

SUPPLEMENTARY BUDGET ESTIMATES NOVEMBER 2024

capacCOMMONWEALTH HOME SUPPORT PROGRAMME

MEALS ON WHEELS AND FUTURE FIT

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- In 2021, the department established an ambitious project aiming to mitigate risks related to the viability of Meals on Wheels (MoW) under the new in-home aged care program.
- MoW has many individual organisations, who operate independently with their own operating model, including meals, production and delivery, prices and technology. MoW also relies heavily on a volunteer workforce.
- This can result in inconsistencies, limitations of meal choice and inefficiencies within individual MoW organisations.
- Under Support at Home, MoW organisations will need to operate in a highly contestable market.
- The Future Fit project was designed to:
 - Inform a new funding model that recognises the social value of the MoW model and address the current competitive disadvantage when compared to drop and go models.
 - Drive efficiencies within MoW organisations through technology
 - Understand the differing service methods across the MoW network, including the supply, storage, delivery and preparation of meals.
 - Understand the cost associated with the time volunteers/staff spent engaging with clients.
 - Increased variety of meal options and consumer choice by forming relationships with a range of meal suppliers, including MoW distribution centres.
- This project provided the department with a comprehensive analysis of the baseline operating models across various MoW organisations.
- As the project progressed, we identified a misalignment of interests and goals within the network that caused tension with some stakeholders.
- It also came to light that there were several conflicts between key stakeholders and contractors, further complicating the management process.
 - s47E(d) [REDACTED]
- The department acknowledges the challenges faced in the management of the Future Fit project, recognising that it is not an example of best practice.
- The department instigated a risk snapshot by an external auditor provider in relation to the state of the procurement approach and contract management of the Future Fit project.
- In addition, the Auditor-General has commenced auditing the Future Fit Program and is expected to table a final report in April 2025.
- Moving forward, the department is committed to supporting meals reform as we prepare for the implementation of Support at Home.
- The department is continuing to work with MoWA and state organisations in relation to this.

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- The department has received a proposal from MoWA and is working through the procurement processes in order to respond.

KEY POINTS

Update since May estimates

- Between 23 December 2021 and 31 May 2024, the department contracted Miles Morgan Australia (MMA) to the value of \$7.94 million (GST exclusive) / \$8.74 million (GST inclusive) to deliver the Future Fit program and transition pilot site activities at Whitehorse Meals on Wheels (MoW) to Newcastle MoW (**Attachment A refers**)
- On 12 April 2024, the Australian Tax Office (ATO) sent the department a garnishee notice outlining that a percentage of the final payment to MMA had to be paid directly to the ATO
- On 17 September 2024 MMA entered into liquidation. The department is requesting outstanding information from liquidators.
 - The department is working with the liquidators on some outstanding matters in relation to intellectual property. In line with the terms and conditions of the MMA contract, the department remains of the view that the Commonwealth owns the intellectual property in the contract material created under them.
- The ANAO are undertaking a comprehensive audit of the MMA contracts and is expected to publish their finding in April 2025.
- This report will provide the Senate Committee with insights into the ANAO's findings in relation to procurement processes and contract management.
- The department is working with the ANAO and welcomes their recommendations on how the department can improve processes.
- On 27 March 2024, Senator Penny Allman-Payne and former Senator Janet Rice wrote to the Auditor General requesting they undertake an audit of the contract between MMA and the department for the delivery of the Future Fit project.
- On 5 July 2024, the Acting Auditor General sent follow up correspondence to Senator Penny Allman-Payne confirming the ANAO is conducting a performance audit on the administration of the Future Fit Program. The audit has commenced and proposes to examine:
 - Has the department established sound governance arrangements to support the delivery of the Future Fit Program?
 - Has the department conducted procurements for the Future Fit Program effectively?
 - Has the department managed the Future Fit Program contracts effectively?

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Viability concerns raised by MoW

- Meals on Wheels providers are keen to support as many people as they can. In doing so, there have been instances where the number of clients they take on is greater than their contracted and therefore financial capacity.
- Despite requests to engage directly with the department and the Grants Hub to facilitate constructive discussions, MoWA and some frontline organisations, have been actively engaging with media outlets over concerns related to MoW organisations closing their books to new clients.
- While individual providers may face viability challenges at times, the department does not have evidence of widespread viability issues currently being faced by the MoW network.
- Under the CHSP, it is expected that clients pay for the cost of the *ingredients* of their meals through their personal income, pension etc.
- MoWA does not support a fee for service model, due to competitive risks from large scale ready to eat meal providers and a loss of community infrastructure set around volunteers and client wellbeing.
- In light of viability concerns MoWA Chair Mr Paul Sadler met with Minister Wells' office on 10 October 2024 to discuss support for MoW ahead of SAH, including support for volunteer recruitment.

Key deliverables of Future Fit

- The project provided the department with a comprehensive understanding of meals services - informed by extensive stakeholder engagement, investigation, and research of the MoW model.
- The department believes value for money was achieved.
- The following deliverables are provided below:

Deliverable	Details
Four financial and operational stocktakes which provided a series of data insights to inform:	<ul style="list-style-type: none"> ○ Supported the development of MoW organisation profiles based on similar traits (cooking kitchen vs non-cooking kitchen, frozen vs fresh). ○ Provided an analysis on demand projections. ○ Provided insights into time spent with clients. ○ Informed by approximately 200 survey responses.
A food and nutrition stocktake.	<ul style="list-style-type: none"> ○ This stocktake was informed by survey responses from approximately 200 MoW organisations and will assist with a consistent definition of a meal. ○ Provided a better understanding of the operational procedures followed by MoW organisations. ○ Informed two discussion papers that were also developed in consultation with Future Fit participants and nutritionists to determine definition of a meal.

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Deliverable	Details
	<ul style="list-style-type: none"> ○ Provided an understanding on course categories used by MoW organisations (small meal, mini main, soup, drink, dessert etc.). ○ Provided recommendations for optimised nutritional values (protein and weight) for each meal.
A blueprint for a digital operating model, where organisations have a standardised operating model that is supported by modern technology to:	<p>The model looked to:</p> <ul style="list-style-type: none"> ○ create efficiencies through better reporting, integration with My Aged Care, food suppliers and financial software. ○ be the architecture for the development of the secure cloud-based platform (Enterprise Resource Planning software), which provides an easy-to-use web based interface, with real time operational visibility.
The technological build (Enterprise Resource Planning software)	<ul style="list-style-type: none"> ○ The development of the software required significant stakeholder consultation, user testing and investigation of integration options with Aged Care Gateway.
All project documentation	<ul style="list-style-type: none"> ○ This included project plans, project management framework, risk registers
Development of a standardised chart of accounts and accounting methodology	<ul style="list-style-type: none"> ○ A standardised profit and loss statement template.
A strengthened network of MoW providers	<ul style="list-style-type: none"> ○ The network continues to work together to share industry strengths, operational efficiencies and valuable resources.
A six-month pilot at Whitehorse MoW which trialed an alternative service-level model. The pilot focused on improving client choice while maintaining the social connection with clients. This included:	<p>The pilot included:</p> <ul style="list-style-type: none"> ○ The development of three price points to be affordable for different socio-economic communities. ○ Improved meal choice to cater for Culturally and Linguistically Diverse communities. ○ Increased client choice by allowing clients to choose from a range of meals, the frequency at which they receive these meals (up to five days per week) and varying price options.

IP ownership/possession

- The department is aware of conflicting claims regarding the ownership of the software and is still investigating and seeking to resolve these conflicting claims, whilst now also noting MMA going into administration.
- The software is a cloud-based system that the department never intended to host or maintain itself.

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- The department currently doesn't hold or have access to the software. The department's intention has always been for the software to be provided directly to a suitable MoW entity which would take over the ownership and responsibility for the software, including hosting and maintaining it.
- The department does have rights under its contract to obtain a copy of the software or be granted access to it.
- The department is not in a position to progress to transfer ownership or roll out any of the software until the conflicting claims about IP ownership and licensing have been resolved.
- Based on the available information, the department has rights to own or use the IP in the software created under, or for, the Future Fit and Transition contracts.
- These rights permit the department to obtain a physical copy or to be granted permanent access.
- On completion of the Transition contract, the department's IP rights to own or use the software would be transferred to that suitable Meals on Wheels organisation to enable them to have ongoing use of that software.
- The department has not gifted the software.

Subcontractors

- Payment of subcontractors for the Future Fit program has been raised by other parties. The department can confirm there are no unpaid contractors under any of the requested contracts.
- The subcontractors under the Deed of Standing Offer and Official Order under that Deed were:
 - Agile Digital Engineering Pty Ltd; (Software developer)
 - CINCH Finance Pty Ltd (trading as CINCH Transform).
 - Complexability Pty
 - Cowell Clarke Pty Ltd
 - H/ADVISORS APA Pty Ltd
 - ICRM Pty Ltd (trading as Polixen)
 - Katalyst Interactive Pty Ltd
 - Kathryn Ruth Thiele (trading as Klarity)
 - Meals on Wheels Australia Ltd (MoWA)
 - Meals on Wheels NSW Ltd
 - Newcastle Meals on Wheels Ltd
 - Queensland Meals on Wheels Ltd
 - SEC Newgate Pty Ltd; (Support strategic stakeholder management).
- MoW NSW have indicated they were not privy to a subcontract with MMA. The department is investigating these claims.
- The sub-contractors under the Consultancy Contract were:
 - CINCH Transform; (Financial experts)
 - GoSource
 - Cowell Clarke Commercial Lawyers; (Legal subject matter expert)

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CONTINUING MEALS REFORMS

- Pending Government decision, the department aims to continuing working with the meals sector, including MoW Australia and non-MoW meals service providers, to finalise the underlying policy parameters for meals services. This is likely to include further testing a new definition of a meal and quantifying the social capital elements of service delivery.
- The department regularly meets with MoWA and MoW state associations to discuss meal reforms and the impacts for MoW providers. The group has met 2 times since inception in December 2023.

BACKGROUND

Additional background provided at **Attachment B**.

Pilot sites - Whitehorse and Ballarat

- Meals on Wheels providers in Victoria have traditionally been Local Councils.
- In the 2024-25 FY to date (October 2024), three Councils have confirmed their relinquishment of CHSP Meals services. Of these, one relinquishment has been completed and accepted by providers, with two incoming providers taking on the Meals funding. The other two Meals relinquishments are in process.
- In the 2023-24 FY eight Victorian Councils who were funded to deliver meals have relinquished services with 13 providers selected as replacement providers.
- In the 2022-23 FY, nine Councils and three non-council providers relinquished meals services in Victoria, with 18 providers selected as incoming replacements. This included Newcastle MoW and MoW Queensland (QLD) as incoming providers for the Whitehorse and Ballarat sites, respectively.
- With a significant number of Victorian meals providers already supporting other sites who relinquished their funding in 2023-24, NMoW and QLD MoW were selected as the incoming providers at the Whitehorse and Ballarat sites, respectively.
- This decision was also based on their experience in running multi/regional outlet services under the MoW model.
- Whitehorse and Ballarat's contracted higher unit price reflects:
- Unit prices associated with operational and capital costs related to the transition from a high-cost Council led service, which often cross subsidise CHSP services.
- The higher unit price better reflects the true cost of the services in advance of future pricing considerations.
- While the department did not consult the state peak association, the department does not engage peaks in commercial negotiations with contract holders. As per usual processes, the department only engages existing CHSP providers to take over service delivery where another provider withdraws.

Relinquishment process

- There have been concerns raised about the selection processes when a provider relinquishes.

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- The department follows a process in order to select suitable incoming providers who demonstrate the relevant experience and capability to limit disruptions to service delivery.
- In collaboration with the Community Grants Hub (CGH), the department considers information provided by the CGH and in the provider's Transition Out Plan as the basis for selecting a pool of possible alternative providers to be reviewed against the distinct requirements of the specific relinquishment.
- Selections take into account the following considerations:
 - Existing delivery profile – predominant service type, delivery models / service sub types, number of clients, use of buildings, cultural backgrounds of clients and staff.
 - Existing delivery area(s)
 - Any existing sub-contracting relationships with other CHSP funded providers.
 - Any current relationships with other CHSP providers in the same area(s).
 - The primary criteria when looking at alternative providers are as follows:
 - Providers delivering against all CHSP Funding Agreement requirements, including performance and delivery, reporting, fraud, compliance and quality standards.
 - Providers capacity to undertake the administrative requirements of client transfers.
 - Providers that deliver similar:
 - Service Types.
 - Sub-Service Types (e.g., Allied Health - Physiotherapy vs Allied Health - Podiatry; Meals).
 - Service models.
 - In similar locations.

Alleged fraudulent activity

- The department is aware of concerns related to the Future Fit contract and alleged fraudulent activity. These concerns have been referred to the relevant area in the department. The department does not comment on matters which may or may not be under its investigation.

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ATTACHMENT A

KEY FACTS AND FIGURES OF THE CONTRACTS

	Amount (GST Excl.)	Amount (GST Inc.)
23 December 2021 Official Order/Contract in relation to strategic business transformation advice and services Under Deed of Standing Offer	\$4.99 million	\$5.49 million
29 September 2022 Contract Variation - Official Order/Contract in relation to strategic business transformation advice and services	\$1.42 million	\$1.56 million
Total of original and variation:	\$6.41 million	\$7.05 million
19 January 2024 Contract: Transitioning the Whitehorse Meals on Wheels operations to Newcastle Meals on Wheels	\$1.53 million	\$1.69 million
Total amount on MMA contracts:	\$7.94 million	\$8.74 million

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ATTACHMENT B – ADDITIONAL BACKGROUND

Background relating to Future Fit, Future Fit Collective, IP, Legal issues and the Short-Term Contract – ‘Transitioning The Whitehorse Mow Operations To Newcastle MoW’

Contract term

- The Future Fit contract with MMA expired on 31 December 2023. A short-term contract was entered into with MMA on 19 January 2024 to transition the Future Fit operations of Whitehorse to Newcastle MoW (NMoW) by 10 March 2024.
- There was an inconsistency with the title of the contract and the AusTender description. The department undertook an administrative update to the description on Austender to align to the contract title, Transitioning the Whitehorse MoW operations to NMoW.
- The transition out was completed by 10 March; however, further time was needed for the department to fully review the deliverables. The contract allowed time for unanticipated delays, as a result the contract would continue until 31 May 2024.
- Evidence provided to the Committee in February in relation to the end date of the contract was corrected on 26 March 2024.
- The department received a draft of the final Future Fit report on 8 March 2024.
- Between April and May 2024, the department worked with MMA to ensure the report was at an acceptable standard. This included:
 - ensuring the report provided some practical steps on how to implement a Future Fit service model (i.e. increased client choice – varying price levels and more meal options).
 - ensuring the language was objective.
 - more information about client surveys
 - lessons learnt.
- The department accepted the final report on 31 May 2024 and finalised the final payment. 15% percent of the funds were sent directly to the ATO as per the garnishee request from the ATO.
- Contracts are not acquitted, this is grant language. Rather a contract is paid following acceptance of the goods and services to the standard required by the contract.

Objective of the short-term contract

- In January, MMA notified the department they were no longer able to provide intensive operational support at Whitehorse MoW.
- Purpose of this contract was to windup Future Fit activities including funding for IT systems maintenance and the transfer of the Future Fit operating model being tested in Whitehorse to NMoW.
- The short term contract was established to limit any service disruptions to clients.
- MMA did fulfill the objectives of the contract to an appropriate standard as required by the contract.

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- If pushed:

the standard for the provision of services is specified in clause 3 of the contract which is published online through the OPD. This includes providing the services with due care and skill, and ensuring the services are fit for purpose.

Short-term contract 2024 - Deliverables

What did you pay for under the \$1.6million contract? Did this include the transfer of IP?

- The department is working through options to obtain all IP created under the contracts.
- A high level breakdown of the key deliverables for the short-term contract included the following:

Deliverable	Details
Project documentation	Project plans, risk register and regular reporting.
Development of a standardised chart of accounts and accounting methodology	profit and loss statements
Standard operating procedures	Development of approximately 80 standard operating procedures
Final report	<p>A final report to the department outlining the approach for implementing the Future Fit business model and how this could be implemented at other Meals on Wheels sites. The report includes information on:</p> <ul style="list-style-type: none"> • The future fit model. • lessons and findings from implementations. • guidance for incoming providers. <p>This report when read in conjunction with a suite of complementing procedures and support documentation could assist other meals service with adopting the Future Fit model.</p>

NMoW and Whitehorse

NMoW request for emergency funding.

