

care DIGNITY
respect
change HOPE

**Submission to the Senate Legal and
Constitutional Affairs References
Committee on the impact of
changes to service delivery models
on the administration and running
of Government programs**

23 August 2019

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About Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. With a combined expenditure of \$1.59 billion, a workforce close to 20,000 staff and 9,000 volunteers, the Anglicare Australia Network contributes to more than 50 service areas in the Australian community. In all, 1 in every 20 Australians access Anglicare services throughout the year. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia Network”.

Contact Person

Imogen Ebsworth
Director of Policy and Research

Anglicare Australia
PO Box 4093
Ainslie ACT 2602
T: 02 62301775
Imogen.ebsworth@anglicare.asn.au

Contents

About Anglicare Australia	2
Contact Person	2
Contents.....	3
Introduction	4
The public and private sectors are necessarily different	5
Loss of departmental expertise and public service.....	6
Conclusion.....	7
Attachments	7

Introduction

Anglicare Australia welcomes this inquiry bringing more attention to the large-scale changes to service delivery models within the Australian Public Service (APS). The experience of our Network is that the outsourcing of complex human service administration and delivery to private companies, and the increasing reliance on automation without human oversight, is damaging the delivery of services to the Australian community, and the APS itself. Our submission is relevant in particular to terms of reference (b), (c) and (e), and we have provided references to or attached our previous relevant research and submissions.

Our central contention is that Australian Government services to citizens should be person-centred, transparent, timely and effective for every member of the community who needs to access them. They should be treated and built as fundamental state infrastructure for the creation of a better society.

It is deeply flawed for the Australian Government to outsource fundamental responsibilities it holds for citizens to the private sector. In doing so it is failing to understand that the key outcomes of private sector and public sector delivery models are not interchangeable, and therefore neither is their architecture. The result is a loss of effective, transparent and fair services for the Australian community, and the creation of expensive and ineffective outsourced systems that now need urgent rectifying (such as Centrelink's compliance program and the National Disability Insurance Administration [NDIA]), and a weakening of the expertise and integrity of the APS in key areas.

Australia urgently needs its government to operationalise the word 'human' in the human services it is responsible for, by valuing the staff that deliver them, and focusing again on the best outcomes for people.

Anglicare Australia recommends that:

- Further outsourcing of the APS to the private sector is halted.
- A legislative or policy measure is introduced to safeguard the APS against arbitrary staff caps, budget cuts and the imposition of efficiency dividends that demonstrably prevent it from being able to deliver core services and meet its own service standards.
- Currently outsourced services are rebuilt within appropriate departments, with a focus on the redevelopment of a deep culture of public service and valuing of staff expertise.

The public and private sectors are necessarily different

Private sector companies exist to create profit for their owners and all other outcomes are subordinate to that goal. The methods employed to maximise profit – such as favouring automation over human interaction and reducing staff roles to a minimum, designing systems reliant on casual and contracted staff with minimal training, and valuing cost efficiency over effectiveness – set up a potential conflict of interest with quality public service delivery. As we noted in our submission to the independent review of the public serviceⁱ, the subordination of public sector service delivery outcomes to the fashion of cost efficiency is producing perverse and damaging outcomes.

Centrelink's debt compliance regime, and overarching pursuit of high levels of automation of its service model are a prima facie example of our argument. Our submission to the second inquiry into Centrelink's compliance regimeⁱⁱ, and the Anglicare Australia Network's research report, *Paying the price of welfare reform*ⁱⁱⁱ, give detailed analysis into the failings and pervasive damage to the community caused by the outsourcing and automation of core front-line services. The Department of Human Services (DHS) has spent nearly \$400 million recovering about \$500 million in alleged individual debts through the Centrelink Compliance Program, many of which are likely to be false and extracted from some of the poorest Australians^{iv}. When weighing up the harm experienced by some of the most vulnerable in our community from the radical changes to Centrelink, only a private sector philosophy would consider this a good outcome.

