureaucracy and in government, because we really do have a desire to work together to provide better conditions for our constituency.

CHAIR—Maybe that is the perfect world.

Father Caddy—Maybe it is. That is what we are working to.

CHAIR—Made up of imperfect people.

Mrs ELSON—Regarding the statement you made there about good service providers now not receiving their funding or being defunded, can you name a couple of them that were providing a service out there?

Father Caddy—The service I was referring to was the service of actually keeping governments informed. I would be thinking of National Shelter, for example.

Ms Webster—The VCOSS business improvement branch provides management service and standards support to smaller agencies in the non-government sector.

Ms ELLIS—It was also the Australian Pensioners and Superannuants Federation, the national association.

Father Caddy—There is a few of them.

Ms Webster—To name but three.

CHAIR—Going through your submission, sometimes there is an element of fear about change and new things. Other than Meals on Wheels, which is a specific example,

so far in all the evidence put to the committee it is hard to get a handle on something that went so badly wrong that somebody was substantially disadvantaged. Do you have examples of things that went badly wrong, where the government's objective was to deliver a service and a person missed out or suffered badly as a result? Or is it just a fear of change and a fear of losing something we have had before?

Father Caddy—I do not think it is just a fear. We do have evidence of particular cases where people have really suffered from this new environment. Just off the top of my head, I was talking to somebody from an agency the other day—in the disability sector, once again—who was referring to an agency that they knew of that had just brought into residential care a middle-aged, intellectually disabled man who had been living with his mother all his life. His mother has been taken to hospital; she was aged and could no longer look after him. Nobody at that agency could take this gentleman to visit his mother, and he was pining for her. They ended up going to local churches, looking for volunteers to take him. There were not enough resources in their program to allow one of the workers to take the time to take this gentleman to see his aged mother in hospital.

Other examples are in the area of what does not happen now, but of what could have happened. I think in particular that the service purchaser-provider model inhibits innovation. There are a lot of small and innovative programs that people have wanted to try, and in the past there had been an environment in which they could apply for some pilot funding to try a program out. It is out of some of those pilot programs and little innovative things that some of the really good programs have been eventually set up. I am thinking, in particular, of some of the work that is done through Jesuit Social Services with young offenders—a particularly vulnerable group—and it is because there was that environment. Jesuit Social Services is a larger agency but there are many smaller agencies that we believe are not particularly advantaged by a service purchaser-provider model.

Mr McCartin—In the climate of fear that exists here in Victoria, there is a propensity to feel that, because we are quite open at times about criticising government policy and advocating causes on behalf of the people we service, there is a possibility with compulsory competitive tendering for a response to us by government of not giving us a tender simply because we have been seen as being critical of it in the past. That is a real fear that we experience daily.

I am short of any solid evidence of where that exists except for some anecdotal evidence that I have encountered. I guess that, in the federal sphere, National Shelter was a classic example, and VCOSS here is another example. This is a fear that I think is actually promoted through competitive tendering. There is always that chance that it is simply a case of payback—'you will not get the tender because we know you have been very critical of us in the past'.

Ms ELLIS—I will offer a comment and see whether you would like to add to it or present a critique of it. Sometimes competitive tendering can be forced upon an agency or a service when it is the last thing that it wants to do. One example that, I have to confess, I know personally in Victoria through a direct family relationship is a residential centre for

people with intellectual and physical disabilities. Its residential unit, which houses approximately 25 adults of varying degrees of severe disability, had its staff budget cut in half in one fell swoop by the state government. To remain operative, it had to, as the staff cutbacks, get rid of the kitchen staff—the person who cooked and those who provided the kitchen facilities—and contract in food services for at least one meal a day, and sometimes two meals a day, with a huge effect.

First of all, the homely atmosphere of a cooking kitchen went. The nutritional value of the food, unfortunately, changed. Elderly relatives who visited and had a meal with the family member living there had to go through a different regime. The whole thing took on a completely different kilter. That institutional centre did not want to contract out but was forced into it.

Do you know of examples like that? Do you agree with the summation that I am making that lifestyle—life value—can be impacted on quite dramatically? As you were saying before, John, it might not be a dramatic end-of-the-earth reality that people are dealing with but just that their everyday quality of life is affected.

Ms Webster—It is actually quantifying that quality of life—

Ms ELLIS—Exactly, it is not easy to do.

Ms Webster—That quality is not in the tender documents. Certainly, from our sector's perspective, we feel at this stage, at least in the Victorian area, that there has been very little consultation with the service deliverers about what actually constitutes a good quality service and that that is not reflected in the extant performance standards attached to the funding for service agreements. We would like to be more participatory in that process.

Ms ELLIS—I do not know how I could, as a member of this committee, insist that part of a tender document include words like 'a homely atmosphere created by cooking in the kitchen', but I can tell you about the impact that contracting out had in adverse ways as a result of that decision.

Ms Webster—On the wider issue about the climate of fear and fear of change that competitive tendering brings, I actually believe, after looking at this process quite closely for nigh on 12 months in Victoria, that there is an enormous range of responses to it among the 90 or 100 or so Catholic agencies.

On the one hand, we have very aggressive tenderers who are out there enjoying the marketplace process and who perhaps have a long history and their support services in place to enable them to tender appropriately. On the other hand, we have many smaller agencies for whom it represents a total revolution in ethos—a challenge to the things in their basic mission statement. While they may be fearful of the change, that fear arises not out of the process itself but out of the challenges that they see to some of the fundamental values that underpin the reasons why they are doing the work.

CHAIR—It seems to me that the key is to get the specification right. You can write a specification about anything—if you want gold taps with flowers on them, you can write that specification down and that is what you get. There are so many standards now about what the rights are for residents in an accommodation facility and also the development of international standards for all sorts of things. My idea for making sure that this is all done in the right way is to get the specification right, and that is obviously where there needs to be a lot of work. Most of the evidence being submitted to us is that the idea is not so bad but that the absence of standards and monitoring is—unless you get that right, do not do it.

Father Caddy—And consultation.

CHAIR—That is probably a summing up of what your contribution is also saying. Can you help us with some suggestions on how we can get the specification right—to put it bluntly? What is a good process to ensure that there is feedback from the coalface—the clientele and the people who receive this support—in a non-adversarial environment where they can be constructively critical about what they receive with their meal—whether it is Meals on Wheels, et cetera? Give us some positive ideas on how we could make recommendations so we get that right.

Father Caddy—Yes, consultation is the key, as is accessibility. This is why I think the idea of partnership has to be embraced. The setting of standards, as you said before, is good—taps are a good example. Such things can be set by standards but it is hard to set standards for a lot of things, and we really need to talk a lot about that and develop appropriate measurements for the sorts of standards that we are talking about.

I went to what used to be called a sheltered workshop employment program the other day where 52 people with disabilities were working alongside eight able-bodied people, and there was a really beautiful relationship. There was a wonderful thing happening for both the able-bodied people, who had been long-term unemployed, and the persons with disabilities. There is that little bit of magic that happens when you bring people together, and that is very hard to put into standards and specifications.

The week I had been there, the manager of that program had written a reference for one of the able-bodied workers for court. They were running a cooking class that night and everyone was very excited because it was going to be pizzas. None of these things were in their tender documents or in their specifications; they were all added things that were being put on. Some people may argue that there is a bit too much fat in the system; we have to cut back if they are adding those things.

But it was those sorts of things that were creating a very good, human environment for building up a community and making a lot of sense of those people's lives and stopping them from being further marginalised, bringing them back into the community. I think that is the real key. We need to talk—and we need to talk in a really open and, perhaps, structured way—about setting those sorts of standards and those sorts of outcomes. Do you have something to add, Marilyn?

Ms Webster—Yes, I would like to add something about the bureaucracy—that is, the importance of allowing time for the bureaucrats to get these tender documents up. In Victoria, certainly in some program areas, we have suffered from very tight time lines, which has not necessarily been the fault of the bureaucrats. But the quality of the tender documentation certainly reflects the very hurried nature of their preparation. That hurried nature also excludes the appropriate consultation with those who are already providing the service around what would be appropriate performance criteria and outcome measures.

The other issue that also relates to the bureaucracy and the importance of getting this on the ground in a way that works is ensuring that those bureaucrats who are dealing with the particular program areas have a knowledge of it. In Victoria, we have had some fairly dramatic changes in the bureaucracy which have meant that people are not necessarily familiar with the program areas they are administering. I believe that, while there is certainly capacity for a managerial process to happen across all program areas, ultimately there does have to be people with a knowledge of the program area developing those program documents.

Ms ELLIS—Ms Webster, I would like to come back to your opening comments where you talked about duty of care and accountability. The Commonwealth Ombudsman has actually made quite a few statements over the last few months about the need to be concerned and to keep a watching brief, as government is in the process of devolution, of contracting out and outsourcing in relation to accountability and duty of care and so on. Do you want to add any more to that particular point at this stage? I have been very interested to hear the comments of the Ombudsman, particularly in relation to complaints, accountability, measures of standards and delivery of services when they are further away from the government's door, so to speak—and I am talking about any government in that sense. Do you have any further comment to make on that?

Ms Webster—Ideally, there is a place for a specific discussion document or inquiry around the duty of care issues. I am not sure how feasible that is, but it is certainly quite urgent in Victoria. I do not think the solutions to tracking where duty of care falls and the likely impact on clients is an easy one, but I think the discussion has to be much broader than it has been in the past.

Ms ELLIS—Thanks.

CHAIR—Thank you very much for your time. It seems to me that the Christ you represent tried to write a specification about how people should deal with each other. Critics would say that he did not get that right either. Thank you very much for taking the time to make your submission today.

Father Caddy—Thank you for the opportunity.

[11.37 a.m.]

CLEARY, Mr Raymond Leslie, Chief Executive Officer, Melbourne Citymission, 472 Nicholson Street, North Fitzroy, Victoria 3068

CHAIR—We welcome to the table the representative from the Melbourne Citymission. Before proceeding, I need to point out that, whilst this committee does not swear 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 regarded as a contempt of the parliament. Your submission already received has been incorporated in published volumes of submissions already distributed as part of the inquiry. I would like to give you an opportunity to make an opening statement before proceeding to questions.

Mr Cleary—Thank you very much. Melbourne Citymission is one of Melbourne's largest ecumenical welfare agencies and has been established since 1854. It receives bipartisan support and cooperation from all the churches of Melbourne, a whole range of community groups, the city council, the state government and the federal government. It has a long and distinguished tradition in being an innovative and constructive agency in building community and seeking to empower marginalised people, particularly those who are homeless, those with intellectual or physical disadvantages, the aged, the frail, children and families.

Its primary goal is empowerment—that is, to enable people to take responsibility for their own lives and to contribute to the life of community. Our client group primarily are people who have been denied access to mainstream services, those who are unemployed, those who have left the family home for all sorts of reasons and find themselves at risk or at the crossroads in community life.

Victoria, unlike other states of Australia, I believe, has a unique place in the sense that the majority of human services have been provided by the non-government sector—that is, principally, historically by church related organisations. It was not until the 1970s that both local government and the state began to provide more extensive services. In fact, it could be argued that much of the development of human services policy in this state has been initiated through the church agencies and, over successive years, been adopted by governments and expanded as the framework for service delivery.

There would be few in the field who would deny the need for efficiency in the welfare sector and for making best use of the resources. Of course, in the human services sector it is not simply financial resources which have been the base or the strength of the organisations. Volunteers from a wide variety of community groups have participated in delivering those services, whether it be Meals on Wheels, or services for disabled people or homeless young people, or whatever. I think volunteerism has been a very strong trait of the not-for-profit non-government sector.

We would challenge very much as an organisation and, I believe, as a field that price and competition is the only way in which you can achieve efficiency. I suggest that

the current approach in competitive tendering has, as its base, price and competition, which I believe demonstrates a clear lack of understanding of clients and agency needs. That was clearly identified in the Industry Commission report, which is significantly quoted in our submission as it recognised the unique nature of the human services industry and the difficulties of making direct comparisons between the business and commercial sector and that particular part of the industry.

I support what my predecessors from Catholic Social Services said in relation to duty of care. There are major issues, I believe, that have arisen in relation to competitive tendering in terms of professionalism and questions of guardianship. One of the great dangers that I see in the current process is the shift by government from accepting responsibility under legislation for certain groups within our community—intellectually disabled, wards of state, those in the prison system—and passing that responsibility over to the not-for-profit or private sector. I believe that is an abdication of the state's responsibility in terms of those particular people.

There is also the issue of goodwill, which is very significant. I will give you an example. Recently I received a request from Ecumenical Housing, which is a major provider of not-for-profit housing on behalf of the churches in this community. The request was: would I provide them with a set of protocols for the way in which we operate our emergency housing? In the past there would have been no question; I would have said, 'Yes, this is information in the public interest,' and we would have provided it. This time I had to stop and say, 'Hang on, if I provide you with this information, this will be used by a competitor against me in winning a successful tender.' I use that as an example to illustrate how the competitive tendering process has in fact turned agencies against each other.

Where in the past we were prepared to share knowledge, share goodwill and participate in all sorts of ways, we now find ourselves having to say, 'Why should I provide you with that information and that skill, which my agency has developed, so that you can use it in order to compete against me in relation to the particular services?' Costs were one of the ways in which we have done that in the past—we have shared between agencies what it cost to provide this service or that service. That information is now commercially sensitive under the competitive tendering process, and I think that is a pity.

I also think the process has been used as a smokescreen at times by governments to make difficult decisions. I say that particularly in the area of employment and training. Some 12 or 18 months ago there were changes in the employment and training position, and agencies were asked to tender for specific services. In one area of Melbourne—the Westernport region—skillshare programs were tendered for, and we tendered, like any other organisation. However, the decision to allocate resources was not based on what was the best tender or who had the best outcomes or who was able to demonstrate the most efficient service. It was based on a political decision to give the five agencies the same amount of money that was available for that region. We actually rejected the money on the basis that our service provided a 60 per cent successful outcome and other agencies were around the 20 per cent. We asked for \$500,000 and were given \$200,000 in order to achieve the aims and the outcomes that we had been achieving previously.

So one of the arguments that we put very strongly is that, in many ways, the process is being used in the wrong way, and the advice and the content of the tenders are not necessarily being used appropriately. I do not blame bureaucrats for that. I believe that indicates the way in which the process of compulsory competitive tendering is also tied up within the political process and the ideologies of respective governments, and what they see as important and not important. We could argue that in relation to a whole range of services here in Victoria. We know that we have been invited as an organisation to not tender for services but have been given them, and, on other occasions, been asked to tender and then not been given them, based on some subjective decision by those who control the purse strings or who make the decisions about whether they want this agency to provide that service, or another.

To talk about competitive tendering in a sort of free choice, open environment needs to be seen, I believe, in the context that it is also designed within political restraints. To give you another example, in the area of disability services, in a recent briefing to agencies who provide disability services, where we were discussing quality outcomes, the director of that service says, 'Of course, the main criteria for the distribution of these funds are Treasury criteria, not quality of service criteria.' So no matter what rationale and what standard you actually seek to address, if the Treasury put different criteria, the department will allocate the funds according to the criteria which the Treasury require. I suppose that clearly demonstrates the distinction between what, in the industry, we call outputs and outcomes.

We are concerned about outcomes, quality of standards, delivering high quality services, building community, giving people self-esteem, and not with throughput. Let me give you an example. In a number of our refuges, on any particular night there will be eight young people in the refuge. Generally, a person stays in a refuge between two and four weeks, depending on the access to external, alternative housing. Last year, in one of our programs, I recall that we had a throughput, if you like, of 120 young people. The year before we had 230. We were criticised because our output was down. The reality was that we could not find long-term housing for those 120, so they stayed longer in the refuge; it was not that the service was not provided, but that the outcomes or the outsourcing where young people move on to were not available. So we were in danger of losing the tender because we did not meet the number of 230. There is a naivety about the understanding of the tender process, the outcomes and the service delivery that is involved.

There is also the tender process itself. We have been rung up on the eve of when a tender was to be decided to be told, 'No, we're going to re-tender because there are only two or three tenders, and you were one of them, but we need some more.' So having waited five months for a decision, we then had to wait another four months for a decision. We won the tender, but it took nine months from the first date of the tender to an actual decision by the department.

On another occasion, at the Commonwealth level, the JPET programs took over 11 months for decisions to be made because they got over 600 applications and did not have the resources to deal with them. So we saw a long delay between the tender and the day

on which the decisions were made. This is happening over and over again, at both the Commonwealth and state level. As my predecessor has said in reference to the bureaucracy, I do not blame the bureaucracy, but I do blame government for not providing the appropriate level of resources so that the tendering process can be undertaken in a relatively quick time.

In the area of alcohol and drug abuse in Victoria, we are still waiting for decisions on tenders that were made back in January and February of this year. Those tenders have now been re-tendered, and only last week we were told that perhaps they will need to go for further re-tendering. So, for many organisation such as ours, the question about the process is a difficult one. Those are the introductory comments I want to make. We are not, as an organisation, opposed to tendering as such. We see it as one option to provide services, not the only option.

We are deeply concerned, however, that the level of expertise which seems to be available in the various bureaucracies has diminished to such a point that they no longer actually know what they are tendering for. Consultation does not take place. Documentations turn up, you go through them and you want to ask questions; but you are not allowed to ask questions because that is a breach of the tender process, even questions of clarification.

The process seems to me to be designed for two purposes. One is a social control purpose in terms of the non-government sector, and the second is to reduce costs. We know, particularly in this state, that the minister has indicated that no matter how well an agency has provided a service, if it does not provide it at the lowest price it will not get the service.

CHAIR—You have introduced an additional issue there on the time line. It is some defence of governments that whoever they are, of whatever persuasion, when faced with blossoming budgets that measure \$40 to \$50 billion of taxpayer's money which they want to spend, they want to deliver it to the appropriate point in the coalface. It is something the nation has got to focus on. It is a matter about getting it right. That is my position.

It seems outrageous to me that you have to wait up to 11 months; and as for your comment about questions on the tender being not allowed, that is just nonsense. Quite regularly, when I used to do it, we would call everybody together in one room and have a question and answer session, where everybody had an opportunity for points of clarification. That was documented and a corrigendum was sent to everybody tendering. That is easy to manage. But 11 months seems outrageous. Does that happen all the time, or was it just one specific instance?

Mr Cleary—In our particular case, it has been our experience on at least four occasions. JPET funding was one experience. The acquired brain injury syndrome project in Victoria was another one. I first met the department in January this year and we got a decision two weeks ago. We won the tender, but we tendered 10 months before. There are also alcohol and drug programs in the western suburbs of Melbourne and child protection

programs. There are numerous examples, particularly in this state, where the tender process has been significantly delayed. In the area of offers of housing, the transitional housing programs have been delayed.

I could add the recent case in the Commonwealth area, although it is not specifically tendering, of the changes in aged care. They have caused mammoth confusion in the field in relation to tenders and outcomes and so forth. To receive information on 24 September and be told that the new act comes in on 1 October is a bit naive, to say the least. I think this is perhaps an experience of inexperience in the tender process, a lack of knowledge about the tender process—a lack of preparation, and not only by the agencies.

As has been previously reported, we have been told on numerous occasions that we had two weeks to respond to a tender. Each tender costs my organisation between \$10,000 and \$20,000 to prepare, because the detail that is required is significant and requires detailed research. No provision is made in any of the tender documents for that amount of work from the non-government sector. We are not the National Australia Bank, we are not a big corporation that has a large department writing tenders all the time, we are an organisation for which the tender process is a completely new experience. When you go to the smaller agencies—it is all identified by the Industry Commission and detailed in their report—they have neither the skill nor the resources to be able to respond to the tender process in the way which is expected.