- NMoW has sought additional funding for:
 - re-engage and conduct welfare checks on lost client base.
 - conduct a thorough audit for July 2023 to February 2024.
 - address legal issues that have arisen after MMA's exit from Whitehorse.
 - document legacy and current operational systems and processes.
 - develop a robust plan to ensure the sustained success of the Whitehorse operation, including the use of an ERP.
- This request arose due to:

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- lack of complete documentation/records for the daily tasks.
- Such as historical run sheets for daily meal deliveries.
- destruction of data and paper-based information.
- Paper-based information and historical run sheets for daily meal deliveries.
- It's our understanding the data provided to NMoW contained all the relevant information.
- Costs incurred to divert resources from Newcastle to Whitehorse.
- Legal concerns.
- The department is not aware of any legal matters between NMoW and MMA.
- When NMoW was selected as the incoming provider at Whitehorse, the department negotiated a higher unit price and overall funding, to account for oncosts and to better reflect the true cost of the services, which were previously being cross subsidised by the council.
- In addition, we are aware that NMoW is currently underspent on their grant funding at the Whitehorse site. We've encouraged them to seek advice from their contract manager.
- The department is working with NMoW in increasing the client base at the Whitehorse site. Since January 2024, there is an increasing trend in service provision at Whitehorse with over 6,400 meals reported being delivered in September 2024.

Complaints from clients about Whitehorse

- NMoW is a highly experienced service provider and operates multiple outlet services under the MoW model.
- The department is aware of the previous concerns raised by clients and the Whitehorse Council in relation to contact with Whitehorse and ability to receive services. The department is not aware of any recent complaints raised about service provision at the site
- We are continuing to monitor and work with NMoW to focus their efforts on continuing to growth the client base.

Service decline at Whitehorse

Issues with decline in client numbers - There has been a 60% decline in client numbers, what is the reason for this decline? Are there concerns clients aren't receiving meals?

- There has been an apparent drop in client numbers and it appears there are many contributing factors, such as:

The client data obtained by NMoW, in June 2023, from the previous provider appears to have had significant gaps - it was difficult for NMoW to ascertain the true number of CHSP clients who needed to be transitioned from the previous provider.

The previous provider was providing a premium service which was not viable for the MoW model, this may have resulted in clients seeking services from alternative providers. For example, Council staff would deliver meals if client's made last minute changes to their orders.

Since January 2024 the provider has significant increase their service provision.

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- If pushed:

The previous provider was only delivering 54% of the funded outputs which equated to approximately 336 clients per month.

In April 2024, there was 166 clients who accessed services from Whitehorse MoW, as at end September 2024, there are 435 clients that Whitehorse are delivering services too.

Behaviour and conduct of MMA

Is the department aware of any negative feedback towards MMA?

What did the department do when they became aware of sector concerns?

Concerns have been raised that MMA have breached the privacy and confidentiality clauses in their contract, what are the alleged breaches and what is the department doing about this?

- A number of Meals on Wheels services and MoWA have strongly advocated in support of the Future Fit objective. Positive feedback for Future Fit includes recognition of:
 - the commitment shown by the department for the necessary reforms to meals services.
 - the opportunity to strength and improve the viability and sustainability of MoW organisations.
 - a strengthened network of MoW providers who can now support and learn from each other.
 - the pilot's focus on improving client choice while maintaining the social connection with clients.
- However, the department received negative feedback in relation to:
 - the operations at the Whitehorse MoW pilot site.
 - lack of transparency on the progress of Future Fit.
 - value for money of the MMA contracts.
 - conduct of MMA.
- When the department became aware of this feedback, departmental officers attended three town hall events in order to communicate directly with MoW providers in NSW and QLD about the objectives of Future Fit and to listen to their concerns.
- The department became aware of broad claims about privacy and confidentiality breaches, and with MMA now in administration we are currently seeking further specific details to investigate these allegations.

Legal matters

Is the department aware of any legal matters being pursued by MMA?

Are there any other legal issues?

- The department is not aware of any legal proceedings underway by MMA.
- The department is aware of other legal matters related to the use of software between several third parties, however the department is not a party to these matters and it is not appropriate for the department discuss these matters.

Freedom of Information requests

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Why did MMA ask the department to be more 'circumspect' when responding to FOI requests?

- The department has received a number of FOI requests in relation to Future Fit.
- Third parties have the right to be consulted on documents containing their personal or business information. The department has followed due process in relation to this consultation on the FOIs it has received.

Future Fit website

Access to Future Fit material

The Future Fit website is password protected.

- The Future Fit website was decommissioned with the finalisation of the project.
- The department is committed to being open and transparent in relation to the Future Fit project and is currently considering the best approach for publishing Future Fit project artefacts such as discussion papers and reports.
- Other websites that are password protected are not a result of any contractual arrangements between the department and MMA and not the responsibility of the Commonwealth.

Future Fit Collective

What is the Future Fit Collective?

Are they using the Future Fit technology? How did they receive it?

Are you concerned MoW organisations are now being actively pursued by lawyers for breaches of copyright?

- Several MoW organisations involved in Future Fit established the Future Fit Collective which aims to foster the development of open-source software.
- The Future Fit Collective established a website or an open-source community where subscribers can contribute to building software. Open source means the software is freely available.
- The department was not involved in the establishment of the Future Fit Collective and has limited visibility of the work they have carried out to date, including the website.
- The department has not gifted the IP to any organisation including to Future Fit Collective.
- The department is aware that some Meals on Wheels services have been approached by a legal representative of an organisation which is claiming rights to software being used by the Future Fit Collective. The department is looking into this matter.
- Recently MMA informed the department they have sold the Future Fit program IP to the Future Fit Collective for \$1. Amongst the work to determine overall IP ownership claims, the department is investigating this claim and the legality of it.

Lite N' Easy

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- Concerns have been raised about Lite N' Easy (LNE) not meeting the MoW National Meals guidelines.
- Whitehorse was using LNE's My Choices range which was developed by LNE's team of dieticians and chefs, in line with the Australian Dietary Guidelines and in consultation with the Meals on Wheels National Meal Guidelines.
- One caveat is that Whitehorse did have a very small number of Lite N' Easy vegetarian meals that are understood to likely not meet the National Meals Guidelines (based on appropriate portion sizes).
- The My Choices range was specifically designed to meet the nutritional needs of older people.

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ATTACHMENT C

Future Fit participants - 33 Meals On Wheels providers (82 sites)

Service Provider Name	CHSP Meal Funding (2022/23)	CHSP Contracted Meals	CHSP Delivered Meals	CHSP Meal Clients	Volunteers (2020-21)	FTE (2020-21)	Delivered States	Number of outlets/sites
Ipswich Meals on Wheels	\$403,506.51	s47G, s47E(d)						
Narrandera Meals on Wheels	\$122,252.39							
Caloundra Meals on Wheels	\$773,701.69							
Bundaberg Meals on Wheels	\$439,324.99							
Camden Meals on Wheels	\$295,167.40							
Rockhampton Meals on Wheels	\$286,446.52							
Charlestown Meals on Wheels	\$250,726.83							
Wollongong Meals on Wheels	\$217,769.75							
Collinsville Meals on Wheels	\$22,879.57							
Blue Mountains Meals on Wheels	\$738,585.44							
Babinda Meals on Wheels	\$27,679.05							
Blacktown Meals on Wheels	\$701,826.63							
Crows Nest Meals on Wheels	\$22,906.01							
Inverell Meals on Wheels	\$253,634.91							

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Roma Meals on Wheels	\$23,919.92
Dubbo Meals on Wheels	\$690,053.96
Rosedale Meals on Wheels	\$65,619.75
Central Coast Meals on Wheels	\$1,600,506.68
Brisbane South Meals on Wheels	\$1,663,879.35
Sutherland Food Services	\$440,854.06
Fraser Meals on Wheels	\$626,484.12
Tamworth Meals on Wheels	\$614,838.79
Sandgate & District Meals on Wheels Inc	\$441,525.00
Village Chef by Meals on Wheels	\$1,789,499.14
Nepean Meals on Wheels	\$647,152.94
Fairfield Meals on Wheels	\$648,042.43
Bathurst Meals on Wheels	\$415,595.30
Open Arms Care Meals on Wheels	\$327,990.64
Meals on Wheels Tasmania	\$1,272,491.02
Ballarat Meals on Wheels	\$301,842.45

s47G, s47E(d)



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Longreach Meals on Wheels	
Newcastle Meals on Wheels	\$1,810,955.74
Whitehorse Meals on Wheels	
TOTAL	\$17,937,658.98



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COMMONWEALTH HOME SUPPORT PROGRAMME
MEALS ON WHEELS AND FUTURE FIT

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OVERARCHING NARRATIVE

- In 2021, the department established an ambitious project aiming to mitigate risks related to the viability of Meals on Wheels (MoW) under the new in-home aged care program.
- MoW has many individual organisations, who operate independently with their own operating model, including meals, production and delivery, prices and technology. MoW also relies heavily on a volunteer workforce.
- This can result in inconsistencies, limitations of meal choice and inefficiencies within individual MoW organisations.
- Under Support at Home, MoW organisations will need to operate in a highly contestable market.
- The Future Fit project was designed to:
 - Inform a new funding model that recognises the social value of the MoW model and address the current competitive disadvantage when compared to drop and go models.
 - Drive efficiencies within MoW organisations through technology
 - Understand the differing service methods across the MoW network, including the supply, storage, delivery and preparation of meals.
 - Understand the cost associated with the time volunteers/staff spent engaging with clients.
 - Increased variety of meal options and consumer choice by forming relationships with a range of meal suppliers, including MoW distribution centres.
- This project provided the department with a comprehensive analysis of the baseline operating models across various MoW organisations.
- As the project progressed, we identified a misalignment of interests and goals within the network that caused tension with some stakeholders.
- It also came to light that there were several conflicts between key stakeholders and contractors, further complicating the management process.
 - s47E(d) [REDACTED]
- The department acknowledges the challenges faced in the management of the Future Fit project, recognising that it is not an example of best practice.
- The department instigated a risk snapshot by an external auditor provider in relation to the state of the procurement approach and contract management of the Future Fit project.
- In addition, the Auditor-General has commenced auditing the Future Fit Program and is expected to table a final report in April 2025.
- Moving forward, the department is committed to supporting meals reform as we prepare for the implementation of Support at Home.

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- The department is continuing to work with MoWA and state organisations in relation to this.
- The department has received a proposal from MoWA and is working through the procurement processes in order to respond.

KEY POINTS

Update since May estimates

- Between 23 December 2021 and 31 May 2024, the department contracted Miles Morgan Australia (MMA) to the value of \$7.94 million (GST exclusive) / \$8.74 million (GST inclusive) to deliver the Future Fit program and transition pilot site activities at Whitehorse Meals on Wheels (MoW) to Newcastle MoW (**Attachment A refers**)
- On 12 April 2024, the Australian Tax Office (ATO) sent the department a garnishee notice outlining that a percentage of the final payment to MMA had to be paid directly to the ATO
- On 17 September 2024 MMA entered into liquidation. The department is requesting outstanding information from administrators. (This will further assist with understanding IP ownership).
 - The department is working with the administrators on some outstanding matters in relation to intellectual property. In line with the terms and conditions of the MMA contract, the department remains of the view that the Commonwealth owns the intellectual property in the contract material created under them.
- The ANAO are undertaking a comprehensive audit of the MMA contracts and is expected to publish their finding in April 2025.
- This report will provide the Senate Committee with insights into the ANAO's findings in relation to procurement processes and contract management.
- The department is working with the ANAO and welcomes their recommendations on how the department can improve processes.
- On 27 March 2024, Senator Penny Allman-Payne and former Senator Janet Rice wrote to the Auditor General requesting they undertake an audit of the contract between MMA and the department for the delivery of the Future Fit project.
- On 5 July 2024, the Acting Auditor General sent follow up correspondence to Senator Penny Allman-Payne confirming the ANAO is conducting a performance audit on the administration of the Future Fit Program. The audit has commenced and proposes to examine:
 - Has the department established sound governance arrangements to support the delivery of the Future Fit Program?
 - Has the department conducted procurements for the Future Fit Program effectively?
 - Has the department managed the Future Fit Program contracts effectively?

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Viability concerns raised by MoW

- Meals on Wheels providers are keen to support as many people as they can. In doing so, there have been instances where the number of clients they take on is greater than their contracted and therefore financial capacity.
- Despite requests to engage directly with the department and the Grants Hub to facilitate constructive discussions, MoWA and some frontline organisations, have been actively engaging with media outlets over concerns related to MoW organisations closing their books to new clients.
- While individual providers may face viability challenges at times, the department does not have evidence of widespread viability issues currently being faced by the MoW network.
- Under the CHSP, it is expected that clients pay for the cost of the *ingredients* of their meals through their personal income, pension etc.
- MoWA does not support a fee for service model, due to competitive risks from large scale ready to eat meal providers and a loss of community infrastructure set around volunteers and client wellbeing.
- In light of viability concerns MoWA Chair Mr Paul Sadler met with Minister Wells' office on 10 October 2024 to discuss support for MoW ahead of SAH, including support for volunteer recruitment.

Key deliverables of Future Fit

- The project provided the department with a comprehensive understanding of meals services - informed by extensive stakeholder engagement, investigation, and research of the MoW model.
- The department believes value for money was achieved.
- The following deliverables are provided below:

Deliverable	Details
Four financial and operational stocktakes which provided a series of data insights to inform:	<ul style="list-style-type: none"> ○ Supported the development of MoW organisation profiles based on similar traits (cooking kitchen vs non-cooking kitchen, frozen vs fresh). ○ Provided an analysis on demand projections. ○ Provided insights into time spent with clients. ○ Informed by approximately 200 survey responses.
A food and nutrition stocktake.	<ul style="list-style-type: none"> ○ This stocktake was informed by survey responses from approximately 200 MoW organisations and will assist with a consistent definition of a meal. ○ Provided a better understanding of the operational procedures followed by MoW organisations. ○ Informed two discussion papers that were also developed in consultation with Future Fit participants and nutritionists to determine definition of a meal.

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Deliverable	Details
	<ul style="list-style-type: none"> ○ Provided an understanding on course categories used by MoW organisations (small meal, mini main, soup, drink, dessert etc.). ○ Provided recommendations for optimised nutritional values (protein and weight) for each meal.
A blueprint for a digital operating model, where organisations have a standardised operating model that is supported by modern technology to:	<p>The model looked to:</p> <ul style="list-style-type: none"> ○ create efficiencies through better reporting, integration with My Aged Care, food suppliers and financial software. ○ be the architecture for the development of the secure cloud-based platform (Enterprise Resource Planning software), which provides an easy-to-use web based interface, with real time operational visibility.
The technological build (Enterprise Resource Planning software)	<ul style="list-style-type: none"> ○ The development of the software required significant stakeholder consultation, user testing and investigation of integration options with Aged Care Gateway.
All project documentation	<ul style="list-style-type: none"> ○ This included project plans, project management framework, risk registers
Development of a standardised chart of accounts and accounting methodology	<ul style="list-style-type: none"> ○ A standardised profit and loss statement template.
A strengthened network of MoW providers	<ul style="list-style-type: none"> ○ The network continues to work together to share industry strengths, operational efficiencies and valuable resources.
A six-month pilot at Whitehorse MoW which trialled an alternative service-level model. The pilot focused on improving client choice while maintaining the social connection with clients. This included:	<p>The pilot included:</p> <ul style="list-style-type: none"> ○ The development of three price points to be affordable for different socio-economic communities. ○ Improved meal choice to cater for Culturally and Linguistically Diverse communities. ○ Increased client choice by allowing clients to choose from a range of meals, the frequency at which they receive these meals (up to five days per week) and varying price options.

IP ownership/possession

- The department is aware of conflicting claims regarding the ownership of the software and is still investigating and seeking to resolve these conflicting claims, whilst now also noting MMA going into administration.
- The software is a cloud-based system that the department never intended to host or maintain itself.

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- The department currently doesn't hold or have access to the software. The department's intention has always been for the software to be provided directly to a suitable MoW entity which would take over the ownership and responsibility for the software, including hosting and maintaining it.
- The department does have rights under its contract to obtain a copy of the software or be granted access to it.
- The department is not in a position to progress to transfer ownership or roll out any of the software until the conflicting claims about IP ownership and licensing have been resolved.
- Based on the available information, the department has rights to own or use the IP in the software created under, or for, the Future Fit and Transition contracts.
- These rights permit the department to obtain a physical copy or to be granted permanent access.
- On completion of the Transition contract, the department's IP rights to own or use the software would be transferred to that suitable Meals on Wheels organisation to enable them to have ongoing use of that software.
- The department has not gifted the software.

