



Premier of New South Wales

Reference: 2014-155538

23 JUN 2014

Ms Ronda Miller
Clerk of the Legislative Assembly
NSW Legislative Assembly
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Ms Miller *Ronda*

Please find enclosed the NSW Government response to the Assembly Committee on Community Services' interim and final reports on *Outsourcing Community Service Delivery* for tabling in the Legislative Assembly.

Yours sincerely



MIKE BAIRD MP
Premier

NSW Government response to the Legislative Assembly Committee on Community Services' Interim and Final Reports on *Outsourcing Community Service Delivery*

The Government acknowledges the work of the Committee in considering issues around the devolution and outsourcing of housing, disability and home care service delivery to the non-government sector.

The Government is committed to ensuring vulnerable individuals and families have access to high quality community services. This goal cannot be achieved without strong, genuine partnerships with non-government organisations (NGOs).

The non-government sector's well-established links to local communities and capacity for flexible and innovative service delivery make them well-placed to deliver strong client outcomes. A number of major reforms are being rolled out by the Government in relation to housing, disability and home care services to better realise this potential. These include:

- enabling people with disability to access the reasonable and necessary supports they need from a vibrant, diverse and competitive market of NGO providers as part of the National Disability Insurance Scheme (NDIS);
- working in partnership with the non-government sector to transition the provision of statutory out-of-home care (OOHC) services to NGO providers; and
- making it easier for clients to access NGO-delivered specialist homelessness services (SHS) and developing the SHS workforce through the Going Home Staying Home (GHSH) Reform.

In relation to disability services, the Commonwealth Government will have sole responsibility for administering the NDIS from 2018. Funds which would otherwise be spent on maintaining a central office and meeting administrative costs in NSW can now be spent on ensuring a diverse and competitive market of NGO service providers is in place to provide the level of choice and control to people with disability that the NDIS reforms aim to deliver.

The OOHC reforms are well advanced, and will support the Government's commitment to deliver better outcomes for children, young people, families and carers. The transfer will enable Community Services caseworkers to focus on the most vulnerable families and provide support to help strengthen families and prevent children from entering out-of-home care.

Many of the areas for attention identified by the Committee are already being acted on in order to support these reforms, or being considered as part of the development of an agency-wide strategy for NGO engagement for the Department of Family and Community Services (FACS).

The Government is also working to strengthen partnerships with the non-government sector in other service delivery areas. The Ministry of Health is in the process of transitioning the current NSW Health NGO Grants Program to a contestable service purchasing approach as part of its *Partnerships for Health* reform which will be a staged process. The focus in the first year will be on NGO sector capacity building. Overall, the reform aims to:

- provide greater transparency to the community in how NSW Health works with and funds the NGO sector;
- align the services provided by the NGO sector more closely with NSW Health's priorities;
- increase accountability for delivery and performance, and improve value for money;
- streamline processes and reduce bureaucracy; and
- increase opportunities for partnership with the NGO sector.

The Government's plan for Aboriginal Affairs in NSW - *OCHRE – Opportunity, Choice, Healing, Responsibility, Empowerment* - emphasises the importance of community leadership in relation to service delivery to Aboriginal people, and includes specific actions aimed at improving the capacity and performance of Aboriginal NGOs in NSW.

The Government's position on each of the recommendations made by the Committee in its Interim and Final Reports is outlined below.

Recommendation/s**NSW Government position****Contracting and commissioning:**

Interim Report: 5 and 6

Final Report: 1, 2, 8, 15 and 16

Supported

The Government recognises the benefits of simplifying contracts wherever possible, consulting with NGOs in relation to their scope, and adopting more strategic or 'intelligent' approaches to commissioning which prioritise client outcomes and drive innovation and market diversity.

Community Services and Ageing, Disability and Home Care (ADHC) in FACS have recently updated their service agreements with NGOs, and Housing NSW has introduced a streamlined contractual system for community housing providers to reduce red tape and unnecessary restrictions on the day-to-day operations of community service organisations. FACS is also investigating a FACS-wide contracting framework and management approach to improve the integration of these arrangements as part of the development of the FACS NGO Strategy.