Ms ELLIS—Can I just say, Mr Chair, that from the evidence that I have from my community—I am the representative of a seat in the ACT—this is not unique. I have many examples from my own community. One which I am happy to cite involves a small local community organisation that employs one person on about a three-quarters of full-time basis. They had to re-tender through the ACT government for their ongoing programs in the forthcoming year. Their funding lasted until the end of June, and on the 28th of that month they found out that they could continue. I do not think we are talking uniqueness in Victoria so much as something endemic in the way governments up until now have been grappling with this new process that they all seemingly want to implement.

CHAIR—Reverend Cleary, what about some comments in respect of the adequacy of the document that is presented to you to tender on? You mentioned quite a number of services you deliver. Is it your observation that the document is adequate in terms of how it defines care and all of the different nuances that can be contained in that—listening to body language and knowing somebody is depressed and so on? What is your view on the adequacy of the document you are tendering on?

Mr Cleary—Our general view would be that the tender documents are inadequate in a whole range of areas, particularly in the distinction between outputs and outcomes. The example that I tried to illustrate in terms of refuges gives you an example of that. Governments tend to be interested in throughputs rather than in quality of service, failing to recognise that there may be blockages at the end of particular programs which mean that you do not get the throughput that you require.

The tender documents fail to understand the complexity of human need,

particularly in the area of homelessness. Our Melbourne Youth Support Service has 12,000 contacts from young people each year in the city of Melbourne. That is not a very good measure of how effective the service is, it simply tells you that there are 12,000 contacts with that service. The more important questions would be: What sort of casework provision can you make? How many young people have returned to their families? Have they got employment opportunities? Have they been able to be returned to school? These are the sorts of qualitative issues which will only address the issues of homelessness if resources are made available. In our particular program we have seen cuts in government funding because the casework, the quality, the commitment to outcomes, is not recognised as being part of the long-term issue to be addressed.

In the area of acquired brain injury syndrome, the first tender documents were prepared. We asked a number of questions, but we were not given answers. We had an interview for the tender, and when we sought to ask questions we were told, 'No, you can't do that. That is not part of this because we have got to treat everybody equally, so we can't give you an answer to a question unless everyone else is present.' We raised significant questions about the tender document, and what happened as a result was that the tender documents were rewritten, with many of the questions that we had indicated answered in the tender document.

In the area of alcohol and drug abuse in the western suburbs, the same questions were raised. What do you mean by service delivery? What do you mean by casework? What outcomes do you want? These are questions which I think need significant consultation with the field, and need identification and agreement. It would seem to me that the ideal situation would be that whatever government wished to tender for, they would call together those who provide the services and who have expertise and together draw up tender documents which would reflect what sort of service needed to be delivered, and then go to tender. Everyone would then have equal opportunity. They would also know what was being asked for and would not be stabbing in the dark.

One of the reasons that some of the tender documents have been delayed in terms of decisions is because new questions have arisen once the bureaucracy has begun to go through the process. Is this what we really wanted? It may not be. In some cases we have discovered that it has not been.

CHAIR—I hold your organisation in a great deal of respect. There was a time when I did reside down here in Melbourne. If I said to you, 'Reverend Cleary, you are king for the day,' how would you resolve this particular problem? Would you form a national advisory body like they have in the United Kingdom? I think it is the Charities Commission, and it writes the specifications and says, 'These are the standards.' They may embrace Australian standards, because there are some standards now developing on disability services and all these sorts of things. Everybody says, 'It is too hard: how do you write a specification which specifies human behaviour?' but nothing is that hard. How could we get it right?

Mr Cleary—First of all, I think we have to acknowledge that in this state in a range of areas we have collective wisdom about the way in which services ought to be

delivered and about outcomes that can be achieved. We have a tradition in this state of partnership between community, government and the not-for-profit sector—a partnership which has been built upon goodwill, a common understanding and a commitment to the past.

It seems to me that we in this state have lost a degree of confidence and cooperation between this sector, and that we are being treated simply as another business enterprise to deliver outcomes which government want. First of all, I would want to bring, say, in the area of disability services those people with the expertise in delivering the services. One of the significant disadvantages we have now within our bureaucracy, not only here but at other levels, is that we have no service deliverers. They are good managers, but they do not know what services are being delivered or how they are being delivered.

When I recently raised, with one of the Victorian directors in protective services, the question of legal responsibility for children in custody, which rests with the state, he said, ‘Oh well, we are looking at ways of trying to put that out to the voluntary sector.’ I said, ‘That is a denial of the very nature of why a protective order is taken out’—not to put it in the care of an organisation but because the state becomes *in loco parentis*. The government has a responsibility to do that, not simply to farm it out to an organisation and then distance itself from whatever happens. There has got to be that sense of partnership and togetherness.

CHAIR—The government, strictly speaking, is the executive—it is 15 men and women who sit in cabinet. How can they be directly accountable and responsible for making decisions about a child who is in custody somewhere or in foster care?

Mr Cleary—The human services department has that legal responsibility. They are entrusted into the care of the department. They have the responsibility to ensure that the service that that child ought to receive, he receives. And lo and behold, in the last two or three years we have seen evidence in this state and all other states of the way in which governments through their departments have not exercised that responsibility, whether it be in the area of child abuse or whatever. You could also take it to the Commonwealth area, into the area of nursing homes.

There have been standards and monitoring processes established. There are organisations which we know should have been closed which have never been closed simply because that arm which says ‘we have the responsibility’ does not move through the process. So now we have some, what I call, quite tyrannical regulations coming in in the name of deregulation to control nursing homes and hostels and so forth because previous attempts have failed.

CHAIR—My impression, from listening to some of my providers, is that that is absolutely pedantic—right down to whether the toaster is safe. Some of it has got very pedantic. That process of accountability must be working very rigorously. That is just in aged care, particularly hostels. There are some very caring hostels that just missed on some minor detail and are at risk of losing their accreditation.

Mr Cleary—That is exactly right.

CHAIR—That is fair enough, and I have to defend that to them and say, ‘Get it right. If it is at that minor level of detail, get it right. Someone could burn or injure themselves.’ If we manage to be able to move that along, why can’t we move this other process along? Is it just because it is all so very new to governments, as well? It is as simple as that, isn’t it?

Mr Cleary—It is not all that new to government. In the area of aged care, reforms began right back in 1978-79. Standards monitoring teams have been introduced. There are published reports available about the quality of services and so forth. The recent changes in relation to accreditation have been based on building standards of 1996, with very little account of buildings that have been up for 10 or 15 years and that cannot possibly meet those accreditation standards. Government has known that for 20 years. That has not been acknowledged in the tender process.

We have been advised that tendering in aged care may occur. What do organisations do that have millions of dollars worth of buildings and suddenly lose a tender? One of the interesting things, of course, is that, in the not-for-profit sector, we do not buy and sell our properties right, left and centre as do those in the private sector, where you can move out, sell your nursing home and somebody else can take it.

Ours are trusts in the sense that they are services, buildings and organisations provided in trust for the community as such. That is one of the weaknesses of the tender process also. If you take an organisation like ours, which may have a residential unit for young people which we own—we purchased it—it goes to tender and another organisation, which does not have a building, has to buy a building. The tender process is crazy. What are you tendering? Are you tendering a building plus a service or just a service?

I think some of the basic questions about what we are seeking to achieve in our human service provision need to be more clearly addressed by government and community. What we are seeing happen is a tender process put on top of something which we have not clearly defined, so we get all these anomalies. When the tenders come in, we say, ‘If we do not give it to Melbourne City Mission, we have to provide that organisation with enough money to buy a house.’ Can you see some of the dilemmas?

It seems to me that we are just not addressing the area of alcohol and drugs. We lost a program in the area of alcohol and drugs. It went to the community health sector. Why did it go to the community health sector? Not necessarily on the basis of successful tendering, but because government has a policy of expanding the community health sector and wanting to give it services. What does a community health sector then do? They come back to us and want us to subcontract from them to run the service. You say to yourself, ‘Hang on.’

Ms ELLIS—Excuse me, I am guffawing.

CHAIR—It happens in the building industry all the time.

Ms ELLIS—Yes, but we are dealing with people here not buildings.

Mr Cleary—In the western suburbs, we are negotiating with the Western Community Health Network to subcontract from them a service which we provided until we lost the tender. We have gone through this process. Who are the ones who miss out? The clients are the ones who are missing out. I would think that one of my primary objectives was to say, ‘What are the needs of the clients? How do we best address those needs’?

In some cases it may be through a tendering process; in some cases it may be through direct funding; in some cases it may be through another mechanism. To have a blind adherence to an ideology about competitive tendering in this sector is simplistic and, in the long-term, will affect clients. We all say we are primarily concerned about delivering services for them.

Ms ELLIS—Was there any embarrassment on the part of the tendering body in relation to that tender, sub-tender situation you just outlined? You have explained why you believe they did not get the tender and they did. Surely to heaven, there must be better reasons than that for taking it off people who have proven that they can do it to give it to people who have not proven that they can do it. Then they come back to the people who have been doing it. It seems nonsensical. What did it do to the cost of the service?

Mr Cleary—I cannot give you the figure of the cost of the service. All I know is that the service is still not up and running.

Ms ELLIS—It is still not operating?

Mr Cleary—It is still not operating. The tenders, if I recall, were decided in May or June.

Ms ELLIS—That is outrageous, isn’t it!

CHAIR—That is obviously a decision not necessarily for the cheapest tender too.

Mr Cleary—That is what I was trying to suggest before. The tender process is also being used for reasons other than for what it is stated for. You can take the other side with that. We have taken on two programs without even going to tender because we were regarded as the most appropriate and best organisation to do it. There are some inconsistencies in the process and policies.

Ms ELLIS—I think we have come to the best state to find out how not to do it.

CHAIR—We have not been to Queensland yet.

Ms ELLIS—Oh, true.

CHAIR—Thank you very much, Reverend Cleary. We appreciate you giving us your time today. A *Hansard* transcript will be sent to you for you to check your contribution.

[12.10 p.m.]

JOHNSTONE, Ms Elizabeth, Board Member, Municipal Association of Victoria, 11 Milton Parade, Malvern, Victoria 3144

WILLS, Ms Jennifer, Director, Social and Cultural Policy, Municipal Association of Victoria, 11 Milton Parade, Malvern, Victoria 3144

CHAIR—I am pleased to welcome representatives from the Municipal Association of Victoria to the inquiry. Before proceeding, I need to point out that whilst this committee does not swear 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 regarded as a contempt of the parliament.

Your submission already received has been incorporated and published in volumes of submissions already distributed as part of the inquiry. If you wish, you may make an opening statement specifically relating to your submission and after that we will proceed to some questions.

Ms Johnstone—In the interests of time, given that I think we were meant to have finished when we are starting—

CHAIR—I do apologise. We have had a reshuffle this morning.

Ms Johnstone—Is there any further clarification that you would like on that submission? I know that you raised some questions that you would like us to address. Are there any in particular that you would like us to focus on?

CHAIR—I suppose the committee has been requested to make this inquiry to make sure that the people who count the most—those at the coalface—do not miss out in terms of the delivery of Commonwealth services and those which are indirectly related to the services that states deliver, as well. There has been a wealth of evidence already submitted in writing and, as a Victorian, I am well aware of the process that has been gone through here in the last four or five years. But what I do hear more of, though, and what I have read so far in submissions, is a fear of what could happen, more than a disaster that has occurred because it has happened. I have heard that, yes, we can get the documentation right and we can specify better and make clearer what the outcomes are, even in a difficult area like health service delivery, but nothing is so hard that you could not document that better—I have heard that.

I guess we are trying to collect evidence that directs us along a path to make recommendations to do it better. As I said to the previous witness, the MAV may be king for the day and it is faced with a huge and blossoming—

Ms Johnstone—To be queen—

CHAIR—I would love to be king for the day. Faced with a blossoming health care budget, a ballooning budget, and wanting to deliver to the people who count the most, how would the MAV go about the process? How would they ensure that dollars were spent efficiently and actually delivered, but did not in that process make dollars and costs the prime objective? How do you get that up?

Ms Johnstone—I think that the first thing I would say is that we welcome this opportunity in the precautionary approach that has been taken. You would know that in Victoria it was a very blunt, broad based approach that required the exposure of a percentage of operating expenditure to market testing. It did not give councils the time to put in place some of those mechanisms that you are talking about that will ensure that the outcome for the service user is protected.

I would suggest that the strength of the existing system is not an efficiency driven strength. It is not simply measured in monetary terms, but it is the history of cooperation and the partnerships that have been negotiated and strengthened over time between non-government organisations, local government, other spheres of government and community agencies. It is that more intangible aspect where an organisation fills the gaps that are not necessarily met in the government's own approach to a service need in a particular area that provides that community fabric and which, indeed, ensures that those people who are often in high need of services—they are often marginalised people in the community—have their needs met.

I think that any efficiency driven process that does not actually identify what is special about a particular service is questionable. What is the outcome we are trying to achieve? For example, you can expose aspects of delivered meals to market testing—that is not a problem. It does not matter who creates that meal—a hospital kitchen, a community kitchen, a commercial kitchen may create the food—but it is some aspects of the delivery of that meal that are harder to qualify and specify. In fact, monitoring those aspects in itself poses a whole range of problems. So, I think that it is important to understand the outcome very clearly and to identify what aspects of that service may well be able to be fractured off or market tested. On the other hand, some respect has to be given to the historical relationships that exist.

CHAIR—It is not necessarily all bad. For example, in an area of Victoria that I represent, I now have a veterans affairs network facility in the north-west corner of the state. It was not there before because government said, 'It is too expensive to provide it. We will send it out from the metropolis.' That has been subject to a tender and is now provided. In fact, it is being provided by a veterans affairs network in the municipality in that region. I had never had it before and neither had the people who count. So, the processes created an opportunity for a service to be delivered that was never there before. So it is not all necessarily a downside; there is an upside. I have been particularly looking for an opportunity to develop that for rural areas of Australia. Have you a comment on that? It is not all a downside. It is not all bad news and 'we will all be doomed'. There are some positives.

Ms Johnstone—No. It is not. You are quite right, it is not all bad news. Some of

the changes though that we have seen in Victoria have been in providing services where none previously existed, and helping to facilitate networks and coalitions to provide services where single providers may have acted in isolation. Councils are far more aware of their costs of provision of services than previously—often to their surprise. There are definite benefits.

However, to counter that, in country areas some of the changes in the hospital services have resulted in the loss of certain levels of service being provided in a de-regionalised fashion and more centralisation of acute care services. These have a trickle down effect in small communities. Indeed, the implementation of CCT has often led to unforeseen results and has had quite a pervasive impact on small rural communities. You could argue that it is not necessarily CCT that has done it, and because of the timing with amalgamation, how can you distinguish which was the cause? The definite effect has been a loss of numerous employment opportunities, bank closures and a resulting economic decline affecting some rural areas. That is a danger—

CHAIR—That is a process of market testing the activities of the municipality itself. The Commonwealth is concerned with delivering from Canberra, up there in isolation, a service to the coalface, which it has found impossible to deliver economically from Canberra. So, from the Commonwealth's point of view, we are looking for opportunities to get out to the coalface. There is an opportunity if it is used positively and mistakes are avoided, but the compulsory competitive tendering processes that have occurred for local government are a part of that. But it is not what I think the Commonwealth's interests are—it is about getting services delivered—whereas what has happened in local government has been more a market test to make sure that ratepayers are getting value for dollar, whether it be collecting the garbage or running the library. The Commonwealth's interest in what has been done there is in HACC services.

Victoria's example with compulsory competitive tendering is not what the inquiry is about. The inquiry is about making sure that the Commonwealth can deliver its services, not absolve itself of its responsibility. My opening statement makes that clear. We are looking for some suggestions about getting it right, getting some good documentation, some good specification and actually specifying what we want as outcomes so that everybody who tenders knows precisely what outcome is expected of them—and that is the basis on which they will be paid.

In employment services, the focus is putting somebody in a job. If you get some younger person ultimately into the job, then you will be paid—not to pay them up-front—so the focus very clearly there is on outcomes. I do not know how you document that with health—it is a tricky area—but that is the kind of objective that I want to see as chairman of the committee. So we need some advice from you on how to achieve that.

Ms Wills—I think it is important to note the developments that have occurred in Victoria, say, over the last 20 or so years—and I will leave the last few years out because that is a new approach. We have been building on a very strong base of a range of players—that is across the three spheres of government and non-government not-for-profit sectors—really paying attention to the way in which the human services systems need to

be organised so that we can achieve the service outcomes.

What worries me is that I see a simplistic approach intruding where you can talk in terms of planning for the service and wanting outcomes and then just going to the outcome level. Most human services need to be coordinated. They need to be run in such a way that the quality provision of that service is actually enhancing the life—the wellbeing—of the person who is receiving and participating within that service. I think it is important to track through who the various players are in that whole system and how you can then get the system working more effectively and more efficiently.

I think it is interesting that, in the last couple of years and now very strongly in Victoria because we have also got our state Department of Human Services going down a certain track around competition, we have reverted back to earlier simplistic notions of how you get outcomes on the ground for people. Unless the complexity of the system is recognised, I think some very big mistakes will continue to be made. If the Commonwealth were interested in wiping the Australian slate clean and starting afresh, then okay that might be a way to design from the design through to the output, but if you are working on what is there then you need to work with it. I think that alienation of other players within the system has led to some disastrous results, and that is what we are facing here now.

We must have a system that is built on cooperation between all the players. That does not mean that we have all got the same roles and responsibilities, but we all need to cooperate in the system of human services planning provision in this country, and that seems to have been lost.

Mrs ELSON—On that particular statement you just made, is there cooperation between organisations out there and the government? I noticed in Queensland especially you will have half a dozen organisations all doing the same thing but they will not cooperate to give a more efficient service. It is dissected out, with little bits of money going to each one of them and they are not able to perform to their best. Do you mean the cooperation down here also of all those organisations with government bodies to make it more efficient?

Ms Wills—I mean at all levels. One of the things I think is terribly important is that there is what I would describe as a feedback loop about those quality outcomes from on the ground, where people are actually receiving the services, back into the planning and design. Unless you have the cooperation layered through then that does not happen. There are quite simplistic ways of ensuring that the parties do cooperate. One of them is obviously tied to funding. If a condition of funding was in building that cooperation and that coordination then we might achieve it a lot faster. It amazes me that organisations continue to be funded without a commitment to working with the other players. It is nonsensical.

Ms Johnstone—A lot of local governments in Victoria now are closing the theoretical purchase of provider split to get that feedback back into the purchaser's intelligence so that the services are better able—Often the people at the coalface know

best how things can be improved. I know the experience of some local government areas was that that knowledge was actually lost from the planning purchasing role. It is being addressed.

Ms ELLIS—Ms Wills, going back to what you just said about the need for cooperation between all of the players, I could not agree more. But one of our earlier witnesses said that one of the problems with that is that you are sharing information that can be then be used against you in terms of tendering and competition. Would you acknowledge that as well; that competition in tendering is a legitimate thing and cooperation is fine, but only so far as it does not in-road on your own chances, as an organisation, to compete? Would you agree with that as well?

Ms Wills—I think that is probably so. What is happening now in Victoria that is interesting to reflect upon is the council standing back from the process that they have been through, even if it is not a similar process to what the Commonwealth is considering. Having gone through that process of market testing at very fast rates with huge time pressures, there is now really a weighing up of the advantages and the disadvantages. There have been gains.

One of the real issues that we feel very strongly about is the competition between agencies that was put into the system and the losses that organisations and communities are trying to come to terms with. So part of what we are saying—and we have been saying it to the state government—is that in the next phase of looking at some competition you need to first identify your rationale for where you will enter with that competition, because you do not have to have it across the board. I think the previous speaker here was indicating that. There are lots of negative effects from having that.

