

Submission to: Productivity Commissioner

From: Uniting Country SA Ltd

Date: 13 December 2018

Uniting Country SA is a medium sized Non-Government Organisation based in country SA with a service footprint in the State Government Regions of Yorke and Mid North; Far North and Eyre & Western. We are currently contracted to deliver 55 separate services for the State Government, Australian Government and Non-Government organisations. 31 of these are with the State Government.

The annual value of the individual contracts with the State Government vary from \$37,000 to \$1.47 million. Most of these contracts have been the subject of open tender for periods of 12 months to 5 years.

Uniting Country SA responds to approx. 5 - 10 tenders annually, to retain existing services and bid for new opportunities.

Recent examples highlighting short time frames and lack of proportionality:

Tender	TALI – Transition to Adult Life Intensive	STAY – Services to Aboriginal Youth	Youth Support and Development service	Emergency Relief	Com’wealth Financial Counselling
State/Aust Govt	State	State	State	Aust Govt.	Aust Govt
Department	Department Child Protection	Department Human Services	D Human Services	Department Social Services	Department Social Services
Service New/Existing	New Service	New Service	New Service	Existing	Existing
Service Region	3 cities – Port Pirie, Port Augusta & Whyalla	6 cities including Port Pirie	Copper Coast Yorke Peninsula	Barossa Yorke & Mid North & Outback	Barossa Yorke & Mid North & Outback
No. of tenders to cover full region	1	6	1	1	1
Open	20/2/2018	16/10/2018	20/9/2018	12/7/2018	12/7/2018
Close	20/3/2018	20/11/2018	17/10/2018	22/8/2018	22/8/2018
Working Days	20	24	20	30	30
Contract Length	2 years 1/7/2018 – 30/6/2020	3 years 1/7/2019 – 30/6/2022	2.5 Years 1/1/2019 – 30/6/2021	4.5 Years 1/1/19 – 30/6/2023	4.5 Years 1/1/19 – 30/6/2023
Value total (GST Ex)	\$1,951,500	\$240,000	\$250,000	\$967,500	\$556,645
Value Annual	\$975,750	\$80,000 Per city	\$100,000	\$215,000	\$123,699
Criteria Responses	18	24	20	3	3
Character Limits	No	No	No	Yes	Yes
Industry Participation	Yes	Yes	Yes	No	No
Referees (3)	Yes	Yes	Yes	No	No
Partnership Negotiated	Yes – sub-contractor	Yes - collaboration	No	Yes – sub contractor	Yes - subcontractor

Note that while the tenders offered by the Commonwealth Government only had 3 criteria, ‘Organisational Capability’; ‘Service Delivery’; and ‘Working with vulnerable people with complex

needs' they offer several suggestions within each question to guide the response. This simpler approach reduces repetition in the responses.

Time and Cost for NGO's to prepare tenders to deliver community services:

Time Lines: Very short response times are given, often only 4 weeks (20 working days) to develop service models, program logics, budgets, negotiate collaborations or subcontracts and respond to selection criteria.

Week 1: Typically, a tender response requires senior management to download and read the requirements then meet to consider if we are best suited as an agency to deliver the service, and that delivering the service aligns with our organisational values. These early discussions include if it is best to apply as a singular entity or as a consortium/ partnership/or with a sub-contractor.

Week 2 - 4: If it is decided to apply, an Executive Manager researches service delivery models and their evidence base. A team of 4 senior people with knowledge and experience in the field meet to refine the service delivery model. Tasks are assigned: develop a budget; contact 3 Referees; draft responses to the Organisational Compliance Section: Risk Management, Quality Management, Financial Management etc. and draft responses to an average of 5 Selection Criteria with 20 response fields. Attachments including Program Logic and Position Descriptions are prepared. The documents are edited and submitted electronically.

Cost estimate 150 - 200 hours in total: approximately \$10,000 per tender. This investment escalates if a partnership is negotiated to deliver the service. While this is happening, the usual responsibilities of the people contributing to the tender are still required to be met.

Character Limits:

The State Government appear to have dropped character limits from their tenders and this is appreciated, as tenders with character limits take as much time to wordsmith as they do to write.

Proportionality:

In our experience it takes as much effort to apply for a State Govt \$80,000 contract as it does to apply for a \$1,000,000 contract.