Subcontractors

- Payment of subcontractors for the Future Fit program has been raised by other parties. The department can confirm there are no unpaid contractors under any of the requested contracts.
- The subcontractors under the Deed of Standing Offer and Official Order under that Deed were:
 - Agile Digital Engineering Pty Ltd; (Software developer)
 - CINCH Finance Pty Ltd (trading as CINCH Transform).
 - Complexability Pty
 - Cowell Clarke Pty Ltd;
 - H/ADVISORS APA Pty Ltd
 - ICRM Pty Ltd (trading as Polixen)
 - Katalyst Interactive Pty Ltd;
 - Kathryn Ruth Thiele (trading as Klarity)
 - Meals on Wheels Australia Ltd (MoWA)
 - Meals on Wheels NSW Ltd
 - Newcastle Meals on Wheels Ltd
 - Queensland Meals on Wheels Ltd
 - SEC Newgate Pty Ltd; (Support strategic stakeholder management).
- MoW NSW have indicated they were not privy to a subcontract with MMA. The department is investigating these claims.
- The sub-contractors under the Consultancy Contract were:

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- CINCH Transform; (Financial experts)
- GoSource
- Cowell Clarke Commercial Lawyers; (Legal subject matter expert)

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CONTINUING MEALS REFORMS

- Pending Government decision, the department aims to continuing working with the meals sector, including MoW Australia and non-MoW meals service providers, to finalise the underlying policy parameters for meals services. This is likely to include further testing a new definition of a meal and quantifying the social capital elements of service delivery.
- The department regularly meets with MoWA and MoW state associations to discuss meal reforms and the impacts for MoW providers. The group has met 2 times since inception in December 2023.

BACKGROUND

Additional background provided at **Attachment BC**.

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Pilot sites - Whitehorse and Ballarat

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- Meals on Wheels providers in Victoria have traditionally been Local Councils.
- In the 2024-25 FY to date (October 2024), three Councils have confirmed their relinquishment of CHSP Meals services. Of these, one relinquishment has been completed and accepted by providers, with two incoming providers taking on the Meals funding. The other two Meals relinquishments are in process.
- In the 2023-24 FY eight Victorian Councils who were funded to deliver meals have relinquished services with 13 providers selected as replacement providers.
- In the 2022-23 FY, nine Councils and three non-council providers relinquished meals services in Victoria, with 18 providers selected as incoming replacements. This included Newcastle MoW and MoW Queensland (QLD) as incoming providers for the Whitehorse and Ballarat sites, respectively.
- With a significant number of Victorian meals providers already supporting other sites who relinquished their funding in 2023-24, NMoW and QLD MoW were selected as the incoming providers at the Whitehorse and Ballarat sites, respectively.
- This decision was also based on their experience in running multi/regional outlet services under the MoW model.
- Whitehorse and Ballarat's contracted higher unit price reflects:
- Unit prices associated with operational and capital costs related to the transition from a high-cost Council led service, which often cross subsidise CHSP services.
- The higher unit price better reflects the true cost of the services in advance of future pricing considerations.
- While the department did not consult the state peak association, the department does not engage peaks in commercial negotiations with contract holders. As per usual processes, the department only engages existing CHSP providers to take over service delivery where another provider withdraws.

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Relinquishment process

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- There have been concerns raised about the selection processes when a provider relinquishes.
- The department follows a process in order to select suitable incoming providers who demonstrate the relevant experience and capability to limit disruptions to service delivery.
- In collaboration with the Community Grants Hub (CGH), the department considers information provided by the CGH and in the provider's Transition Out Plan as the basis for selecting a pool of possible alternative providers to be reviewed against the distinct requirements of the specific relinquishment.
- Selections take into account the following considerations:
 - Existing delivery profile – predominant service type, delivery models / service sub types, number of clients, use of buildings, cultural backgrounds of clients and staff.
 - Existing delivery area(s)
 - Any existing sub-contracting relationships with other CHSP funded providers.
 - Any current relationships with other CHSP providers in the same area(s).
 - The primary criteria when looking at alternative providers are as follows:
 - Providers delivering against all CHSP Funding Agreement requirements, including performance and delivery, reporting, fraud, compliance and quality standards.
 - Providers capacity to undertake the administrative requirements of client transfers.
 - Providers that deliver similar:
 - Service Types.
 - Sub-Service Types (e.g., Allied Health - Physiotherapy vs Allied Health - Podiatry; Meals).
 - Service models.
 - In similar locations.

Alleged fraudulent activity

- The department is aware of concerns related to the Future Fit contract and alleged fraudulent activity. These concerns have been referred to the relevant area in the department. The department does not comment on matters which may or may not be under its investigation.

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ATTACHMENT A

KEY FACTS AND FIGURES OF THE CONTRACTS

	Amount (GST Excl.)	Amount (GST Inc.)
23 December 2021 Official Order/Contract in relation to strategic business transformation advice and services Under Deed of Standing Offer	\$4.99 million	\$5.49 million
29 September 2022 Contract Variation - Official Order/Contract in relation to strategic business transformation advice and services	\$1.42 million	\$1.56 million
Total of original and variation:	\$6.41 million	\$7.05 million
19 January 2024 Contract: Transitioning the Whitehorse Meals on Wheels operations to Newcastle Meals on Wheels	\$1.53 million	\$1.69 million
Total amount on MMA contracts:	\$7.94 million	\$8.74 million

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ATTACHMENT B – ADDITIONAL BACKGROUND

Background relating to Future Fit, Future Fit Collective, IP, Legal issues and the Short-Term Contract – ‘Transitioning The Whitehorse Mow Operations To Newcastle MoW’

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Contract term

- The Future Fit contract with MMA expired on 31 December 2023. A short-term contract was entered into with MMA on 19 January 2024 to transition the Future Fit operations of Whitehorse to Newcastle MoW (NMoW) by 10 March 2024.
- There was an inconsistency with the title of the contract and the AusTender description. The department undertook an administrative update to the description on Austender to align to the contract title, Transitioning the Whitehorse MoW operations to NMoW.
- The transition out was completed by 10 March; however, further time was needed for the department to fully review the deliverables. The contract allowed time for unanticipated delays, as a result the contract would continue until 31 May 2024.
- Evidence provided to the Committee in February in relation to the end date of the contract was corrected on 26 March 2024.
- The department received a draft of the final Future Fit report on 8 March 2024.
- Between April and May 2024, the department worked with MMA to ensure the report was at an acceptable standard. This included:

ensuring the report provided some practical steps on how to implement a Future Fit service model (i.e. increased client choice – varying price levels and more meal options).

ensuring the language was objective.

more information about client surveys

lessons learnt.

- The department accepted the final report on 31 May 2024 and finalised the final payment. 15% percent of the funds were sent directly to the ATO as per the garnishee request from the ATO.
- Contracts are not acquitted, this is grant language. Rather a contract is paid following acceptance of the goods and services to the standard required by the contract.

Objective of the short-term contract

- In January, MMA notified the department they were no longer able to provide intensive operational support at Whitehorse MoW.
- Purpose of this contract was to windup Future Fit activities including funding for IT systems maintenance and the transfer of the Future Fit operating model being tested in Whitehorse to NMoW.
- The short term contract was established to limit any service disruptions to clients.
- MMA did fulfill the objectives of the contract to an appropriate standard as required by the contract.

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- If pushed:

the standard for the provision of services is specified in clause 3 of the contract which is published online through the OPD. This includes providing the services with due care and skill, and ensuring the services are fit for purpose.

Short-term contract 2024 - Deliverables

What did you pay for under the \$1.6million contract? Did this include the transfer of IP?

- The department is working through options to obtain all IP created under the contracts.
- A high level breakdown of the key deliverables for the short-term contract included the following:

Deliverable	Details
Project documentation	Project plans, risk register and regular reporting.
Development of a standardised chart of accounts and accounting methodology	profit and loss statements
Standard operating procedures	Development of approximately 80 standard operating procedures
Final report	<p>A final report to the department outlining the approach for implementing the Future Fit business model and how this could be implemented at other Meals on Wheels sites. The report includes information on:</p> <ul style="list-style-type: none"> • The future fit model. • lessons and findings from implementations. • guidance for incoming providers. <p>This report when read in conjunction with a suite of complementing procedures and support documentation could assist other meals service with adopting the Future Fit model.</p>

NMoW and Whitehorse

NMoW request for emergency funding.

- NMoW has sought additional funding for:
 - re-engage and conduct welfare checks on lost client base.
 - conduct a thorough audit for July 2023 to February 2024.
 - address legal issues that have arisen after MMA's exit from Whitehorse.
 - document legacy and current operational systems and processes.
 - develop a robust plan to ensure the sustained success of the Whitehorse operation, including the use of an ERP.
- This request arose due to:

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- lack of complete documentation/records for the daily tasks.
- Such as historical run sheets for daily meal deliveries.
- destruction of data and paper-based information.
- Paper-based information and historical run sheets for daily meal deliveries.
- It's our understanding the data provided to NMoW contained all the relevant information.
- Costs incurred to divert resources from Newcastle to Whitehorse.
- Legal concerns.
- The department is not aware of any legal matters between NMoW and MMA.
- When NMoW was selected as the incoming provider at Whitehorse, the department negotiated a higher unit price and overall funding, to account for oncosts and to better reflect the true cost of the services, which were previously being cross subsidised by the council.
- In addition, we are aware that NMoW is currently underspent on their grant funding at the Whitehorse site. We've encouraged them to seek advice from their contract manager.
- The department is working with NMoW in increasing the client base at the Whitehorse site. Since January 2024, there is an increasing trend in service provision at Whitehorse with over 6,400 meals reported being delivered in September 2024.

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Complaints from clients about Whitehorse

- NMoW is a highly experienced service provider and operates multiple outlet services under the MoW model.
- The department is aware of the previous concerns raised by clients and the Whitehorse Council in relation to contact with Whitehorse and ability to receive services. The department is not aware of any recent complaints raised about service provision at the site
- We are continuing to monitor and work with NMoW to focus their efforts on continuing to grow the client base.

Service decline at Whitehorse

Issues with decline in client numbers - There has been a 60% decline in client numbers, what is the reason for this decline? Are there concerns clients aren't receiving meals?

- There has been an apparent drop in client numbers and it appears there are many contributing factors, such as:

The client data obtained by NMoW, in June 2023, from the previous provider appears to have had significant gaps - it was difficult for NMoW to ascertain the true number of CHSP clients who needed to be transitioned from the previous provider.

The previous provider was providing a premium service which was not viable for the MoW model, this may have resulted in clients seeking services from alternative providers. For example, Council staff would deliver meals if client's made last minute changes to their orders.

Since January 2024 the provider has significant increase their service provision.

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- If pushed:

The previous provider was only delivering 54% of the funded outputs which equated to approximately 336 clients per month.

In April 2024, there was 166 clients who accessed services from Whitehorse MoW, as at end September 2024, there are 435 clients that Whitehorse are delivering services too.

Behaviour and conduct of MMA

Is the department aware of any negative feedback towards MMA?

What did the department do when they became aware of sector concerns?

Concerns have been raised that MMA have breached the privacy and confidentiality clauses in their contract, what are the alleged breaches and what is the department doing about this?

- A number of Meals on Wheels services and MoWA have strongly advocated in support of the Future Fit objective. Positive feedback for Future Fit includes recognition of:
 - the commitment shown by the department for the necessary reforms to meals services.
 - the opportunity to strength and improve the viability and sustainability of MoW organisations.
 - a strengthened network of MoW providers who can now support and learn from each other.
 - the pilot's focus on improving client choice while maintaining the social connection with clients.
- However, the department received negative feedback in relation to:
 - the operations at the Whitehorse MoW pilot site.
 - lack of transparency on the progress of Future Fit.
 - value for money of the MMA contracts.
 - conduct of MMA.
- When the department became aware of this feedback, departmental officers attended three town hall events in order to communicate directly with MoW providers in NSW and QLD about the objectives of Future Fit and to listen to their concerns.
- The department became aware of broad claims about privacy and confidentiality breaches, and with MMA now in administration we are currently seeking further specific details to investigate these allegations.

Legal matters

Is the department aware of any legal matters being pursued by MMA?

Are there any other legal issues?

- The department is not aware of any legal proceedings underway by MMA.
- The department is aware of other legal matters related to the use of software between several third parties, however the department is not a party to these matters and it is not appropriate for the department discuss these matters.

Freedom of Information requests

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Why did MMA ask the department to be more 'circumspect' when responding to FOI requests?

- The department has received a number of FOI requests in relation to Future Fit.
- Third parties have the right to be consulted on documents containing their personal or business information. The department has followed due process in relation to this consultation on the FOIs it has received.

Future Fit website

Access to Future Fit material

The Future Fit website is password protected.

- The Future Fit website was decommissioned with the finalisation of the project.
- The department is committed to being open and transparent in relation to the Future Fit project and is currently considering the best approach for publishing Future Fit project artefacts such as discussion papers and reports.
- Other websites that are password protected are not a result of any contractual arrangements between the department and MMA and not the responsibility of the Commonwealth.

Future Fit Collective

What is the Future Fit Collective?

Are they using the Future Fit technology? How did they receive it?

Are you concerned MoW organisations are now being actively pursued by lawyers for breaches of copyright?

- Several MoW organisations involved in Future Fit established the Future Fit Collective which aims to foster the development of open-source software.
- The Future Fit Collective established a website or an open-source community where subscribers can contribute to building software. Open source means the software is freely available.
- The department was not involved in the establishment of the Future Fit Collective and has limited visibility of the work they have carried out to date, including the website.
- The department has not gifted the IP to any organisation including to Future Fit Collective.
- The department is aware that some Meals on Wheels services have been approached by a legal representative of an organisation which is claiming rights to software being used by the Future Fit Collective. The department is looking into this matter.
- Recently MMA informed the department they have sold the Future Fit program IP to the Future Fit Collective for \$1. Amongst the work to determine overall IP ownership claims, the department is investigating this claim and the legality of it.

Lite N' Easy

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- Concerns have been raised about Lite N' Easy (LNE) not meeting the MoW National Meals guidelines.
- Whitehorse was using LNE's My Choices range which was developed by LNE's team of dietitians and chefs, in line with the Australian Dietary Guidelines and in consultation with the Meals on Wheels National Meal Guidelines.
- One caveat is that Whitehorse did have a very small number of Lite N' Easy vegetarian meals that are understood to likely not meet the National Meals Guidelines (based on appropriate portion sizes).
- The My Choices range was specifically designed to meet the nutritional needs of older people.

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ATTACHMENT C

Future Fit participants - 33 Meals On Wheels providers (82 sites)

Service Provider Name	CHSP Meal Funding (2022/23)	CHSP Contracted Meals	CHSP Delivered Meals	CHSP Meal Clients	Volunteers (2020-2021)	FTE (2020-2021)	Delivered States	Number of outlets/
Ipswich Meals on Wheels	\$403,506.51	s47G, s47E(d)						
Narrandera Meals on Wheels	\$122,252.39							
Caloundra Meals on Wheels	\$773,701.69							
Bundaberg Meals on Wheels	\$439,324.99							
Camden Meals on Wheels	\$295,167.40							
Rockhampton Meals on Wheels	\$286,446.52							
Charlestown Meals on Wheels	\$250,726.83							
Wollongong Meals on Wheels	\$217,769.75							
Collinsville Meals on Wheels	\$22,879.57							
Blue Mountains Meals on Wheels	\$738,585.44							
Babinda Meals on Wheels	\$27,679.05							
Blacktown Meals on Wheels	\$701,826.63							
Crows Nest Meals on Wheels	\$22,906.01							

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Inverell Meals on Wheels	\$253,634.91
Roma Meals on Wheels	\$23,919.92
Dubbo Meals on Wheels	\$690,053.96
Rochedale Meals on Wheels	\$65,619.75
Central Coast Meals on Wheels	\$1,600,506.68
Brisbane South Meals on Wheels	\$1,663,879.35
Sutherland Food Services	\$440,854.06
Fraser Meals on Wheels	\$626,484.12
Tamworth Meals on Wheels	\$614,838.79
Sandgate & District Meals on Wheels Inc	\$441,525.00
Village Chef by Meals on Wheels	\$1,789,499.14
Nepean Meals on Wheels	\$647,152.94
Fairfield Meals on Wheels	\$648,042.43
Bathurst Meals on Wheels	\$415,595.30
Open Arms Care Meals on Wheels	\$327,990.64
Meals on Wheels Tasmania	\$1,272,491.02



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Ballarat Meals on Wheels	\$301,842.45
Longreach Meals on Wheels	
Newcastle Meals on Wheels	\$1,810,955.74
Whitehorse Meals on Wheels	
TOTAL	\$17,937,658.98



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SUPPLEMENTARY BUDGET ESTIMATES NOVEMBER 2024

COMMONWEALTH HOME SUPPORT PROGRAMME
MEALS ON WHEELS AND FUTURE FIT

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**SUPPLEMENTARY BUDGET ESTIMATES NOVEMBER 2024
OVERARCHING NARRATIVE**

- In 2021, the department established an ambitious project aiming to mitigate risks related to the viability of Meals on Wheels (MoW) under the new in-home aged care program.
- MoW has many individual organisations, who operate independently with their own operating model, including meals, production and delivery, prices and technology. MoW also relies heavily on a volunteer workforce.
- This can result in inconsistencies, limitations of meal choice and inefficiencies within individual MoW organisations.
- Under Support at Home, MoW organisations will need to operate in a highly contestable market.
- The Future Fit project was designed to:
 - Inform a new funding model that recognises the social value of the MoW model and address the current competitive disadvantage when compared to drop and go models.
 - Drive efficiencies within MoW organisations through technology
 - Understand the differing service methods across the MoW network, including the supply, storage, delivery and preparation of meals.
 - Understand the cost associated with the time volunteers/staff spent engaging with clients.
 - Increased variety of meal options and consumer choice by forming relationships with a range of meal suppliers, including MoW distribution centres.
- This project provided the department with a comprehensive analysis of the baseline operating models across various MoW organisations.
- As the project progressed, we identified a misalignment of interests and goals within the network that caused tension with some stakeholders.
- It also came to light that there were several conflicts between key stakeholders and contractors, further complicating the management process.
- s47E(d)
- The department acknowledges the challenges faced in the management of the Future Fit project, recognising that it is not an example of best practice.
- The department instigated a risk snapshot by an external auditor provider in relation to the state of the procurement approach and contract management of the Future Fit project.
- In addition, the Auditor-General has commenced auditing the Future Fit Program and is expected to table a final report in April 2025.
- Moving forward, the department is committed to supporting meals reform as we prepare for the implementation of Support at Home.
- The department is continuing to work with MoWA and state organisations in relation to this.