If we acknowledge that cooperation and the building of alliances, making sure that we need to continue to maintain small organisations that might be dealing with a niche market, if I can put it that way, to ensure the needs of those people are still met, and if they are an effective part of a system then you do not put them in competition with each other. The thinking and the planning need to be done first. Maybe when you have done that you can look at who are the organisations you would want to be competing with each other.

Ms ELLIS—In your submission, on pages nine and 10, you talk about the impact on the service system and the continuity of care. You quote Whitehorse City Council, obviously quite appropriately, and it says here:

For example, Whitehorse City Council notes the sense of powerlessness and customer stress and uncertainty resulting from CCT.

Then you quote them as saying:

For individuals and families who rely on human/welfare services, contracting out of services causes considerable stress and uncertainty.

Can you elaborate on that? What were they talking about? What do they mean and why? Why is the contracting out of services causing considerable stress and uncertainty to those individuals and families? Did they elaborate on that to you at all?

Ms Wills—I do not think they did in the submission to us, but I can perhaps explain.

Ms ELLIS—If you could get that and get back to us with it, because that is a fairly damning comment on CCT, I would very much appreciate understanding what they meant and to what they were referring when they made that comment. Similarly, concerning work force recruitment, they also say:

Our business units, in many instances have adopted conditions of employment that are inferior to their previous circumstances in order to become competitive.

I would really like to understand what is behind that statement as well. What is the experience of Whitehorse City Council that prompts it to make those two comments because I find them very interesting and worthy of explanation?

Ms Wills—They would be the experiences of many of the councils.

Ms ELLIS—I am sure they are, but if we could get more detail from you, or from them via you, I think it would be very useful.

Ms Wills—Certainly.

Ms ELLIS—Thanks.

CHAIR—You can take the question on notice and—

Ms Wills—I will take it on notice and get back to the committee at a later date.

Ms ELLIS—If you are able to do that, it would be very useful.

Ms Wills—In terms of the inferior work conditions, that is a consequence of competition. One of the concerns that the association has, and many of the councils, are the gender impacts in term of work contracts and—

Ms ELLIS—To what extent are people willing to go to get into the competitive race? That is what you are talking about.

Ms Wills—As we understand it, and as you could probably appreciate, in terms of human services, and particularly community care, domiciliary care services for older people, many of the work force are women—they are at the lower end of payment—and that is where the negative impacts have been in terms of wages and conditions.

Ms Johnstone—It is hard to find staff now for vacant positions in those areas.

Ms Wills—They are reluctant to get into it.

Ms Johnstone—Yes, it is not worth it.

Ms Wills—We know from the work that is taking place, and the Commonwealth is looking at home care services and the role of carers, that the most important element of that service to people in their own homes is the worker. So here we have got morale problems with workers. There has been a great deal of upheaval. At the end of the whole tendering process, they perhaps have retained their job but their conditions and their wages have decreased.

Ms Johnstone—Indeed, specifying some continuity of care would probably be worth while in some areas.

Ms ELLIS—So some of these workers would be going into homes offering services to people who are maybe physically disabled. There would be lifting, there would be physical imposition to some degree on some of those workers. Some of them would be going into homes where there may be someone with Alzheimer's disease and there would be a different level of pressure. What you are talking about is that in some cases there is increased pressure, deteriorating working conditions, upon people who are working in those specific areas, and there is a range of them that you could name.

Ms Wills—There have been a whole lot of changes to do with funding for the ageing population. In Victoria where the councils play a major role under the home and community care program, most of the people who are being served by those services are older people with high degrees of frailty. This is not a bit of housework—

Ms ELLIS—No, I understand.

Ms Wills—This is about supporting people to stay within their own homes, which Victorian councils have had a very strong commitment to.

CHAIR—Do you have any confidence at all in the monitoring process so that we can get this right? Do you think it is possible for us to get, even in the course of a contract, adjustments made? We heard earlier about someone delivering meals on wheels, that the meals were separated and the clients would actually mix their own food. That is not acceptable at all. They obviously took a short cut. Can adjustments be made quickly? Is there a monitoring process to get adjustments made quickly? Have you any confidence at all that that can be done? My mum is at home and she gets her meals on wheels. She would not complain. I know she would not. She would just put up with it.

Ms ELLIS—The majority of them are like that.

Ms Wills—Councillor Johnstone will probably want to comment here, but it seems to me that what we can try to do is get as much detail as possible into the specifications and then into the contracts, and we should be doing that. But, alongside of that, what also has to happen within organisations is the development of best practice. We have got to

keep our eye on what we are here for, and that is outcomes for people.

Your systems within your organisations, as well as supporting good management and having good contracts in place, must be very strongly cemented in terms of those outcomes. To achieve those outcomes, to achieve that best quality, all your staff needs to be brought on board with those agendas, and that conflicts with some of the things that are happening.

If we just go for things written down on paper in terms of specifications and contracts that then need to be managed—that is a whole area of skills development now, contract management—if that operates on its own, I think we do have a problem. However, if that runs alongside an agenda for best practice, maybe we will get to where we are heading. I think there has to be a partnership between the two.

Ms Johnstone—A lot of the focus within the management of council's activities has been on the quality management of the delivery of a service and not actually focusing on the quality of the service that has been delivered. Part of that is symptomatic of the change in the way things have been managed. Sometimes the quality of the service outcome is now becoming the focus, and I think that is a really important shift that is occurring and has to be reinforced.

CHAIR—Can the suggestion in your submission that accredited providers be somehow processed and avoiding a tender be achieved and still have a market test element associated with it? It does operate that way with aged care to some extent. They are accredited and they have been funded via a recurrent funding formula since 1 October. Is that a process that we could achieve? Is it a suggestion that you would like to make even stronger than in your submission? The idea is we have a process that accredits—you will be the provider in that area—and provided the Commonwealth is satisfied that there is some market test then we might test that market test every two or three years or something.

Ms Wills—If the Commonwealth is clear on its outcomes and is able to identify the various players that can participate in helping to achieve those outcomes, then I am at a loss to see why you need to go through the whole market testing process. The objective is quality services for people. If the proper planning and rationale and frameworks are developed, then you should be able to achieve that. In some areas you might want to go in for the market testing, but it is a fairly blunt tool to be using. To use one tool to achieve outcomes does not allow for the learning about what is the most appropriate approach.

We are at a stage now where we are having discussions with a whole range of other organisations within the state, other peak bodies, major service planners, about how we might come together as a community alliance to be able to look at the purchasing of services. We would then contract with the state for the outcomes that they are interested in.

That is built on cooperation. It is wonderful to have the people sitting around the table talking about cooperation rather than all hiding their figures under the table and

saying they have got to compete with each other. It makes life very difficult for those who one can assume are on about the same outcomes.

Ms Johnstone—Do you need to talk a bit more about the aged and disability services benchmarking project?

Ms Wills—We did refer to this in the submission. This is about building up best practice so that we are involved in working with all councils in identifying the benchmarks across the planning coordination and the provision of the service. The service has to come from somewhere, so we have to start with that. We will be working that up with all our councils: we have workshops planned over the next month or so. That will then become, with the input from all those councils, the manual for that best practice operation.

That, for them, then sits alongside the contract that they have. So, when they are talking about how to improve practice, there are two documents that they go to. One would hope once that work is completed it also feeds into the updating in terms of the contract management.

CHAIR—Thank you very much for your submission. We will take your comments on board and agonise over them ourselves.

Luncheon adjournment

[1.20 p.m.]

GILBERT, Ms Wendy Anne, Coordinator, SAAP Regional Network Gippsland, PO Box 1018, Morwell, Victoria 3840

CHAIR—Before proceeding, I need to point out that, whilst this committee does not swear 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 regarded as a contempt of the parliament.

Your submission has already been received and been incorporated in the published volumes of submissions already distributed as part of the inquiry. I would like to give you an opportunity to make a formal statement before we commence with some questions and some interaction. Over to you, Ms Gilbert.

Ms Gilbert—Firstly, thank you for allowing me the opportunity to come and address you here today. I would just like to make mention that in the published document there actually was a page missing; the second last page of my submission is missing from that.

CHAIR—Have you made that available?

Ms Gilbert—I did make that known when I made contact the other day. In the submission document you are missing a page.

CHAIR—You need not worry about that; we have that information. We will have to have a formal minute in our next meeting to make sure it is included.

Ms Gilbert—Thank you. I welcome the opportunity to talk to you today because competitive tendering is something that is certainly sitting fairly uneasily with the community sector at the moment. There is a great deal of change that has taken place over the last 12 or 18 months with community agencies and they are experiencing difficulties adjusting to perhaps the policy changes of the government of the day.

CHAIR—Commonwealth or state perspective?

Ms Gilbert—I am only talking on a state perspective, and I must pre-empt this by saying that I am talking from my experience in working with the agencies across Gippsland. I work across 13 agencies and that is the perception that I have from those services.

CHAIR—Delivering state services, Commonwealth services or a mixture?

Ms Gilbert—It is mostly state, but there are some Commonwealth pilot programs in there as well.

Mr ALLAN MORRIS—Like what?

Ms Gilbert—There is a domestic violence pilot program up at Orbost in far East Gippsland and there is the family mediation pilot program which has just started in Morwell. So there are a number of pilot programs.

CHAIR—I will resist interrupting until you have finished.

Ms Gilbert—I really would just prefer to answer your questions here. The main point that I would like to make is that for competitive tendering to work there needs to be a planning stage. There needs to be a strategic plan that the government has across all their program levels so that they actually know what they need to purchase. I do not see that that is happening at the moment, and I do not see that there are satisfactory linkages between various departments in human services. Therefore, I question how effective tendering can be of community services without that foundation in place. Perhaps I will speak a little bit more about that later.

CHAIR—The message in your submission is something that the committee has heard before, which is the need to focus on outcomes and not outputs and all of those sorts of things. But we are looking for specific examples of where the process of tendering has let down—

Ms Gilbert—Has fallen apart?

CHAIR—people at the coalface, the people who count the most. A lot of what we hear is a fear about the unknown or uncertainty about what might happen. I suppose we are really specifically interested in what did happen that had a bad outcome. Could you give us some specific examples of that ?

Ms Gilbert—We have just seen the Office of Housing undergo a restructure with their transitional housing. That process, whilst it was within the Office of Housing and was to do with restructuring transitional housing, impacted on SAAP as a different program area. That was because SAAP services had been leasing Office of Housing property for supported accommodation. In my experience, at the very start of the process when the Office of Housing was talking of restructuring and developing a new service system, there was very little consultation with SAAP. There did not seem to be the understanding that what was happening within one department was going to directly impact on another department of human services and, therefore, was going to directly impact on the clients. This crosses over into monitoring of departments as well.

The Office of Housing went ahead with their restructure. The sector and the community services realised the implications for clients. When the initial phase started, there was no understanding by the Office of Housing of what SAAP delivered for their clients; what crisis housing meant; what youth properties were used for—so what the client groups were—how long the youth population was likely to stay in housing; how long a crisis accommodation property was used; what rent was used for. The rent was collected by the SAAP agencies and it was put back into the housing. It was not forwarded back to the Office of Housing. The Office of Housing had no understanding of what the rent was used for, what the maintenance and the upkeep costs of the housing

were, where the clients exited from the transitional properties where they went after they moved along. There was a range of issues that they did not understand.

The tender went ahead before there were any guidelines released for the new transitional housing managers. The tender document came out and specified what programs were to be tendered, what regions and what properties and a figure based thing. But there were no guidelines for the prospective THM managers to understand how they were expected to run this organisation, what standards the Office of Housing was expecting to be put in place for management and for service delivery for clients. There were no grievance procedures. There were no indications of whether the property manager would have the financial ability to waiver rent in properties, and that is something that happens a lot. If you have a client without an income, they are not charged rent until they can receive an income.

At that very basic level of understanding as to what they were tendering out and how that was going to impact on the clients that were being housed, there was just an enormous gap in knowledge. It was saved further on with a lot of community consultation and then obviously a lot of consultation with SAAP. But it has only been in the recent month that guidelines have actually appeared for the THM. So the whole process was very much a cart before the horse process.

CHAIR—What is THM?

Ms Gilbert—Transitional housing managers.

CHAIR—So there has not been some undesirable outcome in terms of someone being denied some crisis accommodation as a result? The process has amended it in some way.

Ms Gilbert—The process amended itself simply because of the community sector outcry. The point that I want to make very clearly is that in some ways the community sector is often seen as being emotive and perhaps not wanting to move forward, but the community is the very base. It is self-governing. It can actually tell the government of the day what is missing or what is not working.

That system has slowly righted itself, but it has taken a full 12 months. It should not have happened in the first place. It is a waste of 12 months of restructure time. In actual fact, the changeover for the whole process has just gone by now. It was 30 September. You are asking me whether clients have been affected: 30 September was the changeover and it is too early for me to answer that.

CHAIR—It is that process that was achieved in getting the objective document right that the committee is interested in to avoid any mistakes like this.

Ms Gilbert—It was the process of community consultation. I was present at the initial briefing session by the Office of Housing on invitation by the community sector because we wanted to know more. So, to start off with, the process was initiated by

invitation from the community sector. It was through the peak bodies, like the Council to Homeless Persons and Ecumenical Housing as well, that funding was given out to run community consultations. There were a number of discussion papers and things like that and calls for responses from the community sector. I suppose the point is that the planning should have been there. The department should have understood exactly what it was that they were tendering out. That process should have been in place rather than the reverse way.

CHAIR—That is one example and that is a state program. Do you have any others?

Ms Gilbert—Yes. What was listed in my document—and there again it is a state program. That was the tendering out of SAAP services in Gippsland. This refers back to the department being unfamiliar with the tender process, because we are talking again about 12 months ago. It was fairly new in Gippsland. That is highlighted in my document where unrealistic time frames were put on the whole process. I will refer to it.

We had a tender go in Gippsland for SAAP services and it was advertised in May 1996. It came out of the SAAP strategy plan for Gippsland which recommended that three separate service providers over the Bass/south coast and South Gippsland were amalgamated into one service. There was also a tender in West Gippsland at the same time. The tender specified that the transfer of funding would happen by 31 August. During that time the West Gippsland Agency was under temporary management anyway, which had been negotiated through the department.

After the closing date for the tender documents, there were numerous delays at the regional office level in terms of actually assessing that tender and calling for interviews. After that process got past the interview and got to the recommendation stage for the region, I was informed that the region sent their recommendation to the Government Tender Board and that was not the appropriate place for that tender to have gone. So the region in actual fact misunderstood the process and did not know the process for tendering. There was a delay there; it went to the Joint Officers Group and there were delays at the Joint Officers Group as well. This has gone on over at least eight or nine months.

The basis of what happened then was that the managers in the agencies that were being put up for tender did not understand the process either and were not communicating with their workers. There were two workers that went off on Workcover, from separate agencies. One agency was finally tendered out, or an announcement was made by the minister in January this year, and yet the funding for the manager's position was not available. I am talking specifically about the Leongatha agency or Gippscare. So the tender included funding for, I think, it was a 0.8 manager's position.

That was one of the services that had lost a worker through WorkCare. The workers were telling me that they were not able to perform their service delivery because they were frustrated and stressed and they had no management. The manager's position still has not been filled, but I believe that the department actually sought some funding

from another program area. I am not sure. In terms of the fact that the manager is yet to be appointed—this has gone on since 18 May 1996.

That is the cost the workers are telling me. It is cost to the clients. Gippscare workers are saying, 'We have had no management since January this year.' Two workers have resigned within the last month and one of the ones that resigned had been off previously under Workcover. That is a process that has taken 16 or 17 months to finalise a tender.

CHAIR—It sounds like a basket case. The state programs are going?

Ms Gilbert—Yes.

Mr ALLAN MORRIS—Are you sure they are state?

Ms Gilbert—Sorry, SAAP is joint funded.

Mr ALLAN MORRIS—I just want to get it clear. It is predominantly Commonwealth funded, but state administered.

Ms Gilbert—It is joint funding.

Mr ALLAN MORRIS—What is the proportion? I think it is majority Commonwealth funding.

Ms Gilbert—No, I am sorry, I do not know the proportion, but it is joint funded.

Mr ALLAN MORRIS—But it is state administered.

CHAIR—Delivery is by the state.

Ms ELLIS—I think it is predominantly Commonwealth funded.

Ms Gilbert—There is some state funding in it.

CHAIR—Have you any confidence at all that they will get that right, like they did the other one?

Ms Gilbert—Yes, I think that it is a learning experience for everyone. I think that ultimately it will be got right. Actually, I can speak about more than just those two episodes. There was another office of housing tender that has just gone up at the same time which in the original tender document did not have a list of the assets that were required to be managed. There were three parts to the tender document and one was for management of community assets. There was no information on the tender document as to what the service actually had to manage. The services were not able to get that information prior to putting a tender in. So their tenders went in without a vital piece of information.

We have had poor time lines for tenders, with services being given only three weeks to the closing date of a tender, and that is not enough time to put in a well-researched tender.

CHAIR—That kind of frustration is unbelievable. We might find a way to get to the bottom of both those experiences you have expressed.

Ms Gilbert—There is another one that I can tell you of. Now you have started me, I will tell you.

Mr ALLAN MORRIS—They are in here, aren't they?

Ms Gilbert—No, they are not in there.

Mr ALLAN MORRIS—Some of them are.

Ms Gilbert—The one I have just mentioned is, but a SAAP DV tender has just gone in the Latrobe Valley. It is for a women's refuge service and outreach service. That one, again, gave services only three weeks to the closing date of tenders. The service that I sit within was one agency that expressed interest in that.

After the tenders were received, each agency presumably received a letter saying that interviews would be held on 11 September. The date came and went, and there were no interviews. The letter received by my service simply said that there would not be interviews. My manager was left up in the air as to whether there was going to be a new interview date or no interviews, whether none of the tenders were successful, et cetera. To date, she still does not know the answer to that. When I spoke to the department in Gippsland they said, 'We have decided not to interview.' That was the only statement they would make.

I made the point in the document that it was very hard for agencies living or working in that climate to evaluate their own position. If that was the only statement that was coming through from the department at that time, was their tender not successful because it was not a good quality tender? Was their service not thought of highly in terms of what they have done in the past? Was their budget right out the door and could not be considered? What was the reason?

Mr ALLAN MORRIS—Or had the funds gone somewhere else?

Ms Gilbert—Yes. What was the reason for varying the tender criteria and for calling no interviews? These types of nitty-gritty, nuts and bolts things just are not working properly at the moment.

CHAIR—Before we finish with examples, have you any more?

Ms Gilbert—No I think I will leave it at that.

Ms ELLIS—On page 5 of your submission, under the heading ‘Cost to agencies’, you say:

- . Unable to plan beyond the end of current Service Agreement.
- . Reduced effectiveness in ability to work to current business and strategic plan due to ‘knee jerk’ responses to secure tenders.

You have just given us some examples. Would you like to briefly develop that a bit more for us? It seems to me pretty evident, but I would like to hear you say what the impact of all of this messing around does to the operation of the service generally.

Ms Gilbert—With business management, as you would understand, you will have your marketing plan or your business plan and you will have your strategic plan. Most agencies will try and work off a three-year strategic plan. They will try and establish what service they want to provide, what the need is in their region and how they are going to provide it.

The way tenders are being announced at the moment makes it extremely difficult for an agency to actually do their strategic planning. They do not know what services are going to come up for tender. They are very much aware of the environment that they are working in at the moment. They are also aware of the government’s push towards economies of scale, which is going to impact greatly on agencies. So they are mindful of economies of scale and that they have to strategically place themselves in a position where they are bigger and better, but they are not aware of the planning processes of the region.

