

Procurement of 1800RESPECT

Department of Social Services

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Canberra ACT

8 March 2023

Dear Mr Speaker
Dear President

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of Social Services. The report is titled *Procurement of 1800RESPECT*. I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, reading 'Grant Hehir', is positioned below the 'Yours sincerely' text.

Grant Hehir
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Audit snapshot

Auditor-General Report No.15 2022–23

Procurement of 1800RESPECT



Why did we do this audit?

- ▶ 1800RESPECT is Australia's national domestic, family and sexual violence counselling service, and is available 24 hours a day, seven days a week.
- ▶ Between 2010 and 2022 1800RESPECT was delivered by the same third-party provider on behalf of the Department of Social Services (DSS) under a grant agreement. From 2020 to 2022 DSS procured a new service provider to deliver 1800RESPECT.
- ▶ The audit assessed if the procurement process undertaken by DSS has secured a service that is likely to deliver value for money.



What did we find?

- ▶ DSS's procurement for 1800RESPECT was effective and has the potential to achieve value for money.
- ▶ Its 2020 to 2022 tender process was effective and complied with the Commonwealth Procurement Rules
- ▶ The transition between service providers was appropriately managed and administrative arrangements for the new contract are fit for purpose, except for arrangements for performance management and evaluation which require further development.



What did we recommend?

- ▶ The Auditor-General made one recommendation related to developing an evaluation strategy and plan.
- ▶ The department agreed to the recommendation.



Key facts

- ▶ A two-stage procurement process was undertaken between 19 February 2020 and 24 January 2022.
- ▶ The operation of 1800RESPECT was awarded to a new service provider, which commenced providing the service on 1 July 2022.

\$246.80m

total 1800RESPECT funding
from 2010 to 2022

11,019 to 223,855

increase in calls received by
1800RESPECT between 2010–11 and
2021–22

\$200m

value of 5-year contract to
deliver 1800RESPECT from
2022 to 2027

Summary and recommendations

Background

1. 1800RESPECT is Australia's national domestic, family and sexual violence counselling service, and is available 24 hours a day, seven days a week. It was a 'flagship initiative' of the first *National Plan to Reduce Violence against Women and their Children* (the National Plan) and remains a core component of the second National Plan, both of which have been administered by the Department of Social Services (the department).
2. 1800RESPECT counselling and support services are delivered by third party providers. The department commenced a procurement process in 2020 to select a new provider and change the funding arrangements from a grant agreement to a contract. The procurement process took two years to complete, resulting in a five-year contract for around \$200 million being executed on 24 January 2022.

Rationale for undertaking the audit

3. Officials from non-corporate Commonwealth entities are required to undertake procurements in accordance with the Commonwealth Procurement Rules and, in particular, achieve value for money. This performance audit was conducted to provide assurance to the Parliament that the procurement process undertaken by the department is likely to deliver a service that can meet increasing demand and provide the highest quality support within the projected cost.

Audit objective and criteria

4. The objective of the audit was to assess the effectiveness of the department's 2020 to 2022 procurement of counselling and support services provided through 1800RESPECT.
5. To form a conclusion against the objective, the following high-level criteria were adopted.
 - Did the 2020 to 2022 tender process for a 1800RESPECT service provider achieve value for money?
 - Did the Department manage the transition in service providers effectively and establish fit for purpose arrangements to manage the new contract?

Conclusion

6. The department's 2020 to 2022 procurement of counselling and support services provided through 1800RESPECT was effective and has the potential to achieve value for money when the performance management framework is fully implemented and an evaluation strategy and plan are developed.
7. The department's 2020 to 2022 tender process to procure a new 1800RESPECT service provider was effective and has the potential to achieve value for money. The department applied the lessons learned from reviews, evaluations and a 2017 Senate Inquiry on the *Delivery of National Outcome 4 of the National Plan to Reduce Violence Against Women and Their Children* (2017 Senate Inquiry) to design a two-stage procurement process and negotiate a contract that incorporates a revised funding model and additional performance measures. The procurement

was compliant with the Commonwealth Procurement Rules (CPRs). The contract negotiations and design were undertaken for the purpose of achieving value for money, and the contract links performance to financial and commercial consequences.

8. The department appropriately managed the transition of 1800RESPECT from Medibank Health Solutions Telehealth Pty Ltd (MHS) to Telstra Health Pty Ltd (Telstra Health) and maintained service continuity. The department has designed fit for purpose administrative arrangements, including an approved contract management manual and governance framework, both of which are still being implemented. The performance management framework is yet to be fully implemented and the department is currently not able to provide assurance over the completeness and accuracy of the data Telstra Health provides. A 1800RESPECT evaluation strategy and plan is yet to be developed.

Supporting findings

The 2020 to 2022 tender process

9. The procurement design was informed by lessons learned from the implementation of previous recommendations and the findings of review activities, particularly in relation to sustainability of the service. Key changes incorporated into the contract were: a pricing model that matches the service provided; a performance management framework to measure all key elements of 1800RESPECT and link payment with service delivery targets; better training and support for the counsellors, enhanced governance arrangements; improved service infrastructure; and additional service channels through SMS¹ and video calls. (See paragraphs 2.1 to 2.31)

10. The department complied with the CPRs for the Request for Expression of Interest (REOI) and Request for Tender (RFT) stages of the procurement process. The REOI and RFT evaluation panels' reports clearly documented their assessment of submissions against the relevant criteria, overall value for money considerations and the basis of their recommendations. The REOI and RFT panel reports were provided to the delegate at the time of shortlisting at REOI stage and prior to initial contract negotiations with the preliminary preferred provider from the RFT stage. The department put in place effective governance mechanisms for oversight, expert advice and decision-making, including managing conflicts of interests. (See paragraphs 2.32 to 2.80)

11. The contract was negotiated and designed by the department to achieve value for money with the new provider. The first round of contract negotiations achieved a reduction in establishment and annual costs. The RFT requirements were included in the final contract, along with a number of negotiated outcomes addressing the risks and weaknesses identified by the RFT evaluation panel. (See paragraphs 2.81 to 2.99)

Transition and ongoing program management

12. The department appropriately managed the transition between MHS and Telstra Health to ensure continuity of service. The department put in place governance arrangements to monitor and report on transition risks and support the implementation of Telstra Health's Transition-In Plan. The transition strategy contained options for rolling back to MHS where required and the

1 Short Message Service also referred to as 'texting'.

evidence to substantiate that each transition tranche had been successfully completed. (See paragraphs 3.2 to 3.14)

13. The department has established fit for purpose administrative arrangements to support effective contract management. A contract management manual has been approved and provides for the governance arrangements, risk management and performance monitoring of the contract. A governance framework has been designed consisting of two advisory groups run by Telstra Health, a stakeholder panel and four operational and governance forums between the department and Telstra Health. The monthly performance management and quarterly governance meetings are yet to commence. (See paragraphs 3.15 to 3.27)

14. The department's methodologies and tools to analyse Telstra Health's performance under the performance management framework are still being developed. Telstra Health has yet to provide all performance reports required under the contract. The department is not currently able to provide assurance that the data provided by Telstra Health is complete and accurate. An evaluation strategy and plan are yet to be developed. (See paragraphs 3.28 to 3.54)

Recommendation

Recommendation no.1

Paragraph 3.55

The Department of Social Services develop an evaluation strategy and plan to assess the performance of 1800RESPECT in line with its objectives and the performance management framework. The evaluation strategy should have regard to the relevant recommendations of the evaluation of the first National Plan and the relevant targets and indicators of the second National Plan.

Department of Social Services response: *Agreed.*

Summary of Department of Social Services response

1800RESPECT is a foundation service under the recently launched National Plan to End Violence Against Women and Children 2022-2032, providing support to all Australians affected by family, domestic and sexual violence.

The Department of Social Services (the Department) welcomes the ANAO's overall conclusion that the procurement of 1800RESPECT was effective, compliant with the Commonwealth Procurement Rules, has the potential to achieve value for money and that the transition between service providers was appropriately managed and administrative arrangements are fit for purpose.

The Department was pleased the ANAO acknowledged that lessons learned from reviews, evaluations and the 2017 Senate Inquiry were incorporated in the design of the process and that the contract links performance to financial and commercial consequences.

The Department agrees to Recommendation 1, to develop an evaluation strategy and plan to assess the performance of 1800RESPECT. The Department has developed a draft evaluation strategy and, in accordance with the new contract, will conduct an independent evaluation.

The Department notes the identified areas for improvement and maintains its strong and continuing focus on providing clear, concise and comprehensive advice to decision-makers and on maintaining oversight of relationships between Telstra Health and its subcontractors.

Key messages from this audit for all Australian Government entities

15. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

Governance and risk management

- Transitional arrangements should be included in all grant deeds or contracts for outsourced services that are likely to be ongoing. This reduces risk to the continuity of government services and can help to avoid additional costs being incurred when negotiating transitional arrangements immediately prior to a change in service provider.

Performance and impact measurement

- Assurance over the completeness and accuracy of data is required when assessing and reporting on the performance of services delivered by third parties on behalf of the Australian Government.

Program implementation

- An effective transition plan is necessary when an existing government service is moving between service providers. An effective plan could include a mitigation strategy such as the availability of rollback options at critical thresholds, as was the case for 1800RESPECT.

Audit findings

1. Background

Introduction

1.1 The purpose of the Department of Social Services (the department) is to improve the economic and social wellbeing of individuals and families in Australian communities. Contributing towards the achievement of this are four outcomes: Social Security; Families and Communities; Disability and Carers; and Housing. 'Women's Safety' is a key activity within the 'Families and Communities' outcome which the department measures through the implementation of a range of activities to reduce violence against women, one being the provision of 1800RESPECT.

1.2 1800RESPECT is Australia's national domestic, family and sexual violence counselling service, and is available 24 hours a day, seven days a week. It provides counselling, online referral, resources, information services and supports for people experiencing, or at risk of experiencing, violence, as well as their friends, family and professionals. 1800RESPECT is supported by family, domestic and sexual violence partner organisations that provide trauma-informed specialist counselling.

1800RESPECT

1.3 From commencement of the service on 1 October 2010 through to 30 June 2022, 1800RESPECT was delivered by Medibank Health Solutions Telehealth Pty Ltd (MHS) on behalf of the department. 1800RESPECT was originally funded as part of the *National Plan to Reduce Violence against Women and their Children 2010–2022* (the National Plan), initially through the then Department of Families, Housing, Community Services and Indigenous Affairs and more recently by the department.

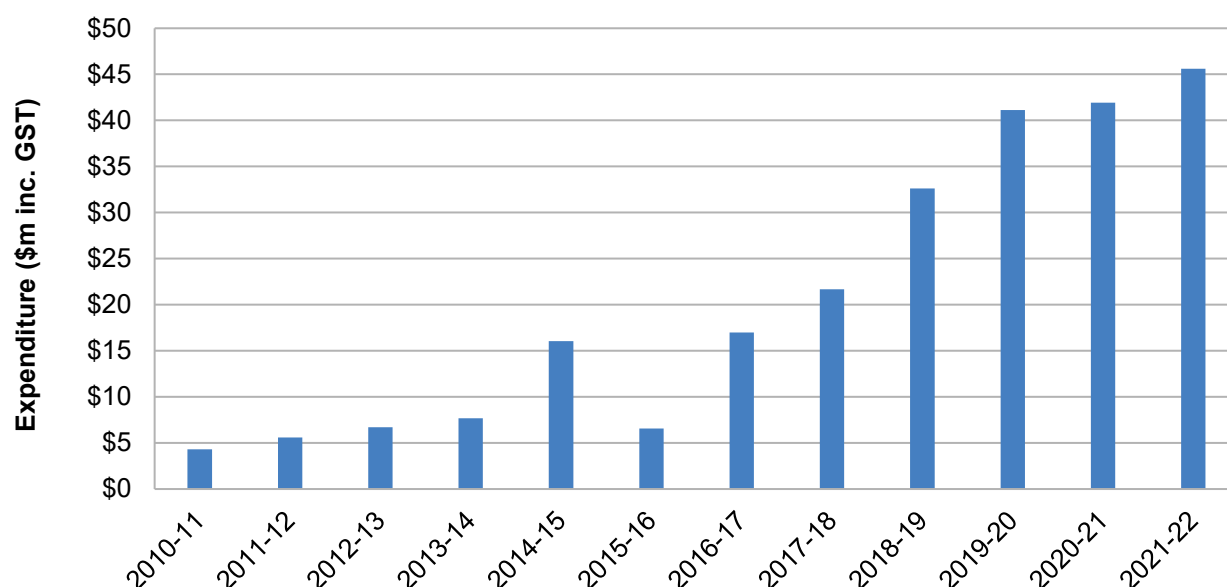
1.4 The Australian Government provided funding for the national helpline and the department appointed MHS as the service provider from 8 July 2010 until 30 November 2014 through a multiyear grant agreement. Along with its parent company, MHS was privatised on 25 November 2014. A second grant agreement, operated between 1 January 2014 and 29 September 2020, concluding with a final grant agreement from 30 September 2020 to 30 June 2022. Under these arrangements, funding was provided for each contact² made to 1800RESPECT.

1.5 From data provided by the department, in the first year of operation (2010–11), call demand was 11,019 calls. In 2021–22 the service received 223,855 calls.

1.6 The department determined the allocation of funding from the National Plan appropriation across the measures it was responsible for delivering, including 1800RESPECT. Over the years, additional funding was secured by the department through various funding measures to support the service.

1.7 In 2021 the department advised the Australian Government that the funding from the National Plan appropriation was less than 20 per cent of the costs required to support the current level of service. The department also advised the Australian Government that the operating and funding models for the service did not offer economies of scale. Figure 1.1 demonstrates the increasing cost of 1800RESPECT between 2010–11 and 2021–22.

2 'Contact' means inbound calls, outbound calls, online contacts, and emails.

Figure 1.1: 1800RESPECT total expenditure (including GST)^a 2010–11 to 2021–22

Note a: Includes funding for social and community sector (SACS) supplementation on which GST is not payable.

Source: ANAO analysis of data provided by the department.

1.8 Following a procurement process undertaken between 19 February 2020 and 24 January 2022, the operation of 1800RESPECT was awarded to Telstra Health Pty Ltd (Telstra Health), which commenced providing the service on 1 July 2022. Under the contract with Telstra Health the funding model was changed from cost-per-contact to payment for the length of time support is provided. Appendix 3 provides a history of 1800RESPECT.

1800RESPECT and the National Plan

1.9 The department is the lead agency for the National Plan. The first National Plan was in place from 2012 to 2022, and a second National Plan (from 2022 to 2032) was agreed in October 2022. 1800RESPECT was a 'flagship initiative' of the first National Plan and remains a core component of the second National Plan.³ The department reports on its progress towards the outcomes of the National Plan under the Women's Safety program, which includes the performance of 1800RESPECT.

1.10 In relation to 1800RESPECT, an evaluation of the National Plan completed in June 2022 found the service played an important role in awareness-raising, noting that '1800RESPECT was predominantly referenced at the end of news articles or as a hashtag in Twitter discussions to highlight that support and information services are available'.

Previous audits

1.11 Auditor-General Report No. 45 of 2018–19 *Coordination and Targeting of Domestic Violence Funding and Actions* (the audit) assessed the department's effectiveness in implementing the National Plan. 1800RESPECT was one of the initiatives assessed by the ANAO in the audit.

3 The National Plan to End Violence against Women and Children 2022–2032 was released on 17 October 2022.

1.12 The audit found that implementation effectiveness of the first National Plan was reduced due to a lack of implementation planning and performance measurement. The ANAO made five recommendations to which the department agreed. One of these was that the department ‘identify and develop new measures of success, data sources and specific outcomes for the Fourth Action Plan, and any future National Plan’. It noted that the development of any future National Plan provided the opportunity for the department to consider developing short and medium-term outcomes, new measures of success and more frequent data collection mechanisms.