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SUPPLEMENTARY BUDGET ESTIMATES NOVEMBER 2024

- The department has received a proposal from MoWA and is working through the procurement processes in order to respond.

KEY POINTS

Update since May estimates

- Between 23 December 2021 and 31 May 2024, the department contracted Miles Morgan Australia (MMA) to the value of \$7.94 million (GST exclusive) / \$8.74 million (GST inclusive) to deliver the Future Fit program and transition pilot site activities at Whitehorse Meals on Wheels (MoW) to Newcastle MoW (**Attachment A refers**)
- On 12 April 2024, the Australian Tax Office (ATO) sent the department a garnishee notice outlining that a percentage of the final payment to MMA had to be paid directly to the ATO
- On 17 September 2024 MMA entered into liquidation. The department is requesting outstanding information from administrators. ~~(This will further assist with understanding IP ownership).~~
 - The department is working with the administrators on some outstanding matters in relation to intellectual property. In line with the terms and conditions of the MMA contract, the department remains of the view that the Commonwealth owns the intellectual property in the contract material created under them.
- The ANAO are undertaking a comprehensive audit of the MMA contracts and is expected to publish their finding in April 2025.
- This report will provide the Senate Committee with insights into the ANAO's findings in relation to procurement processes and contract management.
- The department is working with the ANAO and welcomes their recommendations on how the department can improve processes.
- On 27 March 2024, Senator Penny Allman-Payne and former Senator Janet Rice wrote to the Auditor General requesting they undertake an audit of the contract between MMA and the department for the delivery of the Future Fit project.
- On 5 July 2024, the Acting Auditor General sent follow up correspondence to Senator Penny Allman-Payne confirming the ANAO is conducting a performance audit on the administration of the Future Fit Program. The audit has commenced and proposes to examine:
 - Has the department established sound governance arrangements to support the delivery of the Future Fit Program?
 - Has the department conducted procurements for the Future Fit Program effectively?
 - Has the department managed the Future Fit Program contracts effectively?

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SUPPLEMENTARY BUDGET ESTIMATES NOVEMBER 2024

Viability concerns raised by MoW

- Meals on Wheels providers are keen to support as many people as they can. In doing so, there have been instances where the number of clients they take on is greater than their contracted and therefore financial capacity.
- Despite requests to engage directly with the department and the Grants Hub to facilitate constructive discussions, MoWA and some frontline organisations, have been actively engaging with media outlets over concerns related to MoW organisations closing their books to new clients.
- While individual providers may face viability challenges at times, the department does not have evidence of widespread viability issues currently being faced by the MoW network.
- Under the CHSP, it is expected that clients pay for the cost of the *ingredients* of their meals through their personal income, pension etc.
- MoWA does not support a fee for service model, due to competitive risks from large scale ready to eat meal providers and a loss of community infrastructure set around volunteers and client wellbeing.
- In light of viability concerns MoWA Chair Mr Paul Sadler met with Minister Wells' office on 10 October 2024 to discuss support for MoW ahead of SAH, including support for volunteer recruitment.

Key deliverables of Future Fit

- The project provided the department with a comprehensive understanding of meals services - informed by extensive stakeholder engagement, investigation, and research of the MoW model.
- The department believes value for money was achieved.
- The following deliverables are provided below:

Deliverable	Details
Four financial and operational stocktakes which provided a series of data insights to inform:	<ul style="list-style-type: none"> ○ Supported the development of MoW organisation profiles based on similar traits (cooking kitchen vs non-cooking kitchen, frozen vs fresh). ○ Provided an analysis on demand projections. ○ Provided insights into time spent with clients. ○ Informed by approximately 200 survey responses.
A food and nutrition stocktake.	<ul style="list-style-type: none"> ○ This stocktake was informed by survey responses from approximately 200 MoW organisations and will assist with a consistent definition of a meal. ○ Provided a better understanding of the operational procedures followed by MoW organisations. ○ Informed two discussion papers that were also developed in consultation with Future Fit participants and nutritionists to determine definition of a meal.

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SUPPLEMENTARY BUDGET ESTIMATES NOVEMBER 2024

Deliverable	Details
	<ul style="list-style-type: none"> ○ Provided an understanding on course categories used by MoW organisations (small meal, mini main, soup, drink, dessert etc.). ○ Provided recommendations for optimised nutritional values (protein and weight) for each meal.
<p>A blueprint for a digital operating model, where organisations have a standardised operating model that is supported by modern technology to:</p>	<p>The model looked to:</p> <ul style="list-style-type: none"> ○ create efficiencies through better reporting, integration with My Aged Care, food suppliers and financial software. ○ be the architecture for the development of the secure cloud-based platform (Enterprise Resource Planning software), which provides an easy-to-use web based interface, with real time operational visibility.
<p>The technological build (Enterprise Resource Planning software)</p>	<ul style="list-style-type: none"> ○ The development of the software required significant stakeholder consultation, user testing and investigation of integration options with Aged Care Gateway.
<p>All project documentation</p>	<ul style="list-style-type: none"> ○ This included project plans, project management framework, risk registers
<p>Development of a standardised chart of accounts and accounting methodology</p>	<ul style="list-style-type: none"> ○ A standardised profit and loss statement template.
<p>A strengthened network of MoW providers</p>	<ul style="list-style-type: none"> ○ The network continues to work together to share industry strengths, operational efficiencies and valuable resources.
<p>A six-month pilot at Whitehorse MoW which trialed an alternative service-level model. The pilot focused on improving client choice while maintaining the social connection with clients. This included:</p>	<p>The pilot included:</p> <ul style="list-style-type: none"> ○ The development of three price points to be affordable for different socio-economic communities. ○ Improved meal choice to cater for Culturally and Linguistically Diverse communities. ○ Increased client choice by allowing clients to choose from a range of meals, the frequency at which they receive these meals (up to five days per week) and varying price options.

IP ownership/possession

- The department is aware of conflicting claims regarding the ownership of the software and is still investigating and seeking to resolve these conflicting claims, whilst now also noting MMA going into administration.
- The software is a cloud-based system that the department never intended to host or maintain itself.

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- The department currently doesn't hold or have access to the software. The department's intention has always been for the software to be provided directly to a suitable MoW entity which would take over the ownership and responsibility for the software, including hosting and maintaining it.
- The department does have rights under its contract to obtain a copy of the software or be granted access to it.
- The department is not in a position to progress to transfer ownership or roll out any of the software until the conflicting claims about IP ownership and licensing have been resolved.
- Based on the available information, the department has rights to own or use the IP in the software created under, or for, the Future Fit and Transition contracts.
- These rights permit the department to obtain a physical copy or to be granted permanent access.
- On completion of the Transition contract, the department's IP rights to own or use the software would be transferred to that suitable Meals on Wheels organisation to enable them to have ongoing use of that software.
- The department has not gifted the software.

Subcontractors

- Payment of subcontractors for the Future Fit program has been raised by other parties. The department can confirm there are no unpaid contractors under any of the requested contracts.
- The subcontractors under the Deed of Standing Offer and Official Order under that Deed were:
 - Agile Digital Engineering Pty Ltd; (Software developer)
 - CINCH Finance Pty Ltd (trading as CINCH Transform).
 - Complexability Pty
 - Cowell Clarke Pty Ltd
 - H/ADVISORS APA Pty Ltd
 - ICRM Pty Ltd (trading as Polixen)
 - Katalyst Interactive Pty Ltd
 - Kathryn Ruth Thiele (trading as Klarity)
 - Meals on Wheels Australia Ltd (MoWA)
 - Meals on Wheels NSW Ltd
 - Newcastle Meals on Wheels Ltd
 - Queensland Meals on Wheels Ltd
 - SEC Newgate Pty Ltd; (Support strategic stakeholder management).
- MoW NSW have indicated they were not privy to a subcontract with MMA. The department is investigating these claims.
- The sub-contractors under the Consultancy Contract were:
 - CINCH Transform; (Financial experts)
 - GoSource
 - Cowell Clarke Commercial Lawyers; (Legal subject matter expert)

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CONTINUING MEALS REFORMS**

- Pending Government decision, the department aims to continuing working with the meals sector, including MoW Australia and non-MoW meals service providers, to finalise the underlying policy parameters for meals services. This is likely to include further testing a new definition of a meal and quantifying the social capital elements of service delivery.
- The department regularly meets with MoWA and MoW state associations to discuss meal reforms and the impacts for MoW providers. The group has met 2 times since inception in December 2023.

BACKGROUND

Additional background provided at **Attachment B**.

Pilot sites - Whitehorse and Ballarat

- Meals on Wheels providers in Victoria have traditionally been Local Councils.
- In the 2024-25 FY to date (October 2024), three Councils have confirmed their relinquishment of CHSP Meals services. Of these, one relinquishment has been completed and accepted by providers, with two incoming providers taking on the Meals funding. The other two Meals relinquishments are in process.
- In the 2023-24 FY eight Victorian Councils who were funded to deliver meals have relinquished services with 13 providers selected as replacement providers.
- In the 2022-23 FY, nine Councils and three non-council providers relinquished meals services in Victoria, with 18 providers selected as incoming replacements. This included Newcastle MoW and MoW Queensland (QLD) as incoming providers for the Whitehorse and Ballarat sites, respectively.
- With a significant number of Victorian meals providers already supporting other sites who relinquished their funding in 2023-24, NMoW and QLD MoW were selected as the incoming providers at the Whitehorse and Ballarat sites, respectively.
- This decision was also based on their experience in running multi/regional outlet services under the MoW model.
- Whitehorse and Ballarat's contracted higher unit price reflects:
- Unit prices associated with operational and capital costs related to the transition from a high-cost Council led service, which often cross subsidise CHSP services.
- The higher unit price better reflects the true cost of the services in advance of future pricing considerations.
- While the department did not consult the state peak association, the department does not engage peaks in commercial negotiations with contract holders. As per usual processes, the department only engages existing CHSP providers to take over service delivery where another provider withdraws.

Relinquishment process

- There have been concerns raised about the selection processes when a provider relinquishes.

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- The department follows a process in order to select suitable incoming providers who demonstrate the relevant experience and capability to limit disruptions to service delivery.
- In collaboration with the Community Grants Hub (CGH), the department considers information provided by the CGH and in the provider's Transition Out Plan as the basis for selecting a pool of possible alternative providers to be reviewed against the distinct requirements of the specific relinquishment.
- Selections take into account the following considerations:
 - Existing delivery profile – predominant service type, delivery models / service sub types, number of clients, use of buildings, cultural backgrounds of clients and staff.
 - Existing delivery area(s)
 - Any existing sub-contracting relationships with other CHSP funded providers.
 - Any current relationships with other CHSP providers in the same area(s).
 - The primary criteria when looking at alternative providers are as follows:
 - Providers delivering against all CHSP Funding Agreement requirements, including performance and delivery, reporting, fraud, compliance and quality standards.
 - Providers capacity to undertake the administrative requirements of client transfers.
 - Providers that deliver similar:
 - Service Types.
 - Sub-Service Types (e.g., Allied Health - Physiotherapy vs Allied Health - Podiatry; Meals).
 - Service models.
 - In similar locations.

Alleged fraudulent activity

- The department is aware of concerns related to the Future Fit contract and alleged fraudulent activity. These concerns have been referred to the relevant area in the department. The department does not comment on matters which may or may not be under its investigation.

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ATTACHMENT A****KEY FACTS AND FIGURES OF THE CONTRACTS**

	Amount (GST Excl.)	Amount (GST Inc.)
23 December 2021 Official Order/Contract in relation to strategic business transformation advice and services Under Deed of Standing Offer	\$4.99 million	\$5.49 million
29 September 2022 Contract Variation - Official Order/Contract in relation to strategic business transformation advice and services	\$1.42 million	\$1.56 million
Total of original and variation:	\$6.41 million	\$7.05 million
19 January 2024 Contract: Transitioning the Whitehorse Meals on Wheels operations to Newcastle Meals on Wheels	\$1.53 million	\$1.69 million
Total amount on MMA contracts:	\$7.94 million	\$8.74 million

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ATTACHMENT B – ADDITIONAL BACKGROUND**

Background relating to Future Fit, Future Fit Collective, IP, Legal issues and the Short-Term Contract – ‘Transitioning The Whitehorse Mow Operations To Newcastle MoW’

Contract term

- The Future Fit contract with MMA expired on 31 December 2023. A short-term contract was entered into with MMA on 19 January 2024 to transition the Future Fit operations of Whitehorse to Newcastle MoW (NMoW) by 10 March 2024.
- There was an inconsistency with the title of the contract and the AusTender description. The department undertook an administrative update to the description on Austender to align to the contract title, Transitioning the Whitehorse MoW operations to NMoW.
- The transition out was completed by 10 March; however, further time was needed for the department to fully review the deliverables. The contract allowed time for unanticipated delays, as a result the contract would continue until 31 May 2024.
- Evidence provided to the Committee in February in relation to the end date of the contract was corrected on 26 March 2024.
- The department received a draft of the final Future Fit report on 8 March 2024.
- Between April and May 2024, the department worked with MMA to ensure the report was at an acceptable standard. This included:
 - ensuring the report provided some practical steps on how to implement a Future Fit service model (i.e. increased client choice – varying price levels and more meal options).
 - ensuring the language was objective.
 - more information about client surveys
 - lessons learnt.
- The department accepted the final report on 31 May 2024 and finalised the final payment. 15% percent of the funds were sent directly to the ATO as per the garnishee request from the ATO.
- Contracts are not acquitted, this is grant language. Rather a contract is paid following acceptance of the goods and services to the standard required by the contract.

Objective of the short-term contract

- In January, MMA notified the department they were no longer able to provide intensive operational support at Whitehorse MoW.
- Purpose of this contract was to windup Future Fit activities including funding for IT systems maintenance and the transfer of the Future Fit operating model being tested in Whitehorse to NMoW.
- The short term contract was established to limit any service disruptions to clients.
- MMA did fulfill the objectives of the contract to an appropriate standard as required by the contract.

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- If pushed:

the standard for the provision of services is specified in clause 3 of the contract which is published online through the OPD. This includes providing the services with due care and skill, and ensuring the services are fit for purpose.

Short-term contract 2024 - Deliverables

What did you pay for under the \$1.6million contract? Did this include the transfer of IP?

- The department is working through options to obtain all IP created under the contracts.
- A high level breakdown of the key deliverables for the short-term contract included the following:

Deliverable	Details
Project documentation	Project plans, risk register and regular reporting.
Development of a standardised chart of accounts and accounting methodology	profit and loss statements
Standard operating procedures	Development of approximately 80 standard operating procedures
Final report	<p>A final report to the department outlining the approach for implementing the Future Fit business model and how this could be implemented at other Meals on Wheels sites. The report includes information on:</p> <ul style="list-style-type: none"> • The future fit model. • lessons and findings from implementations. • guidance for incoming providers. <p>This report when read in conjunction with a suite of complementing procedures and support documentation could assist other meals service with adopting the Future Fit model.</p>

NMoW and Whitehorse

NMoW request for emergency funding.

- NMoW has sought additional funding for:
 - re-engage and conduct welfare checks on lost client base.
 - conduct a thorough audit for July 2023 to February 2024.
 - address legal issues that have arisen after MMA's exit from Whitehorse.
 - document legacy and current operational systems and processes.
 - develop a robust plan to ensure the sustained success of the Whitehorse operation, including the use of an ERP.
- This request arose due to:

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- lack of complete documentation/records for the daily tasks.
- Such as historical run sheets for daily meal deliveries.
- destruction of data and paper-based information.
- Paper-based information and historical run sheets for daily meal deliveries.
- It's our understanding the data provided to NMoW contained all the relevant information.
- Costs incurred to divert resources from Newcastle to Whitehorse.
- Legal concerns.
- The department is not aware of any legal matters between NMoW and MMA.
- When NMoW was selected as the incoming provider at Whitehorse, the department negotiated a higher unit price and overall funding, to account for oncosts and to better reflect the true cost of the services, which were previously being cross subsidised by the council.
- In addition, we are aware that NMoW is currently underspent on their grant funding at the Whitehorse site. We've encouraged them to seek advice from their contract manager.
- The department is working with NMoW in increasing the client base at the Whitehorse site. Since January 2024, there is an increasing trend in service provision at Whitehorse with over 6,400 meals reported being delivered in September 2024.