The department is still restructuring at a regional level, certainly in Gippsland itself. I was speaking the other day to Lyn Hayes, the client service manager in the department in Gippsland, and she said that she has 17 different program areas which all have 17 different referral processes and 17 different client intake forms. The first step in looking at a client response that is going to work is actually having the various levels of the department and program areas speaking to each other, then you will look at what your regional needs tell you that you need.

It is just filtering down to the agencies—often the first that they will know of a tender is when it is in the paper. They may be given a month to consider whether they want to go for the tender or not. Then they have to go back and have a look at their strategic plan and say, ‘This was not our core business three years ago, or even 12 months ago. Is it going to be core business now? Are we going to move from being straight supported accommodation into doing employment programs? Are we going to look at DEET things? Are we going to look at this? Are we going to look at that?’

The danger I see is that agencies will then develop ad hoc. It will be a case of grabbing for where the dollars are: if we are worried about economies of scale, let us have a large integrated service; let us have lots of different program areas fitting in here. Then you lose the expertise—the manager cannot possibly be expected to know what is happening in all of those different areas.

Mr ALLAN MORRIS—I think your submission is actually very good; it makes some very succinct points. I want to look at your recommendations. You try to come to terms with the problems that are there in the sense, on the one hand, of looking for governments to have efficiencies, accountability and effectiveness in terms of the services provided via other bodies, which is one requirement that I think the public would expect governments to have. At the same time, there are the demands of the agencies to have some sense of predicability, sovereignty and professionalism, and for staff retention and skill training—all the things that you require to give good services. And what you are really saying is that the two do not balance.

Ms Gilbert—They are not balancing at the moment, no.

Mr ALLAN MORRIS—In reading your submission, I thought that you would actually say, towards the end of it, ‘Look, you really should go to a different model altogether.’ But, in fact, you do not. You look as though you are trying to patch up a model which you seem to be saying is fundamentally in contradiction with itself.

Ms Gilbert—No; what I was trying to do, and the way I set this out, was to actually sort out the cost and the benefit to everyone. Obviously there are going to be some benefits. I am not saying that tendering is not the way to go. I am saying that for tendering to work successfully there needs—

Mr ALLAN MORRIS—Why do you say that? Why is it that tendering is the way to go? Some people say to us that for human services and caring services tendering is not the way to go; that it is an inappropriate model because you cannot measure things like quality of professionalism, longevity of staff and all the other issues, and that, because you cannot measure them, you will have an incremental decay which tendering will not reflect and which will not show up until it is too late and an organisation disappears. In other words, some people question the actual concept. You are saying it is the way to go. I am not agreeing or disagreeing, by the way. I am saying that some people raised that.

CHAIR—Could I make a suggestion, Mr Morris, that all the witnesses this morning did not endorse it wholeheartedly but they were saying, ‘Get all of the specification documents right first,’ which is really what Ms Gilbert is also saying.

Mr ALLAN MORRIS—Yes; but while I was not here for COTA’s submission it actually says that competitive tendering is not an appropriate thing for human services.

Ms Gilbert—If I can expand on this, I will answer your question. You need to look at the programs that you want to tender. You firstly need to assess whether the program you are wanting to tender is compatible with tendering, or whether it should be simply program based funding. I think there is room here for a mix: there is a room to have public tenders which are unrestricted ones; to have restricted tenders where you are basically saying that the agency has to demonstrate an expertise or an experience in the service to be delivered; and to go back to having program based funding. So what we really need to do is separate out those areas which perhaps have a complex range of issues, with certain areas of service delivery, and we might say, ‘No, we will leave that at

program based funding, the way we have always gone, but we have other services that quite easily can be developed through the tendering process.'

Mr ALLAN MORRIS—How do you tell the difference?

Ms Gilbert—You are going to need to look at the areas that are complex, that require specialist services to deliver with expertise. I would not like to state off the top of my head which ones, but I am thinking of things like perhaps a brain injury service, something that requires a lot of expertise and high skills. You are obviously going to want an agency that has delivered that type of service before. There might be other services, such as family day care, that could perhaps be administered by a range of organisations that have community experience. So it is the separating out—working out what service could well be tendered, what the benefit would be if you are looking at the marketplace, if you are wanting to test it and see whether you can encourage a variety of services, and what services really cannot be tendered out because they are too specialist.

CHAIR—That is good advice.

Mr ALLAN MORRIS—Normally in a quality system and where there is a management system in place, there is an in-built process for evaluating performance, not just of service delivery but of efficiency in management and all the rest of it.

Ms Gilbert—Within individual services?

Mr ALLAN MORRIS—Within individual services. From your experience with the organisations that you are involved with—the 13, I think, that you oversee—how much harmony is there between the internal monitoring of their own systems in terms of their quality processes and the competitive tendering process? How compatible are the two outcomes? Are there organisations that say, 'Yes, this is where we think we are and this is what we are doing. We put in a tender based on that, and we do match up'? Do you often find there is an imbalance?

Ms Gilbert—I would suggest there is an imbalance. I would suggest that services that I have worked with, or have actually been familiar with, could well do better in monitoring their own performance in a formal way. A lot of community services do the job and they do it really well. They have got really skilled workers, but they are not good at telling the government how they do it well and why they do it well. They are not good at putting that down on paper in a formal process, and this is where they are going to lose out with the tendering process.

Unless they can come up to speed and can actually show you why they are so good at what they are doing, how they are monitoring their staff and how they are monitoring and providing services, they are going to lose out under this system. So a lot more development needs to happen in the community sector.

Mr ALLAN MORRIS—The point I was trying to give you a bit of a cue on was this: if an agency has a good quality management system in process and it is actually

evaluating its cost and its outcomes, the service cannot be done any cheaper because that balances up the quality of outcomes with the cost.

Ms Gilbert—You would think so.

Mr ALLAN MORRIS—But the tendering process, by its very nature, always suggests that there is a cheaper way and the problem is when that cheaper way erodes the quality provisions.

Ms Gilbert—You are absolutely correct, and that is the sort of outcome you are not going to know for years. If you have services that are pitting themselves financially against each other and cutting the cost down and down, you are not going to know how that is impacting on your clients until, say, three or five years down the track—whether the service has been a quality one.

It might have looked good on paper. It might have come in under budget, and the contract has been awarded on those principles, but I think we all know that what looks good on paper does not necessarily look good sitting across the table from you. That is the role of the government: to ensure that you do not get caught up on quantitative figures, quantitative measures and reliance simply on data to measure performance and outcomes in services.

CHAIR—There is an easy way to manage that and it is often adopted—‘lowest price is not necessarily accepted’—but you are looking for quality outcomes.

Ms Gilbert—My experience certainly is that the tenders—not so much the Commonwealth pilot programs because they seem to be a little bit better catered for—

CHAIR—We are relieved to hear that.

Ms Gilbert—Actually they are. But the tenders that are coming out at the moment are bare-boned ones. There is no fat on them. There is nothing there for administration costs. There is very little there for training the workers. They are bare to the bone. You are saying to the agencies: ‘Economies of scale, get bigger and put in for tenders. Let’s create a really healthy marketplace and lots of competition.’ So they look around and they say, ‘Okay, let’s try drug and alcohol and let’s try this—we haven’t done it before but let’s tender for it.’ But there is nothing actually there in the budgets of those tenders.

The agency that I sit within has the Office of Youth Affairs program at the moment, and there is not enough in that to even pay the travel costs of the worker. There is no car for the program. There are no travel costs for the program. Actually, the SAAP areas are supporting that program area under the Office of Youth Affairs, and I would imagine that that is happening in a lot of agencies. I have basically said to agencies in the past that I would not touch a tender unless it could run itself and you could provide a good service with the money that was being put up.

CHAIR—To take a different track, I was interested in your comments about small agencies. I noticed you made comments—and you have given some indicative costs of tendering, which is for your own organisation—that that is a cost that has to be built in when you subsequently succeed in a tender.

Ms Gilbert—It is the cost the government is actually footing without realising that it is. If you have lots of agencies forking out for consultants or taking their time away from service delivery to put a tender in, you have a cost to that agency. That is a cost to the government. That agency that I quoted in—

Mr ALLAN MORRIS—It costs the consumers.

Ms Gilbert—That is right. That agency I quoted is the agency I sit within and that was a conservative figure of over \$13,000. They have won two tenders out of eight, so they are \$13,000 down and they will not recoup that on the budgets of the tenders that they have won. I think some agencies have managed to do that in the past, or have hoped to; certainly some of the bigger agencies may be able to but not the smaller ones. The agency I sit within brings in a million dollars. I am still saying that that is a small agency; it has 20 workers. It has nothing there in its budgets for infrastructure—it just manages. So what do you want? The question comes back: do you want huge agencies sitting and do you want a little empire in every region because no one wants to fund them?

CHAIR—There are some communities that have nothing. The small rural communities have nothing at all. I have been quoting all morning an example of a veteran affairs network I have now in the north-west of Victoria, which is there because the process provided a small agency to be able to deliver it. There is another example where the municipal council is going to deliver the service, but it has been through a process. The government of the day continually said, ‘It is too expensive. It can’t deliver it.’

Mr ALLAN MORRIS—It would not be a tender, though, would it?

CHAIR—It was a tender, yes. It was a classic case of a Commonwealth tendered service. My point is that that is a good outcome. I was pleased to hear your comment that you see some merit in the process. I think your suggestion about three tiers of that has a fair bit of wisdom in it; we will take that on board. But some small communities do not have a plethora, they only have one agency. Little townships of 500 people are scattered all over Victoria, for example.

Ms Gilbert—I worked in Warragul and we were the only SAAP funded service. When I worked in Warragul, the local council provided the human services, and then there was us. We were one of those towns that had the visiting, the outreach, coming in from Social Security and a range of other services one day a week. The beauty of your small agencies, especially in rural areas, is that they are very creative. They are innovative, they are creative, they have the community behind them and they have community representation. I still say that we did things in that agency that were really good in terms of best practice. They were creative, and that does not happen in a bigger agency. With some of the bigger agencies—I am not saying all—there is the danger that they can be

tunnel visioned. This is what the government is providing the funding for now, under tendering, so this is what we will provide. You may lose your volunteers and you may lose the community input. You need to be aware, too, that sometimes very small agencies can deliver a really good quality service—and they deliver far more than what you are paying for.

Mr ALLAN MORRIS—Mr Chairman, can I just point out to Ms Gilbert—we had a discussion before we started and you very kindly gave her your copy of the national submissions—that it is quite common for people, having looked at those, to make other observations in writing or in a note. Given some of the commentary and what we have been talking about, if some of the national submissions do not match your knowledge as to what you see on the ground then it would be interesting for us to find out about that. In other words, if you wanted to put some more stuff forward to us, I think we would be grateful for some insights. If not, it does not matter.

Ms Gilbert—Thank you.

CHAIR—As Commonwealth members, we would not want to put agencies through the frustration you have experienced, if we move down this path.

Mr ALLAN MORRIS—It just applies to the states.

Ms ELLIS—This also reflects on the Commonwealth's feeling towards devolution of certain services to the states. It is all very well for us to sit here and say that the majority of the money might be Commonwealth, but look at what is happening to it. Devolution of services to the states is all very well, but only to a point.

Ms Gilbert—Yes. It comes back to your planning and your research. Get that right, know what needs to be delivered, and then look at how. Whether it is tendering or whether it is program based, look at the mix of the way the funding can be distributed; and look at a mix of your services, big and small.

Mr ALLAN MORRIS—Is it not also partly the fact that you have got to recognise you cannot provide a quality service to clientele unless within the funding there is provision for maintaining that service, and not simply for the actual service delivery?

Ms Gilbert—Of course.

Mr ALLAN MORRIS—In the political system it is very attractive to have more bang for the buck. We get more people being serviced, which sounds terrific, but unless that is backed up by infrastructure—

Ms Gilbert—I am glad you raised that point, because I will say that, in terms of SAAP funding, the wages are appalling for SAAP workers. You are engaging clients that are in crisis and that have huge needs, but you are only paying a wage that can perhaps equate to a welfare student straight out of university. It is very hard to attract workers. You cannot attract workers simply on monetary terms; you are attracting them because of

their dedication and because they actually like to help people.

There is one other thing, just in finishing, about the DV tender in La Trobe. The department wanted to buy a service that could perform 24 hours on-call and give a 24-hour crisis response for the whole of Gippsland. There was no money in that tender for that; none at all. It is the very thing that the services would love to provide, but you have to be realistic. You cannot ask for the world.

CHAIR—Are you saying they asked for the service but were not prepared to pay for it?

Ms Gilbert—In the tender document they specified the service they wanted. They specified the refuge service and two outreach workers. There is no funding in there for a manager's position. There will be seven workers, but there is no funding in the tender to provide for a manager or a coordinator for that service. There is no funding for a 24-hour on-call service, which the tender mentions as being desirable.

CHAIR—Wouldn't you include those in your tender submission? Wouldn't you say, 'We can deliver the service specified here for this amount of dollars'?

Ms Gilbert—There was predetermined budget. There was a figure put on that tender.

CHAIR—I see.

Ms Gilbert—That is what you are working against. You know by reading that document that they are telling you that you have to provide all the administration and infrastructure and the management support. They were telling us clearly that they wanted a 24-hour on-call crisis service, and there was no money in the tender for it.

CHAIR—They are actually asking you to tender for a lump sum price they have already set?

Ms Gilbert—Yes, it was a lump sum price that they had determined.

Ms ELLIS—Did anybody get that tender?

Ms Gilbert—It has not been announced yet.

Mr ALLAN MORRIS—The way to sum up that whole thing is unit cost, isn't it: matching the unit cost of the agency with the projected unit cost from government?

Ms Gilbert—Yes, it is unit costing. It is around the number of workers you have and the case management—how many clients per worker and the turnover of clients per year. Then it comes down—

Mr ALLAN MORRIS—And there is constant pressure to get the unit costs down.

Each year they expect unit costs to get lower because you are supposed to be getting smarter or something, but really it is about being seen to be more efficient. Efficiency dividends, isn't that the terminology?

Ms Gilbert—Yes, it's about numbers. It's just number crunching.

CHAIR—Thank you very much, Ms Gilbert, for your contribution. You might care to wait and hear the contribution from the next witness, who is from the Council to Homeless Persons.

Ms Gilbert—Thank you very much for your time.

[2.06 p.m.]

LIPMANN, Mr Bryan David, Director, Council to Homeless Persons, 5th Floor, 140 Queen Street, Melbourne, Victoria 3000

CHAIR—Welcome, Mr Lipmann.

Mr Lipmann—Let me make a point of clarification. The Acting Chief Executive Officer of the Council to Homeless Persons is on leave. I am a director of the council, and have been for 10 or 12 years, and he briefed me on what he would like said. In my other capacity I am the Chief Executive Officer of Wintringham Hostels, which is a medium sized company providing care to elderly homeless people. We have about 100 staff. I have taken an active part in tendering and have made a submission to the council which helped them to do their final submission. I will attempt to answer all of your questions from council's perspective, but if you will indulge me I might occasionally get a bit confused and start answering from my own company's perspective.

CHAIR—Before you proceed, I need to make you aware that, although this committee does not swear witnesses, 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 submission you have referred to has already been incorporated in the published volumes of submissions already distributed as part of the inquiry. If you would like to make an opening statement before we commence on any questions that have resulted from the previous submission, I give you the opportunity to do that now.

Mr Lipmann—I wanted to make an opening statement just to say what I have said. I might take the opportunity to make some closing statements.

CHAIR—Would your council be aware of the frustrations that previous witnesses made reference to? Can you add some veracity to that? Is it widespread right across Victoria, or does it only apply to Gippsland?

Mr Lipmann—I did not hear all of Ms Gilbert's presentation, but certainly most of it I did hear and would support. In terms of generalities, I have not worked all my life in welfare and have come to it in the last 15 years. I have had to change some of my perceptions of welfare, and perhaps you people are somewhat the same. Welfare is a mixture, much as any private enterprise collection of organisations is. We have good managers and we have bad managers, we have large and small companies, and the perception of how to handle this new process of tendering differs within the sector. Some agencies have struggled and some have not. Where I would strongly support Wendy is the perception that the departments themselves have not got it right yet.

CHAIR—Your submission is quite strong on that.

Mr Lipmann—I think that some of them, again, like the wider community, have representatives that are very much on top of the process for competitive tendering and they understand the implications. There are others that are sadly lacking. There is a question of process but, as Mr Morris mentioned before, I think that you also have to look at some of the core issues about tendering for the welfare sector.

CHAIR—You obviously believe that the government departments that have been involved with the elements that affect accommodation have not had the expertise at the coalface—how the nitty-gritty actually works in the real world. Have you any suggestions on how that can be improved? We did hear that, at the end of the day, a process was established and, as with any other problem, the resolution was always when there is good consultation. Can you offer us some additional advice to avoid necessary—

Mr Lipmann—I think I can. Perhaps I cannot, but at least I will make some suggestions. I have a number of friends who are still in private enterprise. Some of them are consultants and they may be employing anything from five to 30 people. They will sit down at the start of the year and make a business plan about how many tenders they will seek, and how many consultancies for departments and for other people. They will work out a strike rate. Maybe they will aim to make 25 per cent because they are very expensive to fill out, just as expensive as they are for welfare companies. If a person has a particular worker that achieves a strike rate of 40 per cent to 50 per cent, obviously bringing in money to the company, that worker is, therefore, very valuable to him. On the other hand, if he has a partner—and this happened to him—who did not get a single strike the whole year, and who spent an enormous amount of resources, that is a great worry and, essentially, it can form the start of bankruptcy.

Welfare companies are the same. Similarly, we have to have a strike rate. That strike rate is somewhat dependent, as Wendy mentioned before, on the size of the company and how many people you have got in the company that can develop tenders. But we still, similarly, have a strike rate. I think one of the key issues about how you would determine strike rates and whether you actually tender is some understanding of whether you have got a chance of getting it.

Let me move away from this submission slightly. My own company, for example, has built about \$20 million worth of housing over the last eight years. When we select builders, we obviously have to tender because it is public funds largely. But no builder will submit a tender to build if it is open. You can walk the length and breadth of this country and you will not find a builder who will be prepared to spend \$10,000, or whatever it amounts to, for a chance of getting a \$3 million or \$4 million job. A builder will only do it if it is a select. So the process that Wintringham operates under—and this is an attempt to answer your question—is that we will call for expressions of interest and we will get maybe 50. I will sit down with the architect and the quantity surveyor and we will narrow that down to seven—sometimes eight, but usually seven. Then we issue tender documents to those seven people and then we select one of those seven people. So, when the builder sits down, he knows that he has got a one in seven chance and he will therefore make a business decision whether to proceed. Usually he will because he feels that he has a chance. He will expend a fair amount of money on the presumption of the

strike rate that all things being equal he will get one pretty soon—if not this one, the next one—because he is within that small range.

In welfare, it does not work. We have been expected to submit open tenders. As the chief executive for the council reminded me, the large number of submissions that came in to the council to help us write this final submission, demonstrated that they were all open. So when you sit down you have no idea whether the Salvation Army, the Brotherhood of St Laurence or some small agency is tendering. You have no idea. It could be that you are the sole tenderer. On the other hand, there could be 100 tenderers. So it is a most unsatisfactory and—if I may say so—a most unbusinesslike way of doing business. It would not be allowed in the commercial sector.

CHAIR—But even in the commercial sector you need some published criteria by which to operate a selective tendering process. You pick eight out of 50, leaving 42 who want some reason for their not being chosen. In that suggestion, how do you establish whom you would select to tender in the welfare sector?