1.13 In the ANAO’s Annual Performance Statements Audit of the department for the year ended 30 June 2022, the ANAO found the department was unable to verify the result for the 1800RESPECT component of the ‘Family Safety’ measure.⁴ The recommendation was that the department should ensure that in reporting a result for the 1800RESPECT component of the ‘Family Safety’ measure, it has processes in place to verify the data received from the new service provider (Telstra Health) and gain assurance over the telephony system on which the data is based.

Rationale for undertaking the audit

1.14 A 2017 Senate Inquiry on delivery of the National Plan,⁵ reviews and evaluations identified issues with 1800RESPECT service provider funding, the operating model and service delivery. 1800RESPECT was historically funded from the National Plan appropriation each year, with additional funding provided (particularly since 2014–15) to enable the service to meet growing demand. Total expenditure between 8 July 2010 and 30 June 2022 was \$246.80 million (including GST).

1.15 Officials from non-corporate Commonwealth entities are required to undertake procurements in accordance with the Commonwealth Procurement Rules and, in particular, achieve value for money. This performance audit was conducted to provide assurance to the Parliament that the procurement process undertaken by the department is likely to deliver a service that can meet increasing demand and provide the highest quality support within the projected cost.

Audit approach

Audit objective, criteria and scope

1.16 The audit objective was to assess the effectiveness of the department’s 2020 to 2022 procurement of counselling and support services provided through 1800RESPECT.

1.17 To form a conclusion against the objective, the following high-level criteria were adopted.

- Did the 2020 to 2022 tender process for a 1800RESPECT service provider achieve value for money?

4 The ‘Family Safety’ measure has been renamed as ‘Women’s Safety’ in the most recent departmental corporate plan.

5 Finance and Public Administration References Committee, *Delivery of National Outcome 4 of the National Plan to Reduce Violence Against Women and Their Children* [Internet], The Senate, Australia, 2017, available from https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/NationalPlan/Report [accessed 25 November 2022].

- Did the department manage the transition in service providers effectively and establish fit for purpose arrangements to manage the new contract?

1.18 With a focus on value for money, the audit assessed whether the 2020 to 2022 procurement process was informed by lessons learned from previous service delivery and expert advice to improve the service. It also determined if the management of the transition between service providers ensured service continuity.

1.19 The audit scope did not include:

- an analysis of the services provided by 1800RESPECT;
- the quality of the counselling and support services provided through 1800RESPECT;
- user satisfaction with the service; or
- the direct arrangements that exist between the new service provider and its subcontractors, beyond how the department maintains controls of such arrangements.

Audit methodology

1.20 The audit involved:

- reviewing relevant submissions and briefings to the Australian Government;
- examining and analysing the department's records relating to the 2020 to 2022 procurement, transition and ongoing management of the 1800RESPECT service;
- reviewing 1800RESPECT reviews, evaluations and reports; and
- meetings with relevant staff from the department and contractors.

1.21 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately \$319,231.

1.22 The team members for this audit were Rowena Thomson, Sean Brindle, Supriya Benjamin, Renina Boyd, Daniel Whyte and Alexandra Collins.

2. The 2020 to 2022 tender process

Areas examined

This chapter assesses whether the 2020 to 2022 tender process for a 1800RESPECT service provider conducted by the Department of Social Services (the department) achieved value for money.

Conclusion

The department's 2020 to 2022 tender process to procure a new 1800RESPECT service provider was effective and has the potential to achieve value for money. The department applied the lessons learned from reviews, evaluations and a 2017 Senate Inquiry on the *Delivery of National Outcome 4 of the National Plan to Reduce Violence Against Women and Their Children* (2017 Senate Inquiry) to design a two-stage procurement process and negotiate a contract that incorporates a revised funding model and additional performance measures. The procurement was compliant with the Commonwealth Procurement Rules (CPRs). The contract negotiations and design were undertaken for the purpose of achieving value for money, and the contract links performance to financial and commercial consequences.

Areas for improvement

The ANAO identified two opportunities for improvement, which relate to: improving advice for delegate decision-making; and oversight of contractual relationships between providers and subcontractors.

2.1 As the existing grant agreement for 1800RESPECT was coming to an end and in the context of increasing demand, the department commenced a procurement process in 2020 to identify the 'best value-for-money arrangement' for the delivery of 1800RESPECT. Officials from non-corporate Commonwealth entities are required to undertake procurements in accordance with the CPRs and, in particular, achieve value for money. To assess whether the procurement achieved value for money, the ANAO examined whether: the procurement design was informed by lessons learned; an open and competitive procurement process was conducted that complied with the CPRs; and the resulting contract was designed to achieve value for money.

Was the procurement design informed by lessons learned from previous service delivery and contract management, and by expert advice?

The procurement design was informed by lessons learned from the implementation of previous recommendations and the findings of review activities, particularly in relation to sustainability of the service. Key changes incorporated into the contract were: a pricing model that matches the service provided; a performance management framework to measure all key elements of 1800RESPECT and link payment with service delivery targets; better training and support for the counsellors; enhanced governance arrangements; improved service infrastructure; and additional service channels through SMS^a and video calls.

Note a: Short Message Service also referred to as 'texting'.

The decision to undertake the procurement

2.2 In August 2019, the Minister for Families and Social Services (the minister) agreed to openly test the market. The department advised that better service delivery could be achieved through a procurement process in three key areas: forecasting, referrals and frequent callers. The rationale was that call centres have different approaches to managing demand, referrals and repeat callers, and that this could be tested by approaching the market. The option of continuing service delivery through a grant agreement was not included in the decision brief.

2.3 In January 2020, the department advised the Australian Government it had identified several organisations that were likely to have the capability to deliver 1800RESPECT. As part of the advice, the department outlined that a two-stage procurement process was planned to encourage interest and genuine market competition, with respondents having sufficient time to develop substantive proposals. It was also expected that with a contract, clear performance measures and performance assessments could be put in place. The ability to adjust payments in line with actual demand and levers to incentivise continuous service improvements was also identified as a goal.

2.4 In the 2020-21 Budget, the Australian Government agreed to an ongoing appropriation separate to the funding for *National Plan to Reduce Violence against Women and their Children 2010-2022* (the National Plan). The aim was to stabilise the funding for 1800RESPECT and facilitate improved planning for the longer term to manage future demand and improve service delivery. The procurement process commenced on 19 February 2020, ahead of the decision on the ongoing funding, with the service to be re-contracted with the successful service provider from late 2020.

Funding model prior to the procurement

2.5 From commencement on 1 October 2010 until 30 September 2020, Medibank Health Solutions Telehealth Pty Ltd (MHS) was funded on a cost per contact basis. A unit price was set for each call or online counselling session, regardless of its duration. As a demand driven service, this posed a risk to the department as the same amount of resources were allocated for both short and long sessions. The 2020 evaluation of the service⁶ found this to provide a perverse incentive for the service to ‘churn’ callers rather than addressing and fully understanding their needs and subsequently reducing repeat callers.

2.6 The department was aware the MHS operating model did not reflect best practice in forecasting, referrals and managing repeat and complex callers. The department advised the ANAO that the historical arrangement of a grant agreement with MHS did not provide them with the legal mechanism to effect the changes required to ensure the sustainability of the service.

2.7 Under the final grant agreement with MHS (which commenced on 30 September 2020), the funding model was varied, with payment for ‘standard’ calls and not ‘short’ calls. A standard call had the duration of 180 seconds or greater, a short call had a duration of 179 seconds or less. Both call types were classified as commencing when the service user was connected to the first response counsellor, and excluding time spent in the interactive voice response or waiting for a connection. The 2020 evaluation had noted that a large proportion of calls to 1800RESPECT were from repeat

⁶ Department of Social Services, *Evaluation of 1800RESPECT – Final Report* [Internet], Department of Social Services, Australia, 2020, available from <https://plan4womenssafety.dss.gov.au/evaluation-of-1800respect-final-report/> [accessed 25 November 2022].

callers. The department identified these callers constitute a large number of short calls (less than three minutes) to the service.

Operating model prior to the procurement

2.8 Between October 2010 and August 2016, all calls to 1800RESPECT were answered by trauma specialist counsellors employed by Rape and Domestic Violence Services Australia (RDVSA). From 16 August 2016 to 30 June 2022 the operational model was varied to include two tiers of service provision. 'Tier 1' calls and online chats were answered by MHS first response counsellors who then assessed the need of the caller and determined if a referral to 'Tier 2' was appropriate. 'Tier 2' intervention included counselling provided by a trauma specialist counsellor, who could then refer callers to specialist services (housing, legal support) or state or territory-based crisis services. During that time MHS increased its specialist subcontractors from three to five.

2.9 All first response counsellors were required to have a minimum three-year tertiary degree in a relevant field⁷ and a demonstrated minimum two years full time or full-time equivalent counselling experience. The role of the first response counsellor was to conduct a safety assessment, and a risk and needs assessment and as appropriate provide information, advice, suggested intervention strategies, emotional support and counselling, cold or warm⁸ referrals to state or territory services and warm referrals to trauma specialist counsellors.

2.10 All trauma specialist counsellors were required to have a minimum three-year tertiary degree in a relevant field.⁹ They were also required to demonstrate a minimum three-year full-time equivalent experience in specialised family domestic violence or sexual violence counselling as well as experience in working with service users from diverse backgrounds and locations. First response counsellors made warm transfers¹⁰ to trauma specialist counsellors based on the caller's needs or request. If during the transfer a trauma specialist counsellor was not available in the first 90 seconds, the caller was offered a call-back¹¹ from a trauma specialist counsellor within six hours. The role of the trauma specialist counsellors was to establish service user safety, build rapport, establish care plans, provide psychoeducation, and connect service users with supports, cold or warm referrals to State or Territory support services and deliver longer counselling sessions.

7 Relevant tertiary degrees: Social Work, Social Services, Welfare Studies, Psychology, Counselling, or Mental Health Nursing.

8 A 'cold referral' occurs when a service user is provided contact details of another service provider. A 'warm referral' occurs when a service user is in contact with a counsellor and requires a transfer to another service provider or the trauma specialist counsellors. The service user remains listening on the line as the counsellor calls the relevant service and explains the service user's situation and reason for contacting. The counsellor then hangs up and leaves the service user with the new service.

9 Relevant tertiary degrees: Social Work, Social Services, Welfare Studies, Psychology, Counselling, or Mental Health Nursing.

10 A 'warm transfer' is when there is a three-way conversation between the caller, first response counsellor and trauma specialist counsellor and the first response counsellor explains the reason for the transfer.

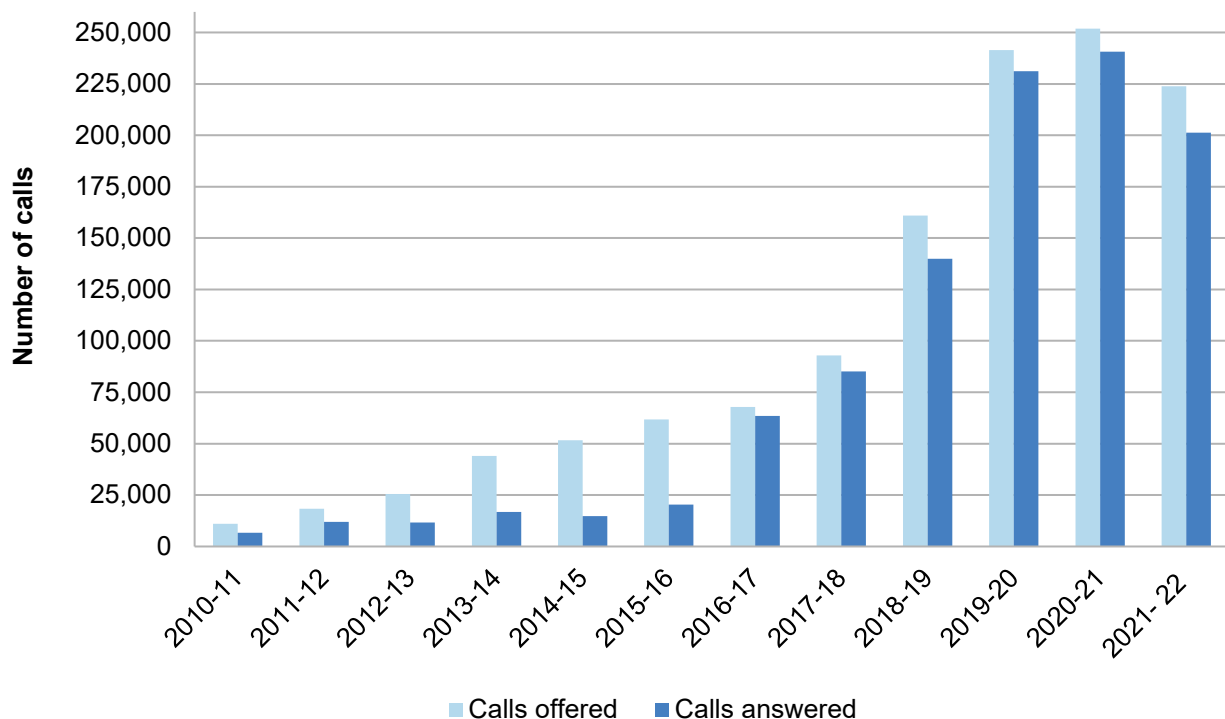
11 If a service user waits 90 seconds during the transfer from first response counsellor to trauma specialist counsellor, they are offered a call back from the trauma specialist counsellor at a time negotiated with the caller. These call backs must be completed within a 12-hour window of the service user calling the service.

Expert advice, 2017 Senate Inquiry and 2020 University of New South Wales evaluation

Options to Enhance the 1800RESPECT Operating Manual

2.11 Figure 2.1 shows the total number of calls received and answered by 1800RESPECT between 2010 and 2022.

Figure 2.1: 1800RESPECT call volume 2010–11 to 2021–22



Notes: The numbers reported in this figure include all calls made to the service including hang ups, prank calls and wrong numbers.

'Calls offered' means incoming calls to 1800RESPECT.

Source: ANAO analysis of data provided by the department.

2.12 The department commissioned KPMG to review the operating model and the report — *Options to Enhance the 1800RESPECT Operating Manual* — was delivered in February 2016. The report identified three options for improvement: increased funding for the existing operating model; a first response triage model; or a trauma-specialist triage function.

2.13 On 16 August 2016, the first response triage model was put in place by MHS with RDVSA being a referral pathway for callers triaged by first response counsellors and referred to trauma specialist counsellors. The department advised the 2017 Senate Inquiry that 'This resulted in a 172 per cent increase in the number of telephone and online contacts answered' with a 'dramatic decrease in average wait time from over 10 minutes in FY2015–16 to 37 seconds'.¹² In an internal briefing for the procurement, the department explained that this demonstrated the scalability of

12 Department of Social Services, *Submission to the Senate Inquiry into the Delivery of National Outcome 4 of the National Plan to Reduce Violence Against Women and Their Children 2010-2022*, no date, p. 6. The department did not have a process in place to independently validate the reported result from MHS and is unable to provide assurance that this advice was accurate.

the new model as it facilitated calls being ‘answered more quickly, making the service more responsive to increases in demand and accessible for those in need’.