In relation to recommendation 15 on the provision of location-based information, all NGOs funded by FACS to deliver services are already expected, as part of their funding agreement, to provide data on each location where they provide services, regardless of the size of the location. It is envisaged the Human Services Data Hub being developed by DPC (discussed below) will be able to collate this data to help the Government analyse service capacity by location and feed this information into future service planning.

In relation to Recommendation 16 on encouraging the use of consortia and the bundling of services, FACS is implementing strategies to progressively consolidate or link multiple streams of program funding to give service providers greater flexibility to pursue integrated outcomes. Decisions to encourage consortia and service bundling need to be informed by the purchasing approaches which best suit the particular FACS service delivery area. For instance, the *Going Home Staying Home Reform Plan* and resulting prequalification process for prospective tenderers envisaged greater consortia involvement in the delivery of holistic results for homeless clients.

The FACS NGO Strategy will evaluate the effectiveness of contracting and commissioning reforms undertaken to date across the department, and use the lessons learnt to inform future directions.

Recommendation/s**NSW Government position**

Central funding application Gateway for housing, disability and home care delivery services:

Interim Report: 3 and 4

Not supported

The Government is committed to reducing the administrative burden on service providers wherever possible. The Community Services, Housing NSW and Ageing, Disability and Home Care (ADHC) areas of FACS have all already streamlined and standardised their contracting arrangements to reduce red tape and unnecessary restrictions on the day-to-day operations of their NGO partners.

Disability services currently account for the largest share of funding provided by FACS to NGOs. Through the *Stronger Together 2* and NDIS reforms, funding for disability services will no longer be managed by FACS but by individuals, who can then direct how and where the funding is spent. As a result, NGOs will no longer be submitting tenders to FACS for funding. While the NDIS will only commence full operation in NSW from July 2018, establishing a common Gateway for housing, disability and home care delivery in the interim would not be cost-effective.

Database on NGOs funded by the Government to deliver services:

Interim Report: 1 and 2

Supported

Consistent with the database recommended by the Committee in its Interim Report, the Government is developing a central store of human services data that will be accessible to users across the Government via the Internet. The database will provide a whole-of-Government mechanism for recording and classifying human services delivered throughout NSW. This will support evidence-based policy-making and provide greater data transparency. It is anticipated that, in time, the database will also support public access to some or all elements.

Inclusion of complaints system in NGO database:

Final Report: 3

Not supported

The interim design of the database does not have the capacity to house a complaints system, nor is that its intended purpose. At this stage, plans for developing the database's future functionality are focused on including information on NGO performance.

The Government recognises the importance of ensuring complaints processes are as straight-forward and accessible as possible, and has a comprehensive range of arrangements in place to suit the distinct legislative requirements that apply to particular service areas, and the roles already played by oversight bodies such as the NSW Ombudsman, the Registrar of Community and the NSW Children's Guardian. The FACS NGO Strategy will investigate the need for an agency-wide approach to complaints handling which can accommodate the different needs and legislative requirements across its service areas.

Recommendation/s**NSW Government position**

FACS to investigate the implementation of a risk-based approach to monitoring and reviewing NGOs working with highly vulnerable clients at risk of institutional abuse, particularly in the OOHHC context:
Final Report: 4

Supported in principle

FACS takes its responsibilities in relation to vulnerable clients, including young people in OOHHC, seriously. There are a number of risk management and regulatory frameworks in place within the Department to ensure clients are provided with high quality services.

NSW is also the only jurisdiction in Australia with an independent OOHHC regulator. The position of Children's Guardian is established under the *Children and Young Persons (Care and Protection) Act 1998* as a statutory office that reports to the Minister for Family and Community Services and to Parliament. The Children's Guardian's functions include:

- ensuring that the rights of all children and young people in OOHHC are safeguarded and promoted;
- accrediting and monitoring the designated agencies that arrange statutory OOHHC, in accordance with the NSW Standards for Statutory Out-of-Home Care; and
- registering and monitoring agencies that provide or arrange voluntary OOHHC.