Mr Lipmann—I did hear your comments that you have heard a lot about inputs and outputs and you did not need to know too many more comments on those, but a lot has got to do with those. If you make very clear what outputs are required, straightaway it narrows down certain agencies' abilities to deliver those outputs.

Then you have got issues like track record. Again, one of the issues is that we feel that bureaucrats do not come out and evaluate us enough. There is far too much emphasis on self-evaluation through forms. SAAP data is a classic example of it. We feel that, if there were more visits from senior bureaucrats actually seeing and feeling what we are doing, that would filter back through the department, and when you are actually choosing that select list there is a number of criteria you can use and that would be one of them. I do not think that it would be very hard to find a way of determining a process for selecting a list.

Mr ALLAN MORRIS—Firstly, Mr Lipmann, I think that what you have just done with that survey of yours is actually quite a valuable exercise, and I think that is not common. So that gives us a good insight. A couple of the points you raise—and I am just trying to take this a little bit further. On page 7 in the middle of the page you point out that in the past organisations shared information about what they were doing and there was a sense of being part of a team of people working in a similar area. With competitive tendering, people do not seem to share. It has become more evident, I think, across the country that more people see themselves as competitors and, therefore, they try to get an edge, or a contact in the department, or some winning formula to try to increase the hit rate—

Mr Lipmann—Absolutely.

Mr ALLAN MORRIS—I think your hit rate of one in four, or one in five is pretty depressing actually. That is perhaps the tip of an iceberg. Can you talk any further about that? Do we see staff being poached, for example? Does it get to the stage where

organisations, fearing for their own future, start to badmouth other organisations? Are you seeing the things you see in the commercial world? Do we see commercial espionage taking place? What else are we seeing?

Mr Lipmann—Yes. I think that nearly everything you have said in terms of the tip of the iceberg, is true, but it is just starting. I think you have to also appreciate the difficulty the whole sector is going to have responding to your questions because that the tender process is fairly new. We are going to need a few more years to determine the full effect of it all.

Let me give you a very small anecdotal story. On Thursday I was at the Salvation Army to wish goodbye to a senior worker at a night shelter and another Salvation Army chap got up and made a speech. He pointed to me and three other people who are working in non-christian agencies and said that it was not that long ago when types like us—Brian and the rest of us—would not have been seen dead in there, and the Salvation Army probably would not have wanted us there. But a demonstration of the goodwill that this particular gentleman in the Salvation Army—who is now moving on to Adelaide—has engendered was the fact that we all came together to wish him goodbye.

And the fact that it came up at that very time was particularly unusual. And perhaps it was also worrying because the whole competitive nature of business at the moment makes me wonder how long it is going to continue. Because it is true we are now in competition with each other. Our company, for example, has had a very good strike rate in tenders—we have got three out of four. A lot of that was due to very good letters of support from other agencies which we, in turn, reciprocated when they applied. But you would have to ask whether those companies would be prepared to do it in three or four years time.

At the moment we are trading on goodwill, and on personal relationships built up over the long time that we have worked in this industry. We have mutual respect, but when it comes down to it—and I keep reminding my own board—we are running a business. If we close Wintringham, for example, the guys will go back to the night shelters. It is the same imperative as the corner shop. If he does not sell enough newspapers, he closes. At the moment there is still enough goodwill and support that we do help each other. But definitely the signs are there. Yes, there is poaching going on—you are quite right. Some of it, I might say, is healthy, but some of it can go too far. It is a fine line, you know.

Mr ALLAN MORRIS—Let me take it slightly further. You said there is a fine line there. Draw it for us.

Mr Lipmann—One of the advantages of tendering is that it obviously opens up parts of the welfare sector. It tightens up parts that were loose and introduces levels of professionalism. It is the same with some of the agencies in the homeless field: some of them are paternalistic and need a lot more professionalism in them. But you do not want the sector to become too hard and lose that caringness. The number of unpaid hours that all workers in the field do is certainly enormous. I know it is not unique to welfare, but I

do not know whether the economy could ever support properly paying welfare people. If it did, it would certainly significantly change the way we do business. It is a fine line, that is all I am saying. It is difficult to—

Mr ALLAN MORRIS—If you cannot draw it, it would be handy if you could perhaps give us the criteria by which it should be drawn. There is no doubt that lots of organisations in the welfare field were stagnant. They were not necessarily thinking ahead and there needed to be an improvement, whether it be in their management or their quality. Certainly the outcomes and so on were not outcome based. A whole lot of other issues were involved there. Tendering was one technique that may have been appropriate and may not have been. But how do we define it? What parameters do we use to try and find that line?

Mr Lipmann—It has got to come back to outputs. It has got to come back to having a very clear idea of what you are wanting to achieve. One of the great problems that exists with the whole process of evaluation—and tendering is obviously caught up in that—is that some products and some services are a lot easier to evaluate than others. Similarly, some human services are a lot easier to get good outcomes from.

As a personal example, many years ago I used to work in a place called Gordon House in the city. There were—and I know these stories still go on—some people in that building for whom you could pump in services all day long for the rest of their lives, and it is extraordinary difficult to demonstrate that you are using that money properly. It is a lot easier to pick up somebody else who has just walked through the door. Usually you can pick them straight away: ‘He is going to be a positive outcome.’ Obviously if companies are stretched financially and desperately need to get some liquidity, and a successful tender is seen as part of that, if the outcomes are not very clearly stated they will target those services to successful outcomes, which they will nominate.

Mr ALLAN MORRIS—Or they will cream: they will service the people who least need their services.

Mr Lipmann—Absolutely. That is why you need to have a very clear idea of what the outcomes are. I have mixed feelings about the whole competitive process: honestly mixed feelings. In other words, I have some good feelings about it, too, but some negative ones. One of the issues about the process is that it is based on the Hilmer idea of competition, and I do not know whether that was ever intended for welfare. If it was, it has not been really thrashed out. You have the concept of a person like myself walking down the street here to buy a CD, and walking around until I find one that is the right price, if I have got the time. That is totally different to a homeless person, desperate, maybe beaten up the night before, who has not slept for three or four days—I could go on with a long litany. Saying that he is a rational consumer who has a certain amount of money which the government has given him and he is going to go out and purchase a service, that’s nuts. It does not happen that way. He or she is a captive.

CHAIR—How do you measure those outcomes in your particular expertise? How do you measure an accommodation outcome? Someone comes in for crisis assistance, they

get some counselling support, they may be moved into a training program or something and then they go on and then they are out. How do you measure their outcome?

Mr Lipmann—It is not that hard. There are two examples. The chief executive asked me to remind you that the SAAP already has outcome standards. He feels very strongly that the SAAP outcome standards were not used in the development of housing tenders here; there was not communication backwards and forwards. There are already SAAP outcome standards. I have not worked in SAAP for a number of years, so it is hard for me to comment. But he asked me to tell you that if you are interested, we could certainly forward further information to you when he returns. From my own perspective, though, in aged care, there are outcome standards that have existed very clearly and for a long time. You are paid according to the service required.

CHAIR—Aged care is different, though. I am specifically interested in this homeless accommodation aspect.

Mr Lipmann—I also provide services to homeless aged people. The only difference between a mainstream nursing home and ours is that these people are from a homeless background. The funds we get are per resident, per service. They have to be clearly articulated, they have to be evaluated, and we have to be checked to see whether we are still doing it in six months' time. It is a very, very rigorous process, and I personally think it is a very good process.

CHAIR—That is the key, I think.

Mr ALLAN MORRIS—It has been put to me at different times that as the SAAP services became more outcome based, the hurdles to get entry went up as well. In other words, the people with serious problems—psychiatric, drug abuse, other kinds of problems—tended not to get access to SAAP because they could not get an outcome, or the outcomes were very slim. I am not saying it is universal, but one of the ways SAAP agencies in some cases met the outcomes was to cream off the ones who were more likely to get an outcome.

People tell me privately that that leaves us with an increasingly large group of people who are basically dependent solely on welfare, who cannot get funded, and who require church or charity services without support; and they tell me that that bulk is actually increasing for both the employment sector and the accommodation sector. Then there is the question about institutions, and people who should be in institutions; so there is the mental health area as well. Those are the three. Is that what you are seeing?

Mr Lipmann—As I say, I am no longer working in the SAAP area, I am working in a different area, but certainly through the council I listen to colleagues and I would say that that is still the case.

Mr ALLAN MORRIS—So the outcome base is in danger of creating bad outcomes if you do not understand it.

Mr Lipmann—That is right; and you have to look at some of the parameters which underpin the outcomes. For example, there seems to have been a notion for a number of years that you can relatively easily find pathways out of homelessness. Maybe you can, but for a lot of people it is going to be extraordinarily difficult. Recidivism does not just happen in prisons.

We have large numbers of people, and I find with great distress elderly people who are now coming to my services who are people I knew 15 or 20 years ago in the night service, who we thought we had successfully placed in housing. That is not to say that happens with all people, but certainly there is a large number of people who need constant support. Unless the outcomes are clearly articulated and there is some funding so that you can have minimal levels of support—even if they are just minimal—to keep people ticking over, they drop out of the system and then re-emerge later. Usually they then have far worse health problems—expensive health problems, both in terms of their own sufferings and particularly for the community, in terms of trying to fix—

Mr ALLAN MORRIS—Or back in gaol.

Mr Lipmann—Back in gaol, or into our services.

CHAIR—I am wondering if Mr McDonald might be prepared to send us some further information on that outcome definition—what is successful—and any additional comments he might be prepared to make about that safety aspect you just mentioned. Other than that, I would like to thank you, Mr Lipmann, for your evidence today. I would call that being thrown into the breach.

Mr Lipmann—I am pretty well hovering over it anyway.

Mr ALLAN MORRIS—This is the first day of our hearings, so we are still bright-eyed and bushy-tailed, you see.

Mr Lipmann—I see.

CHAIR—So far, we have just had access to all the written evidence that has been submitted to us. It gives us a different perspective to actually have a discussion, so we appreciate that.

Mr Lipmann—If I could just make a summary, I would like to say that I do not have a problem with competitive tendering, and I do not think a lot of people in the agencies do. The real issue, though, is how it is done: the process. There are probably some areas which should not be tendered. The whole process needs to be looked at a lot more rigorously, and existing material should be used far more. Tender processes should not operate in isolation, and officers need to be far better trained at it.

There needs to be a really hard, close look at why we are doing tendering in welfare, and what is underpinning it, because the business and competition theories do not apply in welfare. That does not mean that you should not have tendering in welfare, but

that question should be asked. It should have been asked long before your inquiry, actually. It should have been asked long before asking us whether it is working. You should be going further back and asking why we are doing it. Is it just a fashion? Why are we doing it?

There do not seem to me to be any hard philosophical or economic reasons for doing it, as there are in the business world. They may be fleshed out—you could do it—but that has not been done yet; yet we have just jumped straight into welfare tendering, and it has caused a lot of concern.

CHAIR—A ballooning budget in health care services measuring \$40 or \$50 billion has driven some panic, I suppose. It has not been well thought out. That is certainly what I have heard so far.

Mr Lipmann—Yes, I think that is right. There is goodwill out there—we do want to work with it—but it has got to be done fairly. The very least we would expect is that we have to operate under the same circumstances that the business world does, and open tendering does not provide that.

CHAIR—Thank you very much.

[2.33 p.m.]

HARRIS, Mr John Carey, Industrial Officer, Australian Services Union, 116-124 Queensberry Street, Carlton South, Victoria 3053

LEE, Mr Timothy, Assistant National Secretary, Australian Services Union, 116-124 Queensberry Street, Carlton South, Victoria 3053

MONTGOMERY, Mr Michael, Member, Australian Services Union, 116-124 Queensberry Street, Carlton South, Victoria 3053

CHAIR—I welcome to the table representatives from the Australian Services Union. Do you have any comments to make on the capacity in which you appear?

Mr Harris—I am a last-minute replacement for Megan Jenner, who is the chairperson of my policy committee.

Mr Montgomery—I am a former community worker.

CHAIR—Before we proceed I need to point out that, while this committee does not swear 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 regarded as a contempt of the parliament.

The submission from your organisation has already been received and has been incorporated in the published volumes of submissions already distributed as part of the inquiry. I give an invitation to the three of you to make an opening statement in support of your submission, and we will have some questions after you have completed that.

Mr Lee—Thanks, Chair. I will take the opportunity to make such an opening statement. The Australian Services Union covers some 160,000 workers in a range of industries. A significant part of our membership includes those who work in the social and community services area, largely derived from our membership from the Australian Social Welfare Union, which amalgamated with the ASU some years ago. We have got close to 10,000 members who work in the social and community services area, so we come to this inquiry as very much a principal union in the social and community services sector.

We also come to this inquiry as the union that has probably the most significant experience with compulsory competitive tendering, outsourcing, contracting out, franchising—whatever you choose to call it. We have dealt with it in a number of industries, notably in local government. We discuss that at some length in the submission that you have before you. We commend this inquiry to closely study the points that we have raised in our submission.

Without going into the submission in any detail, there are two key aspects that I think are paramount for this committee. The first is that, from our perspective, competitive tendering in any sector raises enormous issues for job security. Job security is now being

clearly identified in the electorate as a key issue. People are fearful for their continued employment. People are fearful of losing jobs. People are increasingly being placed into casual or temporary employment and are not happy about that situation. There is no doubt—and the evidence clearly shows it—that competitive tendering, if anything, exacerbates that situation. Job security is certainly a key issue.

The other key issue is that competitive tendering is certainly grounded in the economic rationalist's view of the world. We are all well aware that economic rationalism has had a pretty good run in most of the major Western economies and is certainly having a good run in Australia. It is fundamentally predicated on the notion that markets are the best way of allocating resources, that markets know best and markets should be left to operate. That is the way you will get the most efficient result.

We do not come to this committee saying absolutely that the market is not a sensible mechanism in some circumstances, but we do, as a preliminary statement, urge this committee to be extremely cautious about grabbing a market based mechanism to solve problems which in many respects have come about because of market failure itself. We urge the committee to be very wary. That is all we have to say as an opening statement.

CHAIR—Would your colleagues like to say anything?

Mr Montgomery—I would like to say something as an ex-community worker who has been through the tender process. I was an emergency housing worker in Geelong responsible to the Barwon Regional Housing Council for the last 15 years. I ran the emergency accommodation program along with colleagues at Bethany, Colac and other places. We got together and tendered for the continuation of our jobs. We did not win that tender. The tender was given to the Salvation Army.

There were three emergency housing programs based in Geelong with three workers and one in Colac. The end result of the tender process with the Salvation Army has been that there is now one worker and one part-time administrator and that is all there is out of the new process. There is no community based emergency accommodation. I have been down to the Salvation Army in the last week and the place is overrun with referrals for emergency accommodation. They have not got any extra resources to handle the extra problems. They have got fewer workers in the field. The Salvation Army in their wisdom has taken over all the emergency accommodation units that we used to run. However, they have written to every tenant saying that they are all covered under the Residential Tenancies Act and these people are now in a new form of transitional housing. They have become private tenants overnight instead of emergency housing tenants and this has dried up all of the emergency accommodation and crisis accommodation in the whole region.

I think the tender process in this case is extremely faulty. When the services were community based or locally based, local needs were known and the resources were there. With emergency housing we used to put the families into housing, stabilise them, sort out their problems and reorganise them into the private rental market, the public rental market

or home ownership. Now that is not going to happen. There is going to be no crisis accommodation in the whole region. I think the tender process certainly has not been of any assistance whatsoever. The community has lost out completely and the strain on the Salvation Army is going to be huge.

CHAIR—Your submission is quite strident actually—probably more so than all the others that I have read about the warnings of contracting out and so forth. Are you prepared to concede that there are some opportunities and some advantages? I have been quoting an example in far north western Victoria where I now have a welfare support provision that I never had before because governments said it was too far out and it cost too much to deliver. That is now being delivered at the grassroots by a group who responded to the tender. It is not all downside. There are, especially for rural areas, some merits in the process.

So far we have been urged to have caution—and we certainly will recognise that—but I am just wondering whether or not you are prepared to concede there is at least some opportunity here to get a service delivered that never existed before, particularly in rural areas. You have just given a bad example of accommodation. In fact, you are the third in a row, but there are some good examples.

Mr Lee—In the example that you cited, presumably where there has been an identified need and a community based organisation has responded to that need, what we would say is quite simply, ‘Why is there a need for a tender process for that to occur?’ In fact, most of the community welfare sector has come about because of that dynamism that exists within the sector of various organisations identifying a need. In fact, in many respects that is how the organisation often has come into being. It has identified the need, become active, identified sources of funding, secured funding and started delivering the service.

Interestingly enough, I would go so far as to say that, in this sector, competitive tendering will in fact stymie that dynamism that already exists. It is going to cut across and rigidify the flexibility that is there in the organisations operating on that sort of level. In terms of your example, there would seem to me to be no reason why an organisation would not have been able to respond to an identified need and undertake that need outside of a competitive process.

CHAIR—From a government’s point of view, it could not deliver it economically through its bureaucracy so it had to find another way.

Mr Lee—To be clear, we are not here saying that government is necessarily the arm that should be delivering these services. A large section of the people whom we represent work in the community sector; they do not work for government. We are at one on that. What your example alludes to is the sort of dynamism I am talking about. Where the market has failed, and indeed where government has failed, to provide some of these crucial services, the dynamism of the community welfare sector comes into the breach and provides those services on an as-needs basis.

CHAIR—How then does one find an arrangement where government can be somewhat assured that it is getting the best value for the taxpayer's dollar invested in those styles of agencies? How on earth do you test in some way that there is not inefficiency there and that, at the end of the day, money is not being gobbled up in a bureaucracy and not getting to the people that count the most, the ones who need the service? How do you get a test of that efficiency if you do not use some sort of market test? I too hate the word market. I look at the market, but I always like to have someone tapping me on the shoulder saying, 'We are keeping you honest.' You still need a test.

Mr Montgomery—The community based programs that employed me for the last 15 years had quarterly statistical financial obligations, et cetera. All those were met for the bureaucracy. But, when you are talking about competition and the process of this tender, I can tell you what happened. I am also chairperson of the Victorian Housing Services Network, which is an organisation state-wide covering some 76 agencies that provided emergency accommodation under the old system.

What happened with the process there was that the Salvation Army submitted for what programs it had already operating on the ground, like in Warrnambool, Portland, et cetera. They did not submit for places like Geelong, because they did not have the infrastructure or resources to be able to do anything there. The senior bureaucrat in charge of the process brought in the Salvation Army and also St Vincent de Paul—which had not in actual fact applied for what they did not want—and said, 'We're not going to fund you anything unless you take on Geelong, unless you take on this extra. That is the only way we will fund what you have already got.' So they were forced into a situation to take on something they did not have the resources or know-how to run.

Ms ELLIS—Why were they given that message?

Mr Montgomery—I am not sure. The step has been away from governments providing money to the community sector. They just want to give it to the large welfare agencies and sweep everything under the carpet.

CHAIR—It does not sound like a tender process to me. It is the second example. Earlier we heard an example of, 'Here, please tender for this. Here's what we want you to do and this is how much you'll do it for.' That is not a tender either. What you have talked about is to give someone an initial contract and then extend it massively. That clearly indicates that there has been no monitoring review process. That is the weakness.

If you have got a tender document and there is a specification, if you are not up to scratch and you are not delivering me, the end client, the result I want, then I will say, 'You are in breach of your contract.' That works in the building industry. I apologise for making all these analogies. But, if I specify a coloured tap and I want a blue tap, I should get a blue tap. If you supply me with a red tap, you are in breach of the standards that I have set. Under the example you have just given clearly there has been no process of monitoring performance.