2017 Senate Inquiry

2.14 The *Delivery of National Outcome 4 of the National Plan: ‘Services meet the needs of women and their children experiencing violence’ as delivered by 1800RESPECT*, was referred to the Finance and Public Administration References Committee (the 2017 Senate Inquiry) on 11 September 2017.¹³

2.15 The 2017 Senate Inquiry made eight recommendations, including relating to: ensuring sufficient funding for the service; mandatory qualifications and experience levels of first response counsellors and trauma specialist counsellors; the structure of the principal contractor model and management of the contractors and sub-contractors; accountability and evaluation; and privacy.

2.16 The Australian Government tabled its response on 15 March 2018. It supported all eight recommendations, including recommendations relating to:

- mandatory tertiary qualifications, counselling experience, and access to training and clinical supervision for all counsellors;
- a comprehensive clinical governance framework, quality assurance processes, regular meetings to review program data, trends, policies and protocols; and
- governance, with the National Sector Advisory Group already implemented to ensure the ongoing quality of 1800RESPECT counselling service provision, by providing input to the ongoing operations and future directions of the service.

University of New South Wales evaluation of 1800RESPECT

2.17 The University of New South Wales (UNSW) evaluation was undertaken by the Social Policy Research Centre and the Gendered Violence Research Network. The evaluation was guided by five key questions set by the department (see Box 1) and addressed issues identified in the 2017 Senate Inquiry relating to appropriateness, effectiveness and efficiency of the service.

Box 1: 1800RESPECT evaluation questions

1. How effective is 1800RESPECT in achieving its objectives to deliver a high quality, accessible and responsive service?
2. To what extent are the funding arrangements appropriate? Explore and evaluate the sustainability of the funding model, accounting for growth in demand and compliance with government financial frameworks.
3. To what extent are work from home practices appropriate?
4. To what extent have practices and procedures been effective in preventing vicarious trauma?

13 Finance and Public Administration References Committee, *Delivery of National Outcome 4 of the National Plan to Reduce Violence Against Women and Their Children* [Internet], The Senate, Australia, 2017, available from https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/NationalPlan/Report [accessed 25 November 2022].

5. To what extent do the current first response counsellors' qualifications, experience requirements and training compare with industry standards?

2.18 The department received the UNSW report on 27 September 2019. The evaluation found that the funding arrangements at that time did not account for the significant variation in call duration and complexity. It also raised concerns about: how complex cases were dealt with; weak links to local referral services; lack of transparency in costing and forecasting methodologies; uneven training, support and supervision of counsellors; and higher than anticipated call transfers to trauma specialist counsellors.¹⁴

2.19 As outlined in Table 2.1 the evaluation findings were used by the department in developing and designing the service requirements for the procurement process.

1800RESPECT Frequent Caller Strategy Evaluation

2.20 Academic research shows that most telephone helplines receive a large number of calls from a relatively small cohort of callers.¹⁵ To assess the impact of this on 1800RESPECT, MHS implemented the Frequent Caller Pilot which ran between 22 February 2021 and 13 December 2021. The pilot was part of the Frequent Caller Strategy and was reviewed by Callida Consulting in the *1800RESPECT Frequent Caller Strategy Evaluation* report, which was provided to the department in October 2021.

2.21 The report outlined that callers may frequently and repeatedly contact 1800RESPECT for a number of reasons including: complex mental health status; reliance on the service; the absence of around the clock support services; and ease of access. It also noted that repeat contact is not optimal for the frequent callers, other callers, and the service workforce; primarily because 1800RESPECT is not designed for delivering ongoing therapeutic care.

2.22 The Frequent Caller Strategy comprised a multi-tiered response which the evaluation found was having a 'significant positive impact' for the service and those affected. Five recommendations were made to further increase the benefits of the strategy relating to: additional focus on reducing dependence on the service; expanding the strategy to include webchat; specific guidance on when callers should be moved between tiers of service; analysis on the resources needed to move callers between tiers; and determining if service level standards and key performance indicators remained relevant.

2.23 Additional suggestions for consideration included: separating the frequent caller and abusive caller policy (to avoid the impression that the two are linked); and considering what other technology, such as texting, may be leveraged to provide appropriate communication support. A co-design process between the department and Telstra Health for SMS and video calls was commenced within three months of the final handover date of the new contract (30 June 2022) and is due to be implemented within 12 months of the final handover date, unless otherwise agreed.

14 Department of Social Services, *Evaluation of 1800RESPECT – Final Report* [Internet], Department of Social Services, Australia, 2020, pp.123-127, available from <https://plan4womenssafety.dss.gov.au/evaluation-of-1800respect-final-report/> [accessed 25 November 2022].

15 Pirkis, Jane & Middleton, Aves & Bassilios, Bridget & Harris, Meredith & Spittal, Matthew & Fedyszyn, Izabela & Chondros, Patty & Gunn, Jane (2016), *Frequent callers to telephone helplines: New evidence and a new service model*, International Journal of Mental Health Systems.

Expert advice

2.24 In August 2019, prior to the commencement of the procurement, the department identified the failure of the pricing model to deliver efficiencies as ‘medium’ risk with a ‘possible’ likelihood assessment. The department’s documented control to mitigate this included consulting a call centre expert. A call centre consultant was engaged to advise on an appropriate funding model for a demand driven service such as 1800RESPECT. In the instance that the new funding model does not deliver efficiencies, the treatments proposed by the department were to: seek additional funding through the budget process; consider a cap on demand; or apply a lower rate.

The new funding model and service delivery design

2.25 The service fees to be paid to Telstra Health under the contract dated 24 January 2022 include:

- Milestone Payments for activities relating to transition in, the handover from MHS, transition out (transferring to a new provider, where relevant), and the codesign and launch of SMS and video call services;
- Service Delivery Fees, based on the provider’s logged counsellor hours; and
- Other Service Fee, including a fixed monthly fee for all other services and any additional service fees as agreed between the parties.

2.26 The payment of fees is subject to Telstra Health’s performance against key performance indicators (outlined in Table 3.1 in Chapter 3). Part of any fee lost to not achieving performance indicators can be earned back through Telstra Health’s performance against the strategic performance measures. These measures are designed to ‘assess the provider’s contribution to the strategic partnership with the government in delivering long-term cost-effective services.’

2.27 The 1800RESPECT service delivery model is designed to meet fluctuations in demand. Based on current demand growth, the department projects that demand for the service will increase by seven per cent annually. The logged hourly rate changes in line with the levels of demand placed on the service counsellors. The department assessed this to be a common funding model for contact centres and one that would provide value for money for 1800RESPECT; as it assigns risk and accountability to Telstra Health to ensure it has the right number of counsellors available at the agreed times as per the Workforce Forecast Plans. Prior to the RFT documentation being issued to tenderers, this funding model was formally discussed by the department’s Evaluation Leadership Team, a group established to provide overall project governance and oversight of the procurement.

2.28 The department pays for counsellors logged into the system and available to deliver tasks in accordance with the Statement of Work. This model seeks to ensure the department is not invoiced for excess counsellors rostered on by Telstra Health. The department advised the ANAO that this model encourages efficiencies and effective responses to callers in an environment of increasing demand for 1800RESPECT and reduces the incentive for providers to maximise the number of calls and therefore, transaction costs to the service.

2.29 The Service Delivery Fee is payable monthly in arrears as a Base Payment (Service Delivery) and a Performance Payment (Service Delivery). The service delivery fee formula is outlined in Box 2:

Box 2: Service Delivery Fee Formula

$$\text{Service Delivery Fee (GST excl) =} \\ \text{Monthly Billable Logged Hours for all Contacts x Logged Hourly Rate}$$

2.30 The Service Delivery Fee is calculated using billable counsellor hours. As outlined in the contract, the billable logged hours are usually the lower of the counsellor hours rostered by Telstra Health to meet demand that day, and actual hours work delivered by counsellors. This means if demand for counsellors exceeds the counsellor hours rostered by Telstra Health, the additional cost will be absorbed by Telstra Health subject to the agreed limits in the monthly forecasts. Further, the billable counsellor hourly rate decreases as the counsellor hours increase. This fee structure is able to deliver economies of scale as demand grows, with the marginal unit cost (per counsellor hour delivered) falling in line with the decreasing hourly rates charged in the billable counsellor hours pricing schedule.

2.31 Table 2.1 outlines other changes made to the service that were informed by expert advice, the 2017 Senate Inquiry and the department's experience of the service delivered between 2010 and 2020.

Table 2.1: Changes to the 1800RESPECT contract informed by recommendations and lessons learned

Issue	Previous arrangements	Current contract
Unsustainable funding model	Transactional model for each contact.	An hourly rate is payable for the time a counsellor is logged on and available.
Potentially receiving payment for the same service twice ^a	No measures blocking subcontractors transferring calls back into 1800RESPECT.	1800RESPECT service delivery subcontractors are prohibited from transferring calls back into 1800RESPECT.
Lack of transition between service channels	Transfers from online chats to trauma specialist counsellors not offered. Callers required to disconnect from a chat, call a first response counsellor and ask to be transferred to a trauma specialist counsellor.	Seamless transition between calls and chats and upgraded technology that enables counsellors to view caller's interactions with the service. Service channels will be expanded to include contact via SMS text and web-based video calls, where safe and appropriate.
Warm referrals rarely being made to external state-based services	Follow-up contact with service users not mandated.	Supported referrals will be offered to callers and follow-up contact provided to ensure their needs have been met, as required.
Lack of secure sharing of caller information documents	An IT platform to ensure secure document transfer was not contractually required.	A secure IT platform for documents, notes, contact records, referrals and appointments to be securely shared with service users, counsellors and other relevant parties. ^b
Frequent caller management	A pilot strategy to manage frequent callers.	Protocols to assist counsellors to put in place person-focused, trauma informed plans to assist these callers.

Issue	Previous arrangements	Current contract
Better targeting of service to diverse groups	An inclusive service of equitable standard.	Service is person-focused and judgement-free being intersectional, inclusive and understanding of diverse needs.
Performance measured by outputs data	(1) 80% of calls answered within 20 seconds. (2) 70% of chats answered within 60 seconds. (3) 90% of transfers to trauma specialist counsellors answered within 90 seconds.	Outputs targets maintained or increased. Additional measures include: quality of interactions and digital content; compliance with legislation and reporting requirements; continuous improvements of the service and the relationship with the department.
Lack of contractual enforcement of performance	Consequences for poor performance applied to call and online chat only. Mitigation included: implementation of rectification plans; appointment of additional resources; and step-in rights.	Progressive increases in commercial consequences for poor performance including: remediation plans; appointment of additional resources; step-in rights; suspension of payments; and termination of the contract.
The department did not have clinical oversight	The department did not have access to the provider's clinical governance team which oversaw all clinical practice issues; liaised with professionals in relation to complex presentations; developed practice resources; reviewed and updated all program-specific documentation; and investigated complaints.	The department has direct access to the provider's clinical governance team, which: provides oversight of clinical outcomes to ensure the delivery of high quality and trauma-informed services; ensures continuous quality improvement; and identifies clinical risks and opportunities for workforce professional development. Qualification requirements extended to key leadership including the clinical lead. The department will convene the sector panel with participation by the clinical lead as mandatory.
Over 50% of staff did not receive regular training	All counsellors to complete induction training (with three days of call monitoring) and disability awareness training. First Response Counsellors to complete 15 online learning modules. Trauma specialist counsellors complete 13 online learning modules, in addition to 10 enhanced learning modules in their first six months of service.	A detailed training plan outlining an induction training program and ongoing professional development and mentoring on counselling approaches. Training materials must be updated at the request of the department or once a year, at a minimum.

Issue	Previous arrangements	Current contract
Lack of external stakeholder strategic advice and review of 1800RESPECT operational policies and processes	The previous provider convened the National Sector Advisory Group (NSAG). It did not include people with lived experience, the members did not have ready access to clinical or technical representatives from the provider. The NSAG reported directly to the provider, with the department acting as an observer.	The department convened a stakeholder panel comprising of sector experts, including: representatives from underrepresented cohorts; sexual harassment subject matter expert and a legal centre representative; peak bodies; representatives with lived experience; clinical and technical experts; clinical governance team lead; and representatives from the department and the provider.

Note a: This refers to subcontractors who deliver crisis services that are funded by state governments transferring those calls into 1800RESPECT, resulting in payment from the jurisdiction and the Australian Government for the same call.

Note b: Callers to 1800RESPECT are able to access the service confidentially (including by using a pseudonym). The service handles personal information and phone records in line with the *Privacy Act 1988* (Cth).

Source: ANAO analysis of department documents.

Did the tender process for the 1800RESPECT service comply with the CPRs?

The department complied with the CPRs for the Request for Expression of Interest (REOI) and Request for Tender (RFT) stages of the procurement process. The REOI and RFT evaluation panels' reports clearly documented their assessment of submissions against the relevant criteria, overall value for money considerations and the basis of their recommendations. The REOI and RFT panel reports were provided to the delegate at the time of shortlisting at REOI stage and prior to initial contract negotiations with the preliminary preferred provider from the RFT stage. The department put in place effective governance mechanisms for oversight, expert advice and decision-making, including managing conflicts of interests.

Overview of the 2020 to 2022 procurement

2.32 The procurement process for 1800RESPECT commenced on 19 February 2020 when the pre-procurement notification was published on AusTender. National Information Sessions were held between 10 March 2020 and 20 March 2020, with the REOI opening on 30 September 2020 for one month. Eleven applications were received in response to the REOI. Four of these were led by not-for-profit organisations with the other responses including not-for-profit organisations as part of their consortia arrangements.

2.33 The RFT was open on AusTender between 15 January 2021 to 12 March 2021. Five respondents from the REOI were invited to submit a tender.

2.34 On 1 April 2021, the RFT Evaluation Panel recommended Telstra Health and MHS should progress to the next stage of the procurement process, which was to respond to further requirements contained in Addendum No. 6 on workplace sexual harassment. The addendum addressed the Australian Government's response to Recommendation 54 of *Respect@Work: National Inquiry into Sexual Harassment in Australian Workplaces (2020)* which examined the

2.35 Following delegate approval, initial contract negotiations with Telstra Health began on 30 August 2021. Formal negotiations commenced on 22 October 2021 and concluded on 23 December 2021. The contract with Telstra Health was executed by the parties on 24 January 2022.

2.36 The department established governance arrangements for the procurement, which are outlined at Figure 2.2.

The diagram illustrates the Procurement Oversight Framework, organized into three main horizontal layers separated by dashed lines:

- Executive approval and updating (Green background):** Contains the **Minister**, **Secretary (delegate)**, and **Deputy Secretary**. The **Deputy Secretary** *Informs* the **Evaluation Leadership Team** in the Procurement layer.
- Procurement (Blue background):**
 - Quality assurance:** Includes the **Independent Quality and Business Advisor** and the **External probity advisor**. The **Independent Quality and Business Advisor** *Oversees* the **Evaluation Leadership Team**.
 - Procurement support:** Includes the **Procurement Working Group**, which *Supports* the **Evaluation Panel**.
 - Evaluation:** Contains the **Evaluation Leadership Team** and the **Evaluation Panel**. The **Evaluation Panel** *Oversees* the **Evaluation Leadership Team** and *Provides evaluation reports for review* to it.
- Expert advice (Blue background):** A row of five advisory bodies: **Sector Advisory Panel**, **Procurement advisors**, **Contact centre experts**, **Performance management expert**, and **Legal advisors**. Both the **Evaluation Leadership Team** and the **Evaluation Panel** *May seek advice from* these experts.

REOI Evaluation Panel

16 Sexual harassment can include any unwelcome sexual advance, unwelcome requests for sexual favours or any other unwelcome conduct of a sexual nature that makes a person feel offended, humiliated or intimidated.

comprised the rest of the panel. The terms of reference outline that the evaluation panel could also seek the assistance of the Evaluation Leadership Team, the Procurement Working Group and the sector advisory panel (see Figure 2.2).

