

LIFE WITHOUT BARRIERS
SOUTH AUSTRALIAN PRODUCTIVITY COMMISSION:
GOVERNMENT PROCUREMENT INQUIRY

3 December 2018

To whom it may concern

On behalf of Life Without Barriers South Australia (LWB SA), I have pleasure in making the following submission to this inquiry.

We welcome the subject of this inquiry and our responses relate to our direct experience with SA Government Procurement.

Please note that due to the timeframe requirement, this response should not to be considered comprehensive, but a high level response to the questions raised through the SAPC's Issues Paper.

We thank you for this opportunity and would be happy to participate in any further processes associated with this matter.

Background

LWB is a large national NGO providing services through over 440 sites across all states and territories in Australia, to approximately 23,000 people annually. We employ 5,550 staff nationally and have income of approximately \$650 million.

SA has been providing services to SA communities since 2002. We operate in all major regional centres, some smaller regional centres and across metropolitan Adelaide, employing around 320 staff with a budget of approximately \$34 million annually. We operate approximately 52 separate funding contracts, with a mix of both state and federal government funding. Around 70% of our funding is provided through SA government contracts.

LWBS SA provides services in the following sectors (with multiple contracts in each of those sectors):

- Children and Young People in Out of Home Care
 - Specialist Foster Care
 - General Foster Care
 - Specialist residential care
- Disability
 - Supported Independent Living
 - Community based support
 - Health and wellbeing
- Older People
 - Domestic assistance
 - Social support
 - Home and garden maintenance
 - Allied health services
- Mental illness
 - Outreach based psychosocial support
 - Peer support services
 - Support to families and carers
- Alcohol and Other Drugs

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- Individual and group counselling
- Case management
- Police Drug Diversion Initiative
- Support for veterans
- Refugees and Asylum Seekers
 - Community based support for unaccompanied minors, families, adults
- Living Arts
 - Arts based programs running across all areas of our service provision

Section 2

Upcoming opportunities

We would agree with the statement that there is limited information on the pipeline of upcoming tender opportunities. We are reliant on our sector networks, connections and interpretation of state government budget papers to attempt to predict the work that may be released across a financial year and resource that accordingly.

The majority of tenders are released with a 4-5 week turnaround for highly complex pieces of work, which would ideally involve community consultation and the establishment of collaborations or partnerships for service responses. When a tender is released there are often 'industry briefings' associated with those documents, but they can, at times be 2 weeks into the tender process. This further reduces our ability to respond accurately to what government is hoping to achieve within the required timeframe.

Provider panels

Currently most departments require their providers to be registered on a Provider Panel. To meet the requirements of registration, substantial information and documentary evidence is provided to ensure government can have confidence in those contracted to provide specialist social support services. This information is kept on file by the relevant department. However, when tenders are released we are required to complete documentation which often duplicates the information already held by government. Removing this requirement for those providers listed on preferred provider panels would reduce the time required to respond to tenders.

Most providers are also now carrying some form of licensed quality accreditation, which has to be renewed every 3 years. Much of the evidence required to achieve this accreditation is a duplication of the information required for provider panel registration. A suggestion would be that those providers with a recognised quality accreditation, would automatically meet the requirements for registration on panels.

Section 3

Tender Feedback

Opportunities for feedback on unsuccessful tenders are generally offered by all departments. This feedback forms an important element of our quality improvement processes and is very much appreciated. There is a level of disparity in relation to how this feedback is provided. Some departments will provide very detailed feedback, including scores against the specific assessment criteria. This is very useful for us for future reference and helps us understand the elements that

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need improvement. Other departments will only provide very high level feedback that does not include any detail. In these situations there is little acknowledgement that NGO partners should be able to expect a level of transparency around the procurement process. Establishing a consistent format for tender feedback across departments, and ensuring this is matched to the tender criteria, would be very useful and would promote the sense of partnership government departments state they are trying to achieve. This would also acknowledge the time and effort taken by participating agencies in pulling together their response.

Contracting issues

Payment terms

There is current disparity in relation to payment terms for the delivery of contracted services across departments. Specifically, services paid quarterly in advance versus payment in arrears. This disparity can also exist within single contracts, making it very difficult for agencies to continue to fund services. A current example is within Child Protection contracts. Those agencies that are continuing to grow their foster care programs (at the specific request of government) are now being asked to invoice quarterly in arrears for the services being provided in addition to the base contract (eg the base contract is for 100 placements – paid quarterly in advance, any growth placements on top of this are paid quarterly in arrears even though this is all within 1 existing contract). For a specialist foster care agency the price per placement is over \$93,000 for which we are now to invoice the department quarterly in arrears. This cost includes employment of staff, running the business and making the required payment to foster carers. We can be carrying the cost of those additional payments for an additional month whilst waiting to receive the payment from government. Currently LWB SA is carrying an additional 5 placements in this category which we will not receive payment for until January 2019. We suggest that expecting agencies to find a cash flow of this size is unreasonable.

Contract management

Department for Child Protection provides an example of increased levels of scrutiny on contracts. Quarterly 'operations meetings' are held with our contract managers to review the progress of the contract and the financial acquittals. We are experiencing increased scrutiny of our financials of late to a degree of detail that is unreasonably onerous. A recent example was a question over a \$150 payment recorded as 'other' in a \$12 million contract. This level of scrutiny does nothing to promote the sense of 'partnership' the department states it is trying to achieve and is an increasing expense for the sector. These (and many of state government) contracts are now required to provide audited financial statements annually, which should alleviate any concerns around financial mismanagement, rather than quarterly scrutiny of acquittals.

Funding for internal costs

Increasingly with state government contracts we are seeing pressure to drive down what are described as 'indirect costs'. These costs relate to the legitimate costs of running a business including finance departments, human resource costs, recruitment and retention of staff, injury management, health and safety, management of data bases and systems required for reporting and compliance, quality assurance programs, staff training/learning systems, senior staff not directly associated with the service (eg State Director) and office accommodation. Whilst all state government contracts rely on these systems being available to deliver on the contract there is increasing pressure to reduce

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these costs to an unsustainable level. A recent example of this is the newly require Psychological testing required by new child protection legislation. The relevant department dictates which provide can be used (there is only 1 at the moment) at a cost of \$800-\$1200 per staff member. The department has provided no additional funding for this process and we are expected to meet this additional cost through our existing funding.