The capping of staff numbers, most notably at the National Disability Insurance Agency (NDIA), is another example of private sector thinking resulting in poor public service. The impacts have been well-documented, including by the Anglicare Australia Network in our submissions on the delivery of the National Disability Insurance Scheme (NDIS) to both Government^v and the Productivity Commission^{vi}. In sum there are not enough staff to effectively administer the NDIS, either as a regulator of the market the government has created for NDIS services, or to deliver timely and appropriate individual plans to NDIS participants. The artificial staff cap has resulted in an inability to develop staff expertise and knowledge to deliver high quality individual plans; a high-pressure environment that has inevitably caused high staff turnover and dissatisfaction, and resulted in a blowout of costs from buying in external expertise^{vii}. The result is that the NDIS has suffered from significant systemic delays and errors in the delivery of individual plans for people with disability, and poor market regulation manifesting as too many cases of service providers failing standards or able to commit outright fraud^{viii}. Once again it has also demonstrated that investment in staff and their expertise is ultimately a far more effective investment.

The lesson to be drawn from this is when public service outcomes are attempted via private sector style methods, the outcome is frequently poor quality human services to the Australian public, a weakened public service, cost blowouts, and a loss of trust in public services by the community. The cap on NDIA staff numbers to approximately half of what was recommended for the implementation of the NDIS by the Productivity Commission has clearly resulted in a flawed system; and Centrelink is by most sensible measures failing to meet its own service standards due to successive staff cuts.

Loss of departmental expertise and public service

As we noted in our submission to the independent review of the APS, there has been a significant decline in the valuing and creation of knowledge and expertise within the public service. This has impacted both policy design, implementation and service delivery. Our perception is that rolling departmental efficiency dividends have made frontline services an easy target for staff number reductions and private outsourcing because of their comparatively high staff numbers, and perhaps a view that under pressure, the APS must prioritise policy making over service delivery functions.

The result is a loss of in-house expertise in operational service delivery grounded in the principle of material, rather than abstract, public service. That loss means there are now less skilled staff both to deliver services directly, and to competently manage technical service delivery contracts where services have been outsourced.

Loss of deep departmental knowledge of frontline service delivery also hinders the development of effective service program policy and regulation. It is concerning that even as the community sector moves to embed the co-design and co-production of human services with staff and the community, the Department of Human Services is increasingly outsourcing its service staff, and therefore fundamentally cannot introduce the same best practice approach.

Finally, Anglicare Australia believes that private outsourcing and automation of services has undermined the culture of the APS. In-house front-line interaction with everyday people from all parts of the country is critical to ground departmental cultures in *public service*. The APS has always been perceived to suffer from a systemic weakness in the form of detachment from the community. Continuing to deliver front-line services has been an important foil to this weakness, providing key departments with a material feedback loop between its service policy design and implementation, and how those services actually operate for everyday people. Having internal staff who can advocate for the primacy of that feedback is not only essential for good service improvement, it profoundly informs departmental culture. We believe that this connection must be restored if the public is to have any faith in the empathy and intention in the APS, particularly for services for the most vulnerable in our communities, such as those who deal with Centrelink and the NDIS.

Conclusion

Government departments must be freed to once again think and act as the public service, rather than an ersatz private sector. They must be properly resourced so that they can refocus on valuing their staff and supporting them to deliver high quality, timely and transparent services to the Australian community. The irony is that implementing this approach will more often than not be cheaper than the cost of private outsourcing and constant repairs to flawed and failing services that we witness now. More importantly, it will restore vital services to some of the most vulnerable in our community, and reinstate the APS's role as key infrastructure for the creation of a fairer and more prosperous society.

Attachments

Anglicare Australia submission to the Senate Community Affairs Reference Committee inquiry into the Centrelink's Compliance Program.

ⁱ Anglicare Australia, 2018, [Submission to the Independent Review of the Australian Public Service](#).

ⁱⁱ Submission attached

ⁱⁱⁱ Hinton, T., 2018, [Paying the price of welfare reform: The experience of Anglicare staff and their clients in interacting with Centrelink](#).

^{iv} Dingwall, D., 2019, [“Blunt approach”: ‘Robo-debt’ cost almost matches debts recovered](#), Canberra Times.

^v Anglicare Australia, 2017, [Submission to the Joint Standing Committee on the NDIS inquiry into the provision of services under the NDIS for people with a psychosocial disability relating to a mental health condition](#).

^{vi} Anglicare Australia, 2017, [Submission to the Productivity Commission inquiry into the NDIS and Cost](#)

^{vii} Morton, R., 2018, [NDIA racks up \\$600 million on consultants and outsourced staff](#), The Australian.

^{viii} Morton, R., 2018, [Fraudsters siphon ‘tens of thousands’ from vulnerable NDIS clients](#), The Australian.