Opportunities to build on these existing mechanisms will be considered as part of the development of the FACS NGO Strategy, taking into account: the Committee's recommendation; the roles and responsibilities of FACS, NGO providers and other government and independent bodies such as the Office of the Children's Guardian; and the interim recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, which are due to be released in June 2014.

FACS to undertake an independent empirical study on the service quality impacts of for-profit provider involvement in the delivery of disability, home care and OOHHC services:
Final Report 5:

Not supported

Recommendation 5 refers to research being undertaken before further involving the for-profit sector in the provision of disability, home care and OOHHC services. Implementation of the NDIS reforms and the transition of statutory OOHHC services to the non-government sector will require the presence of diverse and responsive service markets, in which for-profit providers are envisaged to have a role.

Rather, while these reforms are still being embedded, further analysis of the role for-profit providers could play in these markets could be of benefit, particularly in relation to the barriers to, and benefits of, engaging for-profit providers to deliver human services. The Government will refer the topic to the proposed NGO Service Delivery Working Group for consideration.

NSW Government position	
<p>Empower the Auditor-General to examine and audit the accounts of NGOs in receipt of Government funding for the provision of housing, disability and home care services:</p> <p>Final Report: 6</p>	<p>The Government is currently considering its response to this recommendation.</p>
<p>Annual report by the Auditor-General on accounts and activities of NGOs operating in the housing, home care and disability sectors:</p> <p>Final Report: 7</p>	<p>Not supported</p> <p>Government agencies already collect a large amount of information on the activities of NGOs operating in these sectors and are increasingly focused on measuring outcomes, rather than inputs and outputs. In line with the Government's commitment to reducing the administrative burdens on service providers wherever possible, the imposition of a further potentially duplicative reporting process on NGOs operating in these sectors is not supported.</p>
<p>New Office of the NGO Human Services Sector in the Department of Premier and Cabinet:</p> <p>Final Report: 9</p>	<p>Not supported</p> <p>The Government supports increased cross-sector consultation, collaboration and information sharing across Government agencies. These objectives will be championed by the broad remit proposed for the NGO Service Delivery Working Group (see below).</p>
<p>New NGO Service Delivery Working Group:</p> <p>Final Report: 10, 11, 13, 14 and 23</p>	<p>Supported</p> <p>The Government will establish an NGO Service Delivery Working Group to consider the specific issues recommended by the Committee, as well as issues in relation to the development of the NGO human service delivery market more broadly. In addition to representatives from the Department of Premier and Cabinet, FACS, and the Ministry of Health, the Working Group will include members from other agencies that engage NGOs to deliver services on their behalf or support this process, including the Department of Police and Justice, the Department of Education and Communities, and NSW Treasury. The Working Group will engage with the NGO sector to help determine which reform issues need to be prioritised for whole-of Government attention.</p>

Recommendation/s	NSW Government position
<p>Continued provision of human services by the Government in all cases where there is significant risk of service failure if contracted out to NGO providers:</p> <p>Final Report: 12</p>	<p>Not supported</p> <p>The Government recognises the importance of ensuring that services are delivered to all communities across NSW, and particularly to small communities and high needs clients. However, the Government is only one of a growing number of potential providers in the increasingly diverse and innovative human services market. Indeed, in many cases, the Government is no longer the preferred or optimal provider. For example, in the OCHRE Plan for Aboriginal Affairs in NSW, the emphasis is on building the capacity of Aboriginal NGOs, rather than relying on the Government to meet service gaps. In light of the Government's commitments in relation to the NDIS and OOHG reforms, it is not in a position to commit to act as a direct service provider 'of last resort' in all cases where there is a risk of service failure in relation to services contracted out to NGO providers.</p> <p>However, in engaging providers to deliver services on their behalf, FACS has implemented a range of strategies designed to mitigate the risk of service failure.</p>
<p>Investigate expanding the use of regional coordinators to integrate human service provision at the local level:</p> <p>Final Report: 17</p>	<p>Supported in principle</p> <p>Consistent with its commitments in NSW 2021 to strengthen local decision-making, the Government is already implementing a range of initiatives to increase local decision-making and service integration in relation to human services, and will be continuing to look for new opportunities to support this objective.</p> <p>Under FACS' Localisation initiative, fifteen new districts have been created to enable more localised planning and decision-making across FACS' previously discrete operational areas. By aligning the new FACS district boundaries with Local Health Districts, greater cross-agency collaboration with NSW Health and its similarly devolved decision making arrangements will be made possible.</p> <p>Local leadership and decision-making is a key priority within OCHRE, the Government's plan for Aboriginal affairs in NSW. The Plan includes reforms to build local decision making skills in communities to ensure Aboriginal people have a genuine voice in determining what and how services are delivered, growing the capacity of communities to make decisions about their future. The first Local Decision Making pilot will take place in the Illawarra, Far West and North Coast. The pilot includes enabling communities to define the issues and priorities which drive negotiated local responses.</p>
<p>Effectively implement the Social, Community, Home Care and Disability Services (SCHCADS) Award:</p> <p>Final Report: 18</p>	<p>Complete.</p> <p>NSW Treasury and DPC, on behalf of the NSW Government, have finalised the funding arrangements for the SCHCADS Award in consultation with the Commonwealth Government. These arrangements are being implemented across the NGO sector.</p>