Complaints from clients about Whitehorse

- NMoW is a highly experienced service provider and operates multiple outlet services under the MoW model.
- The department is aware of the previous concerns raised by clients and the Whitehorse Council in relation to contact with Whitehorse and ability to receive services. The department is not aware of any recent complaints raised about service provision at the site
- We are continuing to monitor and work with NMoW to focus their efforts on continuing to growth the client base.

Service decline at Whitehorse

Issues with decline in client numbers - There has been a 60% decline in client numbers, what is the reason for this decline? Are there concerns clients aren't receiving meals?

- There has been an apparent drop in client numbers and it appears there are many contributing factors, such as:

The client data obtained by NMoW, in June 2023, from the previous provider appears to have had significant gaps - it was difficult for NMoW to ascertain the true number of CHSP clients who needed to be transitioned from the previous provider.

The previous provider was providing a premium service which was not viable for the MoW model, this may have resulted in clients seeking services from alternative providers. For example, Council staff would deliver meals if client's made last minute changes to their orders.

Since January 2024 the provider has significant increase their service provision.

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- If pushed:

The previous provider was only delivering 54% of the funded outputs which equated to approximately 336 clients per month.

In April 2024, there was 166 clients who accessed services from Whitehorse MoW, as at end September 2024, there are 435 clients that Whitehorse are delivering services too.

Behaviour and conduct of MMA

Is the department aware of any negative feedback towards MMA?

What did the department do when they became aware of sector concerns?

Concerns have been raised that MMA have breached the privacy and confidentiality clauses in their contract, what are the alleged breaches and what is the department doing about this?

- A number of Meals on Wheels services and MoWA have strongly advocated in support of the Future Fit objective. Positive feedback for Future Fit includes recognition of:
 - the commitment shown by the department for the necessary reforms to meals services.
 - the opportunity to strength and improve the viability and sustainability of MoW organisations.
 - a strengthened network of MoW providers who can now support and learn from each other.
 - the pilot's focus on improving client choice while maintaining the social connection with clients.
- However, the department received negative feedback in relation to:
 - the operations at the Whitehorse MoW pilot site.
 - lack of transparency on the progress of Future Fit.
 - value for money of the MMA contracts.
 - conduct of MMA.
- When the department became aware of this feedback, departmental officers attended three town hall events in order to communicate directly with MoW providers in NSW and QLD about the objectives of Future Fit and to listen to their concerns.
- The department became aware of broad claims about privacy and confidentiality breaches, and with MMA now in administration we are currently seeking further specific details to investigate these allegations.

Legal matters

Is the department aware of any legal matters being pursued by MMA?

Are there any other legal issues?

- The department is not aware of any legal proceedings underway by MMA.
- The department is aware of other legal matters related to the use of software between several third parties, however the department is not a party to these matters and it is not appropriate for the department discuss these matters.

Freedom of Information requests

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SUPPLEMENTARY BUDGET ESTIMATES NOVEMBER 2024

Why did MMA ask the department to be more 'circumspect' when responding to FOI requests?

- The department has received a number of FOI requests in relation to Future Fit.
- Third parties have the right to be consulted on documents containing their personal or business information. The department has followed due process in relation to this consultation on the FOIs it has received.

Future Fit website

Access to Future Fit material

The Future Fit website is password protected.

- The Future Fit website was decommissioned with the finalisation of the project.
- The department is committed to being open and transparent in relation to the Future Fit project and is currently considering the best approach for publishing Future Fit project artefacts such as discussion papers and reports.
- Other websites that are password protected are not a result of any contractual arrangements between the department and MMA and not the responsibility of the Commonwealth.

Future Fit Collective

What is the Future Fit Collective?

Are they using the Future Fit technology? How did they receive it?

Are you concerned MoW organisations are now being actively pursued by lawyers for breaches of copyright?

- Several MoW organisations involved in Future Fit established the Future Fit Collective which aims to foster the development of open-source software.
- The Future Fit Collective established a website or an open-source community where subscribers can contribute to building software. Open source means the software is freely available.
- The department was not involved in the establishment of the Future Fit Collective and has limited visibility of the work they have carried out to date, including the website.
- The department has not gifted the IP to any organisation including to Future Fit Collective.
- The department is aware that some Meals on Wheels services have been approached by a legal representative of an organisation which is claiming rights to software being used by the Future Fit Collective. The department is looking into this matter.
- Recently MMA informed the department they have sold the Future Fit program IP to the Future Fit Collective for \$1. Amongst the work to determine overall IP ownership claims, the department is investigating this claim and the legality of it.

Lite N' Easy

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- Concerns have been raised about Lite N' Easy (LNE) not meeting the MoW National Meals guidelines.
- Whitehorse was using LNE's My Choices range which was developed by LNE's team of dieticians and chefs, in line with the Australian Dietary Guidelines and in consultation with the Meals on Wheels National Meal Guidelines.
- One caveat is that Whitehorse did have a very small number of Lite N' Easy vegetarian meals that are understood to likely not meet the National Meals Guidelines (based on appropriate portion sizes).
- The My Choices range was specifically designed to meet the nutritional needs of older people.

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ATTACHMENT C

Future Fit participants - 33 Meals On Wheels providers (82 sites)

Service Provider Name	CHSP Meal Funding (2022/23)	CHSP Contracted Meals	CHSP Delivered Meals	CHSP Meal Clients	Volunteers (2020-21)	FTE (2020-21)	Delivered States	Number of outlets/sites
Ipswich Meals on Wheels	\$403,506.51	§47G, §47E(d)						
Narrandera Meals on Wheels	\$122,252.39							
Caloundra Meals on Wheels	\$773,701.69							
Bundaberg Meals on Wheels	\$439,324.99							
Camden Meals on Wheels	\$295,167.40							
Rockhampton Meals on Wheels	\$286,446.52							
Charlestown Meals on Wheels	\$250,726.83							
Wollongong Meals on Wheels	\$217,769.75							
Collinsville Meals on Wheels	\$22,879.57							
Blue Mountains Meals on Wheels	\$738,585.44							
Babinda Meals on Wheels	\$27,679.05							
Blacktown Meals on Wheels	\$701,826.63							
Crows Nest Meals on Wheels	\$22,906.01							
Inverell Meals on Wheels	\$253,634.91							

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Roma Meals on Wheels	\$23,919.92	s47G, s47E(d)
Dubbo Meals on Wheels	\$690,053.96	
Rochedale Meals on Wheels	\$65,619.75	
Central Coast Meals on Wheels	\$1,600,506.68	
Brisbane South Meals on Wheels	\$1,663,879.35	
Sutherland Food Services	\$440,854.06	
Fraser Meals on Wheels	\$626,484.12	
Tamworth Meals on Wheels	\$614,838.79	
Sandgate & District Meals on Wheels Inc	\$441,525.00	
Village Chef by Meals on Wheels	\$1,789,499.14	
Nepean Meals on Wheels	\$647,152.94	
Fairfield Meals on Wheels	\$648,042.43	
Bathurst Meals on Wheels	\$415,595.30	
Open Arms Care Meals on Wheels	\$327,990.64	
Meals on Wheels Tasmania	\$1,272,491.02	
Ballarat Meals on Wheels	\$301,842.45	

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Longreach Meals on Wheels		s47G, s47E(d)
Newcastle Meals on Wheels	\$1,810,955.74	
Whitehorse Meals on Wheels		
TOTAL	\$17,937,658.98	

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From: s47F, s47E(c)
Sent: Monday, 4 November 2024 4:28 PM
To: HRD Executive; s47F, s47E(c)
Cc: BLACKWOOD, Rachel; HERALD, Russell; s47F, s47E(c); s47F, s47E(c)
Subject: AS08- Meals brief [SEC=OFFICIAL]

Hey guys

Sorry to be a pain – I asked lawyers to review the brief for meals.

There is one teeny change they've asked me to make (see track below). I've made this update in sharepoint [AS08 - CHSP Meals on Wheels - DRAFT.DOCX](#)

s42

KEY POINTS¶

Update since May estimates¶

- → Between 23 December 2021 and 31 May 2024, the department contracted Miles Morgan Australia (MMA) to the value of \$7.94 million (GST-exclusive) / \$8.74 million (GST-inclusive) to deliver the Future Fit program and transition pilot site activities at Whitehorse Meals on Wheels (MoW) to Newcastle MoW. (**Attachment A refers**)¶
- → On 12 April 2024, the Australian Tax Office (ATO) sent the department a garnishee notice outlining that a percentage of the final payment to MMA had to be paid directly to the ATO.¶
- → On 17 September 2024 MMA entered into liquidation. The department is requesting outstanding information from administrators. (**This will further assist with understanding IP ownership**).¶

Many thanks,

s47E(c), s47F

Director - CHSP Service Reform
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The Department of Health and Aged Care acknowledges First Nations peoples as the Traditional Owners of Country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to all Elders both past and present.

From: [CONNOLLY, Thea](#)
To: s47F, s47E(c)
Cc: [HRD Executive](#); s47F, s47E(c); [BLACKWOOD, Rachel](#)
Subject: FW: AS08 - CHSP Meals on Wheels - DRAFT.DOCX [SEC=OFFICIAL]
Date: Wednesday, 6 November 2024 5:24:49 PM
Attachments: [AS08 - CHSP Meals on Wheels - DRAFT \(002\).docx](#)

Thanks, for updating per SQ responses as proposed. Thea

From: s47F, s47E(c) @health.gov.au>
Sent: Tuesday, 29 October 2024 1:23 PM
To: HERALD, Russell s47F, s47E(c) @health.gov.au>; CONNOLLY, Thea s47F, s47E(c) @health.gov.au>
Cc: s47F, s47E(c)
s47F, s47E(c)
BLACKWOOD, Rachel s47F, s47E(c) @Health.gov.au>
Subject: AS08 - CHSP Meals on Wheels - DRAFT.DOCX [SEC=OFFICIAL]

Hi Rusty and Thea

Please see the attached brief on MOW.

s47F,
s47E(c)

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COMMONWEALTH HOME SUPPORT PROGRAMME
MEALS ON WHEELS AND FUTURE FIT

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OVERARCHING NARRATIVE OVERVIEW

- In 2021, the department established an ~~an ambitious~~ project aiming to preserve the social support to older people in Australia offered by Meals on Wheels (MoW) through mitigating risks related to the viability of Meals on Wheels (MoW) under the new in-home aged care program.
- MoW has many individual organisations, all offering social support when delivering meals to vulnerable people. However, they ~~who~~ operate independently with their own operating model, including meals, production and delivery, prices and technology. MoW also relies heavily on a volunteer workforce.
- This can result in inconsistencies, limitations of meal choice and inefficiencies within individual MoW organisations.
- Under Support at Home, MoW organisations will need to operate in a highly contestable market.
- The Future Fit project was designed to:
 - Understand the differing service methods across the MoW network, including the supply, storage, delivery and preparation of meals.
 - Understand the cost associated with the time volunteers/staff spent engaging with clients.
 - Inform a new funding model that recognises the social value of the MoW model and address the current competitive disadvantage when compared to 'drop and go' models.
 - Drive Support efficiencies within MoW organisations through technology
 - ~~○ Understand the differing service methods across the MoW network, including the supply, storage, delivery and preparation of meals.~~
 - ~~○ Understand the cost associated with the time volunteers/staff spent engaging with clients.~~
 - Increased variety of meal options and consumer choice by forming relationships with a range of meal suppliers, including MoW distribution centres.
- This project provided the department with a comprehensive analysis of the baseline operating models across various MoW organisations.
- As the project progressed, we identified a misalignment of interests and goals within the network that caused tension with some stakeholders.
 - For example, goals for a case mix/AN-ACC type funding model for meals delivery vs a more straightforward fee for service arrangement.
 -
 - It also came to light that there were several conflicts between key stakeholders and contractors, further complicating the management process.

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- The department acknowledges the challenges faced in the management of the Future Fit project, recognising that it is not an example of best practice.
- ~~In April 2024, the~~ department instigated a risk snapshot by an external ~~auditor~~-provider in relation to the state of the procurement approach and contract management of the Future Fit project. ~~The snapshot found issues with our procurement and contract management that we are working to address in future arrangements eg risk mgmt and other documentation not completed.~~
- In addition, the Auditor-General ~~has commenced~~ is auditing the Future Fit Program and is expected to table a ~~final~~-report in April 2025.
- Moving forward, the department is committed to supporting meals reform as we prepare for the implementation of Support at Home.
- The department is continuing to work with MoWA and state organisations in relation to this. ~~For example, we are looking at making DEX reporting changes for meals providers so we can get a better picture of how meals are delivered on the ground to inform our understanding of the additional costs born by social engagement with clients and therefore our pricing model going forward. The DEX changes are informed by the FF project stocktakes.~~
- ~~In September 2024, the~~ department ~~has~~ received a proposal from MoWA ~~in relation to future funding models and is working through the procurement processes considering its response in order to respond.~~

KEY POINTS

Update since ~~May-June~~ estimates

- Between 23 December 2021 and 31 May 2024, the department contracted Miles Morgan Australia (MMA) to the value of \$7.94 million (GST exclusive) / \$8.74 million (GST inclusive) to deliver the Future Fit program and to ~~transition~~ pilot site activities at Whitehorse Meals on Wheels (MoW) to Newcastle MoW (**Attachment A refers**)
- On 12 April 2024, the Australian Tax Office (ATO) sent the department a garnishee notice outlining that a percentage of the final payment to MMA had to be paid directly to the ATO
- On 17 September 2024 MMA entered into liquidation. The department is requesting outstanding information from administrators. (This will further assist with understanding IP ownership).
 - The department is working with the administrators on some outstanding matters in relation to intellectual property. In line with the terms and conditions of the MMA contract, the department remains of the view that the Commonwealth owns the intellectual property in the contract material created under them.
- ~~The ANAO are undertaking a comprehensive audit of the MMA contracts and is expected to publish their finding in April 2025.~~
- ~~This report will provide the Senate Committee with insights into the ANAO's findings in relation to procurement processes and contract management.~~

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- ~~The department is working with the ANAO and welcomes their recommendations on how the department can improve processes.~~
- On 27 March 2024, Senator Penny Allman-Payne and former Senator Janet Rice wrote to the Auditor General requesting they undertake an audit of the contract between MMA and the department for the delivery of the Future Fit project.
- On 5 July 2024, the Acting Auditor General sent follow up correspondence to Senator Penny Allman-Payne confirming the ANAO is conducting a performance audit on the administration of the Future Fit Program. The audit has commenced ~~and will propose to~~ examine:
 - Has the department established sound governance arrangements to support the delivery of the Future Fit Program?
 - Has the department conducted procurements for the Future Fit Program effectively?
 - Has the department managed the Future Fit Program contracts effectively?
- The ANAO has announced that it plans to table its report in April 2025.
- The department is working with the ANAO and welcomes its recommendations on how we can improve processes.

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Viability concerns raised by MoW

- Meals on Wheels providers are keen to support as many people as they can. In doing so, there have been instances where the number of clients they take on is greater than their contracted and therefore financial capacity.
- Despite requests to engage directly with the department and the Grants Hub to facilitate constructive discussions, MoWA and some frontline organisations, have been actively engaging with media outlets over concerns related to MoW organisations closing their books to new clients.
- While individual providers may face viability challenges at times, the department does not have evidence of widespread viability issues currently being faced by the MoW network.
- Under the CHSP, it is expected that clients pay for the cost of the *ingredients* of their meals through their personal income, pension etc.
- MoWA does not support a fee for service model, due to competitive risks from large scale ready to eat meal providers and a loss of community infrastructure set around volunteers and client wellbeing.
- ~~In light of viability concerns~~ MoWA Chair Mr Paul Sadler met with Minister Wells' office on 10 October 2024 to discuss support for MoW ahead of SAH, including support for volunteer recruitment.

Key deliverables of Future Fit

- The project provided the department with a comprehensive understanding of meals services - informed by extensive stakeholder engagement, investigation, and research of the MoW model.
- The department ~~believes~~ considers at the time of entering the contracts that vfm was achievable. We are value for money was achieved, evaluating the outputs and outcomes of the contract at present.
- The following deliverables are provided below:

Deliverable	Details
Four financial and operational stocktakes which provided a series of data insights to inform:	<ul style="list-style-type: none"> ○ Supported the development of MoW organisation profiles based on similar traits (cooking kitchen vs non-cooking kitchen, frozen vs fresh). ○ Provided an analysis on demand projections. ○ Provided insights into time spent with clients. ○ Informed by approximately 200 survey responses.
A food and nutrition stocktake.	<ul style="list-style-type: none"> ○ This stocktake was informed by survey responses from approximately 200 MoW organisations and will assist with a consistent definition of a meal. ○ Provided a better understanding of the operational procedures followed by MoW organisations.