2.38 The REOI sought an experienced and qualified service provider to deliver 1800RESPECT. Proposals from consortia were accepted, provided the proposal identified one single legal entity as the lead member. This legal entity was to be responsible for the performance of all obligations in any resulting contract, irrespective of any consortium arrangement. Proposals were assessed against four criteria: service performance dimensions capability; key functions capability; delivery approach; and financial and corporate capacity.

RFT Evaluation Panel

2.39 The department established an RFT evaluation panel which had five members including the Chair, who was the only member from the department. The RFT evaluation panel was supported by three non-government experts who advised on commercial, legal, and performance matters as well as two government representatives with service delivery and procurement experience. The terms of reference outline that the evaluation panel could also seek the assistance of the Evaluation Leadership Team, the Procurement Working Group and the sector advisory panel.

2.40 For each tenderer, the RFT evaluation panel was required to record the key strengths and weaknesses for each evaluation criterion and any risks with the tenderer for each criterion. The panel could also include comparisons with proposed approaches to identify why a particular proposal may be more or less competitive.

2.41 The tenderer's submission was evaluated on the extent it met the service solution, service infrastructure and capacity and workforce requirements. Each tenderer was also assessed on their compliance with the department's proposed performance management framework. This included the proposed strategic performance measures and key performance indicators and any proposal the tenderer might have for alternate industry standard performance measures. The tenderer could also suggest any key constraints or cost drivers in the department's proposed performance management framework which could result in better performance or price of the contract to the department.

2.42 The RFT evaluation panel also assessed the competitiveness of the tenderer's pricing by taking into consideration the whole of life costs of 1800RESPECT. This could also have included an alternative pricing option that was not compliant, in addition to the compliant pricing model.

2.43 The final two shortlisted tenderers were later assessed on the extent their solution met the workplace sexual harassment requirements.

Evaluation Leadership Team

2.44 The department established an Evaluation Leadership Team to provide overall project governance and oversight of the procurement. Part of the team's role was to provide oversight guidance and support to the evaluation panels, review their reports and through the Chair, inform the delegate of progress and outcomes. The Evaluation Leadership Team comprised of the department's relevant deputy secretary, relevant departmental group managers and an external quality and business advisor. The Evaluation Leadership Team was informed of the outcomes of the REOI Evaluation Panel, the shortlisting by the RFT evaluation panel, and RFT evaluation panel's recommendation after the addendum process.

Expert advice

2.45 The department's financial management branch advised on procurement processes and was a member of the Procurement Working Group. The external quality and business advisor reviewed procurement processes and documents, and was also a member of the negotiation team and Transition Leadership Group.

Briefing to the minister and secretary

2.46 On 18 August 2019, the minister appointed the department's secretary as the delegate and final decision-maker for the procurement. The department undertook to advise of progress and brief the minister before making any decisions. The following briefs were provided:

- timelines and milestones including delays (June 2020 and May 2021); and
- selection of the successful tenderer (January 2022).

2.47 Throughout the procurement process, the department documented its consideration and decision-making on the use of public resources in briefings to the minister and internal briefings to the secretary. This included additional ongoing funding to MHS due to delays in the procurement and extension of the MHS grant agreement to ensure service continuity through the procurement and contract negotiation process.

Procurement risks

2.48 Risk was analysed and evaluated in accordance with the department's Enterprise Risk Management Framework. This comprises five steps: establish the context; identify risks; analyse risks; evaluate risks; and treat risks.

2.49 The department had a risk management plan and risk log for the procurement in line with the Enterprise Risk Management Framework. It included an identified risk owner, consequence assessment, risk assessment, mitigation strategy and was updated throughout the procurement. As at December 2022, of the 31 risks identified, four had been rolled over from the procurement process into contract management phase and incorporated into the contract management Issues and Risk Register.

Compliance with the CPRs

2.50 The procurement commenced in February 2020 and the ANAO assessment of the procurement was against the April 2019 version of the CPRs in the period up to the release of updated CPRs in December 2020. For procurement activities that occurred after December 2020, the updated CPRs were applied. Table 2.2 summarises the department's compliance.

Table 2.2: Procurement of 1800RESPECT CPRs compliance^a

Commonwealth Procurement Rule (CPR) group assessed	Assessment results
Value for money (Part 4)	◆
Encouraging competition (Part 5)	◆
Efficient, effective, economic and ethical (Part 6) ^b	◆
Accountability and transparency (Part 7)	◆

Commonwealth Procurement Rule (CPR) group assessed	Assessment results
Procurement risk (Part 8)	◆
Procurement method (Part 9)	◆
Additional Rules (Part 10) ^c	◆

Key:

- ◆ The department's 1800RESPECT procurement complied with the CPRs
- ▲ The department's 1800RESPECT procurement partly complied with the CPRs
- The department's 1800RESPECT procurement did not comply with the CPRs

Note a: Depending on the timing of procurement activities, assessment was against the April 2019 or December 2020 CPRs.

Note b: 'Ethical behaviour' in this context includes conflicts of interest, equitable treatment of potential suppliers and tenderers, probity advice, gifts or benefits, use of public resources, complying with relevant legislation and the handling of complaints.

Note c: The additional rules in Division 2 relate to conditions for limited tender, request documentation, specifications, conditions for participation, minimum time limits, late submissions, receipt and opening of submissions and awarding of contracts. 'Minimum time limits' in this context refers to the timeframes published on AusTender relating to applicant submissions and responses to the various stages of the procurement.

Source: ANAO analysis.

Ethical considerations

2.51 The department, with the assistance of the external probity advisor and a contractor, developed a probity plan for the 1800RESPECT procurement. Section 7 (parts a and b) of the probity plan restricts access to confidential procurement information to procurement staff (both Australian Public Service staff and external contractors) who have signed the confidentiality agreement and the conflict-of-interest declaration. Section 7(c) also states that another form of confidentiality undertaking, and conflict of interest declaration approved by the probity manager or General Counsel can be used to allow access to confidential procurement information.

2.52 The department obtained conflict of interest declarations from all staff and contractors involved in the procurement process. The ANAO's assessment of the conflict of interest declarations identified 42 individuals declaring a conflict of interest. Of these, 28 suggested mitigating actions that individual declarants themselves would apply. The department's probity manager sought advice from the external probity advisor regarding actions the department could take to mitigate these conflicts. The department's probity manager documented in the probity register details of the advice from the external probity advisor.

2.53 As part of the advice recorded by the department in its probity register, the external probity advisor recommended two members of the REOI evaluation panel step aside from the RFT evaluation panel and another prospective panel member not be engaged due to links with MHS. The advice recorded also stated that one of the two REOI panel members recommended to stand down from the RFT evaluation panel 'can continue as a member of the Evaluation Leadership Team (ELT) — which has a different role to the Evaluation Panel — so long as [the person] discloses [their] conflict and does not participate in direct discussions where a conflict exists'. The ANAO saw evidence that this advice was acted upon.

2.54 As outlined at paragraph 2.24, a call centre consultant was engaged by the department in March 2020 to support the procurement. The call centre consultant's website states that it is a

service provider to one company who was part of a consortium respondent to the procurement process as well as three other companies who were the parent companies of subsidiaries that formed part of consortium responses to the procurement process, including Telstra Corporation Limited and Medibank Private Limited.

2.55 Staff of the call centre consultant that were involved in the procurement process made conflict of interest declarations to the department that did not include this information. A director of the call centre consultant was a member of the RFT Evaluation Panel, the Procurement Working Group, the Transition Leadership Group and the Transition Working Group.

2.56 Following inquiries by the ANAO in October 2022, the department requested information from the call centre consultant. On the basis of the consultant's response, the department advised the ANAO in November 2022 that there was no conflict of interest with the call centre consultant's involvement in the procurement of 1800RESPECT.

2.57 The procurement process was assessed by the ANAO to be non-discriminatory as the department identified that the scale and scope of the service required tenderers to have both technological and clinical capabilities. To ensure the inclusion of both capabilities, the procurement allowed for entities to form joint ventures or a consortium when responding to the tender for the delivery of the service.

2.58 The ANAO saw no evidence of any complaints being made during the procurement process or the department having entered into a contract with a tenderer who had been involved in dishonest, unethical, or unsafe behaviour.

Value for money considerations

2.59 Achieving value for money is the core rule of the CPRs, which requires 'the consideration of financial and non-financial costs and benefits associated with procurement'.¹⁷ This includes: the quality of the goods and services; fitness for purpose of the proposal; the potential suppliers' relevant experience and performance history; and whole-of-life-costs (including initial purchase price, maintenance and operating costs and additional features procured after the initial procurement). In constructing relevant evaluation criteria for this, entities are recommended to facilitate the proper identification, assessment and comparison of submissions on a fair, common and appropriately transparent basis.

2.60 The department undertook a risk assessment of pursuing a multi-stage open tender versus a single stage open tender to assess which procurement approach presented the least likelihood of market failure. The decision to conduct an open market selection for 1800RESPECT provided the conditions to encourage competition, specifically during the initial REOI process whereby interested respondents could submit a proposal demonstrating their capability and capacity to deliver the service.

2.61 Paragraph 7.3 of the CPRs states that procurement documentation should provide accurate and concise information on 'how value for money was considered and achieved'. Decision-makers rely on sound advice to make informed procurement decisions and ensure that the selected tenders

17 Department of Finance, *Commonwealth Procurement Rules 14 December 2020* [Internet], Department of Finance, Australia, 2020, available from <https://www.finance.gov.au/sites/default/files/2020-12/Commonwealth%20Procurement%20Rules%20-%2014%20December%202020.pdf> [accessed 25 October 2022].

will achieve value for money. The RFT Evaluation Panel's final report was endorsed by the Evaluation Leadership Team, which was noted by the secretary as delegate. The Evaluation Panel's final report contains the assessment of all the tenderers' capability and capacity to deliver value for money.

2.62 The RFT Evaluation Panel determined that the tenders from both Telstra Health and MHS would require negotiation 'to achieve the best value for money for the Commonwealth', and shortlisted Telstra Health as the preliminary preferred tenderer to be invited to initial contract discussions.

2.63 During the RFT evaluation process, the Evaluation Panel identified that one of Telstra Health's key strengths was its understanding and support for the department's proposed performance management framework. This was further demonstrated in its use of detailed examples, approaches and methodologies in addressing the tender questions from the performance management section. In contrast, MHS indicated a limited commitment to the intent of the performance management framework in its RFT response, which the evaluation panel assessed as a high risk.

Shortlisting of REOI respondents

2.64 Procurements should also facilitate accountable and transparent decision-making. Rule 6 of the CPRs requires the department to treat potential tenderers fairly and equally. MHS and one other respondent who were not recommended by the REOI Evaluation Panel as being 'genuinely competitive' were invited to participate in the RFT stage. Two other respondents given the same overall rating as MHS were not provided the same opportunity.

2.65 The REOI documentation stated that only shortlisted respondents would be selected to participate in the RFT stage. The REOI Terms and Conditions state that the department may, in its absolute discretion, develop a shortlist of respondents and issue a RFT to those shortlisted respondents. On 20 November 2020, the REOI evaluation panel recommended three respondents proceed to the RFT stage.

2.66 The REOI evaluation report records that the top respondent had a final rating of 'very good', with the next two rated 'good'. These three were assessed as being genuinely competitive. The fourth respondent was also rated 'good', while MHS and respondents six and seven had a final rating of 'fair'. There were three evaluation criteria on which the final rating was based. The first was prioritised as 'most important', with the second and third being prioritised as 'very important'. The evaluation report noted that of the three respondents with a final rating of 'fair', MHS rated 'good' for criterion one ('most important') compared to Respondents 6 and 7, which rated 'fair' for the same criterion. Table 2.3 outlines the ratings for each criterion and the overall rating for all the REOI respondents.

Table 2.3: Evaluation ratings for REOI respondents

Respondents in order of ranking	Criterion 1 – most important	Criterion 2 – very important	Criterion 3 – very important	Final rating
Respondent 1	Very Good	Very Good	Very Good	Very Good
Respondent 2	Good	Very Good	Good	Good
Respondent 3 (Telstra Health)	Good	Good	Very Good	Good
Respondent 4	Good	Fair	Good	Good
Respondent 5 (MHS)	Good	Fair	Poor	Fair
Respondent 6	Fair	Fair	Fair	Fair
Respondent 7	Fair	Poor	Fair	Fair
Respondent 8	Poor	Poor	Poor	Poor
Respondent 9	Poor	Poor	Poor	Poor
Respondent 10	Very Poor	Very Poor	Very Poor	Very Poor
Respondent 11	Very Poor	Very Poor	Very Poor	Very Poor

Source: ANAO analysis of the REOI Evaluation Report.

2.67 MHS not being satisfied with the conduct or outcome of the procurement was assessed as a ‘medium’ risk addressed in the department’s risk management plan. The controls for the risk were the inclusion of: a probity advisor; ‘sensitive communications’ with MHS during the process; and extensions to the grant agreement to ensure continuity of service and facilitate transition to a new provider (where relevant).

2.68 On 1 December 2020, the Evaluation Leadership Team discussed the risks and benefits of inviting MHS and the respondent ranked above it (Respondent 4 in Table 2.3), to participate in the RFT. The Evaluation Leadership Team meeting presentation pack highlighted the risks and benefits of shortlisting the further two respondents. This included:

- advice from expert advisors that the risk of taking this approach would allow for non-genuinely competitive tenderers to be shortlisted; and
- the risks that not inviting MHS to the RFT stage would potentially affect the relationship between MHS and the department, service continuity and/or service quality, as well as the reputation of the department for funding a lower performing applicant for so long without conducting a process.

2.69 The external probity advisor was consulted on the issue. The department relied on draft probity advice that noted the evaluation plan set no limit on the number of respondents that could be shortlisted, as long as the reasoning for this was clearly documented for the delegate. The draft advice from the external probity advisor also stated that the other respondents: ‘achieved significantly inferior assessments’ and were ‘assessed as “poor” or “very poor” against each of the “very important” and “important-ranking” criteria and clearly unacceptable’. As shown in Table 2.3, this statement is incorrect for Respondents 6 and 7.

2.70 The decision to shortlist the additional two respondents was approved by the secretary of the department on 17 December 2020. The brief to the delegate annexed the evaluation panel's report and stated:

- the evaluation report 'clearly demonstrates [Respondent 4] and MHS are superior to the lower ranked respondents';
- shortlisting an additional two respondents would 'increase competition and reduce performance risks associated with not advancing the incumbent to the next stage'; and
- the 'approach is endorsed by the external probity advisor'.

2.71 The ANAO found the department complied with Rule 6 of the CPRs because the department followed the core requirements of the rule. Nonetheless, the assertion that MHS was clearly demonstrated to be superior to Respondents 6 and 7 was not evident from the final rating of 'fair' that all three received. Further, the advice to the delegate did not explicitly address whether Respondents 6 and 7 were being treated fairly or equitably by not also being progressed to the RFT.

Opportunity for improvement

2.72 The Department of Finance provides probity guidance and notes that while external probity advice can be valuable, it does not remove an agency's accountability for the process.^a While the ANAO found the department complied with Rule 6 of the CPRs, there is room for improvement in including all relevant considerations relating to the CPRs in delegate briefings.

Note a: Department of Finance, *Ethics and Probity in Procurement* [Internet], 17 May 2021, available from <https://www.finance.gov.au/government/procurement/buying-australian-government/ethics-and-probity-procurement> [accessed 20 October 2022].

Delays to the procurement

2.73 The procurement process for 1800RESPECT commenced on 19 February 2020 and ended on 24 January 2022 when the contract with Telstra Health was executed. There were three delays during the process.