The same effort is required for each of the 12 regions when a state-wide service is offered, even though the funding available in each region is significantly different. Example: The Emergency Financial Assistance Program tender (DCSI Nov 2017) offered \$181,177.20 for Northern Adelaide and \$15,229.47 for Fleurieu and Kangaroo Island. The response document Part D Section 2 required the following criteria to be addressed for each region:

- Methodology – 7 elements to cover in response
- Core requirements – 12 elements to cover in response
- Work Plan - 8 elements
- Quality Systems
- Risk Management
- Experience – 5 elements
- Understanding regional issues – 4 elements
- Timelines
- References – 3 required
- Key Staff – details of Name; Qualifications; Skills; Relevant Experience; Availability for duration of contract; Role in delivery of Government Agency's Requirement.
- Organisational Structure
- Contingency plan if staff become unavailable.
- Value for Money

Part B1 Specifications page 7 quote: *“Funding through this program is intended to be primarily used for direct service delivery i.e. material relief. Total indirect service costs such as administration, salaries, training or travel, is to be limited to no more than 15% of total funding for Metropolitan Adelaide and 19% for all other regions.”* In Fleurieu and Kangaroo Island this equated to \$2,284 – or approx. 1 hour per week to deliver the service across a large geographic region separated by Backstairs Passage.

Multiple submissions:

State Government tenders typically require one Organisational level ‘Service Provider Information Part D (i)’ response and separate responses to the selection criteria per State Government Region to ‘Proposal Part D (ii)’.

UCSA’s footprint includes the State Government Regions of Yorke & Mid North, Far North and Eyre & Western and this usually means three responses to Part D (ii) are required to deliver a service across our footprint.

The recent (Nov 2018) STAY - Service to Aboriginal Youth - tender offered \$80,000 per locality and required responses to Part D (ii) separately if applying in Murray Bridge, Port Augusta, Port Lincoln, Port Pirie, Riverland and Whyalla. Whilst UCSA considered delivering the service in our ‘footprint’ Port Pirie, Port Augusta, Whyalla and Port Lincoln, we did not have the capacity to prepare 4 tenders and respond to 96 questions.

Short Time Frames for Complex Service Delivery Requirements:

As indicated in the table on page 1, the average working days to respond to a State Government tender are 20 – 24.

Example: On 9th May 2017 the Utilities Literacy Tender was announced. It required 2 separate responses for Strategy 1: ‘State-wide Community Education’ and Strategy 2: ‘State-wide Intensive Case Management’. Submissions closed 6th June 2017 (20 working days). The successful tenderer for both services was a consortium of 3 organisations, Uniting Care Wesley Bowden, Uniting Communities and Uniting Country SA. It required a huge effort and a high level of trust between the three agencies to negotiate relationships, service models, service boundaries and funding levels per region.

Repetition:

State Government tenders can be very repetitive to the point of being pedantic.

Recent example STAY (Service to Aboriginal Youth) tender asked 24 questions in 5 sections: The service model; Knowledge and experience; Workforce capability and capacity; Linkages to community; and Cultural responsiveness.

The service model requires linkages to community and cultural responsiveness; so these sections in particular were very repetitive. Knowledge and experience relevant to this tender relied on our previous work with the Aboriginal community, so again this was repeated in Linkages to community and Cultural responsiveness.

Unrealistic Expectations:

Many ‘Service requirements’ have unrealistic expectations to deliver a service for the funding offered and the region to be covered.

E.g. STAY Service to Aboriginal Youth (DHS) offering \$80,000 per site requires:

Engagement with young Aboriginal people 10 – 19. The age range very broad with very different interests/ engagement activities for 10 – 15 years of age compared to 16 - 19 years.

- Activity and group programs e.g. Cultural Camps, sport and non-sport activities and out of school programs;
- Personal development programs
- Holistic case work, referrals to other services, practical support;
- Support, guidance, mentoring delivered by Aboriginal Youth Workers who hold Certificate 3 Community Services and located in the region;
- Assertive outreach – actively promote to disengaged young people.
- Support for young ATSI people to undertake leadership and role modelling opportunities.

To achieve the above, especially group programs, out of school activities and Cultural Camps requires negotiating interagency collaboration and resource commitment, and the cooperation of schools, families and Elders etc. This is very hard to respectfully negotiate in 24 days.