Recommendation/s

Volunteer training component in contracts and quality assurance mechanism for not-for-profit home care, disability and housing providers:
Final report: 19 and 20

NSW Government position**Supported in principle**

The Government recognises the valuable contributions volunteers make to our communities and economy, and the importance of strengthening the management of volunteers. This is reflected in the *NSW Volunteering Strategy 2012* and *NSW 2021: A plan to make NSW number one* (Goal 24: Make it easier for people to become involved in their communities).

To help send a clear signal to current and potential volunteers that their contributions will be valued and their rights will be respected, organisations who engage volunteers are encouraged to sign up to the Government's voluntary Statement of Principles for the Recognition of Volunteers and incorporate them into their organisational practice. Released by the Minister for Citizenship and Communities in May 2013 and developed in consultation with the volunteering sector under the *NSW Volunteering Strategy*, the Principles articulate how volunteers and volunteer organisations should work together to ensure mutual respect and understanding, including in relation to their training and professional development needs. To date, 107 organisations have signed up to the Principles, covering 503,000 volunteers. Organisations who wish to register as signatories to the Principles can do so online at www.volunteering.nsw.gov.au.

The FACS NGO Strategy will also include the development of a FACS-wide sector/industry workforce plan to support reform directions including workforce planning and growth, human resource management, skill and capability enhancement, workforce health and safety, etc. It will build on the existing efforts of all FACS service delivery areas, such as the Disability Industry Development Fund (IDF), the Community Housing Industry Development Strategy, and joint training and temporary secondments in the OOHHC area.

Consider the potential of social investment bonds for home care, disability and housing services as part of a general strategy to encourage funding diversity and increased collaboration with the private sector:

Final Report: 21

Supported

The initial evaluations of the two social benefit bonds established by the Government in 2013 under the NSW Social Benefit Bond trial have been positive. The Government is encouraged by these early results, and will be looking for future evaluations to help inform further work on social investment and social finance in 2014.

FACS is developing a Social Investment Framework to enhance connections and collaboration between FACS and non-government entities (not-for-profit, private, philanthropic, corporate and local business), with a view to broadening the resource pool, both financial and non-financial, that is available for delivering social benefits to vulnerable people, families and communities.

Recommendation/s	NSW Government position
<p>Continued NGO human service provider access to interactive information technology: Final Report: 22</p>	<p>Supported in principle The Government will continue to establish free, interactive web-based portals to host resources for the NGO sector and/or facilitate reporting, such as the Human Services Network (HSNet), where appropriate.</p>
<p>Development of suite of software packages for NGO human service provided by DPC: Final Report: 24 and 25</p>	<p>Not supported The Government considers NGOs are better placed to determine and address their particular internal technology requirements, and that one-size-fits-all software solutions imposed on the sector by the Government are unlikely to address the needs of an increasingly diverse sector, both in terms of differences in organisational size and the range of service models involved. Rather, the Government will continue to work with the sector to ensure that that any information sharing, service coordination and performance reporting required by agencies can be accommodated by the existing technology systems in which they have already invested, often at some cost.</p>