2.74 National Information Sessions were held between 10 March 2020 and 20 March 2020, with the REOI opening on 30 September 2020 for one month. The department advised the ANAO that the nine months taken between the approach to market and the release of the REOI was due to the COVID-19 pandemic. The department sought approval for a delay from the minister to reduce the risk of market failure and allow time for organisations to provide a comprehensive tender once the period of COVID-19 pandemic lockdowns had passed.

2.75 On 14 December 2020 the secretary of the department agreed to delay release of the RFT until January 2021 to ensure AusTender technical support was available, and to avoid sector criticism for releasing the most intensive part of the procurement process during the December holiday period.¹⁸ At that time, the sector was already reporting resourcing pressures and increased demand due to the COVID-19 pandemic. The RFT was open for two months, closing on 12 March 2021.

¹⁸ The December holiday period is a time when the incidence of domestic violence increases and consequentially there are greater demands on support services.

2.76 On 8 April 2021, the Australian Government released its response to the *Respect@Work: National Inquiry into Sexual Harassment in Australian Workplaces* report. Recommendation 54¹⁹ included expanding 1800RESPECT to provide support for people who experience workplace sexual harassment, to which the Australian Government agreed. A six-week delay occurred for an addendum to be issued to the two shortlisted RFT tenderers (Telstra Health and MHS) to expand the service scope.

2.77 An internal brief outlined that the external probity advisor advised that the unnecessary burden of responding for the non-short-listed tenderers would not demonstrate a fair or economical process, in line with Rule 6 of the CPRs. On this advice, the addendum was not issued to the non-short-listed tenderers as they were not deemed to be competitive by the RFT evaluation panel.

2.78 The external probity advisor also advised that by issuing the addendum to the two short-listed tenderers, the department would be compliant with paragraph 10.14 of the CPRs, which requires an addendum to be issued to all tenderers participating at the time of the modification and to permit the tenderers to submit a revised response.

2.79 On 13 July 2021, the secretary of the department noted the selection of Telstra Health as the preferred tenderer to the 1800RESPECT procurement and agreed to initial contract negotiations commencing. Formal negotiations with Telstra Health ended on 23 December 2021, the delegate approval was signed on 10 January 2022 and the contract was signed by the parties and announced by the minister on 24 January 2022.

2.80 Seven change notices were published under the pre-procurement notification on AusTender to advise of delays. These were publicly available. The department advised the ANAO that it was not aware of any tenderers withdrawing from the procurement process due to the delays. Two tenderers requested a debrief following advice of an unsuccessful outcome. These debriefings occurred following the conclusion of the procurement in March 2022.

Was the contract with the new provider designed to achieve value for money?

The contract was negotiated and designed by the department to achieve value for money with the new provider. The first round of contract negotiations achieved a reduction in establishment and annual costs. The RFT requirements were included in the final contract, along with a number of negotiated outcomes addressing the risks and weaknesses identified by the RFT evaluation panel.

Initial contract negotiations

2.81 The purpose of contract negotiations with Telstra Health was to develop a contract that would achieve value for money. There was a two-stage negotiation process so that the department could resolve threshold issues in initial discussions, before moving to the focussing on achieving

19 Recommendation 54 was: 'The Australian Government promote the 1800RESPECT hotline and ensure it is adequately resourced to expand its services to provide appropriate psychological support and referral to people affected by workplace sexual harassment, and collect and maintain de-identified and disaggregated data on contacts regarding workplace sexual harassment'.

value for money in the second round. The negotiation team considered section 4.5 of the CPRs in assessing value for money. In addition to price, the department assessed other factors, including whole-of-life costs, quality, performance history and experience, innovation and adaptability. The goal was to reduce costs without reducing the service scope.

2.82 The initial contract negotiations report stated that discussion focused primarily on reducing costs, namely reduced establishment costs and fixed annual costs to support economies of scale and whole of life value for money. The reduction in estimated establishment costs was primarily through making use of existing service data and leveraging existing service infrastructures in the commercial and technology space.

Final contract negotiations

2.83 The design of the 1800RESPECT contract was informed by advice from the department's Legal Services Branch, the contracted quality business advisor and external commercial lawyers. The formal contract negotiation report highlighted the following contract negotiation outcomes.

- To mitigate any risk associated with guaranteeing Telstra Health's performance under the contract, the department advised the ANAO that it was given specific assurances by Telstra Corporation.²⁰
- The department retained the intellectual property rights to all materials developed for the service and provided Telstra Health with a license to use these materials.
- Telstra Health agreed to jointly lead communications, media, and stakeholder engagement work with the department's 1800RESPECT team and Communication Services Branch.
- Telstra Health agreed to offer outbound text messages and web-based video calls to service users. It was agreed that Telstra Health would offer these services as both inbound and outbound services in the future.
- Telstra Health agreed to include the opportunity to identify and transfer existing suitable 1800RESPECT staff, maintain the workforce and qualification requirements and extend qualification requirements to the clinical lead. Telstra Health also agreed to deliver a detailed training plan, including an induction training program and ongoing professional development.
- An eight-month implementation period with no financial penalties applying to Telstra Health not meeting the standards in the performance management framework.
- A monthly review of Telstra Health's key performance indicator targets may result in part of the service delivery fee and other service fees being 'at risk'.²¹ Telstra Health has the opportunity to earn back a specified percentage of its fees lost due to sub-optimal key performance indicator scores through its performance against the strategic performance measures. This is to be reviewed every six months.

20 Following initial contract discussions on 29 September 2021, Telstra Health advised that Telstra Corporation had provided in principle agreement to the issue of a parent company guarantee to guarantee Telstra Health's performance under the 1800RESPECT contract. This in principle agreement was subject to the outcome of the procurement, including formal contract negotiations and agreement of suitable terms for the parent company guarantee.

21 A certain percentage can be deducted from the service delivery fee if performance standards are not met.

- The department agreed to consider reimbursement on a case-by-case basis if there were significant policy or legislative changes that impact delivery of the service and resulted in a significant cost on Telstra Health.
- The department undertook a liability risk assessment which determined that the department could agree to a separate cap for privacy, confidentiality, and security breaches, in addition to a general liability cap for all other loss or liability.
- Telstra Health agreed that 1800RESPECT service delivery subcontractors are prohibited from transferring calls back into 1800RESPECT. This ensures that subcontractors who deliver separate services from 1800RESPECT that are funded by state governments cannot transfer those calls into 1800RESPECT.

2.84 The penalty free period for not meeting the standards in the performance management framework was not included in the terms of the RFT or Telstra Health's tender response. The department noted in the contract negotiations report that the negotiated eight-month period was a reasonable time for Telstra Health to transition and embed the service, provide infrastructure and recruit and train the workforce. The department did not document its consideration of how the penalty free implementation period affected the overall value for money achieved in the execution of the contract.

2.85 The majority of the risks and weaknesses identified during the RFT process were also resolved within the terms of the contract, in the Transition Plan, the Transition In Plan, Risk Management Plan, Workforce Plan, Workforce Forecast Plans, Knowledge Management Plan, and the 1800RESPECT Service Strategy.

2.86 The Statement of Work in the final signed contract with Telstra Health aligns with requirements contained in the RFT documentation, particularly the performance management framework and the pricing model. The RFT included specifications as to transition, workforce management, quality management, and service infrastructure, which have become clauses in the Statement of Work. The Statement of Work also requires Telstra Health to develop and deliver strategies and plans to ensure regular reviews and updates of the requirements.

2.87 The Statement of Work also closely reflects the final contract negotiations report, specifically in relation to: expansion of service channels, improved governance arrangements, maintenance of clinical standards, a secure IT platform to enable appropriate sharing of documents, how media and stakeholders will be engaged, preventing subcontractors from putting calls back into 1800RESPECT, the fee-at-risk arrangement, and performance reporting requirements.

Forecasting accuracy

2.88 'Forecasting' refers to the process where Telstra Health and the department predict (and reach agreement on) the number of counsellors required to respond to users and meet the agreed service levels. It predicts the number of people likely to contact 1800RESPECT and the amount of time they will spend with counsellors. Inputs into forecasting include the time of year, triggering events in the media, historical data and the amount of time each counsellor has available. To effectively roster staff, levels of demand in each 30 minutes throughout each 24-hour period, needs to be predicted. The forecast is accurate if there is an adequate number of counsellors available to answer 80 per cent of calls within 20 seconds.

2.89 As per the contract, Telstra Health is required to forecast workforce requirements over 12 months based on the following assessment periods:

- Long-term–workforce forecast in 13 months’ time;
- Capacity–workforce forecast in six months’ time;
- Mid-term–workforce forecast in four months’ time; and
- Coverage–workforce forecast for next month.

2.90 Telstra Health is required to ensure that their forecasts are based on expected demand as per past data and trends, and calculations using the Erlang C formula.²² They include the estimated number of logged hours and estimated number of logged-on counsellors required to respond to each service channel on each day and also factor-in forecast contacts offered²³ for each day and the average handling time.

2.91 The accuracy of these forecasts is assessed as part of the strategic performance measures and is linked to performance payments. This provides Telstra Health the incentive to accurately report on its forecasts and ensure that its methodologies are fit for purpose in matching actual calls made and the services provided. The department must accept or reject a forecast plan from Telstra Health. If it is rejected, Telstra Health must resubmit the plan.

2.92 The department advised the ANAO that it is working closely with Telstra Health on forecasts during the implementation period with the support of the same call centre consultant engaged to provide advice during the procurement process. The department advised the ANAO that the consultant is assisting in developing tools and methodologies to inform its analysis and decision-making over the forecasting data. Workforce management meetings are being held monthly. Currently, the call centre consultant is attending these meetings to discuss with Telstra Health the source of its forecasting data and additional information that could be included in the forecast moving forward.

Subcontracted service providers

2.93 Telstra Health delivers 1800RESPECT with the support of three specialist services: DVConnect, Save the Children Australia (now known as 54 Reasons in relation to the organisation’s work in Australia) and Marninwarntikura Women’s Resource Centre (MWRC). Their roles and responsibilities are outlined in Table 2.4.

22 The ‘Erlang C Formula’ is a mathematic formula used for forecasting as it predicts the number of counsellors required to meet demand.

23 ‘Contacts offered’ means calls made or webpage chats initiated by people contacting 1800RESPECT.

Table 2.4: Roles and responsibilities of the Telstra Health subcontractors

Subcontractors	Role	Responsibilities
DVConnect Limited	<p>Leadership and delivery of 1800RESPECT specialist counselling services</p> <p>Shared clinical governance leadership for the service</p> <p>Principal provider of specialist counsellors, leaders, and practice/quality specialist positions, with a national focus on recruitment of specialist counsellors</p> <p>Direct management of all specialist counsellors across Qld</p>	<p>Clinical management contribution and practice oversight of all areas of service delivery from a specialist perspective</p> <p>Shared responsibility for developing training for staff that meets best practice requirements, continuous improvement of practice, and overall quality of the service</p> <p>Delivery of specialist counselling service across the country in nearly every state and territory</p> <p>Supporting partner specialist organisations in delivering quality service functions</p>
54 Reasons	<p>Providers of specialist counselling services and contribution to clinical practice and training under the 1800RESPECT service</p> <p>Recruitment, management and support of Specialist Counsellors and Team Leaders from VIC, SA, and NT</p>	<p>Meeting quality standards for the specialist counselling positions and team leaders recruited by 54 Reasons to deliver these services</p> <p>Providing expert knowledge and specialist skills related to best practice in support of children impacted by domestic and family violence</p> <p>Contributing to increased responsiveness of the service to children impacted by trauma</p>
Marninwarnitikura Women's Resource Centre (MWRC)	<p>Providers of specialist counselling services and contribution to clinical practice and training for the service</p> <p>Recruitment, management, and support of specialist counselling services from WA and NSW</p>	<p>Meeting quality standards for the specialist counselling recruited under Marninwarnitikura Women's Resource Centre</p> <p>Contribution to expert knowledge, specialist skills and practice wisdom relating to trauma-informed support for contributing to service design and accessibility for First Nations individuals accessing the service</p> <p>Engagement in two-way learning opportunities that enhance 1800RESPECT's accessibility and responsiveness to priority populations</p>

Source: ANAO analysis of an internal department document.

2.94 The subcontract between Telstra Health and DVConnect was executed on 26 January 2022 and runs for a term of five years. The option for extension is unlimited.

2.95 The clinical services subcontract between Telstra Health and MWRC was executed on 29 March 2022 and runs for a term of five years. The options to extend are unlimited. MWRC has additional specialist expertise in Indigenous peoples which is new to 1800RESPECT.

2.96 The clinical services subcontract between Telstra Health and 54 Reasons was executed on 29 March 2022. The term is for two years with an option to extend for a further three years. 54 Reasons has additional specialist expertise in relation to children and families which is new to

1800RESPECT. Telstra Health advised the department that as 54 Reasons is part of a multinational organisation, it chose to enter into a shorter initial term.

2.97 The department advised the ANAO that Telstra Health implemented the contracting framework under which 54 Reasons and MWRC are engaged because:

- Telstra Health has appointed DVConnect as its principal specialist counselling provider. This role includes management of other specialist counselling subcontractors, to ensure quality and consistency; and
- Telstra Health wishes to maintain a direct contractual relationship with other clinical services subcontractors such as Save the Children and MWRC, to ensure appropriate management of key legal and commercial risks.

2.98 Consistent with DVConnect's role as Telstra Health's principal specialist counselling provider, all 'work orders'²⁴ for specialist counselling services are currently between DVConnect and the relevant entity. That is, those engagements are via DVConnect, but under the contractual framework established by Telstra Health through direct contracts with each of the subcontractors. Through those direct contracts, Telstra Health provides all service infrastructure and associated management to the employees of the subcontractors, the majority of whom work from home.

2.99 The department did not hold copies of the subcontracts prior to this audit commencing and described the relationship to the ANAO as 54 Reasons and MWRC being subcontractors to DVConnect. The department advised the ANAO that it was not involved in any contractual negotiations with Telstra Health and its subcontractors and relies on its contract with Telstra Health to ensure the specialist counselling services are delivered as expected.

Opportunity for improvement

2.100 The Department of Finance provides contract management guidance to the Australian Public Service and in relation to subcontractors notes that the contractual relationship is between the entity and the supplier.^a This means the supplier, in this case Telstra Health, remains responsible for managing the contract, as well as managing the involvement of any subcontractors. Nonetheless, entities should understand what parts of a contract are completed by subcontractors and what impacts that may have on the management and delivery of the contracted service. There is room for improvement in future procurement processes for the department to clearly understand the relationship between providers and any subcontractors.

Note a: Department of Finance, *Australian Government Contract Management Guide December 2020*, Department of Finance, Australia, 2019, available from <https://www.finance.gov.au/sites/default/files/2020-12/Contract%20Management%20Guide%20December%202020%20-%20Master.pdf> [accessed 25 October 2022].

24 Under the Contract, a work order means an agreement for additional services, setting-out the services to be provided by the provider and the relevant fee. Additional services refers to services that fall outside the scope of the Contract but are contractually required to be provided.

3. Transition and ongoing program management

Areas examined

This chapter examines whether Department of Social Services (the department) managed the transition in service providers effectively and established fit for purpose arrangements to manage the new contract.

Conclusion

The department appropriately managed the transition of 1800RESPECT from Medibank Health Solutions Telehealth Pty Ltd (MHS) to Telstra Health Pty Ltd (Telstra Health) and maintained service continuity. The department has designed fit for purpose administrative arrangements, including an approved contract management manual and governance framework, both of which are still being implemented. The performance management framework is yet to be fully implemented and the department is currently not able to provide assurance over the completeness and accuracy of the data Telstra Health provides. A 1800RESPECT evaluation strategy and plan are yet to be developed.