Mr Montgomery—And it has not been competitive.

CHAIR—It has been allowed to deteriorate to the extent that it is a mess.

Mr Montgomery—Our tender was very competitive. It was on the ground using the resources we had, what we knew we could run and what we could not.

Ms ELLIS—Could I ask you to elaborate a little bit. The tender that you were involved in that ended up going to the Salvation Army, did they tender for the same delivery of services that you were tendering for?

Mr Montgomery—No.

Ms ELLIS—And have they therefore breached what they said they were going to do? Or in the process has the authority—the government department or whatever we call it—changed completely by granting the tender in the fashion that they have for the delivery of crisis housing in your area?

Mr Montgomery—Yes.

Ms ELLIS—The latter has happened?

Mr Montgomery—Yes.

Ms ELLIS—So they actually made a political policy decision in the process of delivering the tender?

Mr Montgomery—Yes.

Ms ELLIS—In effect, removing crisis housing from the region?

Mr Montgomery—Correct.

CHAIR—There was another concern expressed earlier about the remuneration paid to members associated with your union. It was not specifically put that way, but I guess it applies. They are working in some difficult situations with a difficult clientele and the competitive tendering process also puts them under an enormous pressure as well. Do you have any comment on that?

Mr Harris—If I may, yes, there a few things that I could bring to discussion. In a tendering process in the psychiatric disabilities area recently what has occurred is that organisations have applied for and succeeded in receiving money for programs, presumably on effective full-time positions, and have then proceeded to advertise the jobs at point 8. My understanding is that they have got the money for full-time jobs, have determined that the best way they can finance the operation, given the enormous pressures that they are on with deinstitutionalisation, is to make the jobs point 8 and just keep a little in reserve in case something goes wrong, because a little in reserve does not get calculated into a tender brief.

CHAIR—Point 8 means four days a week, not five?

Mr Harris—Yes. So that is one scenario. Another scenario is a situation where someone like Michael Montgomery himself was previously working in an area with 15-years plus experience in that type of service provision. What happens more often than not—and it is by examples that I have been dealing with on a day-to-day basis—is that the successful tenderer will advertise the new position at the base entry level.

For instance, the department might normally fund a SAAP equivalent, which in Victoria under the social community services award would be a Class 2A3. That would be the classification for a youth worker, for instance. What will happen is that the organisation will get the funding at the 2A3, but employ a 2A1 so they have a couple of years up their sleeves while they are accumulating 2A3 funding. This allows them just a little bit of breathing space.

What you get to replace an employee with 15 years experience is a base rate entry level worker who is going to go out into the community to face crises at the sharpest of all edges in the community—the most difficult of clients. I will not use the colourful descriptions that Les Twentymen did on television last week when he was tendered out in Sunshine. But he was very clear, after his 15 years as a youth worker, that he was being replaced by someone on a salary of \$29,000 a year to go into Footscray, Sunshine and Braybrook and work with the hardest western suburbs situations.

Ms ELLIS—Has he been tendered out?

Mr Harris—Yes, tendered out of a job. So it is not only a loss of experience. I must say that across the sector I am losing members who have to be paid long service leave. They are the ones I am losing more of; that is, the ones who have 10-plus years of experience in the sector in housing, youth and community development work. Particularly in Victoria, if it has advocacy in its objectives, it gets wiped out in the tender process.

I am not saying there is any conspiracy theory there, but be warned: if you have got advocacy in your name, you will not get up. Programs that are dealing with the most difficult situation are now being funded at a level where they have to pay low and the experience being lost is phenomenal. Quite frankly, the number of long service leave issues that I am dealing with and people being tendered out of their jobs after 10 or 15 years is phenomenal. The depth of experience that is being lost through this process is enormous and the pay rates are being pushed down in a sector where already they are quite low.

Ms ELLIS—Do you know of any cases, have you heard of any cases or is it possible that in this whole tendering process we could have literally unqualified people being put on in some services, or are we going to be fortunate enough to at least avoid that?

Mr Harris—There will be unqualified people because the awards allow for indigenous workers and unqualified classifications exist. There is no question at all that

the classifications of unqualified welfare worker, unqualified community worker or unqualified youth worker will be more frequently used, yes.

Ms ELLIS—In relation to your example about the 0.8 instead of the full-time person, is it possible that that 0.8 person still ends up working full time?

Mr Harris—There is no question that anyone who gets employed and is conscientious or committed to their work will work beyond the base 38 or 40 hours. It is a misnomer. A 0.8 job is a full-time job because the work will pile up. The pressure will be there. The agency will be under stress.

Ms ELLIS—In relation to accountability, would any of you care to elaborate on your concerns about accountability? Can I weave into that a question I asked someone this morning. Over the last year or so there have been comments by the Commonwealth Ombudsman about their particular concerns and accountability, given the gradual removal or distance being put between government and service delivery, where people go with legitimate complaints or legitimate inquiries and how we continue to track that. I would like to weave that into the question to you. Do you want to elaborate a bit more on what your views are about accountability of delivery of service?

Mr Montgomery—Do you mean the current process?

Ms ELLIS—The current one or where you think we are going to end up from the way these pictures are being drawn for us today.

Mr Montgomery—Unfortunately it is a hugely depressing picture. As far as accountability of the Salvation Army is concerned, it does not really relate to government or the community. It is a church organisation. It has its own directions, responsibilities and objectives. As for achieving the ends of what the tender process is all about, in my area, which is to provide emergency accommodation, I can see straight away that accountability is sort of a nebulous type of thing, especially if you are dealing with church organisations that have independence from government. It is not accountable to the community and it is doing what jobs the community needs. So I am not sure where your question on accountability goes because—

Ms ELLIS—Related to the ombudsman question is the legal question like with government directly, through its agencies, giving service. There is the AAT and the Social Security Appeals Tribunal—if it still exists; I think it does. There are those sorts of bodies. If you put this distance between them, and government of any colour or level devolves out to agency A or B, I have bought you and you are now delivering this service. There is an enormous legal distance, perceptibly, between government and delivery of that service that has not been there in the past. This is where the ombudsman has been outlining some detailed concerns and saying, ‘We are not quite sure where people can actually go in a legal sense until there are guarantees written into the legislation to cover all of this.’ I was wondering whether you had a view on that.

Mr Lee—In terms of the two capacities to deliver, direct government service

provision clearly has its own accountability mechanism so certainly, once you get that separation, you are going to incur the risk of a lessening of accountability. The community welfare sector invariably operates on a system of committees of management, which have community based representation and sometimes government representation as well. Those accountability systems are built into that system.

When you move into the tender situation you are putting your trust in one document and in one point in time, being able to get everything right in terms of what you hope the successful tenderer will deliver in terms of service. What you have not written into that tender specification will not be delivered because that would not be a commercial outcome. Even what is written into the tender specification as to how you keep an eye on the body to ensure that they are delivering, how you monitor that and how you take action if they do not deliver the service in the way that they said they were going to all become fairly critical questions.

In terms of the written submission that we provided to you and the survey that we alluded to from the breach of contract report in local government, we asked questions in respect of a number of different sectors and one of those sectors was health and welfare. The most enormous response we got on any issue when people—these were managers in local government—were asked about the advantages and disadvantages of contracting out, the overwhelming response was in respect to the issue of accountability.

Health and welfare services in local government did not contract out largely because of problems with accountability, because they did not have direct control over the level of service. That is where there is a direct contrast between—talking about blue taps and red taps—your ability to let a tender to have a dozen blue taps supplied and being able to specify what it is that you want in terms of a blue tap. From what you want out of a crisis housing management service or whatever it might be, there is an enormous difference. That is were we, again, urge this committee to be extremely cautious because you are venturing into territory that, I put to you, no other western government, not even the Thatcher government, have ventured.

There has been competitive tendering in many other countries for a range of services which, arguably, are capable of some type of specification process and thus some level of accountability flowing from that. But you have to be very seriously asking yourself the question: can you conceivably do this in a sector as difficult and as dynamic as the welfare services sector?

Mr Montgomery—And they are companies; there is no consumer representation on them. So you are getting further away from the people that they are designed to help.

CHAIR—Is there somewhere in the middle? Depending on who you talked to, has some success been able to be achieved with aged care. We have had a recurrent funding process in that area with hostels. Is there somewhere in the middle ground? I know it is difficult to define how a person will care for another person; it is almost impossible to write. For example, there is meals on wheels. I used to deliver meals on wheels for a rotary club and I spent more time just looking around making sure that things looked okay

in the home for the dear old fellow and spending a bit of time with him. If there was anything I was worried about I had someone to report to. If it was serious, the person would get a visit from somebody in the social welfare support system. But there was no compulsion on me to do that; I did that because I cared. A lot of people working in your industry have that sort of professionalism and they do that. I know it is difficult documenting it, but it is not impossible. Could you come some way to doing it or could you not?

Mr Lee—All we are saying is that the evidence is that people have found it extremely difficult to do. It begs the question: can you do it? We would say that, largely, no you cannot do it. It is too difficult to do and that is probably why governments like the Thatcher government have steered away from having anything to do with competitive tendering in these sorts of services. They have competitively tendered a wide range of things like garbage collection and school cleaning. You name it, they have done it. But they did not go near welfare services, and they did not do it because of the problems of managing a tendering process in these sorts of areas. I would say that they did not do it because they were concerned about the possible political sensitivity of some of these services.

Mr Montgomery—With crisis for accommodation, for instance, the whole crisis accommodation area was built up because the old CSV department and the old housing commission, some 15 or 20 years ago, could not service the needs of the people then. The housing commission was full of people looking for housing, which they did not have, and community welfare was full of people with real problems and with nowhere to live. That is why they created the crisis accommodation area: in response to public need. Now they have just taken it away.

CHAIR—You have been very strong with examples on accommodation. Do you have many examples other than this one with the housing that you can give where the processes ultimately ended up, in your view, failing?

Mr Harris—I seek your indulgence briefly to add one more in the accommodation area and then perhaps move on to the employment services area, which is part of the creation of the PEPE through the CES and the community employment skillshare agencies. In the creation in Victoria of what is known as the transitional housing management program there were, across the state, some 380 houses available for our crisis and emergency housing. Some of them were run by large agencies, some of them were run by small agencies. Many of them in the rural areas were run by local voluntary committees.

The accountability that is built into that is something that cannot be measured; for example, Mrs Smith and Mrs Jones come along once a month or whatever to meet about how they are going to run the house, but they also pop in to see, say, a woman and children who perhaps have been victims of violence or something who are living in a little house in western Victoria or somewhere. Those committees no longer have a role, so the accountability to a local community in respect of the way that program operates does not exist any more because now there are 18 regional offices across the state that run the housing program, and the 120-odd agencies that used to no longer exist in respect of

running that program. There has been an absolutely massive change in accountability. But it is not accountability to government, necessarily; it is accountability to a local community. Vice versa, the caring link, if you like, has been broken by a bureaucracy running the program now. I think that is seriously problematic.

Shifting to the employment area, Senator Vanstone introduced changes into the employment area—skillshare, in particular, jobclubs and those programs—last year. They were greeted with some difficulty but, clearly, since that process has begun to move to tender there is no doubt, from my vantage point, which is working as an industrial officer supporting my members throughout that industry, that, in the employment services area, organisations that used to cooperate in the area of delivery of employment infrastructure to people in the community no longer cooperate unless they have a commercial interest that they agree upon at a committee level. It is as simple as that. The others get frozen out and have been frozen out. Tenders are now lodged—mid-September, I think. But where there have been cartels or organisations established they have frozen out a range of other agencies. People in that area who would need to cross over are not getting access to employment services.

There has been poaching of staff. I was sitting here listening to the questions in relation to other services; there is no question that there has been poaching of staff and people have been picked up and dropped off agencies. So employment security in the area is at an all time low. Morale, in terms of employment security for workers delivering case management and support to unemployed people, is at the lowest ebb.

The other factor is that the private sector is entering this market. The private sector pays less in most cases, particularly in the case management area, than the award covered area, which is skillshare, jobclubs, et cetera, which are going out of business. There is no doubt that the distrust, if I can call it that, the pressure, is enormous. I can cite you one example where a case manager in a Victorian case management company was pressured significantly by her manager because they have access to the CES computer mainframe over a period of some months this year to access the CES mainframe to get the job vacancies early so that they could write to those people, breaching the Privacy Act and their funding arrangements and contract with the government, so that they could get in first—get those unemployed people on the books and therefore improve their numbers. So there was significant pressure on this person. That is just one of a number of examples in that area of the pressure applied in order to get a competitive edge.

Mrs ELSON—What department was doing that? Was that within the department or was it private?

Mr Harris—This was in the area of a support employment program supporting unemployed people. You have to get the numbers up. Every unemployed person now is a dollar, perhaps two, so the more unemployed people you can get on the books the richer you will be as a company. The change from identifying the person as a person is palpable. Now it is all about budgets and dollars, and so the unemployed people are now a commodity, if you like, in that industry rather than the focus of the service. That is the pressure that they are under—pressure to lie and cheat, basically.

CHAIR—You have provided us with a very comprehensive submission—30 pages—which gives us a fair bit to digest.

Mr ALLAN MORRIS—I want to switch tack. That is partly why I have been holding back. Many of the services are Commonwealth funded or joint funded but state administered. From your perspective as a national body, are you seeing variations from state to state in administrative arrangements or in the way they handle things or the methods they are using? It is not mentioned in your submission at all, but you mention Taree in one part, Shoalhaven somewhere else and you are obviously drawing on the Victorian experience. So are you drawing on experience in different states. Do you have any observations on variations between the states?

Mr Lee—I would say that the evidence we got back from canvassing the various states as to what their experiences had been with competitive tendering tended to reflect similar stories because competitive tendering was introduced largely irrespective of the state. There is not a great deal of difference in the way you can introduce competitive tendering as a mechanism, so the outcomes you tend to get tend to be fairly similar.

Mr ALLAN MORRIS—You made a point at the very start about competitive tendering and contracting out. The title of the inquiry is a title, it is not the inquiry. The actual inquiry covers the terms of reference, so it actually covers contracting out as well. So talking about competitive tendering is a shorthand way of talking about it. The actual arrangements for contracting out do vary from state to state quite substantially and from sector to sector quite substantially. It would have been interesting to have got that comparison. Take, for example, the current arrangements on HACC across Australia. They do vary immensely in the major ways of contracting out HACC services. The introduction of user pays is being handled differently from state to state.

Mr Lee—Yes.

Mr ALLAN MORRIS—We will not get that kind of perspective from many organisations other than ones with national input. I hoped that you might have some of that.

Mr Lee—We could provide that sort of information to the committee if you find it useful.

Mr ALLAN MORRIS—The inquiry will run for a while. We are not finished yet. So it would be helpful to try to see if you could get some perspective from your constituent bodies or your membership.

Mr Lee—At your invitation we are happy to do that.

Mr ALLAN MORRIS—Yes. What I am getting at there is that some of the stuff we will pick up will be localised problems. For example, the housing department in Victoria is going through some structural changes which are causing some collateral issues. It is going to be quite a different story in other parts of the country. The Victorian

experience with local government involvement in welfare is really quite unprecedented; there is no other comparison in the country with that. So it does give us a skewed effect in Victoria, which we understand but about which we have little quality data.

Mr Lee—To the extent, though, that Victoria provides an example of what sorts of impacts you would get from an increase in the use of competitive tendering and contracting, the terms do run together these days.

Mr ALLAN MORRIS—They run together but they can be separate. It is confusing, I know.

Mr Lee—There is certain amount of commonality in the outcomes. The Industry Commission now call competitive tendering and contracting out CTC. I noticed that, in their most recent inquiry, they blend the two together, as it were.

Mr ALLAN MORRIS—Yes. You were talking about Victoria. I presume that you were going to say that, given the higher level of local government involvement—

Mr Lee—The high level of competitive tendering—

Mr ALLAN MORRIS—Because of that move.

Mr Lee—It gives you a bit of a window as to what the outcomes would be if any other state was to do it. That would be my point.

Mr ALLAN MORRIS—Except that most other states do not have the local government content that Victoria has in welfare services. So there will not be a comparison. You have two different issues: the Victorian issue of transferring from local government to other providers, which is happening here and nowhere else, and the issue of imposing user pay charges and HACC across the country, which will vary enormously from state to state because of their current differences. You have also got the issue of competitive tendering and contracting out as it is being applied in general across the country. So there are actually a number of different strands that we are going to find difficult to reconcile because they are as different as chalk and cheese.

We will be looking at examples which are structural issues rather than qualitative issues and comparing them to qualitative issues rather than structural issues. It can be very hard for us to differentiate. Bodies like yours and the national bodies will be much better placed because of their depth and experience to help guide us as to whether this is a localised structural problem or whatever.

Mr Lee—We are happy to provide you with more material on that.

Mr ALLAN MORRIS—One of the really beneficial parts of the inquiry is to get the publication of documents and submissions. Until you have actually seen them you cannot comment, but bodies like your own are often very good at giving us insight into other people's submissions. If you get a chance to go through the other submissions,

particularly the national ones, it might be that you get some other views as to what has been expressed. You can put forward your own views, as observers and commentators, of other people's views. It can be very valuable.

Mr Lee—We are happy to provide some comments in that respect.

Mr ALLAN MORRIS—I would find that very valuable. The kinds of questions we ask other people may well depend on what people tell us.

CHAIR—You are welcome at anytime to make a submission via the secretariat of the committee. We appreciate your time today. Thank you.

[3.28 p.m.]

MOORE, Ms Lynette Gail, Executive Director, Alzheimer's Association Victoria, 98 Riversdale Road, Hawthorn, Victoria 3122

CHAIR—Welcome. Before we proceed, I need to point out that, while this committee does not swear 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.

Your submission has been received and incorporated in the published volumes already distributed as part of the inquiry thus far. If you wish to make an opening statement in support of that submission, I give you an opportunity to do that before we proceed to some detailed questions.

Ms Moore—Thank you for the opportunity to address the committee. I have been the executive director of the Alzheimer's Association for a little over 10 months and had considerable experience with tenders during that short time. In my previous capacity with Yooralla Society in the disability sector, I also had some experience. I am bringing that experience to bear in my comments today.

The submission that was presented was relatively short, and focused more on aspects of tendering rather than aspects to do with monitoring and performance evaluation. I would be happy to take the questions of the committee. Overall, in summary, the submission would indicate the considerable concerns we have. I do not think the situation need be as totally bleak as perhaps is presented, but certainly, as things currently are, the concerns far outweigh the benefits that may be there from competitive tendering.

CHAIR—I note from your submission that you have indicated concerns at difficulties you have had with the tendering process, with documents being changed and even a contract being altered after it had been awarded. Can you give specific examples of where, at the end of the day, the process has failed in terms of its delivery of a service? There is some legitimate concern about real cases, but there is also an overriding fear about what might happen that is affecting particularly the agencies that deliver a service. The committee is trying to get a handle on what is fear, what is a worry about what might happen, and what actually has happened. Do you have specific examples that went wrong?

Ms Moore—From my experience with other successful tenderers not delivering, no I cannot think of concrete examples in that regard. In the area in which I am working tendering is still relatively new. Certainly there has been a lot around the services that we provide, for instance, in the home and community care area, where we would have anecdotal examples that I would be happy to share.

With Meals on Wheels, for instance, what has been contracted is just a delivered meal, and consumer evaluations after the service had been contracted out have shown dissatisfaction. The reasons for the dissatisfaction have been to do with the fact that

consumers were actually getting more than just a delivered meal in the first instance; they were getting that chat, that check, and so on—those human elements of the service that were not specified as part of the delivery requirements in the tendering process and, therefore, have not been delivered. The people who were successful in the tender were clearly just meeting the minimum requirements as specified.