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Deliverable	Details
	<ul style="list-style-type: none"> o Informed two discussion papers that were also developed in consultation with Future Fit participants and nutritionists to determine definition of a meal. o Provided an understanding on course categories used by MoW organisations (small meal, mini main, soup, drink, dessert etc.). o Provided recommendations for optimised nutritional values (protein and weight) for each meal.
A blueprint for a digital operating model, where organisations have a standardised operating model that is supported by modern technology to:	<p>The model looked to:</p> <ul style="list-style-type: none"> o create efficiencies through better reporting, integration with My Aged Care, food suppliers and financial software. o be the architecture for the development of the secure cloud-based platform (Enterprise Resource Planning software), which provides an easy-to-use web based interface, with real time operational visibility.
The technological build (Enterprise Resource Planning software)	<ul style="list-style-type: none"> o The development of the software required significant stakeholder consultation, user testing and investigation of integration options with Aged Care Gateway.
All project documentation	<ul style="list-style-type: none"> o This included project plans, project management framework, risk registers
Development of a standardised chart of accounts and accounting methodology	<ul style="list-style-type: none"> o A standardised profit and loss statement template.
A strengthened network of MoW providers	<ul style="list-style-type: none"> o The network continues to work together to share industry strengths, operational efficiencies and valuable resources.
A six-month pilot at Whitehorse MoW which trialed an alternative service-level model. The pilot focused on improving client choice while maintaining the social connection with clients. This included:	<p>The pilot included:</p> <ul style="list-style-type: none"> o The development of three price points to be affordable for different socio-economic communities. o Improved meal choice to cater for Culturally and Linguistically Diverse communities. o Increased client choice by allowing clients to choose from a range of meals, the frequency at which they receive these meals (up to five days per week) and varying price options.

IP ownership/possession

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- The department is aware of conflicting claims regarding the ownership of the software and is still investigating and seeking to resolve these conflicting claims, whilst now also noting MMA going into administration.
- The software is a cloud-based system that the department never intended to host or maintain itself.
- The department currently doesn't hold or have access to the software. The department's intention has always been for the software to be provided directly to a suitable MoW entity which would take over the ownership and responsibility for the software, including hosting and maintaining it.
- The department does have rights under its contract to obtain a copy of the software or be granted access to it.
- The department is not in a position to progress to transfer ownership or roll out any of the software until the conflicting claims about IP ownership and licensing have been resolved.
- Based on the available information, the department has rights to own or use the IP in the software created under, or for, the Future Fit and Transition contracts.
- These rights permit the department to obtain a physical copy or to be granted permanent access.
- On completion of the Transition contract, the department's IP rights to own or use the software would be transferred to that suitable Meals on Wheels organisation to enable them to have ongoing use of that software.
- The department has not gifted the software.

Subcontractors

- Payment of subcontractors for the Future Fit program has been raised by other parties. The department can confirm there are no unpaid contractors under any of the requested contracts.
- The subcontractors under the Deed of Standing Offer and Official Order under that Deed were:
 - Agile Digital Engineering Pty Ltd; (Software developer)
 - CINCH Finance Pty Ltd (trading as CINCH Transform).
 - Complexability Pty
 - Cowell Clarke Pty Ltd;
 - H/ADVISORS APA Pty Ltd
 - ICRM Pty Ltd (trading as Polixen)
 - Katalyst Interactive Pty Ltd;
 - Kathryn Ruth Thiele (trading as Klarity)
 - Meals on Wheels Australia Ltd (MoWA)
 - Meals on Wheels NSW Ltd
 - Newcastle Meals on Wheels Ltd
 - Queensland Meals on Wheels Ltd

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- SEC Newgate Pty Ltd; (Support strategic stakeholder management).
- MoW NSW have indicated they were not privy to a subcontract with MMA. The department is investigating these claims.
- The sub-contractors under the Consultancy Contract were:
 - CINCH Transform; (Financial experts)
 - GoSource
 - Cowell Clarke Commercial Lawyers; (Legal subject matter expert)

CONTINUING MEALS REFORMS

- Pending Government decision, the department aims to continuing working with the meals sector, including MoW Australia and non-MoW meals service providers, to finalise the underlying policy parameters for meals services. This is likely to include further testing a new definition of a meal and quantifying the social capital elements of service delivery.
- The department regularly meets with MoWA and MoW state associations to discuss meal reforms and the impacts for MoW providers. The group has met 2 times since inception in December 2023, [3 times in total](#).

BACKGROUND

Additional background provided at **Attachment B**.

Pilot sites - Whitehorse and Ballarat

- Meals on Wheels providers in Victoria have traditionally been Local Councils.
- In the 2024-25 FY to date (October 2024), three Councils have confirmed their relinquishment of CHSP Meals services. Of these, one relinquishment has been completed and accepted by providers, with two incoming providers taking on the Meals funding. The other two Meals relinquishments are in process.
- In the 2023-24 FY eight Victorian Councils who were funded to deliver meals have relinquished services with 13 providers selected as replacement providers.
- In the 2022-23 FY, nine Councils and three non-council providers relinquished meals services in Victoria, with 18 providers selected as incoming replacements. This included Newcastle MoW and MoW Queensland (QLD) as incoming providers for the Whitehorse and Ballarat sites, respectively.
- With a significant number of Victorian meals providers already supporting other sites who relinquished their funding in 2023-24, NMoW and QLD MoW were selected as the incoming providers at the Whitehorse and Ballarat sites, respectively.
- This decision was also based on their experience in running multi/regional outlet services under the MoW model.
- Whitehorse and Ballarat's contracted higher unit price reflects:
 - Unit prices associated with operational and capital costs related to the transition from a high-cost Council led service, which often cross subsidise CHSP services.
 - The higher unit price better reflects the true cost of the services in advance of future pricing considerations.

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- While the department did not consult the state peak association, the department does not engage peaks in commercial negotiations with contract holders. As per usual processes, the department only engages existing CHSP providers to take over service delivery where another provider withdraws.

Relinquishment process

- There have been concerns raised about the selection processes when a provider relinquishes.
- The department follows a process in order to select suitable incoming providers who demonstrate the relevant experience and capability to limit disruptions to service delivery.
- In collaboration with the Community Grants Hub (CGH), the department considers information provided by the CGH and in the provider's Transition Out Plan as the basis for selecting a pool of possible alternative providers to be reviewed against the distinct requirements of the specific relinquishment.
- Selections take into account the following considerations:
 - Existing delivery profile – predominant service type, delivery models / service sub types, number of clients, use of buildings, cultural backgrounds of clients and staff.
 - Existing delivery area(s)
 - Any existing sub-contracting relationships with other CHSP funded providers.
 - Any current relationships with other CHSP providers in the same area(s).
 - The primary criteria when looking at alternative providers are as follows:
 - Providers delivering against all CHSP Funding Agreement requirements, including performance and delivery, reporting, fraud, compliance and quality standards.
 - Providers capacity to undertake the administrative requirements of client transfers.
 - Providers that deliver similar:
 - Service Types.
 - Sub-Service Types (e.g., Allied Health - Physiotherapy vs Allied Health - Podiatry; Meals).
 - Service models.
 - In similar locations.

Alleged fraudulent activity

- The department is aware of concerns related to the Future Fit contract and alleged fraudulent activity. These concerns have been referred to the relevant area in the department. The department does not comment on matters which may or may not be under its investigation.

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ATTACHMENT A

KEY FACTS AND FIGURES OF THE CONTRACTS

	Amount (GST Excl.)	Amount (GST Inc.)
23 December 2021 Official Order/Contract in relation to strategic business transformation advice and services Under Deed of Standing Offer	\$4.99 million	\$5.49 million
o 29 September 2022 Contract Variation - Official Order/Contract in relation to strategic business transformation advice and services	\$1.42 million	\$1.56 million
Total of original and variation:	\$6.41 million	\$7.05 million
19 January 2024 Contract: Transitioning the Whitehorse Meals on Wheels operations to Newcastle Meals on Wheels	\$1.53 million	\$1.69 million
Total amount on MMA contracts:	\$7.94 million	\$8.74 million

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ATTACHMENT B – ADDITIONAL BACKGROUND

Background relating to Future Fit, Future Fit Collective, IP, Legal issues and the Short-Term Contract – ‘Transitioning The Whitehorse Mow Operations To Newcastle MoW’

Contract term

- The Future Fit contract with MMA expired on 31 December 2023. A short-term contract was entered into with MMA on 19 January 2024 to transition the Future Fit operations of Whitehorse to Newcastle MoW (NMoW) by 10 March 2024.
- There was an inconsistency with the title of the contract and the AusTender description. The department undertook an administrative update to the description on Austender to align to the contract title, Transitioning the Whitehorse MoW operations to NMoW.
- The transition out was completed by 10 March; however, further time was needed for the department to fully review the deliverables. The contract allowed time for unanticipated delays, as a result the contract would continue until 31 May 2024.
- Evidence provided to the Committee in February in relation to the end date of the contract was corrected on 26 March 2024.
- The department received a draft of the final Future Fit report on 8 March 2024.
- Between April and May 2024, the department worked with MMA to ensure the report was at an acceptable standard. This included:
 - ensuring the report provided some practical steps on how to implement a Future Fit service model (i.e. increased client choice – varying price levels and more meal options).
 - ensuring the language was objective.
 - more information about client surveys
 - lessons learnt.
- The department accepted the final report on 31 May 2024 and finalised the final payment. 15% percent of the funds were sent directly to the ATO as per the garnishee request from the ATO.
- Contracts are not acquitted, this is grant language. Rather a contract is paid following acceptance of the goods and services to the standard required by the contract.

Objective of the short-term contract

- In January, MMA notified the department they were no longer able to provide intensive operational support at Whitehorse MoW.
- Purpose of this contract was to windup Future Fit activities including funding for IT systems maintenance and the transfer of the Future Fit operating model being tested in Whitehorse to NMoW.
- The short term contract was established to limit any service disruptions to clients.
- MMA did fulfill the objectives of the contract to an appropriate standard as required by the contract.

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- If pushed:
 - the standard for the provision of services is specified in clause 3 of the contract which is published online through the OPD. This includes providing the services with due care and skill, and ensuring the services are fit for purpose.

Short-term contract 2024 - Deliverables

What did you pay for under the \$1.6million contract? Did this include the transfer of IP?

- The department is working through options to obtain all IP created under the contracts.
- A high level breakdown of the key deliverables for the short-term contract included the following:

Deliverable	Details
Project documentation	Project plans, risk register and regular reporting.
Development of a standardised chart of accounts and accounting methodology	profit and loss statements
Standard operating procedures	Development of approximately 80 standard operating procedures
Final report	<p>A final report to the department outlining the approach for implementing the Future Fit business model and how this could be implemented at other Meals on Wheels sites. The report includes information on:</p> <ul style="list-style-type: none"> ◦ The future fit model. ◦ lessons and findings from implementations. ◦ guidance for incoming providers. <p>This report when read in conjunction with a suite of complementing procedures and support documentation could assist other meals service with adopting the Future Fit model.</p>

NMoW and Whitehorse

NMoW request for emergency funding.

- NMoW has sought additional funding for:
 - re-engage and conduct welfare checks on lost client base.
 - conduct a thorough audit for July 2023 to February 2024.
 - address legal issues that have arisen after MMA's exit from Whitehorse.
 - document legacy and current operational systems and processes.
 - develop a robust plan to ensure the sustained success of the Whitehorse operation, including the use of an ERP.
- This request arose due to:

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- lack of complete documentation/records for the daily tasks.
- Such as historical run sheets for daily meal deliveries.
- destruction of data and paper-based information.
- Paper-based information and historical run sheets for daily meal deliveries.
- It's our understanding the data provided to NMoW contained all the relevant information.
- Costs incurred to divert resources from Newcastle to Whitehorse.
- Legal concerns.
- The department is not aware of any legal matters between NMoW and MMA.
- When NMoW was selected as the incoming provider at Whitehorse, the department negotiated a higher unit price and overall funding, to account for oncosts and to better reflect the true cost of the services, which were previously being cross subsidised by the council.
- In addition, we are aware that NMoW is currently underspent on their grant funding at the Whitehorse site. We've encouraged them to seek advice from their contract manager.
- The department is working with NMoW in increasing the client base at the Whitehorse site. Since January 2024, there is an increasing trend in service provision at Whitehorse with over 6,400 meals reported being delivered in September 2024.

Complaints from clients about Whitehorse

- NMoW is a highly experienced service provider and operates multiple outlet services under the MoW model.
- The department is aware of the previous concerns raised by clients and the Whitehorse Council in relation to contact with Whitehorse and ability to receive services. The department is not aware of any recent complaints raised about service provision at the site
- We are continuing to monitor and work with NMoW to focus their efforts on continuing to growth the client base.

Service decline at Whitehorse

Issues with decline in client numbers - There has been a 60% decline in client numbers, what is the reason for this decline? Are there concerns clients aren't receiving meals?

- There has been an apparent drop in client numbers and it appears there are many contributing factors, such as:
 - The client data obtained by NMoW, in June 2023, from the previous provider appears to have had significant gaps - it was difficult for NMoW to ascertain the true number of CHSP clients who needed to be transitioned from the previous provider.
 - The previous provider was providing a premium service which was not viable for the MoW model, this may have resulted in clients seeking services from alternative providers. For example, Council staff would deliver meals if client's made last minute changes to their orders.
 - Since January 2024 the provider has significant increase their service provision.

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- If pushed:
 - The previous provider was only delivering 54% of the funded outputs which equated to approximately 336 clients per month.
 - In April 2024, there was 166 clients who accessed services from Whitehorse MoW, as at end September 2024, there are 435 clients that Whitehorse are delivering services too.

Behaviour and conduct of MMA

Is the department aware of any negative feedback towards MMA?

What did the department do when they became aware of sector concerns?

Concerns have been raised that MMA have breached the privacy and confidentiality clauses in their contract, what are the alleged breaches and what is the department doing about this?

- A number of Meals on Wheels services and MoWA have strongly advocated in support of the Future Fit objective. Positive feedback for Future Fit includes recognition of:
 - the commitment shown by the department for the necessary reforms to meals services.
 - the opportunity to strength and improve the viability and sustainability of MoW organisations.
 - a strengthened network of MoW providers who can now support and learn from each other.
 - the pilot's focus on improving client choice while maintaining the social connection with clients.
- However, the department received negative feedback in relation to:
 - the operations at the Whitehorse MoW pilot site.
 - lack of transparency on the progress of Future Fit.
 - value for money of the MMA contracts.
 - conduct of MMA.
- When the department became aware of this feedback, departmental officers attended three town hall events in order to communicate directly with MoW providers in NSW and QLD about the objectives of Future Fit and to listen to their concerns.
- The department became aware of broad claims about privacy and confidentiality breaches, and with MMA now in administration we are currently seeking further specific details to investigate these allegations.

Legal matters

Is the department aware of any legal matters being pursued by MMA?

Are there any other legal issues?

- The department is not aware of any legal proceedings underway by MMA.
- The department is aware of other legal matters related to the use of software between several third parties, however the department is not a party to these matters and it is not appropriate for the department discuss these matters.

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Freedom of Information requests

Why did MMA ask the department to be more 'circumspect' when responding to FOI requests?

- The department has received a number of FOI requests in relation to Future Fit.
- Third parties have the right to be consulted on documents containing their personal or business information. The department has followed due process in relation to this consultation on the FOIs it has received.

Future Fit website

Access to Future Fit material

The Future Fit website is password protected.

- The Future Fit website was decommissioned with the finalisation of the project.
- The department is committed to being open and transparent in relation to the Future Fit project and is currently considering the best approach for publishing Future Fit project artefacts such as discussion papers and reports.
- Other websites that are password protected are not a result of any contractual arrangements between the department and MMA and not the responsibility of the Commonwealth.

Future Fit Collective

What is the Future Fit Collective?

Are they using the Future Fit technology? How did they receive it?

Are you concerned MoW organisations are now being actively pursued by lawyers for breaches of copyright?

- Several MoW organisations involved in Future Fit established the Future Fit Collective which aims to foster the development of open-source software.
- The Future Fit Collective established a website or an open-source community where subscribers can contribute to building software. Open source means the software is freely available.
- The department was not involved in the establishment of the Future Fit Collective and has limited visibility of the work they have carried out to date, including the website.
- The department has not gifted the IP to any organisation including to Future Fit Collective.
- The department is aware that some Meals on Wheels services have been approached by a legal representative of an organisation which is claiming rights to software being used by the Future Fit Collective. The department is looking into this matter.
- Recently MMA informed the department they have sold the Future Fit program IP to the Future Fit Collective for \$1. Amongst the work to determine overall IP ownership claims, the department is investigating this claim and the legality of it.