Areas for improvement

In its audit of the department's Annual Performance Statements 2021-22, the ANAO made a recommendation aimed at strengthening the department's ability to verify the data received from Telstra Health and gain assurance over the telephony system on which the data is based. The ANAO made another recommendation aimed at evaluating 1800RESPECT, particularly in relation to the performance management framework relevant targets and outcomes of the second National Plan.

3.1 To ensure service continuity, the department needed to successfully manage the transition of 1800RESPECT between service providers. Following the transition, effective contract management will ensure that the service objectives for 1800RESPECT are met to agreed performance standards and that the funding model delivers a sustainable service. To assess this, the ANAO examined the transition process, administrative arrangements put in place to manage the new contract and systems implemented to assess performance.

Was the transition between Medibank Health Solutions Telehealth Pty Ltd and Telstra Health Pty Ltd appropriately managed to ensure continuity of service?

The department appropriately managed the transition between MHS and Telstra Health to ensure continuity of service. The department put in place governance arrangements to monitor and report on transition risks and support the implementation of Telstra Health's Transition-In Plan. The transition strategy contained options for rolling back to MHS where required and the evidence to substantiate that each transition tranche had been successfully completed.

Transitional agreement with MHS

3.2 1800RESPECT was delivered by MHS for 12 years. After such a long period of delivery by one provider, there was a risk that service continuity may be disrupted during the transition to Telstra Health. In August 2019, when the Minister for Families and Social Services agreed to the department testing the market to identify the best arrangement for the ongoing delivery of 1800RESPECT, the grant agreement with MHS was due to expire in June 2020. At the time, the secretary of the department agreed that the grant agreement would be extended by three months, until September 2020, to ensure continuity of service through to the end of the procurement process and any transfer to a new provider. The transitional provisions were negotiated with MHS and included in the later grant agreement that commenced in September 2020.

3.3 In September 2020, the department entered into a new grant agreement with MHS as the procurement process had been delayed. The grant agreement for the period 1 October 2020 to 1 December 2021 made provision for the continuation of the service and transitional activities including a transition plan and transfer of materials in anticipation of the procurement process leading to a new provider.

3.4 The grant agreement was executed on 30 September 2020 and concluded on 30 June 2022. There were nine variations, six of which were to adjust payments where the forecast demand differed from the actual demand. The agreement was extended from 1 December 2021 to 31 January 2022 and then from 1 February 2022 to 30 September 2022, with an activity end date of 30 June 2022 following transition to Telstra Health. The total value between September 2020 and June 2022 of the grant agreement was \$66,914,979, with MHS receiving \$247,500 for specified transitional activities.

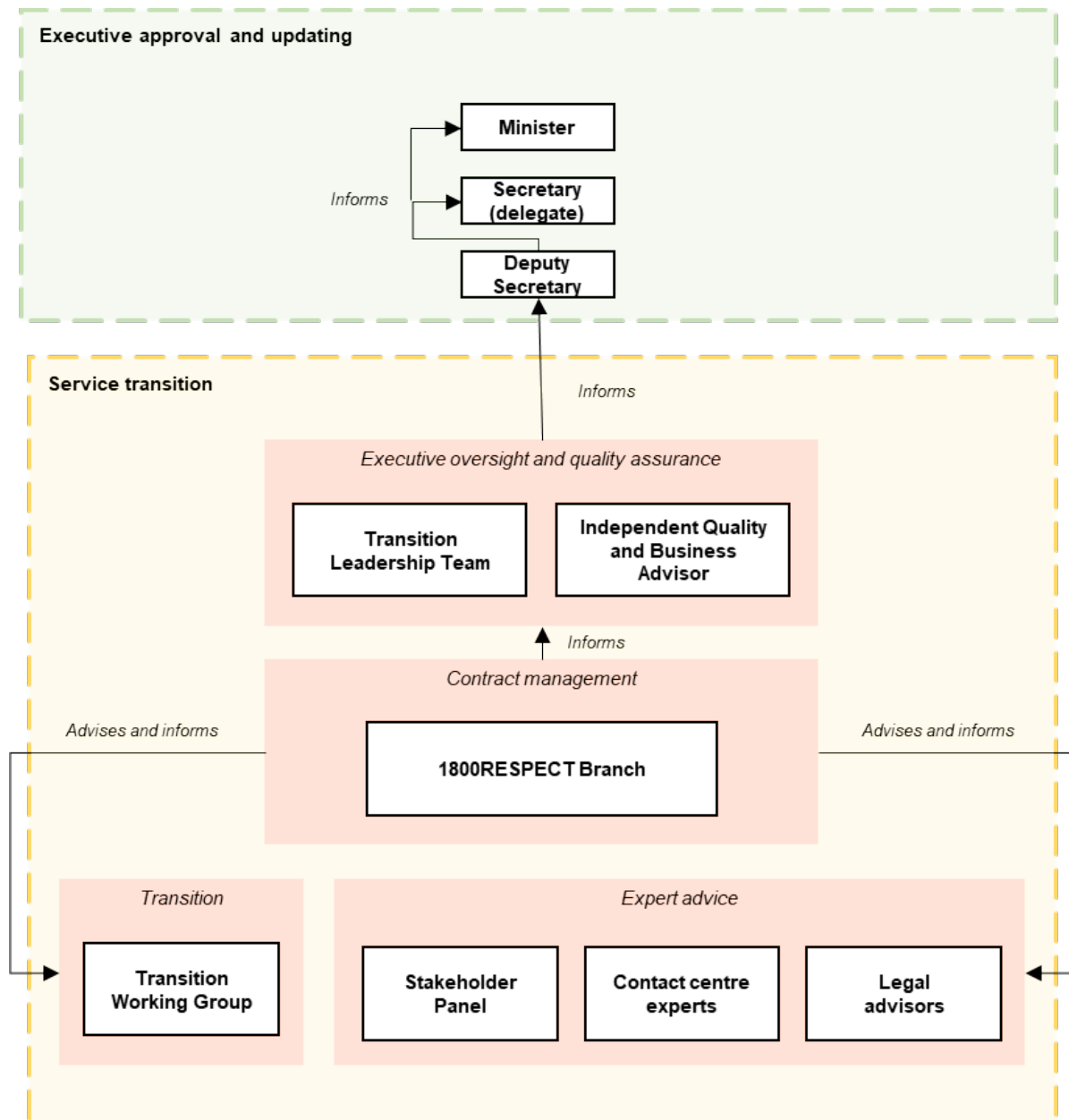
3.5 Requirements agreed to by MHS for the transition included:

- allowing the service to continue without interruption or adverse effect in the course of being transferred to a new service delivery model, including if a new provider was appointed;
- providing information or materials reasonably requested about the provision of the service;
- facilitating the orderly transfer of responsibility for and conduct of the service to the Australian Government, or a new provider; and
- cooperating to do all things necessary to enable the transition of the service to the Australian Government or a new provider, and prevent any gap or interruption to the service should the agreement expire or be terminated.

Governance of the transition

3.6 Preparation for the service transition to Telstra Health occurred over five months, taking place between 24 January 2022 and 30 June 2022. During this time MHS transferred its digital services, 75 per cent of its staff and corporate knowledge to Telstra Health. The department established governance arrangements for the service transition as outlined at Figure 3.1.

Figure 3.1: Governance arrangements for the transition



Source: Internal department document.

3.7 The department established a Transition Working Group to support, guide and inform the service transition process and provide regular advice and recommendations to the Transition Leadership Group. The Transition Working Group was not a decision-making body and comprised departmental and Telstra Health staff as well as a representative from the call centre consultant engaged by the department. The group met weekly between February and June 2022 as required by the terms of reference.

3.8 The department also established a Transition Leadership Group to oversee the service transition and provide updates to the secretary of the department and relevant ministers. The group was chaired by a deputy secretary and comprised two other departmental staff, an external quality and business advisor and a representative from the department's call centre consultant

(discussed at paragraph 2.24). The group met monthly between March and June 2022 as required by the terms of reference.

3.9 Where relevant, the Transition Leadership Group could seek sector and industry advice from the Stakeholder Panel, which comprised departmental staff, Telstra Health, DV Connect and 10 representatives with lived or relevant sector experience. The Stakeholder Panel was also designed to advise the department on clinical and industry best practice and strategic direction of the service. The terms of reference require the Stakeholder Panel to meet quarterly. During the transition period, the Stakeholder Panel met once on 23 June 2022. The role and meetings of the Stakeholder Panel following transition of the service are further discussed in paragraphs 3.15 to 3.16.

3.10 Through these forums, the department was able to monitor and review the progress of transition activities, manage and escalate risks, oversee communications and stakeholder management activities, review progress against contract deliverables, and oversee data and technology requirements. The department also maintained 'tracker' documents to monitor progress of 60-day and 90-day deliverables required under the contract with Telstra Health.

The transition

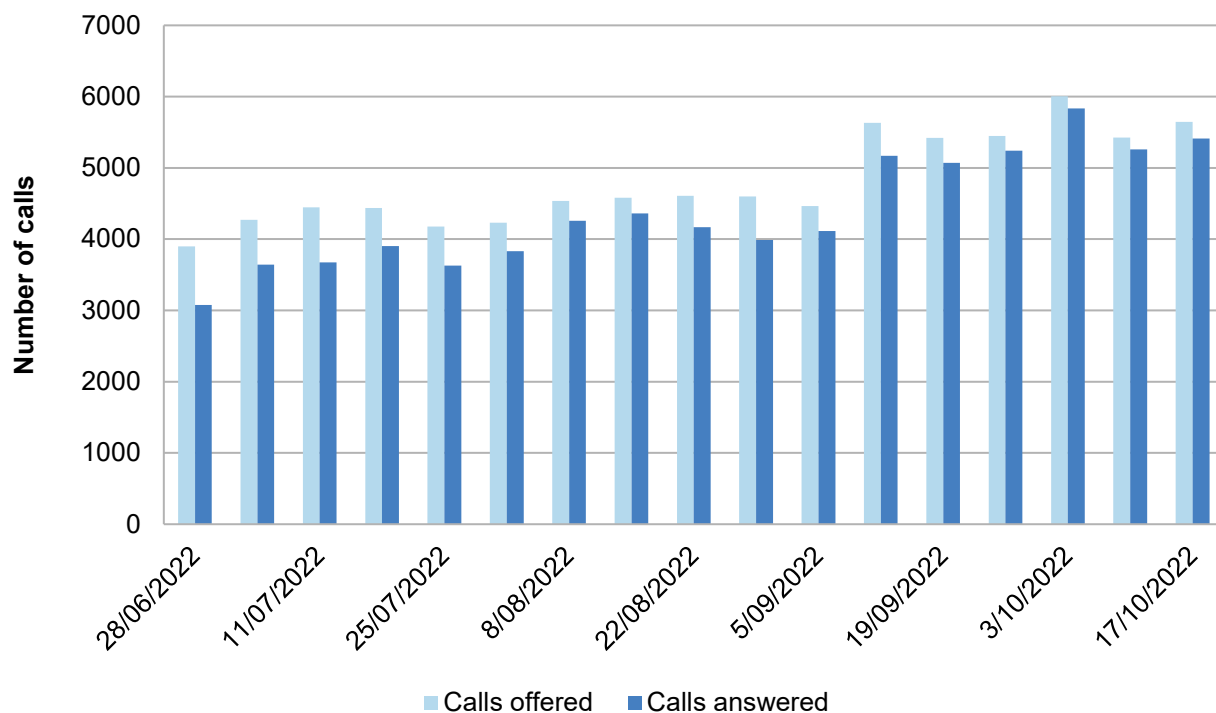
3.11 The actual transition of the service from MHS to Telstra Health commenced at midnight on 28 June 2022 and took place over an 11-hour period between 1am and 12pm. The online chat function and some of the smaller states (by call volume) transitioned first. This strategy was intended to minimise risk, should a rollback of the service to MHS be required, and facilitate enough calls coming through to test the transition to Telstra Health's platform. In two hourly intervals four additional tranches facilitated the full transition of the service.

3.12 The department developed criteria with Telstra Health to measure the success of each tranche of the transition. These included technical, operational and clinical aspects of the service. The failure of certain criteria was identified as a trigger for rollback of the service to MHS. A rationale was documented for why a criterion was assessed as not a trigger. Telstra Health documentation listed the evidence required to assert that success criteria were satisfied and this was considered by the department when allowing progression to the next tranche. The department relied on reports generated by Telstra Health throughout the transition.

3.13 Following service handover from 28 June 2022, the secretary of the department was provided with service level updates via email. These were sent daily for the first three weeks, followed by weekly and, as at December 2022, were provided on a monthly basis.

3.14 Figure 3.2 shows the number of calls received and answered from commencement with Telstra Health to the week of 12 September 2022. Weekly traffic light reports were also prepared for the Transition Leadership Group between 28 March 2022 and 24 June 2022. After September 2022, these reports were provided monthly to the relevant departmental branch manager.

Figure 3.2: Telstra Health 1800RESPECT call volume from commencement



Notes: The numbers reported in this figure include all calls made to the service including hang ups, prank calls and wrong numbers.

'Calls offered' means incoming calls to 1800RESPECT.

Source: ANAO analysis of data provided by the department.

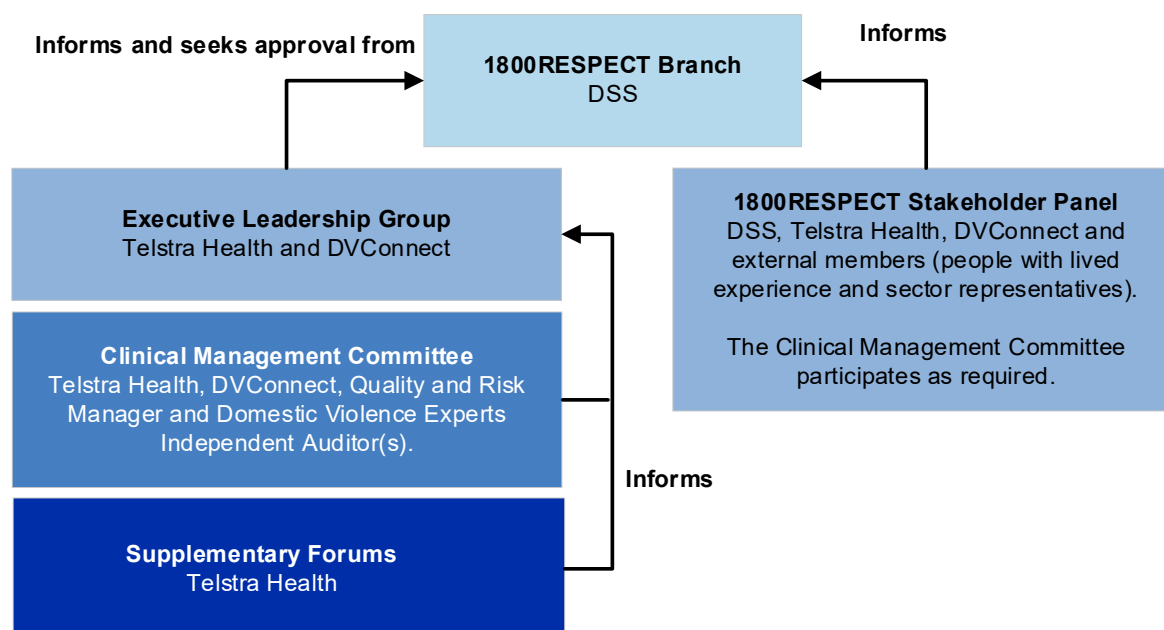
Are there fit for purpose administrative arrangements and a contract management plan to support effective contract management of the new service provider?