The problems that highlights are governments being absolutely very clear on what they are specifying as their requirements in the first instance and being sure that they capture the real human elements in this welfare sector. It is not like sealing a road, where it is pretty clear that you want a road sealed. It is very important in the tendering process to capture the specificity of the human elements.

CHAIR—Engineers do not always get the specifications right with roads either, I have to say, because it depends on what is underneath the road. We have actually heard quite a bit about Meals on Wheels, but even that, to me, is able to be overcome in terms of defining the delivery time and what might be involved with observations whilst the meal is being delivered, rather than just leaving it at the door, and things like that. Is that the only example you can give?

Ms Moore—I suppose it is the easiest one—it is a very concrete one that readily springs to mind. I think the question then is around whether governments can be clear about those human elements of the quality of the service, rather than just specifying quantity and so on. Those fears give rise to a lot of the concerns that you have heard earlier today and that have been written up in submissions. It is around the capacity, for instance, of for-profit providers to be motivated, in the same way that not-for-profit agencies are motivated, to address the human element of the services they are providing, and whether there will be that motivation to provide that human element, that quality of service, amongst not-for-profit providers.

CHAIR—With any service—incontinence aids, say—you would buy those and it would be a sort of tender where you would say to one, ‘What can you produce for me?’ and to another, ‘What can you produce?’ and you would give them a document. That is easy because it is a concrete thing. Did the organisations you represent do that?

Ms Moore—No. The services that the Alzheimer’s Association provides are counselling services, particularly for carers of people with dementia and to a small extent to people with dementia. So it is a service that is harder to specify in terms of the quality outcomes. Certainly the things that can be specified are things like the number of contacts you have with carers per year. But that is not going to touch to any extent at all the quality of the service that is provided.

The quality of that service is going to be determined by the quality of the staff one employs, the ongoing supervision and training those staff are provided with, and what I would call the feedback loop within the organisation of its contact with carers and with people working in the field that is then fed back to the staff who are working to problem solve with carers on an individual basis. One of the fears is about the capacity of the departmental officers who are making the judgments about what is a good tender and how

it stacks up against the next tender. It is their capacity to appreciate those qualitative aspects that leads people in my position to fear the tendering process.

CHAIR—To my mind, it ought to be the person who is assessing the tenders who has written a specification saying, ‘This is what I want,’ and documenting a style of caring. If it is a matter of giving someone emotional support when they are upset, that should be actually documented. I might be overstating it, but I am sure we can go some way down the track in documenting those things. I know there will always be intangibles, that you will never be able to document the emotional thing. If someone is absolutely distraught, often all they need is for someone to sit with them and give them a bit of comfort, but documenting that is impossible. But I am sure we can go some of the way on some of the tangible things that get done.

Ms Moore—I would agree with you that it can be done better than it is now. There is a long way to go. But, again, the capacity of departmental officers to specify those things in the first place means that they have to work very well with the sector in a real partnership approach in order to actually ascertain what those needs and values are in the first instance.

Mr ALLAN MORRIS—Does your organisation have a discernible quality program in place?

Ms Moore—The quality program that we have relates to the qualifications of staff that are employed, the professional development program that is in place. In the case of the counselling service, the professional clinical supervision that is part of—

Mr ALLAN MORRIS—But that is not an organisational quality program though, is it?

Ms Moore—That is an aspect of the organisational quality program, yes.

Mr ALLAN MORRIS—But if you had a discernible organisational quality program, incorporating things like complaint procedures and monitoring data collection, wouldn't that go some distance towards allowing people to evaluate one organisation versus another in terms of price performance? If there is not a discernible process of establishing that you have a quality service, then you are leaving it to somebody who is an outsider doing a kind of toss-up and very likely going for the cheaper service eventually, rather than for the best service.

Ms Moore—For the quality—yes. I agree with where you are heading. If you like, a minimum specification should be that the organisation does have a specified quality program. Once you have two organisations that have the quality program, the next thing is how you judge them, because people can have things looking terrific on paper but it then comes down to actual consumer feedback and consumer satisfaction in terms of the real delivery on the ground.

Ms ELLIS—Has competitive tendering impacted on your association directly and,

if so, how?

Ms Moore—Yes. Over the Christmas period we were thrown into a quite extensive tendering process with the Victorian state government's new carers' initiatives that were put out to tender. One of the things that became immediately apparent through that was what the competitive environment actually does in the non-government sector, and that is that it reduces communication and networking because of the competition. Today's colleagues are tomorrow's competitors. It actually even throws up an interesting dilemma in terms of the representation that we have on our committees of management and boards. I can think of three people on my committee of management who work for organisations which are potentially now in a competitive tendering environment—our competitors.

Ms ELLIS—You are not the first person to say that today. Is it potentially open that the Alzheimer's Association Victoria could, in a future tender process, actually be tendered out of what they do?

Ms Moore—We could be tendered out of elements of what we do, yes.

Ms ELLIS—It seems a bit ludicrous, doesn't it?

Ms Moore—I would agree. I think the point is looking at the components of an organisation. If we could be tendered out of, say, delivering counselling services to carers of people with dementia, what would that then do to other elements of the services that we provide? A concrete example is that we provide education and training, both for carers of people with dementia and service providers working with people with dementia in the field. Without our counselling service, by which we are constantly in contact with carers and therefore building up a body of knowledge about emerging trends and issues which is then feeding back into the other services we provide, be it systemic advocacy or our education and training programs, other elements of the services that we provide would in fact be diminished.

Ms ELLIS—Could I be provocative for just a second, because I want the record to show that I am trying to be a bit objective here. Alzheimer's Association Victoria has emerged out of its natural processes because of its interest in the area and connection and so on—like a lot of community organisations begin—and then we have this tendering process. On the other hand, we also have over behind the bushes there Alzheimer's Association Reform Victoria which comes along and says, 'We think we could do it better. We have the same sorts of community connections, but we like a different angle.' In that process we could all probably agree that there may be some logical changes in tendering outcomes, though not to your liking—because you are both from core groups that have grown out of the community. Because the Alzheimer's Association reflects to me a very specialised area of community networking and community understanding and concern, that would seem—although not acceptable to your organisation—more understandable than if you were out-tendered by a business enterprise company or something that suddenly says it wants to get into welfare services. Would you agree with that sort of analogy?

Ms Moore—Yes. If we were out-tendered by an area health network or something like that, that would not seem as appropriate in terms of the values that we are espousing compared with some other organisation.

Ms ELLIS—Because it is a very specialised area.

Ms Moore—That is right. One of my contentions is that the more highly specialised services stand to lose the greatest here—or, ultimately, our consumers do—and the relatively small and highly specialised agencies are the ones that could lose out for a range of reasons that would then have some significant disadvantages—maybe not for that one service that was being tendered for over the next 12 months but in the longer term because of the wider implications of what the loss of that service—

Ms ELLIS—So it is the collectiveness of it.

Ms Moore—That is right—what it could actually mean for that field.

Ms ELLIS—One of our earlier witnesses today who has also taken a fairly sceptical view towards tendering in a general sense went so far as to say that maybe one way of considering it for the future would be to say, ‘Let’s separate it into areas. There would be some areas which you could more logically put out for open tender, some for restricted tender, and some would be not for tender.’ Would you agree with that if we were pushed to that point?

Ms Moore—Yes, I think that is very sensible. I think one of the things that perhaps has not been done to date, and why I would support those who are saying the brakes should be put on before there is an increase in competitive tendering, is I think government does need to define what it should not tender, either in terms of its own service delivery or where, for particular reasons, there are established providers in the field that should retain their particular core role.

Ms ELLIS—Would that be done on the basis that government at whatever level we are talking about was willing to sit down and actually analyse what we were trying to service and deliver in the first place?

Ms Moore—Yes, and the rationale for making those particular decisions.

Mrs ELSON—Is there any other organisation in Melbourne that competes with you for funding for the Alzheimer’s sector?

Mr ALLAN MORRIS—For people with dementia, for people with Alzheimer’s?

Ms Moore—There is no other organisation that provides exactly the same range and type of services that we provide. However, in other organisations there are elements of provision of service to people with dementia.

Mrs ELSON—Has competitive tendering affected you so far?

Ms Moore—It has. Referring to the carers' initiatives as one example, one of the interesting things there was that the policy documentation put out by the Victorian government called for a dementia specific carer support worker in each of the nine regions of Victoria. We have discovered we obviously do have competitors as we were only successful in one region of the nine in that area. Other agencies have said they have expertise in supporting people with dementia.

One of the disturbing things that happened in the course of that tender was that several of the regions actually chose to ignore the policy documentation put out by the head office of the department and there are not dementia specific workers in several regions. It has been 'genericised', if I can use that dreadful word, and there are staff who will be dealing with a wider range of people, elderly people, and supporting them.

Mrs ELSON—You said you were only successful in one. What do you think caused you not to be able to get the others? Was it that they used professional submission writers, or did you not have the right submission in? I am just trying to determine why because you sell the story in your name.

Ms Moore—One of the reasons was that the dementia specific worker requirement was lumped with other aspects of the service and therefore our capacity to tender, by and large, meant that we had to form partnership arrangements to really be in with a look. In all nine regions we did give the department the option. We put in tenders and said, 'We are not 100 per cent meeting your requirements because we are not putting in for the dementia specific worker plus the other components that you wish people to tender for, but please consider us as a subcontracting arrangement. We urge you to do that through your consideration of the tendering process.'

Because of the time constraints and the fact that we are a relatively small organisation, we were only able in three of the nine regions in the time available to us to strike partnership arrangements and put in a tender on a partnership basis. In the other six regions we were not able to do that, and so were not considered.

Mr ALLAN MORRIS—Ms Moore, there are two strands I want to pick up. The first one concerns unit cost. Calculating unit cost has been one way of getting some kind of comparison between providers. Have you been engaged in that? I presume that within your organisation you would have some idea of the unit cost for different kinds of services you provide and how they compare with other providers? How did you work out your unit cost? Was it an internal analysis or was it an external framework that you used?

Ms Moore—I have a great deal of experience on unit costing from my previous position in disability. Indeed, I have been involved in some consultancies and documentation that has been provided in a semi-published form. I would be happy to let the committee have those references if that was helpful to the committee.

In the particular area that is relevant to Alzheimer's Association Victoria, unit costing is still in its early days from the government's perspective. From an internal organisational perspective, I have been in the organisation for 10 months. One of the

things we are doing is moving our accounting structures and analysis to the point where we would be able to unit cost, but we have not yet been able to achieve that.

Mr ALLAN MORRIS—Going back to your earlier comment, you said something that I did not quite pick up. Did you say you were with disability services and you had an involvement in unit cost development?

Ms Moore—In my previous position with Yooralla Society of Victoria, as a general manager for that organisation, I had extensive involvement in unit costing, particularly of therapy services and other similar services around development of independence for children and adults with disabilities. As part of that position I did some extensive work on analysis of the Victorian Department of Human Services unit cost as applied to those services.

For the record, before you ask me another question, I have considerable concern over the government department's capacity to come up with adequate unit costs, particularly around the salary levels that are used as the base salary levels for starters, basically, building up a unit cost on a particular salary level of a staff member. As for the quality of staff that is required to provide the quality of service, my experience is that that is not reflected in the base of the unit cost. That is the first point.

A second point is, in terms of the construct of the unit costs, that the allowance for operational costs, administration and management and overhead costs has, in my experience, been way too low. For instance, it is well below what I know Commonwealth and Victorian government department guidelines specify.

Mr ALLAN MORRIS—You have a bit of paper about that, do you?

Ms Moore—I have a couple of bits of paper that I would be happy to forward to you.

Mr ALLAN MORRIS—Mr Chairman, that might be helpful. If our organisations had good quality systems and we had good unit cost visibility and some consensus about what they were, then competitive tendering or contracting out would be a bit more straightforward or a bit more transparent. In that situation, it seems that the caring sector across Australia has enormous variation within it, how advanced they are, and unit costs may be one way of getting a level playing field within a particular sector.

Ms Moore—I agree with your sentiments and this area has been very unsophisticated in terms of the way it has dealt with its own cost structures. I think organisations, as soon as unit costing is on the horizon, are forced into learning a lot very quickly about the costing within services. Yes, it would go some of the way towards levelling the playing field.

There are two cautionary things I would like to state though. The first is the definition of the unit and what is actually being purchased. My experience has shown that if that is not done carefully enough in the first place, there can be some very perverse

incentives in what then is delivered. I suppose that the meals on wheels example is a simple one with that. One needs to be carefully defining what one is actually purchasing.

Mr ALLAN MORRIS—And I share your caution about that. It may be theoretically possible that if we had a decent unit cost position per particular sector, you would not need competitive tenders in the sense that the unit costs being met would be the right unit costs in terms of infrastructure and outcomes, and so on.

Ms Moore—You have reminded me of my second point, thank you, and that was about quality. Still in the human services field, it is extremely difficult to measure outcomes—and outputs are a different kettle of fish to outcomes. Defining a unit cost around outcomes is still many years away by and large in the human services field, and in some areas I am not even entirely convinced it is actually possible. I think that there is a lot more research that needs to go into the measurement of definition of outcomes before we can even really say whether it is possible.

CHAIR—I have got a question about the nature of the tenders that you have been asked to submit. I have had some curious examples today of where a tender has been put that says, ‘Please make a tender, but you will put in a price for this much.’ Is it some sort of schedule of rates tender they ask for where there is so much for travelling, so much for counselling per hour or per day, but with a global sum to set a budget? What example—

Ms Moore—The example from the carers’ initiatives was a fixed priced tender of \$50,000 for one dementia specific carers—

CHAIR—Yes, but who set the amount?

Ms Moore—The department.

CHAIR—That is not a tender.

Ms Moore—They call it a fixed price tender, and for starters I would say that it is not enough to employ a quality staff member, plus deal with the infrastructure costs.

CHAIR—So what were you required to submit for a tender when they said that this will be the price?

Ms Moore—There was an enormous amount of documentation around the organisation and how we would deliver it. So basically, they were meant to be choosing, first of all, on quality and after the quality aspects had been delivered, then the financial details which had been submitted separately were considered, and there was a detailed budget that had to be supplied as part of that—in other words, how we would spend our \$50,000.

CHAIR—That is not a competitive tender. That is a tender for some rationale on how to pay you on a monthly basis. That is a schedule of rates style contract. You may as well make an application for \$15,000 worth of funding. It is not a tender.

Ms Moore—No.

CHAIR—Are they all like that, or are there genuine competitive tenders offered?

Ms Moore—In my experience, I have not seen one. I am not saying that they are not out there for other services which I have not informed myself about. But in my experience, they have been fixed price, or relatively fixed price tenders. There has been a very clear indication of the price that is available.

Mr ALLAN MORRIS—But some of them would say, ‘We would expect you could do it for \$17.50 an hour, but are prepared to entertain arguments as to why it would cost more.’ Don’t those kind of things come out?

Ms Moore—Again, I cannot comment because that is beyond the direct experience that I have had in the last 10 months.

CHAIR—I should have asked this earlier, but it really only just dawned on me that these are not effective tenders that you are being asked for. They are statements saying, ‘Please submit a schedule of rates so that we have got some basis to give you your monthly per diem.’ That is all they are.

Ms Moore—And yet the environment this process creates has all the effects of a tendering environment, I feel. There is great uncertainty which therefore makes planning difficult. It causes great staff instability which is then not good for quality of service and, in fact, causes inefficiencies. The process is very costly in terms of the time and resources that it actually takes to make these submissions and while, obviously, there needs to be some submission process around new services, to me the process could be a lot simpler and a lot less destructive than it currently is.

Mr ALLAN MORRIS—The other angle I wanted to pick up was the potential for cross-subsidisation—by that I mean the fund raising and the not-for-profit sector. Some areas, such as street kids, for example, are not particular fashionable and they are particularly hard to raise money for. In other areas, such as children with leukaemia, it is much easier to elicit a sympathetic financial response from the community. How much do you find that—observations, I guess, are obviously anecdotal—organisations are cross-subsidising their contracts with fund raising, or donations, or other kinds of income raising?

Ms Moore—Extensively. In my own organisation for the current budget year, we have budgeted for 59 per cent of our income to be from government and the remaining 41 per cent to be from our various fund raising activities. Some of that there is based on a fee-for-service basis in the education and training area, but the rest is basically from the public.

Mr ALLAN MORRIS—Of that 41 per cent, how much would be fee-for-service?

Ms Moore—There would be 30 per cent from fund raising and less than 10 per

cent—very quickly off the top of my head.

Mr ALLAN MORRIS—Do you think that is common in your field, or in some fields?

Ms Moore—It is very common. I think that one of the things with competitive tendering is the additional fund raising dollars that are going into services when services contracted to the not-for-profit sector are obviously a benefit for government and the community. The other benefit is our use of volunteers. People are not going to volunteer as readily for a for-profit organisation.

Mr ALLAN MORRIS—But if you take that to the next step—which happens in your submission and others—the kind of negative emotional climate being created by competitive tendering seems likely to discourage or diminish voluntaryism and community fund raising. In effect it is almost a negative outcome in the sense that by getting competitive tenders you are creating a situation where you can raise less money from the community and fewer volunteers.

Ms Moore—Potentially, yes.

Mr ALLAN MORRIS—I think that has been coming across about voluntaryism—

Ms Moore—Ironically, I note that there is one submission in here that has actually referred to it as ‘compulsive’ competitive tendering, not ‘compulsory’. Maybe that says a little about the feeling in Victoria about competitive tendering.

Mr ALLAN MORRIS—Yes, I think we probably understand that. We walk this balance between having professional providers so we are not using volunteers as professionals in professional roles but trying to retain volunteer involvement and community support so we keep our networks and our relativity, if you like, with the community, so we are not simply another institution. I think what has been coming through in the submissions and certainly in the evidence—and this is our experience—is that, as we increasingly commercialise, if you like, the financial delivery system, we are in danger of undercutting that non-commercial component. I guess it is pretty hard to quantify that. Are you seeing any signs of that in your own organisations, or have you seen it in your experiences to date?

We certainly lost quite a few volunteers as we had more and more professionals provided. People used to be resentful that they had put in hours of voluntary work and the person that they were working with was being paid and they were not. That kind of thing did cause some problems some years back when it really started to happen more seriously. In recent times, I am not seeing any signs in my area. But in Victoria, since you seem to be at the forefront of this system, what is happening?

Ms Moore—I could not comment, and I think it would be because I have not been involved in the aged care area for very long and, therefore, some of the longer term effects of the competitive tendering which has been happening here over a longer number

of years I have not been able to observe. In my actual area, it is too soon to really be measuring those effects.

CHAIR—I think the nature of the tender you have described is not a competitive tender. It is a qualitative tender, where the government agency is looking for qualitative assessment of your capability to deliver. What you described before is not a competitive tender

Ms Moore—It is the process in Victoria with just about anything that is new being put up by the Victorian government. It is also the process increasingly in Victoria for services that have been around for some considerable time, where there is this process of ‘let us throw it back into the melting pot and see what comes out’.

Ms ELLIS—Actually, fixed priced tendering has been happening in the ACT.

CHAIR—We might have to change the title of our referral to ‘qualitative tender process’.

Ms ELLIS—Or tender, period.

CHAIR—Yes.

Ms Moore—In our bucket, it is all the same thing, it is all having the sorts of effects that I have referred to and it is all causing us concern.

Mr ALLAN MORRIS—We are involved in a bit of a mind game here, aren’t we? It is called that deliberately so that people feel they are competing, whether or not they eventually are. The fact that they feel they are means that they cut their price automatically, because that is the mindset, isn’t it?