Lite N' Easy

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- Concerns have been raised about Lite N' Easy (LNE) not meeting the MoW National Meals guidelines.
- Whitehorse was using LNE's My Choices range which was developed by LNE's team of dieticians and chefs, in line with the Australian Dietary Guidelines and in consultation with the Meals on Wheels National Meal Guidelines.
- One caveat is that Whitehorse did have a very small number of Lite N' Easy vegetarian meals that are understood to likely not meet the National Meals Guidelines (based on appropriate portion sizes).
- The My Choices range was specifically designed to meet the nutritional needs of older people.

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ATTACHMENT C

Future Fit participants - 33 Meals On Wheels providers (82 sites)

Service Provider Name	CHSP Meal Funding (2022/23)	CHSP Contracted Meals	CHSP Delivered Meals	CHSP Meal Clients	Volunteers (2020-21)	FTE (2020-21)	Delivered States	Number of outlets/sites
Ipswich Meals on Wheels	\$403,506.51	s47G, s47E(d)						
Narrandera Meals on Wheels	\$122,252.39							
Caloundra Meals on Wheels	\$773,701.69							
Bundaberg Meals on Wheels	\$439,324.99							
Camden Meals on Wheels	\$295,167.40							
Rockhampton Meals on Wheels	\$286,446.52							
Charlestown Meals on Wheels	\$250,726.83							
Wollongong Meals on Wheels	\$217,769.75							
Collinsville Meals on Wheels	\$22,879.57							
Blue Mountains Meals on Wheels	\$738,585.44							
Babinda Meals on Wheels	\$27,679.05							
Blacktown Meals on Wheels	\$701,826.63							
Crows Nest Meals on Wheels	\$22,906.01							
Inverell Meals on Wheels	\$253,634.91							

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Roma Meals on Wheels	\$23,919.92	s47G, s47E(d)
Dubbo Meals on Wheels	\$690,053.96	
Rochedale Meals on Wheels	\$65,619.75	
Central Coast Meals on Wheels	\$1,600,506.68	
Brisbane South Meals on Wheels	\$1,663,879.35	
Sutherland Food Services	\$440,854.06	
Fraser Meals on Wheels	\$626,484.12	
Tamworth Meals on Wheels	\$614,838.79	
Sandgate & District Meals on Wheels Inc	\$441,525.00	
Village Chef by Meals on Wheels	\$1,789,499.14	
Nepean Meals on Wheels	\$647,152.94	
Fairfield Meals on Wheels	\$648,042.43	
Bathurst Meals on Wheels	\$415,595.30	
Open Arms Care Meals on Wheels	\$327,990.64	
Meals on Wheels Tasmania	\$1,272,491.02	
Ballarat Meals on Wheels	\$301,842.45	

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Longreach Meals on Wheels		s47G, s47E(d)
Newcastle Meals on Wheels	\$1,810,955.74	
Whitehorse Meals on Wheels		
TOTAL	\$17,937,658.98	

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By the Department of Health, Disability and

From: s47F, s47E(c)
To: [CONNOLLY, Thea](#); s47F, s47E(c)
Cc: [HRD Executive](#); s47F, s47E(c); [BLACKWOOD, Rachel](#)
Subject: RE: AS08 - CHSP Meals on Wheels - DRAFT.DOCX [SEC=OFFICIAL]
Date: Thursday, 7 November 2024 11:48:52 AM
Attachments: [AS08 - CHSP Meals on Wheels - TRACKED.docx](#)
[AS08 - CHSP Meals on Wheels - CLEAN.docx](#)

Hi Thea – done – tracked for visibility.

s47F, s47E(c) I've attached a clean version for Thea's estimates pack.

s47C

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

ATO garnishee notice

Was MMA meant to report their ATO debt to the department? How did the department respond to the ATO garnishee notice?

- The contract contained general Commonwealth contract notification requirements. The contract did not specifically require MMA to report ATO debts to the department.
- The department complied with the instructions set out in the garnishee notice. Any specific details about the notice will need to be taken on notice to allow the department to seek the views of the liquidators.
- If pushed:
 - The existence of a tax debt is a matter for the ATO. Any questions will need to be directed to the ATO.
 - We would only have more information once we've seen the creditors report which has not been issued yet.

From: CONNOLLY, Thea s47F, s47E(c) @health.gov.au>
Sent: Wednesday, 6 November 2024 5:25 PM
To: s47F, s47E(c) @health.gov.au>
Cc: HRD Executive s47F, s47E(c)
s47F, s47E(c) BLACKWOOD, Rachel s47F, s47E(c) @Health.gov.au>
Subject: FW: AS08 - CHSP Meals on Wheels - DRAFT.DOCX [SEC=OFFICIAL]

Thanks, for updating per SQ responses as proposed. Thea

From: s47F, s47E(c) @health.gov.au>

Sent: Tuesday, 29 October 2024 1:23 PM

To: HERALD, Russell s47F, s47E(c) [@health.gov.au](mailto:herald@health.gov.au); CONNOLLY, Thea
s47F, s47E(c) [@health.gov.au](mailto:connolly@health.gov.au)>

Cc: s47F, s47E(c)

s47F, s47E(c) >; HRD Executive s47F, s47E(c) >;
BLACKWOOD, Rachel s47F, s47E(c) [@Health.gov.au](mailto:blackwood@health.gov.au)>

Subject: AS08 - CHSP Meals on Wheels - DRAFT.DOCX [SEC=OFFICIAL]

Hi Rusty and Thea

Please see the attached brief on MOW.

s47F,
s47E(c)

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COMMONWEALTH HOME SUPPORT PROGRAMME
MEALS ON WHEELS AND FUTURE FIT

Style Definition: Style1

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OVERARCHING NARRATIVE OVERVIEW

- In 2021, the department established an ~~an ambitious~~ project aiming to preserve the social support to older people in Australia offered by Meals on Wheels (MoW) through mitigating risks related to the viability of Meals on Wheels (MoW) under the new in-home aged care program.
- MoW has many individual organisations, all offering social support when delivering meals to vulnerable people. However, they ~~who~~ operate independently with their own operating model, including meals, production and delivery, prices and technology. MoW also relies heavily on a volunteer workforce.
- This can result in inconsistencies, limitations of meal choice and inefficiencies within individual MoW organisations.
- Under Support at Home, MoW organisations will need to operate in a highly contestable market.
- The Future Fit project was designed to:
 - Understand the differing service methods across the MoW network, including the supply, storage, delivery and preparation of meals.
 - Understand the cost associated with the time volunteers/staff spent engaging with clients.
 - Inform a new funding model that recognises the social value of the MoW model and address the current competitive disadvantage when compared to 'drop and go' models.
 - Drive Support efficiencies within MoW organisations through technology
 - ~~○ Understand the differing service methods across the MoW network, including the supply, storage, delivery and preparation of meals.~~
 - ~~○ Understand the cost associated with the time volunteers/staff spent engaging with clients.~~
 - Increased variety of meal options and consumer choice by forming relationships with a range of meal suppliers, including MoW distribution centres.
- This project provided the department with a comprehensive analysis of the baseline operating models across various MoW organisations.
- As the project progressed, we identified a misalignment of interests and goals within the network that caused tension with some stakeholders.
- For example, goals for a case mix/AN-ACC type funding model for meals delivery vs a more straightforward fee for service arrangement.
-
- It also came to light that there were several conflicts between key stakeholders and contractors, further complicating the management process.

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- The department acknowledges the challenges faced in the management of the Future Fit project, recognising that it is not an example of best practice.
- ~~In April 2024, the~~ department instigated a risk snapshot by an external ~~auditor~~-provider in relation to the state of the procurement approach and contract management of the Future Fit project. ~~The snapshot found issues with our procurement and contract management that we are working to address in future arrangements eg risk mgmt and other documentation not completed.~~
- In addition, the Auditor-General ~~has commenced~~is auditing the Future Fit Program and is expected to table a ~~final~~-report in April 2025.
- Moving forward, the department is committed to supporting meals reform as we prepare for the implementation of Support at Home.
- The department is continuing to work with MoWA and state organisations in relation to this. ~~For example, we are looking at making DEX reporting changes for meals providers so we can get a better picture of how meals are delivered on the ground to inform our understanding of the additional costs born by social engagement with clients and therefore our pricing model going forward. The DEX changes are informed by the FF project stocktakes.~~
- ~~In September 2024, the~~ department ~~has~~ received a proposal from MoWA ~~in relation to future funding models and is working through the procurement processes considering its response in order to respond.~~

KEY POINTS

Update since ~~May-June~~ estimates

- Between 23 December 2021 and 31 May 2024, the department contracted Miles Morgan Australia (MMA) to the value of \$7.94 million (GST exclusive) / \$8.74 million (GST inclusive) to deliver the Future Fit program and to ~~transition~~ pilot site activities at Whitehorse Meals on Wheels (MoW) to Newcastle MoW (**Attachment A refers**)
- On 12 April 2024, the Australian Tax Office (ATO) sent the department a garnishee notice outlining that a percentage of the final payment to MMA had to be paid directly to the ATO
- On 17 September 2024 MMA entered into liquidation. The department is requesting outstanding information from administrators. (This will further assist with understanding IP ownership).
 - The department is working with the administrators on some outstanding matters in relation to intellectual property. In line with the terms and conditions of the MMA contract, the department remains of the view that the Commonwealth owns the intellectual property in the contract material created under them.
- ~~The ANAO are undertaking a comprehensive audit of the MMA contracts and is expected to publish their finding in April 2025.~~
- ~~This report will provide the Senate Committee with insights into the ANAO's findings in relation to procurement processes and contract management.~~

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- ~~The department is working with the ANAO and welcomes their recommendations on how the department can improve processes.~~
- On 27 March 2024, Senator Penny Allman-Payne and former Senator Janet Rice wrote to the Auditor General requesting they undertake an audit of the contract between MMA and the department for the delivery of the Future Fit project.
- On 5 July 2024, the Acting Auditor General sent follow up correspondence to Senator Penny Allman-Payne confirming the ANAO is conducting a performance audit on the administration of the Future Fit Program. The audit has commenced ~~and will propose to~~ examine:
 - Has the department established sound governance arrangements to support the delivery of the Future Fit Program?
 - Has the department conducted procurements for the Future Fit Program effectively?
 - Has the department managed the Future Fit Program contracts effectively?
- The ANAO has announced that it plans to table its report in April 2025.
- The department is working with the ANAO and welcomes its recommendations on how we can improve processes.

ATO garnishee notice

Was MMA meant to report their ATO debt to the department? How did the department respond to the ATO garnishee notice?

- The contract contained general Commonwealth contract notification requirements. The contract did not specifically require MMA to report ATO debts to the department.
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Viability concerns raised by MoW

- Meals on Wheels providers are keen to support as many people as they can. In doing so, there have been instances where the number of clients they take on is greater than their contracted and therefore financial capacity.
- Despite requests to engage directly with the department and the Grants Hub to facilitate constructive discussions, MoWA and some frontline organisations, have been actively engaging with media outlets over concerns related to MoW organisations closing their books to new clients.
- While individual providers may face viability challenges at times, the department does not have evidence of widespread viability issues currently being faced by the MoW network.
- Under the CHSP, it is expected that clients pay for the cost of the *ingredients* of their meals through their personal income, pension etc.
- MoWA does not support a fee for service model, due to competitive risks from large scale ready to eat meal providers and a loss of community infrastructure set around volunteers and client wellbeing.
- In light of viability concerns MoWA Chair Mr Paul Sadler met with Minister Wells' office on 10 October 2024 to discuss support for MoW ahead of SAH, including support for volunteer recruitment.

Key deliverables of Future Fit

- The project provided the department with a comprehensive understanding of meals services - informed by extensive stakeholder engagement, investigation, and research of the MoW model.
- The department believes- considers at the time of entering the contracts that vfm was achievable. We are value for money was achieved- evaluating the outputs and outcomes of the contract at present.
- The following deliverables are provided below:

Deliverable	Details
Four financial and operational stocktakes which provided a series of data insights to inform:	<ul style="list-style-type: none"> ○ Supported the development of MoW organisation profiles based on similar traits (cooking kitchen vs non-cooking kitchen, frozen vs fresh). ○ Provided an analysis on demand projections. ○ Provided insights into time spent with clients. ○ Informed by approximately 200 survey responses.
A food and nutrition stocktake.	<ul style="list-style-type: none"> ○ This stocktake was informed by survey responses from approximately 200 MoW organisations and will assist with a consistent definition of a meal. ○ Provided a better understanding of the operational procedures followed by MoW organisations.

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Deliverable	Details
	<ul style="list-style-type: none"> o Informed two discussion papers that were also developed in consultation with Future Fit participants and nutritionists to determine definition of a meal. o Provided an understanding on course categories used by MoW organisations (small meal, mini main, soup, drink, dessert etc.). o Provided recommendations for optimised nutritional values (protein and weight) for each meal.
A blueprint for a digital operating model, where organisations have a standardised operating model that is supported by modern technology to:	<p>The model looked to:</p> <ul style="list-style-type: none"> o create efficiencies through better reporting, integration with My Aged Care, food suppliers and financial software. o be the architecture for the development of the secure cloud-based platform (Enterprise Resource Planning software), which provides an easy-to-use web based interface, with real time operational visibility.
The technological build (Enterprise Resource Planning software)	<ul style="list-style-type: none"> o The development of the software required significant stakeholder consultation, user testing and investigation of integration options with Aged Care Gateway.
All project documentation	<ul style="list-style-type: none"> o This included project plans, project management framework, risk registers
Development of a standardised chart of accounts and accounting methodology	<ul style="list-style-type: none"> o A standardised profit and loss statement template.
A strengthened network of MoW providers	<ul style="list-style-type: none"> o The network continues to work together to share industry strengths, operational efficiencies and valuable resources.
A six-month pilot at Whitehorse MoW which trialed an alternative service-level model. The pilot focused on improving client choice while maintaining the social connection with clients. This included:	<p>The pilot included:</p> <ul style="list-style-type: none"> o The development of three price points to be affordable for different socio-economic communities. o Improved meal choice to cater for Culturally and Linguistically Diverse communities. o Increased client choice by allowing clients to choose from a range of meals, the frequency at which they receive these meals (up to five days per week) and varying price options.

IP ownership/possession

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- The department is aware of conflicting claims regarding the ownership of the software and is still investigating and seeking to resolve these conflicting claims, whilst now also noting MMA going into administration.
- The software is a cloud-based system that the department never intended to host or maintain itself.
- The department currently doesn't hold or have access to the software. The department's intention has always been for the software to be provided directly to a suitable MoW entity which would take over the ownership and responsibility for the software, including hosting and maintaining it.
- The department does have rights under its contract to obtain a copy of the software or be granted access to it.
- The department is not in a position to progress to transfer ownership or roll out any of the software until the conflicting claims about IP ownership and licensing have been resolved.
- Based on the available information, the department has rights to own or use the IP in the software created under, or for, the Future Fit and Transition contracts.
- These rights permit the department to obtain a physical copy or to be granted permanent access.
- On completion of the Transition contract, the department's IP rights to own or use the software would be transferred to that suitable Meals on Wheels organisation to enable them to have ongoing use of that software.
- The department has not gifted the software.

Subcontractors

- Payment of subcontractors for the Future Fit program has been raised by other parties. The department can confirm there are no unpaid contractors under any of the requested contracts.
- The subcontractors under the Deed of Standing Offer and Official Order under that Deed were:
 - Agile Digital Engineering Pty Ltd; (Software developer)
 - CINCH Finance Pty Ltd (trading as CINCH Transform).
 - Complexability Pty
 - Cowell Clarke Pty Ltd;
 - H/ADVISORS APA Pty Ltd
 - ICRM Pty Ltd (trading as Polixen)
 - Katalyst Interactive Pty Ltd;
 - Kathryn Ruth Thiele (trading as Klarity)
 - Meals on Wheels Australia Ltd (MoWA)
 - Meals on Wheels NSW Ltd
 - Newcastle Meals on Wheels Ltd
 - Queensland Meals on Wheels Ltd

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- SEC Newgate Pty Ltd; (Support strategic stakeholder management).
- MoW NSW have indicated they were not privy to a subcontract with MMA. The department is investigating these claims.
- The sub-contractors under the Consultancy Contract were:
 - CINCH Transform; (Financial experts)
 - GoSource
 - Cowell Clarke Commercial Lawyers; (Legal subject matter expert)

CONTINUING MEALS REFORMS

- Pending Government decision, the department aims to continuing working with the meals sector, including MoW Australia and non-MoW meals service providers, to finalise the underlying policy parameters for meals services. This is likely to include further testing a new definition of a meal and quantifying the social capital elements of service delivery.
- The department regularly meets with MoWA and MoW state associations to discuss meal reforms and the impacts for MoW providers. The group has met 2 times since inception in December 2023, [3 times in total](#).