Inappropriate Questions/ Requirements:

Emergency Financial Assistance Program provides South Australians experiencing immediate financial crisis with necessary material relief. There is no provision in the budget for employing staff and the service is delivered typically through case managers in other programs aware of a client's financial difficulties. Issued by DCSI in Nov 2016, Part D 1 asked the following questions:

Sustainability

Describe the system, processes and practices that enable your organisation to reduce your environmental impacts, meet your legal environmental requirement and achieve continual improvement of your environmental performance (for example, ISO 14001)?

Please provide a copy of your organisation's environmental policy.

Describe the processes and practices that demonstrate your organisation's commitment to and delivery of sustainability principles, including improving the sustainability performance of your organisation?

This could include, as examples, initiatives to reduce or recycle waste, eco-design initiatives, energy saving and energy efficiency initiatives, generation or use of renewable energy, water saving or water reuse/recycling initiatives, waste reducing initiatives, or use of eco-labelled products.

Please provide details of any environmental benefits that will result from your response.

Work Health & Safety

Provide details of your Work Health and Safety record over the previous three years. This should include the number of accidents, number of lost time accidents, etc.

Provide a copy of your Organisation's Work Health and Safety Policy

These questions are not necessary in any tender because Work Health and Safety and Leadership for Environmental Management standards are covered in the Australian Service Excellence Standards, our Quality System that is approved by the State Government. We are independently audited to ensure we comply with these standards every 3 years.

Contract Negotiations:

A recent Department for Child Protection tender for TALI – Transition to Adult Life Intensive Pilot offered a detailed service model and asked for a budget 'quote' to deliver the service in a defined geographic area. The pilot service was to commence 1st July 2018 for 2 years.

The following events occurred during funding negotiations:

- 19/4/2018 Uniting Country SA advised by Procurement that budget was too high – asked to find savings (not quantified).

- 8/5/2018 Met in Port Augusta with Manager Procurement and Contracting and the selection panel. Discussed Service model. Asked to revise budget again.
- 9/5/2018 UCSA submitted a new 'Final Offer' of \$2,156,408 (Gst Ex)
- 22/6/2018 Offered Draft Contract with \$2,146,650 (Gst Inc.) The \$1,951,500 (GST Ex) figure was not in the documentation and this change was made without consultation. At all times until this point figures were GST Ex. as required in their tender documentation.
- 13/7/2018 – communicated issue to Manager P & C and advised that DCP reduced the participant numbers by 5 (50 to 45) to compensate for this reduction from our final offer. They explained that they did not return to negotiations as they were not able to reveal their budget.
- 18/7/2018 – contract negotiations completed with Procurement.
- 24/8/2018 – a scanned copy of the contract signed by the Minister was received.

In effect, 2 months were lost in a 24 month program due to delays in contract negotiations and sign off. Much time could have been saved if the original tender documentation had a set budget, as do most State Government tenders in our sector.

This delay potentially could have created rifts in our relationship with our sub-contractor. Entering into a legal arrangement with another NGO requires a clear negotiated proposal suitable to both parties and, depending on the value and delegation level, approval by Boards who typically meet once a month. In June when we were advised that our bid had been successful, we finalised negotiations with our sub-contractor. We then had to re-visit the MoU when the budget issue was discovered and re-negotiate a lower sub-contracting fee with adjusted KPI's.

Staff Retention

The uncertainty for employees of short term funding contracts or 6 month at a time contract extensions is harrowing for workers and management. Every NGO has experienced losing highly capable employees who can not risk staying with a program when there is such uncertainty.

Requirement for Referees:

Almost every State Government tender requires 3 Referees to be listed and State Government employees are typically not able to be a referee. It is hard to avoid collusion when contacting another NGO to ask if they will be a referee.

Current Contract Managers have a better understanding of our capacity to deliver services, meet and exceed KPI's and deliver outcomes than a referee from another NGO.

We are not aware of our referees ever being approached, an indication that it is a superfluous requirement. The Australian Government no longer seeks referees from organisations it is currently doing business with.

The requirement for referees should only be for organisations that are new to providing services to the State Government.

Organisation Level Information:

The Australian Government provides each supplier with a unique identifier and this holds relevant information about Incorporation Status, Principal Office Address etc. The Application Forms for grants pre-populate with this data as soon as the Unique ID is entered. This saves a lot of time.

We are happy to provide copies of evidence for all comments made in the submission, or to meet to further discuss these issues.

Anthea Pavy
Chief Executive anthea.pavy@ucsa.org.au