Ms Moore—We may not be competing on price, but we are competing ultimately to deliver the service. If an agency holds dear its business and believes it has a role to play in that business—

Mr ALLAN MORRIS—This is the strange logic about it: the way to make you perform better is to make you more insecure about your future.

Ms Moore—That is right.

Ms ELLIS—It is actually all about price, because it depends on how much more you can deliver than agency A or C around you for the same price.

Ms Moore—That can be a part of it, yes.

Ms ELLIS—So it does become a cost factor in a sense: how much you are able to absorb, at what rates, how much less can you pay people for doing it, in order to give more for the dollar that is being spent.

Ms Moore—For the fixed price.

Ms ELLIS—That is right. So it does sort of fit in in a weird sort of way.

Ms Moore—Yes.

CHAIR—That is a qualitative tender, I still call it. Ms Moore, thank you very much for coming along today and adding to your evidence. We would be interested to hear a further submission from you if you have got some advice on those costs.

Mr ALLAN MORRIS—I will need unit costing.

CHAIR—You can submit that via the secretariat. Thank you very much for your time.

Ms Moore—Thank you for the opportunity.

[4.10 p.m.]

LYTTLE, Ms Mary, Chief Executive Officer, Residential Care Rights Service, Suite 4B, 343 Little Collins Street, Melbourne, Victoria 3000

CHAIR—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 regarded as a contempt of the parliament. Your submission has been received and incorporated in the published volumes of submissions already distributed as part of the inquiry. We would welcome any brief comment you would like to make as an opening statement in reference to what you have submitted and then we will proceed to questions.

Ms Lyttle—Although we may now be debating whether this is compulsory tendering as such, in general, we are concerned about the process that we understand as competitive tendering and its ultimate aim and whether it is actually delivering quality that consumers would be looking for and retaining that accountability that we would see as important for government in dealing with public moneys. That is our overall sense as to what is the role of consumers in interacting with this process and also in consumers making accountable their government for the public moneys that they are distributing. We are uncertain as to whether this process totally does that in any better way.

CHAIR—Could I ask you to briefly describe the nature of the activities of your service and also how you are funded? I am anticipating the question of whether you might get tendered out.

Ms Lyttle—There is a thought; that has struck us also. Our service is funded under the aged care program of the federal government. We provide advocacy services for people in the state of Victoria. There are similar services around the country under different names but with the same set of guidelines. We are provided a yearly appropriation grant for which we apply for a fixed price each year to the aged care area of the department.

CHAIR—So you are specifically representing the consumers, whereas Aged Care Victoria represent the providers.

Ms Lyttle—Yes. We are to be partial to the interests of consumers; we sit exactly on their side of the table.

CHAIR—Up until now you would have been entirely Commonwealth funded for part of your service, would you?

Ms Lyttle—We are entirely Commonwealth funded for all of our service. We do not have any state money at all in this state. Other advocacy programs under the same aged care program around Australia have different buckets of money—state government money, too.

CHAIR—Do you have any examples where the process of tendering has ended up with a bad result in terms of the consumers you represent? One of the concerns that we have heard expressed is that we will never get to hear about it because that particular group of people never complains. I think about what my mum would be like. She would not complain if a terrible meal was delivered; she would just put up with it stoically. Is that a real concern? We have not heard about a bad result.

Ms Lyttle—Yes. There was certainly a couple of aged care hostels but, in one particular one in Victoria, the services were to be tendered out because it was run by the local council. Those residents with their family members chose not to be quiet and most of the hundred of them were out there getting media attention. They petitioned the government, the minister and the council at various levels. They were, as a result of that, offered management of the service. They could establish a committee of management and incorporate that and the council would give them the managing capacity even though they still had to tender out. But they would be the people who would manage that process.

The relatives who were interested chose not to do that for all sorts of reasons but they were then involved at least in setting the performance indicators, setting the terms of the tender et cetera. That is how they have gone on to deal with it. So they did have some effect, I suppose, you could say, in ameliorating what was happening in their situation.

CHAIR—That sounds like something at a local government level, though. It is not something that has been imposed by the Commonwealth. Is the local government council trying to—

Ms Lyttle—No, that was where the local government stuff caught, if you like, the processes of a Commonwealth funded hostel.

Ms ELLIS—So they were running it and they would contract the local government body.

Ms Lyttle—Yes.

Ms ELLIS—And then they have to re-compete.

Ms Lyttle—Yes. The local government got Commonwealth funding. So it is a Commonwealth funded hostel in terms of the subsidy, but then all of the council services had to go out to tender. There are several nursing homes and hostels around the state that are like that, where the actual proprietor, as such, is local government and they have to put it out.

Ms ELLIS—And they have to, if they wish, tender as well for the continuation?

Ms Lyttle—Yes. It was not a matter of ‘if they wished’. If the council had to put out their services to tender—I am not sure if it was 50 per cent in the first year and 60 per cent in the second year—

Ms ELLIS—To whom, anybody?

Ms Lyttle—So human services areas started to come into that. I believe, with Knox council, that there was only one that already had an incorporated body as a committee of management. So they did not touch that because that was not seen as directly part of the services that the council had to contract out.

Ms ELLIS—So who was delivering the services—the council?

Ms Lyttle—Yes.

Ms ELLIS—And they just would not let them continue to do that?

Ms Lyttle—No. Well, they were forced by the local government act to put all of their services out to tender, including the human services.

Ms ELLIS—I see.

Ms Lyttle—I understand from the media that the city of Yarra wanted to quarantine their human services area. The minister said that they were not allowed to do so, although they had reached their target quota. They were already doing 60 per cent tendering. From the published reports in the paper the minister said that they would tender it out. If not, he would change the legislation or he would sack the council. That was what was reported in the paper. I have no way of knowing whether that would have continued.

Ms ELLIS—That is the way to do it.

CHAIR—It does not make it accurate, if it was reported in the paper.

Ms Lyttle—No, absolutely not. Certainly, that was the environment in which people were reported as having to make those decisions. I do not know, as I said, what the outcome was in that case.

CHAIR—Okay, just to move on, page 5 of your submission makes reference to ethical conflicts. I was interested to explore why that would be created, when really that would be there anyway. Why would a process, which is trying to establish transparency and accountability on where public money is directed, result in ethical conflicts?

Ms Lyttle—What we were raising there was the issue really about looking at who the client is. While you have to be accountable for the money, in our case our money is handed over under a set of guidelines that makes it very clear that our client is the consumer and we are obliged to go through this process and assist people in a particular way. I think in some of these instances it starts to get rather complicated because you start to enter the contractual environment.

As I also understand it, some of the current contracts coming out under the home and community care program—the HACC program in this state—have talked about

confidentiality and privacy of the contract and that providers will not do certain things, including perhaps talking about systemic issues back to government, because you are suddenly in this contractual environment, which has been described as commercial confidentiality. And so I think that starts to get to be a problem. I am suddenly no longer accountable on an ethical basis to demonstrating, even back to my funding body, that I was requested to do this quite reasonable thing for my consumer—that I went forward and argued their case in this way and delivered assistance to them. I cannot come back and perhaps say there is something wrong with the system because I suddenly have this contractual obligation upon me. So it is figuring out who the master is at that point, I think, and making that clear.

The other area I had an interest in is around the casemix environment that we have in the state and public hospitals. We have seen social workers assisting older people to move on into nursing home care. That is where I have had the interest. Because they have had a particular performance task set upon them by their employer, the hospital, that may conflict with their duty as a social worker around client self-determination.

I believe in some instances they have been told to get people out because the hospital has this performance thing that says they will only have people for this number of days and preferably under the limit because they want to keep that ward empty. I believe in that situation you get social workers acting as pushers on Japanese trains may act, not as people who say, 'What is in the best interest of the client?' Yes, they do have a responsibility to balance that the client is not inappropriately staying in a bed, but it appears as if one issue takes over to the exclusion of that client's needs. Those sorts of things start to come up, concentrated around privacy and this issue about the contract and the supposed efficiency of the contract process.

CHAIR—Have you been involved as an organisation in any contracts? Have you been required to tender as such?

Ms Lyttle—We have done it mostly in order to get funding for other projects that do not directly go back to the Commonwealth family services area or aged care area. We have done it for other reasons. We are trying to get other sorts of funding for specific projects, so we have gone through it on that basis.

CHAIR—You are not required to do it in terms of your own Commonwealth funding.

Ms Lyttle—We have to put in a submission for funding. It is submission based.

CHAIR—As a tender, or just an accountability document that says, 'This is what we have done'?

Ms Lyttle—Yes, basically outlining what we will do for the year. We are told a budget figure, and in the last three years we have not been able to argue that budget upwards. It has been a matter of saying, 'Outline what you will do for this money, but we won't increase it.' Yes, that has been our process.

CHAIR—That is a different process to tendering.

Ms Lyttle—Yes, it is.

CHAIR—That is a document that says, ‘Here’s the transparency. These are the outcomes.’ It is the government department saying to you, ‘This is what we expect of you,’ so you know precisely how you are to perform. That is different to tendering.

Ms Lyttle—Yes. We have not been asked to tender in that way. We have done it, as I said, on a couple of other bases. We have a tender in with the state government at the moment to provide some services to a state government department around aged care needs, so on that basis we have worked out approximately what it would cost us, what we could do it for, and we have put in a tender. I cannot tell you whether that was successful or not, because I do not know yet. But those sorts of things are what we are doing. We would do the same with some grants from private philanthropic bodies. Again, we would say, ‘What is it that we believe needs to be done? Approximately what will it cost us? Let’s tender and see whether they are willing to meet that cost.’ So it has been a limited experience for us.

CHAIR—I suppose, in a sense, it is a tender. You are trying to create a favourable impression that you are good at performing; and your philanthropic ones, I know—

Ms Lyttle—Yes, and there is not necessarily an amount set so it is a little bit more saying, ‘We believe we could do this particular task for this amount of money.’

Ms ELLIS—Are you on annual or triennial funding with the Commonwealth?

Ms Lyttle—Annual. If we are fortunate, we know about it a week before. I think last year it was a record in the seven years that we have achieved funding. Last year, I think we knew a week before the end of the financial year.

Ms ELLIS—That you still had your job.

Ms Lyttle—That we still had our funding and we still had our job, yes. It concentrates the mind wonderfully.

Mr ALLAN MORRIS—The notion behind contracting out and competitive tendering, in theory, is to give consumers a better service. As an advocacy service, you raise almost the opposite concern when you say:

There is a risk that service providers may be more responsive to government/political priorities than to the actual needs of consumers.

That is one of the dot points on page 6. In other words, you are suggesting that it could actually be the opposite to being a better service for consumers. Can I canvass that with you a little bit?

By the way, I think you echo a genuine concern amongst providers that decision-making within the process is opaque and that it often seems to be—as Kay Elson said to be me at afternoon tea—a case of who you know rather than necessarily the price, so providers may be more driven by being seen to be compliant or whatever. Do you have any examples of that? I do not want to put you in a difficult position, but is there a genuine concern amongst your sector about that, or is it just your personal view?

Ms Lyttle—Certainly this is an issue that has come up and I suppose the area where I have seen it come up is in our management group, who are called the Older Person's Action Centre—they are the community group who manage our service. They have certainly had a lot of experience in talking to people in different regions—older people—who are receiving services, people having Meals on Wheels and things like that where providers were keen to do it for a particular price and it was as if the price said everything—'we can actually do this at a unit cost'. But people did not get what they felt was the service that they were expecting for that money. So while the service provider who got the contract or the tender may have been seen to be the most effective in terms of 'we can do it for this amount of dollars', the consumers certainly did not feel that they were getting what they expected from, say, a Meals on Wheels service or what they had had previously.

Mr ALLAN MORRIS—You stated in your submission that, as for the early parts of the terms of reference, you were ignoring the idea of contracting out being the purchaser provider model that would have more empowered the consumer. However, the last term of reference does in fact allow that model to be canvassed where it talks about the effectiveness of new service delivery arrangements. So the purchaser provider model could be well canvassed by the inquiry, although I am not sure if we have had a discussion about that amongst ourselves. So again, looking at yours as being an advocacy service, do you see a shift towards that model occurring? Has it been happening? Is it happening? If so, is it in an organised way, or is it by chance?

Ms Lyttle—I suppose there has not been a great deal of change for us, say, in the last three years. We are probably facing an environmental change now with the new Aged Care Act. We are about to probably revisit how our services are structured. Coming back to some of the points we have made in here about any of this process, which is the partnership approach, we have certainly managed to argue our way into some of that in this latest round of aged care changes.

So we have at least been part of talking about what happens for consumers in the way our services work. We are just about to have that discussion. There have been assumptions about the fact that people will have advocates. That has been added in as a sort of part of the program—not in a non-questioning way, but in the way that people tend to look at advocacy, which is the guys and gals on the white horses coming over the horizon. It is a sort of a 'feel-good' program, and so it has just been added in at that level. We have not had detailed discussions about how do they now see us performing.

Mr ALLAN MORRIS—It is a slow process. There is one more thing that I wanted to raise with you. You raised the matter of the role of government, and the role of

the Commonwealth in setting benchmarks, standards, procedures and so on. Yet, of course, most of the actual funding is eventually provided by the state. Do you see any signs that the Commonwealth is maintaining, expanding or decreasing its national benchmarking standards, quality standards or process standards? Is there any shift going on in terms of the role of the Commonwealth vis-a-vis the states?

Ms Lyttle—As I understood the situation, when we were still having the COAG discussions—

Mr ALLAN MORRIS—When in theory these things are happening but it is different in practice out there in ‘tender land’ or whatever you call it.

Ms Lyttle—Yes, there certainly was a good dialogue at that point about some of those changes in the COAG process. As I said, the Commonwealth has been talking to us—we have managed to insert ourselves into the argument about some of our things.

Mr ALLAN MORRIS—I must confess that I have not read all the submissions yet, but some people have been suggesting to me that the Commonwealth’s suggesting a transfer to the states of virtually all human services was a clear signal that the Commonwealth was not interested in maintaining national standards. In fact, they said you could not maintain national standards if you gave all the functions to the states. That sent a shudder of alarm through a lot of organisations that that main role may well disappear.

Even though the COAG thing has not gone ahead—and I think the states would be crazy if it did, but we will see—it may well be that the Commonwealth is pulling back from those functions. Are you seeing any signs of that? Is the Commonwealth harassing the state governments into maintaining the national standards and maintaining their quality programs and their processes?

Ms Lyttle—It depends on which area you are talking about. In aged care, it is a federal matter and they are pushing that right down the line, and the standards have just been redone. There is a quality assurance process and an accreditation process.

Mr ALLAN MORRIS—So it is being maintained?

Ms Lyttle—That process is national, so that is being maintained. We argued against it being handed over to the states for exactly those reasons—that it did not seem to us fair or equitable for older people to expect a different basic level of service whether or not they lived in Darwin or in New South Wales.

There will, of course, be some regional differences but you should be able to say, ‘For this money that I am paying for nursing home care, I can expect that the Commonwealth has set some standards and that I will get reasonable access and all of those such things’. We definitely argued against it being handed over. Certainly, I have to say, the state government—and I was part of a working group that was involved in this with providers, unions and others—was being very consultative about what would have happened, and it said there did need to be some clearly agreed guidelines. I just think it

starts to get difficult: how do you do that?

Mr ALLAN MORRIS—These are big challenges: quality processes and performance monitoring—all those things involve profound cultural changes for organisations in the field and are very difficult for the smaller organisations.

Ms Lyttle—Yes. It would make it easier with the Commonwealth now having come to terms with a national accreditation process—perhaps that is a better sort of benchmarking to switch across from. But I would still be concerned about whether you got the same service in New South Wales or in Victoria.

Mr ALLAN MORRIS—In a sense, it is a bit like the chicken and the egg, isn't it?

Ms Lyttle—Yes.

Mr ALLAN MORRIS—Unless you have got all of those other things in place, you really cannot go into tendering or contracting very effectively without the instruments to make it operational.

Ms Lyttle—Yes. I think it is a matter of saying what the true accountability and the participation of people—consumers, all stakeholders and others—is in that and saying, 'What is it that we are expecting?' And that takes in the quantitative, the qualitative, the efficiency and the effectiveness—all of those things.

Mr ALLAN MORRIS—In the absence of those things, you end up with simply a monetary barometer that may be a very bad measurer?

Ms Lyttle—Yes, it is a very blunt instrument.

Mr ALLAN MORRIS—In the human services field there seems to be a very wide variation of sophistication of management, quality, performance, monitoring and so on.

Ms Lyttle—If you look at some of the work that has gone on with the casemix area, there has certainly been comments, even here, from the bureaucrats that measuring the quality for the consumer is an area that is pretty unsophisticated at the moment. Perceived quality, as I understand it, on an international basis, is the thing people find the hardest to measure.

Mr ALLAN MORRIS—It would be much easier to measure quality for the hospital.

Ms Lyttle—Yes. So we measure the things we can measure more easily. The only way around some of that is to involve all the stakeholders, which is the important thing that has happened in the aged care program.

Mr ALLAN MORRIS—Yes, but you are also talking about the community

services health sector interface, aren't you, and that is where the problem starts to come up, post-discharge and so on?

Ms Lyttle—Yes.

CHAIR—I think you are right about establishing standards, but it also has to be enforced. Unless the Commonwealth can be 100 per cent satisfied that there will be performance, it will not be signed off—not as easily as that. The ultimate section is the Commonwealth that has the money. I am sure we will get a good outcome on aged care, but it has been a very tortuous process, which you would be well aware of.

Ms Lyttle—Yes. I am not sure how the implementation is going to go. There are people out there who cannot do it.

Mr ALLAN MORRIS—I think he is saying that with a lot of wings and prayers stuff.

Ms Lyttle—Sadly, there are people out there who I do not think are capable of doing it. That has been my experience.

Mr ALLAN MORRIS—People at the coal face are absolutely terrified.

Ms Lyttle—Yes, and that is going to require a huge shift. I guess that is the kind of stuff that we were gearing up for.

CHAIR—I know all that. I have 43 aged care providers and 23 hospitals, but I just keep sending out copies of Gregory's report which says that we have to find a way to do it better.

Mr ALLAN MORRIS—Then he also puts a note saying, 'By the way, we've cut half of it out of the budget as well.'

CHAIR—We've got that on the record.

Ms Lyttle—I will leave you to argue about that. I think it is a challenge.

CHAIR—I think we have had enough for one day. We only had half an hour for lunch and some others had theirs; I have not had mine. Unless you have any other comment, Ms Lyttle, we thank you very much for taking the time to come in today.

Mr ALLAN MORRIS—I think many people made their submissions in advance before they saw other people's submissions. There are so few of you in advocacy services, and your perspectives are often very different. If you have any observations on other people's submissions it would not go astray. Unless you tell us we may not know. We have to rely on many of you to tell us what is so obvious to you but not to us.

Ms Lyttle—I am happy to have a little reflection on it.

CHAIR—We have all the other submissions stacked this high.

Mr ALLAN MORRIS—I am just thinking people might pick out the areas where their expertise is. Obviously we do not want mountains of material. But I think, having talked to you today, that is not the end of it. Given what we have been asking you, you can see what we are trying to understand. If you have anything that would be of value, we would appreciate receiving that from you.

Ms Lyttle—Yes. I am happy to do that. I will have a little reflection on that and see if there is anything else.

CHAIR—Perhaps you could make a submission to the secretariat on that as you choose. This is my first time as chairman, so bear with me. Colleagues have been on this committee a lot longer than I have. We need a resolution in respect of publication of evidence. I ask a member to move a motion accordingly.

Resolved (on motion by Allan Morris):

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 4.40 p.m.