The department has established fit for purpose administrative arrangements to support effective contract management. A contract management manual has been approved that provides for the governance arrangements, risk management and performance monitoring of the contract. A governance framework has been designed consisting of two advisory groups run by Telstra Health, a stakeholder panel and four operational and governance forums between the department and Telstra Health. The monthly performance management and quarterly governance meetings are yet to commence.

1800RESPECT contract governance

3.15 The department's governance framework includes a range of departmental, Telstra Health and combined governance arrangements to support delivery of the 1800RESPECT contract. This includes: the Executive Leadership Group meeting monthly and the Clinical Management Committee and Stakeholder Panel meeting quarterly. These groups are supplemented by fortnightly operational meetings, monthly workforce and performance management meetings, and quarterly governance meetings between the department and Telstra Health (see Figure 3.3).

Figure 3.3: 1800RESPECT governance process for Telstra Health and stakeholder engagement



Source: ANAO analysis of the contract management manual

3.16 Telstra Health and DVConnect comprise the Executive Leadership Group and the Clinical Management Committee. The department is not a member of these groups. The Stakeholder Panel includes representatives from the department, Telstra Health, DVConnect and members with lived experience and relevant sector representatives.²⁵ Its role is to guide strategic improvements, supporting the service to remain up to date with clinical and industry best practice.

3.17 Fortnightly operational meetings facilitate Telstra Health's service delivery reporting to the department. Issues, trends and insights are discussed, and forecasts can be negotiated. Two monthly meetings are held focussing on workforce management and the performance management framework. Quarterly governance meetings are held for issues to be proactively raised and resolved as required. The implementation of these meetings is discussed at paragraphs 3.22 to 3.25.

Contract management

3.18 The Department of Finance notes that 'good contract management is an essential component in achieving value for money for Australian Government procurements.'²⁶ Contracts should be managed for their duration, to ensure value for money is achieved. It is better practice to

25 Skills of members cover: young people, elder abuse, LGBTIQ+, Indigenous communities, rural and regional communities, cultural and linguistic diversity, people with disability, legal expertise on sexual harassment and lived experience.

26 Department of Finance, *Contract Management Guide* [Internet], Department of Finance, Australia, 2019, available from <https://www.finance.gov.au/government/procurement/contract-management-guide> [accessed 2 October 2022].

have a detailed contract management plan for complex or higher risk contracts, which should be revised and updated as necessary.

3.19 The department developed a contract management manual for the contract with Telstra Health. The ANAO was advised by the department that the Contract Management Manual was an iterative document, with the intention that it become the primary resource for managing the contract with Telstra Health and would be updated as required.

3.20 The ANAO saw evidence that the contract management manual was being updated during the implementation phase of the new contract. It was formally approved in October 2022 and updated in November 2022. As at December 2022, the manual included sections on: governance; processes and procedures; reporting requirements; performance monitoring; stakeholder engagement; and media and communications.

3.21 The risk assessment and management parts of the contract management manual require the department to record matters in an issues and risk register. Risk is analysed and evaluated in accordance with the department's Enterprise Risk Management Framework. The department has identified eight risks specifically relating to contract management, two of which Telstra Health is the risk owner while the rest lies with the department. The register records the controls and treatments for each risk. In assessing the risk escalation processes prescribed by the contract management manual, ANAO observed the appropriate escalation processes were followed in relation to a request by Telstra Health to commence use of a particular ICT product.

3.22 In accordance with the contract management manual, the department and Telstra Health have held operational meetings to discuss: service delivery (trends, issues, data insights, subcontractor updates, sector news); clinical matters, such as common themes and management of frequent callers; communications and stakeholder engagement; complaints or feedback received; and service enhancements. These meetings were being held on a weekly basis until 5 August 2022 and from then on, the operational meetings have been held on a fortnightly basis as per the contract management manual's requirement.

3.23 The department is required to hold monthly workforce management meetings with Telstra Health and, as at December 2022, meetings had been held in the months of July, September, October and November. As per the issues and risk register, the department and Telstra Health have not agreed a time or date for the monthly performance management meeting to take place.

3.24 The department advised the ANAO that Telstra Health had informed it that the Clinical Management Committee and the Executive Leadership Group were meeting monthly. From December 2022, a standing agenda item was added to the fortnightly operational meetings for an update from Telstra Health on the Clinical Management Committee and Executive Leadership Group.

3.25 The Stakeholder Panel has met twice in June and August of 2022. The department advised the ANAO that the quarterly governance meetings were expected to commence in February 2023.

3.26 The department's call centre consultant developed a two-day training program for departmental staff. This training covers the operation of call centres and explains forecasting (the concept and application of the formula), the service delivery fee pricing structure, the performance management framework and the service quality framework. The supporting materials from this course were used to develop an internal departmental facilitators guide, which the department

advised the ANAO will be delivered to new staff without the ongoing support of the external contractor.

3.27 As at December 2022 the department advised the ANAO that no invoices from Telstra Health have been received for performance related payments. The ANAO therefore did not observe the department applying the parts of the contract management manual to the analysis of invoices or approval of the payment of fees to Telstra Health.

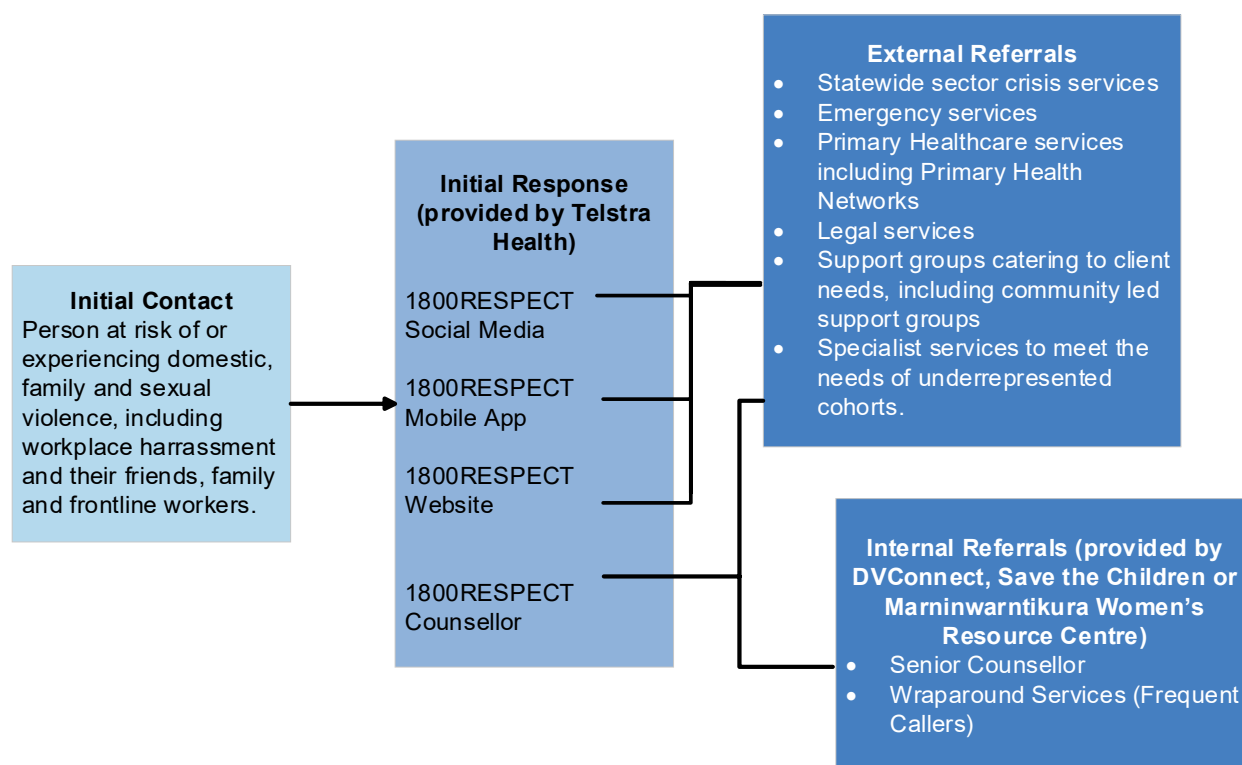
Have fit for purpose systems for performance monitoring and evaluation of service provision been established?

The department's methodologies and tools to analyse Telstra Health's performance under the performance management framework are still being developed. Telstra Health has yet to provide all performance reports required under the contract. The department is not currently able to provide assurance that the data provided by Telstra Health is complete and accurate. An evaluation strategy and plan are yet to be developed.

The Performance Management Framework

3.28 The statement of work for the contract sets out the vision, purpose, functions, principles and infrastructure for 1800RESPECT. The purpose of 1800RESPECT is to deliver a safe, trauma-informed, person-focused, inclusive and connected service. The vision as set out in the contract is to: 'achieve a sustained reduction across the Australian community in the prevalence and impacts of Domestic Family and Sexual Violence, including workplace Sexual Harassment'. The functional model of the service is outlined in Figure 3.4.

Figure 3.4: 1800RESPECT service model



Source: ANAO analysis of an internal department document.

3.29 The performance management framework for the contract is underpinned by six strategic outcomes for 1800RESPECT.

- A service which is a national front door that is a key source of information and a voice for people experiencing or at risk of domestic, family and sexual violence, including workplace sexual harassment.
- A service that supports service users to make decisions and plans to ensure their safety and manage risks.
- A service that informs and empowers service users through tools, reference material and trauma-informed education and advice.
- A service that can meet demand which may be unpredictable.
- A service that meets the needs of service users and improves support to underrepresented cohorts.
- A service that offers high quality and improves the wellbeing and knowledge of service users, the Australian community, and delivers value to the Commonwealth.

3.30 Achievement of the strategic outcomes will be measured by three categories of performance domains: strategic performance measures, key performance indicators and system health indicators. The reporting obligations of the five strategic performance measures, seven key performance indicators and four system health indicators are outlined in Table 3.1. The strategic performance measures and the key performance indicators require Telstra Health to deliver a targeted level of performance with financial penalties applying (on a sliding scale) if performance drops below the required target. The reporting of the system health indicators is a contractual obligation that according to the contract are designed to provide early notification of significant changes in service user engagement and service delivery.

Table 3.1: Performance reporting framework

Measure	Target	Purpose	Reporting frequency	Cost of non-compliance
Strategic Performance Measures (SPMs)				
Clinically Governed	5 out of 5 clinically governed performance attributes met for the 6 month performance period	To assess Telstra Health's contribution to the strategic partnership with the department in delivering long-term cost-effective services	6 monthly	Reduction in strategic performance payment
Forecast Accuracy	16 or more of the 18 workforce forecasts within the review period are within the expected tolerances			
Contact Management	The ratio of total call, chat and SMS contacts per unique user are less than, or equal to three			
Best for 1800RESPECT	6 of the 6 1800RESPECT performance attributes are assessed as satisfactory			
Relationships	6 of the 6 1800RESPECT performance attributes are assessed as satisfactory			

Measure	Target	Purpose	Reporting frequency	Cost of non-compliance
Key Performance Indicators (KPIs)				
Call Timeliness	Provider must answer 80% of calls attempted within 20 seconds	To assess the delivery of direct services to meet client and the department's requirements	Monthly	Reduction in performance payment
Chat Timeliness	Provider must answer 80% of chats attempted within 20 seconds			
SMS Interaction Timeliness	SMS response times (service not yet in place)			
Interaction Quality (calls, chats and SMS)	Provider must maintain a 90% average for interaction quality, which is assessed using the interaction quality management tool			
Digital Products Quality	Provider must maintain a minimum quality score of 90 per cent across digital content quality, which is assessed using the digital content quality management tool			
Digital product availability and currency	Provider must ensure digital products are available and not inaccessible for more than 3 hours in a month and 90% of broken links resolved in 1 business day and 100% within 2 business days			
Contract operation and governance	6 of the 6 contract operations and governance performance attributes are assessed as 'good'			
System Health Indicators (SHIs)				
Average speed of answer	All channels average speed of answer less than or equal to 15 seconds	To identify any underlying issues with service delivery	Monthly	Nil
Abandonment Rate	All service channel abandonment rates less than or equal to 5%			
Average Handling Time	No target			
Real Time Coverage	Actual logged counsellor hours meet the approved coverage plan (the forecast) in at least 80% of service intervals			

Source: ANAO analysis of the Telstra Health contract

3.31 The contract sets out the data Telstra Health is required to provide for reporting against the strategic performance measures and key performance indicators. There are 24 data requirements against the five strategic performance measures and 35 against the seven key performance indicators. The department and Telstra Health have developed a performance management calculator, digital content quality management tool and the interaction quality management tool

which the department plans to use to evaluate Telstra Health's self-assessment of its performance and consequently the performance payment it will receive.

3.32 While the department holds copies of the contracts with the subcontractors, the versions do not include the fees and payment and performance management sections.

3.33 The three categories of performance domains outlined in Table 3.1 contribute to four key results areas: service delivery, service delivery sustainability, cost and behaviour (see Table 3.2). The contract links performance with financial implications, which apply to the at-risk amount if Telstra Health does not meet a key performance indicator. Telstra Health can earn back a portion of the at-risk amount dependent on performance against the strategic performance measures. Table 3.2 outlines these dependencies. Commercial consequences include a remediation plan, suspension of payment, termination, additional resources and step-in measures.

Table 3.2: Performance links with financial implications

Key Results Area (KRA)	Description	Financial implications
Service Delivery	Core deliverables must be high quality and effective for service users. Six of the seven Key Performance Indicators are linked to this KRA, resulting in it having the largest financial impact.	<ul style="list-style-type: none"> • Linked to Payment and At-Risk Amount (per cent) • Linked to Earn Backs (per cent)
Service Delivery Sustainability	Forecasting must be accurate and carefully manage complex users to ensure the long-term sustainability of the service. Two of the strategic performance measures are linked to this KRA.	<ul style="list-style-type: none"> • Linked to Earn Backs (per cent)
Cost	Delivery and management of 1800RESPECT must be efficient within a constrained fiscal environment. Two strategic performance measures and one key performance indicator are linked to this KRA.	<ul style="list-style-type: none"> • Linked to Payment and At-Risk Amount (per cent) • Linked to Earn Backs (per cent)
Behaviours	Delivery of 1800RESPECT must be with close collaboration between the Commonwealth and the Provider to deliver an effective service, which shares its learnings. Two strategic performance measures and one key performance indicator are linked to this KRA.	<ul style="list-style-type: none"> • Linked to Payment and At Risk Amount (per cent) • Linked to Earn Backs (per cent)

Source: ANAO analysis of the Telstra Health contract.

Performance reporting

3.34 Telstra Health is required to provide weekly, monthly, quarterly and annual reports on service levels, call data, contact data, logged hours, referrals and transfer rates, trends and insights, workforce forecast, and social media, as set-out in the contract. In November 2022, the department approved the approach taken by Telstra Health to report billable logged hours, and subsequently monthly reports for June to October 2022 have been submitted by Telstra Health. In January 2023, the department advised the ANAO they will be requesting resource and weekly logged hours reports.

3.35 Telstra Health has provided monthly reports for July, August and September 2022. The department has received the monthly key performance indicators reports from Telstra Health. As of December 2022, the department had not received any of the quarterly reports from Telstra Health. The department has met its internal reporting requirements under the contract management manual to provide weekly traffic light reports to the 1800RESPECT branch manager from 26 September 2022 onwards.

