

Service Provider Special Interest Panel

Session Summary
February 2023

Background

The Service Provider Special Interest Panel met on Wednesday 22 February 2023 for discussion on [Indexation: Impact and Ideas](#)

Participants represented a diversity of service size and type, with representation from all seven Country WA regions and Perth metro area.

WA Primary Health Alliance (WAPHA) has in place Agreements with the Australian Government for the delivery of key priority activities under specific program areas (eg. Mental Health and Suicide Prevention (MHSP)). Decisions regarding the provision of indexation and amounts provided are processes of the Australian Government.

The indexation of funding provided to WAPHA varies across program areas and is most often less than inflation.

The amount of funding provided in individual contracts is not keeping up with the rise in inflation and resulting increase in costs.

WAPHA is very conscious of the challenge for commissioned service providers and is keen to take a proactive and collaborative approach to minimising the impact on service delivery, while continuing to work within the parameters of the funding received from the Australian Government Department of Health and Aged Care.

Questions posed to the panel

1) How does this shortfall in funding impact the way you manage your organisation and deliver services?

2) What can WAPHA do to minimise the impact of this shortfall in funding?

3) How confident are you that your organisation can manage costs (enabling services to be maintained) in this challenging financial climate?



1) How does this shortfall in funding impact the way you manage your organisation and deliver services?

Panel members shared their experiences of:

- not offering competitive salaries
- reducing levels of FTE
- recruiting less skilled staff at a lower salary
- taking on head lease agreements to secure affordable housing for staff
- sharing overhead costs by co-locating with other organisations
- using independent contractors
- supporting contractors to balance private paying clients with their contract work
- increasing use of telehealth - where appropriate
- reducing the number of mailouts and promotional activities
- reducing the number of cars in a fleet

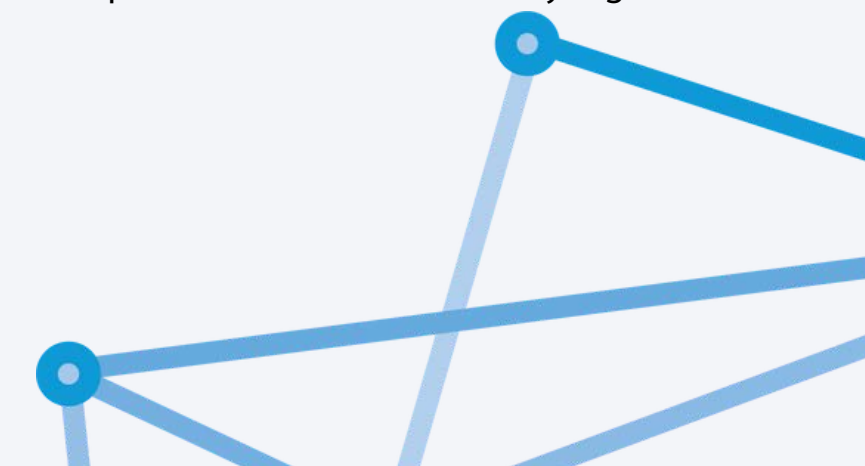
"let's not look at indexation just at this point in time, let's look at it in a cumulative way because over time indexation has really stayed around that 1-1.5% mark, but the cost of doing business has cumulatively increased" 1.5 mark, but the cost of doing business has cumulatively increased"
- quote from a panel member

"we are no longer competitive in terms of salaries, and recruitment has been such an issue that the only way we can get clinicians is by using recruitment agencies. The huge costs of doing that has really impacted on us."

- quote from a panel member

There was extensive discussion about the challenges of recruitment and retention. Members shared a range of strategies to attract and retain a skilled workforce:

- investing in a student placement program
- offering greater security with employee contracts that go beyond the short term funding agreements
- putting an emphasis on workplace culture
- establishing more flexible work options, including working from home and increased flexibility in working hours
- investing in the wellbeing and psychological safety of staff - particularly in the context of working from home, providing remote services via telehealth and changed occupational health and safety legislation.





"Housing here is just ridiculous. The rents are probably 25 - 30% higher than they were 18 months ago. Trying to get someone who's paid about \$100,000 into a house that they're paying \$600 a week, sometimes \$800.00 a week, and that's if a house is even available.

We've also been meeting the cost of increased superannuation over the last three or four years. That extra half a percent has kept climbing.

You can't meet that shortfall. That's something that we're going to struggle with for years to come in country Australia, I think, with CPI running at 1.9% (unadjusted) when really the cost of living is biting in at 7.8% plus.

We basically negotiate a reduction in the FTE that you're funding. Instead of funding 6 clinicians this year, you're funding us 5.5 clinicians this year. So the reality is that you're getting less of a service on the ground."

- shared by a panel member from regional WA

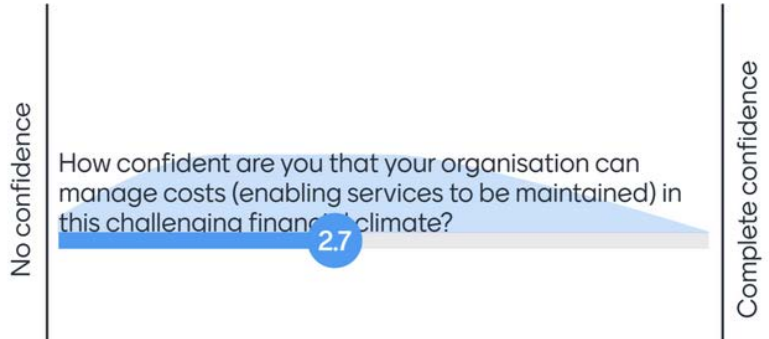
2) What can WAPHA do to minimise the impact of this shortfall in funding?

Panel members offered the following ideas:

- continue advocacy to the Australian Government Department of Health and Aged Care
- advocacy to improve collaboration and integration with state health services
- facilitate relationships between agencies to help foster local collaboration
- offer grants for operational costs like accreditation and workforce development
- help organisations to invest in telehealth, where appropriate for their service model
- continue work to minimise reporting requirements that decrease the administrative burden and associated resourcing
- be clear in tender requests about what percentage of the funding is expected for operational costs
- roll funding over for organisations that have met agreed KPIs and delivered services within agreed parameters
- establish programs and their associated contracts over as long a period as possible and for longer than one year
- help organisations to communicate the facts of the current funding environment by compiling and sharing information that services can share to their employees and stakeholders
- increase support to the operational teams in organisations who are being required to use new WAPHA reporting portals

3) How confident are you that your organisation can manage costs (enabling services to be maintained) in this challenging financial climate?

Panel members were asked to indicate their confidence on a 1-5 scale. The 14 responses spanned the scale, with an average just above midpoint at 2.7



There was significant discussion about the negative impacts of competitive tendering.

"we all seem to be in this [competitive] process, this tendering process that we go through, we're creating a race to the bottom"

"Would WAPHA rethink competitive tendering? This would reduce the need to resource lengthy funding submissions - especially for contracts where a preferred provider may be evident"

"Building relationships is crucial, right the way across the sector. When you view each other as competitors, that becomes more difficult. Coming to the table, being willing to give things up in a tender approach or a contract, is a much more successful way to keep the client in the middle and to develop the actual service that clients need."

- quotes from panel members

Overall Themes

There are risks associated with all the strategies organisations adopt when managing costs.

Organisations have been managing the challenges associated with low/no indexation in contracts. The situation is exacerbated in the current economic climate and with prolonged workforce shortages

Many of the challenges are shared by metro and country based services.