BACKGROUND

Additional background provided at **Attachment B**.

Pilot sites - Whitehorse and Ballarat

- Meals on Wheels providers in Victoria have traditionally been Local Councils.
- In the 2024-25 FY to date (October 2024), three Councils have confirmed their relinquishment of CHSP Meals services. Of these, one relinquishment has been completed and accepted by providers, with two incoming providers taking on the Meals funding. The other two Meals relinquishments are in process.
- In the 2023-24 FY eight Victorian Councils who were funded to deliver meals have relinquished services with 13 providers selected as replacement providers.
- In the 2022-23 FY, nine Councils and three non-council providers relinquished meals services in Victoria, with 18 providers selected as incoming replacements. This included Newcastle MoW and MoW Queensland (QLD) as incoming providers for the Whitehorse and Ballarat sites, respectively.
- With a significant number of Victorian meals providers already supporting other sites who relinquished their funding in 2023-24, NMoW and QLD MoW were selected as the incoming providers at the Whitehorse and Ballarat sites, respectively.
- This decision was also based on their experience in running multi/regional outlet services under the MoW model.
- Whitehorse and Ballarat's contracted higher unit price reflects:
 - Unit prices associated with operational and capital costs related to the transition from a high-cost Council led service, which often cross subsidise CHSP services.
 - The higher unit price better reflects the true cost of the services in advance of future pricing considerations.

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- While the department did not consult the state peak association, the department does not engage peaks in commercial negotiations with contract holders. As per usual processes, the department only engages existing CHSP providers to take over service delivery where another provider withdraws.

Relinquishment process

- There have been concerns raised about the selection processes when a provider relinquishes.
- The department follows a process in order to select suitable incoming providers who demonstrate the relevant experience and capability to limit disruptions to service delivery.
- In collaboration with the Community Grants Hub (CGH), the department considers information provided by the CGH and in the provider's Transition Out Plan as the basis for selecting a pool of possible alternative providers to be reviewed against the distinct requirements of the specific relinquishment.
- Selections take into account the following considerations:
 - Existing delivery profile – predominant service type, delivery models / service sub types, number of clients, use of buildings, cultural backgrounds of clients and staff.
 - Existing delivery area(s)
 - Any existing sub-contracting relationships with other CHSP funded providers.
 - Any current relationships with other CHSP providers in the same area(s).
 - The primary criteria when looking at alternative providers are as follows:
 - Providers delivering against all CHSP Funding Agreement requirements, including performance and delivery, reporting, fraud, compliance and quality standards.
 - Providers capacity to undertake the administrative requirements of client transfers.
 - Providers that deliver similar:
 - Service Types.
 - Sub-Service Types (e.g., Allied Health - Physiotherapy vs Allied Health - Podiatry; Meals).
 - Service models.
 - In similar locations.

Alleged fraudulent activity

- The department is aware of concerns related to the Future Fit contract and alleged fraudulent activity. These concerns have been referred to the relevant area in the department. The department does not comment on matters which may or may not be under its investigation.

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ATTACHMENT A

KEY FACTS AND FIGURES OF THE CONTRACTS

	Amount (GST Excl.)	Amount (GST Inc.)
23 December 2021 Official Order/Contract in relation to strategic business transformation advice and services Under Deed of Standing Offer	\$4.99 million	\$5.49 million
o 29 September 2022 Contract Variation - Official Order/Contract in relation to strategic business transformation advice and services	\$1.42 million	\$1.56 million
Total of original and variation:	\$6.41 million	\$7.05 million
19 January 2024 Contract: Transitioning the Whitehorse Meals on Wheels operations to Newcastle Meals on Wheels	\$1.53 million	\$1.69 million
Total amount on MMA contracts:	\$7.94 million	\$8.74 million

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ATTACHMENT B – ADDITIONAL BACKGROUND

Background relating to Future Fit, Future Fit Collective, IP, Legal issues and the Short-Term Contract – ‘Transitioning The Whitehorse Mow Operations To Newcastle MoW’

Contract term

- The Future Fit contract with MMA expired on 31 December 2023. A short-term contract was entered into with MMA on 19 January 2024 to transition the Future Fit operations of Whitehorse to Newcastle MoW (NMoW) by 10 March 2024.
- There was an inconsistency with the title of the contract and the AusTender description. The department undertook an administrative update to the description on Austender to align to the contract title, Transitioning the Whitehorse MoW operations to NMoW.
- The transition out was completed by 10 March; however, further time was needed for the department to fully review the deliverables. The contract allowed time for unanticipated delays, as a result the contract would continue until 31 May 2024.
- Evidence provided to the Committee in February in relation to the end date of the contract was corrected on 26 March 2024.
- The department received a draft of the final Future Fit report on 8 March 2024.
- Between April and May 2024, the department worked with MMA to ensure the report was at an acceptable standard. This included:
 - ensuring the report provided some practical steps on how to implement a Future Fit service model (i.e. increased client choice – varying price levels and more meal options).
 - ensuring the language was objective.
 - more information about client surveys
 - lessons learnt.
- The department accepted the final report on 31 May 2024 and finalised the final payment. 15% percent of the funds were sent directly to the ATO as per the garnishee request from the ATO.
- Contracts are not acquitted, this is grant language. Rather a contract is paid following acceptance of the goods and services to the standard required by the contract.

Objective of the short-term contract

- In January, MMA notified the department they were no longer able to provide intensive operational support at Whitehorse MoW.
- Purpose of this contract was to windup Future Fit activities including funding for IT systems maintenance and the transfer of the Future Fit operating model being tested in Whitehorse to NMoW.
- The short term contract was established to limit any service disruptions to clients.
- MMA did fulfill the objectives of the contract to an appropriate standard as required by the contract.

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- If pushed:
 - the standard for the provision of services is specified in clause 3 of the contract which is published online through the OPD. This includes providing the services with due care and skill, and ensuring the services are fit for purpose.

Short-term contract 2024 - Deliverables

What did you pay for under the \$1.6million contract? Did this include the transfer of IP?

- The department is working through options to obtain all IP created under the contracts.
- A high level breakdown of the key deliverables for the short-term contract included the following:

Deliverable	Details
Project documentation	Project plans, risk register and regular reporting.
Development of a standardised chart of accounts and accounting methodology	profit and loss statements
Standard operating procedures	Development of approximately 80 standard operating procedures
Final report	<p>A final report to the department outlining the approach for implementing the Future Fit business model and how this could be implemented at other Meals on Wheels sites. The report includes information on:</p> <ul style="list-style-type: none"> ◦ The future fit model. ◦ lessons and findings from implementations. ◦ guidance for incoming providers. <p>This report when read in conjunction with a suite of complementing procedures and support documentation could assist other meals service with adopting the Future Fit model.</p> <p><u>This report has been provided to MoWA and we are discussing strategy on broader dissemination with the MOW network.</u></p>

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NMoW and Whitehorse

NMoW request for emergency funding.

- NMoW has sought additional funding for:
 - re-engage and conduct welfare checks on lost client base.
 - conduct a thorough audit for July 2023 to February 2024.
 - address legal issues that have arisen after MMA's exit from Whitehorse.
 - document legacy and current operational systems and processes.
 - develop a robust plan to ensure the sustained success of the Whitehorse operation, including the use of an ERP.

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- This request arose due to:
 - lack of complete documentation/records for the daily tasks.
 - Such as historical run sheets for daily meal deliveries.
 - destruction of data and paper-based information.
 - Paper-based information and historical run sheets for daily meal deliveries.
 - It's our understanding the data provided to NMoW contained all the relevant information.
 - Costs incurred to divert resources from Newcastle to Whitehorse.
 - Legal concerns.
- The department is not aware of any legal matters between NMoW and MMA.
- When NMoW was selected as the incoming provider at Whitehorse, the department negotiated a higher unit price and overall funding, to account for oncosts and to better reflect the true cost of the services, which were previously being cross subsidised by the council.
- In addition, we are aware that NMoW is currently underspent on their grant funding at the Whitehorse site. We've encouraged them to seek advice from their contract manager.
- The department is working with NMoW in increasing the client base at the Whitehorse site. Since January 2024, there is an increasing trend in service provision at Whitehorse with over 6,400 meals reported being delivered in September 2024.

Complaints from clients about Whitehorse

- NMoW is a highly experienced service provider and operates multiple outlet services under the MoW model.
- The department is aware of the previous concerns raised by clients and the Whitehorse Council in relation to contact with Whitehorse and ability to receive services. The department is not aware of any recent complaints raised about service provision at the site
- We are continuing to monitor and work with NMoW to focus their efforts on continuing to growth the client base.

Service decline at Whitehorse

Issues with decline in client numbers - There has been a 60% decline in client numbers, what is the reason for this decline? Are there concerns clients aren't receiving meals?

- There has been an apparent drop in client numbers and it appears there are many contributing factors, such as:
 - The client data obtained by NMoW, in June 2023, from the previous provider appears to have had significant gaps - it was difficult for NMoW to ascertain the true number of CHSP clients who needed to be transitioned from the previous provider.
 - The previous provider was providing a premium service which was not viable for the MoW model, this may have resulted in clients seeking services from alternative providers. For example, Council staff would deliver meals if client's made last minute changes to their orders.

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- Since January 2024 the provider has significant increase their service provision.
- If pushed:
 - The previous provider was only delivering 54% of the funded outputs which equated to approximately 336 clients per month.
 - In April 2024, there was 166 clients who accessed services from Whitehorse MoW, as at end September 2024, there are 435 clients that Whitehorse are delivering services too.

Behaviour and conduct of MMA

Is the department aware of any negative feedback towards MMA?

What did the department do when they became aware of sector concerns?

Concerns have been raised that MMA have breached the privacy and confidentiality clauses in their contract, what are the alleged breaches and what is the department doing about this?

- A number of Meals on Wheels services and MoWA have strongly advocated in support of the Future Fit objective. Positive feedback for Future Fit includes recognition of:
 - the commitment shown by the department for the necessary reforms to meals services.
 - the opportunity to strength and improve the viability and sustainability of MoW organisations.
 - a strengthened network of MoW providers who can now support and learn from each other.
 - the pilot's focus on improving client choice while maintaining the social connection with clients.
- However, the department received negative feedback in relation to:
 - the operations at the Whitehorse MoW pilot site.
 - lack of transparency on the progress of Future Fit.
 - value for money of the MMA contracts.
 - conduct of MMA.
- When the department became aware of this feedback, departmental officers attended three town hall events in order to communicate directly with MoW providers in NSW and QLD about the objectives of Future Fit and to listen to their concerns.
- The department became aware of broad claims about privacy and confidentiality breaches, and with MMA now in administration we are currently seeking further specific details to investigate these allegations.

Is the department aware of MMA using private investigators?

- The department is not aware of Future Fit funding being used on private investigators.
- The department has received information from MMA regarding a range of matters. The department is not able to confirm the origin of all the information it has received from MMA, including whether it was from a private investigator.

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- The department has received privacy complaints regarding information that MMA supplied.

Is the department aware of the response MMA provided to the Saturday Paper?

- The Department did not engage with MMA in relation to this media request nor did the department review or approve the correspondence by MMA with The Saturday Paper.

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Legal matters

Is the department aware of any legal matters being pursued by MMA?

Are there any other legal issues?

- The department is not aware of any legal proceedings underway by MMA.
- The department is aware of other legal matters related to the use of software between several third parties, however the department is not a party to these matters and it is not appropriate for the department ~~discuss these matters~~ make any assumptions.

How much of the Future Fit funding was allocated to lawyers?

Can the department confirm that lawyers were acting in the best interest of the public?

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- Under the contract MMA was responsible for entering into subcontracting arrangements to support the delivery of services. Among other things, MMA was required to ensure that any subcontracting arrangements were consistent with the contract and facilitated MMA's compliance with its obligations.
- The department was aware Cowell Clarke represented MMA while it was an approved subcontractor under the contract between MMA and the department. Under the contract, MMA was to notify the department of any conflicts of interest that arose or appeared likely to arise in respect of their subcontractors.
- MMA didnot notify the department of any conflicts in respect of Cowell Clarke. As standard in Commonwealth procurement contracts, the department does not receive detailed information about the terms of a contract, including payments, between the contractor and any subcontractor.

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Freedom of Information requests

Why did MMA ask the department to be more 'circumspect' when responding to FOI requests?

- The department has received a number of FOI requests in relation to Future Fit.
- Third parties have the right to be consulted on documents containing their personal or business information. The department has followed due process in relation to this consultation on the FOIs it has received.

Future Fit website

Access to Future Fit material

The Future Fit website is password protected.

- The Future Fit website was decommissioned with the finalisation of the project.

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- The department is committed to being open and transparent in relation to the Future Fit project and is currently considering the best approach for publishing Future Fit project artefacts such as discussion papers and reports.
- Other websites that are password protected are not a result of any contractual arrangements between the department and MMA and not the responsibility of the Commonwealth.

Future Fit Collective

How many MoW services are involved in the Future Fit Collective?

What is the Future Fit Collective?

Are they using the Future Fit technology? How did they receive it?

Are you concerned MoW organisations are now being actively pursued by lawyers for breaches of copyright?

- The department does not have any contractual relationship with the Future Fit Collective which is separate to the Future Fit program. We do not have information on how many MoW services are involved other than what is in the public domain.
- Several MoW organisations involved in Future Fit established the Future Fit Collective which aims to foster the development of open source software. In addition, the department is not aware of Future Fit Collective's ownership structure.
- The Future Fit Collective established a website or an open-source community where subscribers can contribute to building software. Open source means the software is freely available. The Future Fit Collective aims to foster the development of open-source software.
- The department was not involved in the establishment of the Future Fit Collective and has limited visibility of the work they have carried out to date, including the website.
- The department has not gifted the IP to any organisation including to Future Fit Collective.
- The department is aware that some Meals on Wheels services have been approached by a legal representative of an organisation which is claiming rights to software being used by the Future Fit Collective. The department is looking into this matter as part of the broader examination into the issues around the Future Fit software. Given the legal issues involved it would not be appropriate to provide the information at this time.
- Recently MMA informed the department they have sold the Future Fit program IP to the Future Fit Collective for \$1. Amongst the work to determine overall IP ownership claims, the department is investigating this claim and the legality of it.

Lite N' Easy

- Concerns have been raised about Lite N' Easy (LNE) not meeting the MoW National Meals guidelines.
- Whitehorse was using LNE's My Choices range which was developed by LNE's team of dieticians and chefs, in line with the Australian Dietary Guidelines and in consultation with the Meals on Wheels National Meal Guidelines.

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- One caveat is that Whitehorse did have a very small number of Lite N' Easy vegetarian meals that are understood to likely not meet the National Meals Guidelines (based on appropriate portion sizes).
- The My Choices range was specifically designed to meet the nutritional needs of older people.

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ATTACHMENT C

Future Fit participants - 33 Meals On Wheels providers (82 sites)

Service Provider Name	CHSP Meal Funding (2022/23)	CHSP Contracted Meals	CHSP Delivered Meals	CHSP Meal Clients	Volunteers (2020-21)	FTE (2020-21)	Delivered States	Number of outlets/sites
Ipswich Meals on Wheels	\$403,506.51	s47E(d), s47G						
Narrandera Meals on Wheels	\$122,252.39							
Caloundra Meals on Wheels	\$773,701.69							
Bundaberg Meals on Wheels	\$439,324.99							
Camden Meals on Wheels	\$295,167.40							
Rockhampton Meals on Wheels	\$286,446.52							
Charlestown Meals on Wheels	\$250,726.83							
Wollongong Meals on Wheels	\$217,769.75							
Collinsville Meals on Wheels	\$22,879.57							
Blue Mountains Meals on Wheels	\$738,585.44							
Babinda Meals on Wheels	\$27,679.05							
Blacktown Meals on Wheels	\$701,826.63							
Crows Nest Meals on Wheels	\$22,906.01							
Inverell Meals on Wheels	\$253,634.91							

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Roma Meals on Wheels	\$23,919.92
Dubbo Meals on Wheels	\$690,053.96
Rosedale Meals on Wheels	\$65,619.75
Central Coast Meals on Wheels	\$1,600,506.68
Brisbane South Meals on Wheels	\$1,663,879.35
Sutherland Food Services	\$440,854.06
Fraser Meals on Wheels	\$626,484.12
Tamworth Meals on Wheels	\$614,838.79
Sandgate & District Meals on Wheels Inc	\$441,525.00
Village Chef by Meals on Wheels	\$1,789,499.14
Nepean Meals on Wheels	\$647,152.94
Fairfield Meals on Wheels	\$648,042.43
Bathurst Meals on Wheels	\$415,595.30
Open Arms Care Meals on Wheels	\$327,990.64
Meals on Wheels Tasmania	\$1,272,491.02
Ballarat Meals on Wheels	\$301,842.45



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Longreach Meals on Wheels	
Newcastle Meals on Wheels	\$1,810,955.74
Whitehorse Meals on Wheels	
TOTAL	\$17,937,658.98



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