3.36 The department receives monthly workforce forecast plans from Telstra Health in accordance with the contract. As outlined at paragraphs 2.88 to 2.92, the department is continuing to refine the methodology and nature and scope of the data for the workforce forecasts during the initial eight-month implementation period with the assistance of the call centre consultant. The role of call centre consultant is reflected in the contract management manual.

3.37 The October Workforce Forecast Plan was provided to the department on time. The department approved the plan 13 days later than required. The department advised the ANAO that after the implementation period, which is due to conclude at the end of February 2023, forecasts will be assessed in a structured process using forecasting templates and tools being developed by the call centre consultant.

Performance assurance

Telstra Health IT systems

3.38 Telstra Health use a number of applications to deliver 1800RESPECT. Salesforce services are a core element to Telstra Health's 1800RESPECT capability, acting as the key integration point for technical components. The Salesforce Hyperforce environment is used as an integration hub to provide secure connections between services through Application Programming Interfaces. Telstra Health uses five data centres all located within Australia. Telstra Health advised the ANAO that all data remains onshore, and no access is given to anyone without the required formal clearance as required by the contract.

3.39 All staff employed directly by Telstra Health and the three subcontractors have remote access to the Telstra Health systems and perform all duties on these systems. All access is managed through position or profile-based access and activity is logged and monitored. Telstra Health has 24-hour continuous oversight of all activity through virtual dashboards.

3.40 Telstra Health commissioned an Infosec Registered Assessors Program (IRAP) assessment²⁷ in June 2022 to ensure cybersecurity compliance with the contract. The assessment states all supply chain providers were independently IRAP assessed. As Telstra Health was still setting up the 1800RESPECT function at that time, the assessor indicated that further assessment was required and several recommendations were made to remediate identified gaps and address the shortfalls identified at this review. None of the recommendations from the June 2022 assessment were individually significant or unexpected, given the early stage of implementation.

3.41 Telstra Health was granted an interim authority to operate with an expiry date of 28 September 2022. The department managed Telstra Health's implementation of the IRAP recommendations through a plan of action and milestones, which it advised the ANAO was being

27 IRAP assessors assist entities to understand and implement security controls and recommendations to protect systems and data. Assessors are certified by the Australian Signals Directorate.

updated by Telstra Health on weekly basis since 26 July 2022. The department sought the assistance of Services Australia in assessing some aspects of Telstra Health's responses. The full authority to operate was granted by the Chief Security Officer of the department on 27 September 2022 for a period of two years.

3.42 Under the 1800RESPECT contract, Telstra Health is required to report on security incidents. It is also required to submit its security manual annually, and undertake an independent IRAP assessment every two years.

Telephony performance data

3.43 The forecast reports are provided to the department in Microsoft Excel format. Other performance related data is provided as screen shots, in tables within reports in PDF format or in Microsoft Word templates developed by the department. Telstra Health advised the ANAO that it has layers of validation for data used in this reporting and sign off occurs at each stage. The department has no visibility of Telstra Health's internal processes for extracting or validating any of the data required to be provided under the contract nor does it receive the results of any of the validation or quality assurance processes.

3.44 Assurance over third party performance data, particularly in the telephony space, is critical for the department to gain assurance over the delivery of services on behalf of the Australian Government. The completeness, integrity and accuracy of Telstra Health's data is critical to the department's monitoring of and managing performance under the contract, payment of service delivery fees to Telstra Health and internal and external reporting on the performance of 1800RESPECT. The department is currently unable to provide assurance that any data it receives from Telstra Health is complete and accurate.

3.45 Prior to July 2022, MHS provided data to the department to support its corporate performance reporting. In the department's Annual Performance Statements Audit for the year ended 30 June 2022, the ANAO found the department was unable to verify the reported result for the 1800RESPECT component of the 'Family Safety' measure.²⁸ The department was unable to provide assurance over the MHS third party telephony system on which the result was based and could not provide sufficient appropriate evidence from MHS to verify the reported result.

3.46 The department acknowledged the gap in verification processes and included a caveat in respect of this program in the department's 2021-22 Annual Performance Statements, noting that the department did not have a process in place to independently validate the reported number of calls answered in less than 20 seconds and that the department was unable to provide assurance that the reported result was accurate.

3.47 The ANAO's performance statement opinion included an emphasis of matter and raised a significant finding in relation to this issue as the 1800RESPECT component of the measure is one of five of the department's 'flagship initiatives'²⁹ and is necessary to gain an understanding of the department's progress in implementing the National Plan and in reporting to the Parliament. The

28 The 'Family Safety' measure has been renamed as 'Women's Safety' in the most recent departmental corporate plan. For the 2021-22 performance statements, this component was the number of calls made to the 1800RESPECT service answered within 20 seconds. DSS reported that 74.89 per cent of calls were answered within 20 seconds, failing to meet their target of 80 per cent.

29 1800RESPECT is now referred to as a 'significant initiative' in the most recent departmental corporate plan.

secretary of the department disagreed with the significance of the finding as ‘the 1800RESPECT initiative was not material to the overall reported result for Family Safety’.

3.48 The finding recommended that the department ensure that, in reporting a result for the 1800RESPECT component of the ‘Family Safety’ measure, it has processes in place to verify the data received from the new service provider (Telstra Health) and gain assurance over the telephony system on which the data is based. The department indicated that ‘Going forward, the telephony data will be assured including through independent third-party arrangements.’³⁰

3.49 The department will report on 1800RESPECT as part of the second National Plan under the key activity of ‘Women’s Safety’ towards the Families and Communities outcome through to 2025–26.

Evaluation of 1800RESPECT

3.50 The Department of Finance’s Evaluation in the Commonwealth guidance states that ‘effective monitoring and evaluation provides assurance that government activities and programs are delivering outcomes as intended and that performance is tracked’. This allows for improvements to be made and informs future policy and program design.³¹

3.51 The department was directed by the Australian Government in 2021 to develop a 1800RESPECT evaluation strategy for agreement by the Australian Government. The contract with Telstra Health provides for one or more reviews to be undertaken. The department advised the ANAO that it expected the evaluation would occur at the half-way point of the contract and at this stage no planning for it has occurred. The various indicators and measures in the performance management framework as outlined in Table 3.1 will assist the department to measure and evaluate the performance of 1800RESPECT. An effective evaluation will rely on the department gaining assurance over the completeness and accuracy of the underlying data.

3.52 Evaluation is important not only for the impact of 1800RESPECT in assisting the at-risk community to be quantified but also so that the contribution of 1800RESPECT to the relevant targets and outcomes of the second National Plan can be identified and measured. The vision of the first National Plan is included in the contract with Telstra Health.

3.53 The evaluation of the first National Plan was completed in June 2022. It found tracking performance of the National Plan was challenging, due to a lack of nationally consistent data the high-level indicators of change were unable to provide a holistic view of its impact. It recommended a range of enhancements for tracking performance: clear and achievable targets; an outcomes framework that logically maps targets; associated measures and indicators to expected outcomes; streamlining and automation of data collection; and the establishment of a monitoring, reporting and evaluation framework to be in place on commencement.

30 Department of Social Services, *Annual Report 2021–22*, Commonwealth of Australia, Australia, 2022, p. 65, available from https://www.dss.gov.au/sites/default/files/documents/10_2022/2021-22-annual-report.pdf [accessed 20 December 2022].

31 Department of Finance, *Evaluation in the Commonwealth (RMG 130)*, Department of Finance, Australia, 2022, available from <https://www.finance.gov.au/government/managing-commonwealth-resources/planning-and-reporting/commonwealth-performance-framework/evaluation-commonwealth-rmg-130/why-evaluate> [accessed 25 October 2022].

3.54 The second National Plan was released on 17 October 2022. The vision for the National Plan is to end violence against women in one generation. It is supported by four domains: prevention, early intervention, response, and recovery and healing. The National Plan will be supported by an Outcomes Framework and Actions Plans, yet to be developed.

Recommendation no. 1

3.55 The Department of Social Services develop an evaluation strategy and plan to assess the performance of 1800RESPECT in line with its objectives and the performance management framework. The evaluation strategy should have regard to the relevant recommendations of the evaluation of the first National Plan and the relevant targets and indicators of the second National Plan.

Department of Social Services response: *Agreed.*

3.56 *The Department of Social Services agrees with this recommendation. The Department of Social Services has developed a draft evaluation strategy and, in accordance with the new contract, will conduct an independent evaluation midway through the five-year contract.*



Grant Hehir
Auditor-General

Canberra ACT
8 March 2023

Appendices

Appendix 1 Department of Social Services response



Australian Government

Department of Social Services

Ray Griggs AO CSC
Secretary

Ref: EC22-002555

Mr Grant Hehir
Auditor-General
Australian National Audit Office
GPO Box 70
Canberra ACT 2601

Dear Mr Hehir 

Department of Social Services response to the proposed report on *Procurement of 1800RESPECT*

Thank you for providing the Department of Social Services (the Department) with the proposed Australian National Audit Office (ANAO) report on *Procurement of 1800RESPECT*.

As a foundation service under the recently launched *National Plan to End Violence Against Women and Children 2022-2032*, 1800RESPECT provides person-centred support to all Australians affected by family, domestic and sexual violence. The Department acknowledges the importance of this audit on such a significant service and appreciates the efforts and insights of the independent auditors.

The Department acknowledges the ANAO's overall conclusion that the procurement of 1800RESPECT was effective, compliant with the Commonwealth Procurement Rules and has the potential to achieve value for money. We are pleased to note the ANAO found the transition between service providers was appropriately managed and administrative arrangements for the new contract are fit for purpose.

Although the audit reports that some activities were yet to commence, we acknowledge the audit was conducted during the early establishment period of the new contract. The Department is pleased to report that significant work has continued towards full implementation of the performance management arrangements and to ensure the integrity of service data.

The Department agrees to Recommendation 1, to develop an evaluation strategy and plan to assess the performance of 1800RESPECT. The Department has developed a draft evaluation strategy and mutually agreed, in the five-year contract, to conduct an independent evaluation.

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The Department notes the identified areas for improvement and is committed to its continuing focus on providing clear, concise and comprehensive advice to decision-makers and on maintaining oversight of relationships between Telstra Health and its subcontractors.

A summary of the Department's overall response, detailed response to the recommendation and editorial matters the Department wishes to bring to the ANAO's attention are at **Attachment A**.

If you would like further information regarding this response please contact Jennie Armstrong, Head of Internal Audit, on (02) 6146 0288 or jennie.armstrong@dss.gov.au

Yours sincerely



Ray Griggs

20 January 2023

Appendix 2 Improvements observed by the ANAO

1. The existence of independent external audit, and the accompanying potential for scrutiny improves performance. Improvements in administrative and management practices usually occur: in anticipation of ANAO audit activity; during an audit engagement; as interim findings are made; and/or after the audit has been completed and formal findings are communicated.

2. The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts. The ANAO's 2021–22 Corporate Plan states that the ANAO's annual performance statements will provide a narrative that will consider, amongst other matters, analysis of key improvements made by entities during a performance audit process based on information included in tabled performance audit reports.

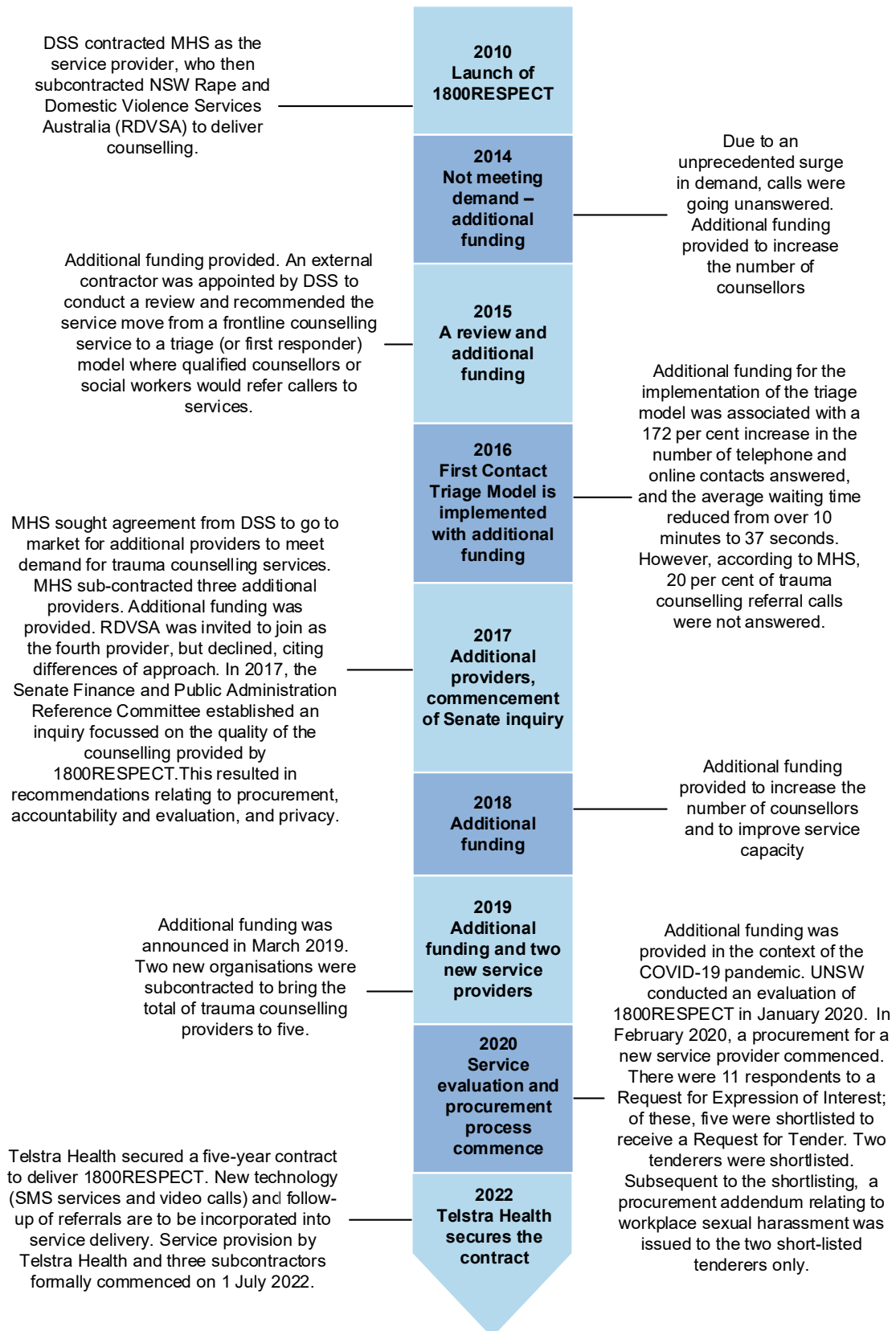
3. Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:

- strengthening governance arrangements;
- introducing or revising policies, strategies, guidelines or administrative processes; and
- initiating reviews or investigations.

4. In this context, the below actions were observed by the ANAO during the course of the audit. It is not clear whether these actions and/or the timing of these actions were planned in response to proposed or actual audit activity. The ANAO has not sought to obtain assurance over the source of these actions or whether they have been appropriately implemented.

- As of August 2022, the Department of Social Services (the department) holds redacted copies of the subcontracts between Telstra Health and DVConnect, Save the Children Australia (now known as 54 Reasons) and Marninwarntikura Women's Resource Centre (see paragraph 3.32).
- As of September 2022, the department understands the legal structure of the subcontractors' relationship with Telstra Health (see paragraphs 2.94 to 2.98).
- As of October 2022, the department has an approved contract management manual (see paragraph 3.20).

Appendix 3 The history of 1800RESPECT



Source: ANAO analysis.