

Submission to the Productivity Commission Inquiry into Introducing Competition and Informed User Choice into Human Services

UnitingCare Australia
25 July 2016

Contact:
Martin J. Cowling
Acting National Director
UnitingCare Australia

Table of Contents

UnitingCare Australia		3
1.	Introduction	4
2.	Attributes of Human Services	5
3.	Types of Humans Services that may be in Scope	7
4.	Case Studies	9
5.	Informed, Empowered and Supported Consumer Choice	11
6.	Supply and Demand for Human Services	12
7.	Costs and Impacts	15
8.	Conclusion	16

UnitingCare Australia

UnitingCare Australia is the national body for the UnitingCare Network, one of the largest providers of community services in Australia. With over 1,600 sites, the network has 40,000 employees and 30,000 volunteers. We provide services to children, young people and families, Indigenous Australians, people with disabilities, the poor and disadvantaged, people from culturally diverse backgrounds and older Australians in urban, rural and remote communities.

UnitingCare Australia works on behalf of the UnitingCare Network to advocate for policies and programs that will improve people's quality of life. UnitingCare Australia is committed to speaking on behalf of those who are the most vulnerable and disadvantaged.

1. Introduction

Key observations for the successful introduction of competition and informed user choice into human services:

- 1. The consumer's wellbeing and protection are at the forefront of all thinking, planning and delivery.
- 2. Close external monitoring must be built-in to ensure consumers are not being short-changed or abused in a competitive market.
- 3. All reforms must concurrently consider the interactions between competition, contestability and user choice as related, but distinct, characteristics of the market place.
- 4. Consumers must be educated about how to make the choice(s) that best suits their needs.
- 5. Consumers are entitled to receive the service(s) and benefits for which they have paid, as is the case in any other sound market based system.
- 6. Cooperation and collaboration between providers that directly benefits consumers is to be encouraged.
- 7. No consumer with an incapacity to pay or reduced capacity to pay for services will be disadvantaged. No consumer will be disadvantaged due to their location or situation.
- 8. The long term success of a Customer Directed Care (CDC) model is heavily reliant on the existence of a dedicated and well trained workforce. Therefore savings in areas that will impact on the quality of care, for example staff training, are to be avoided.

UnitingCare Australia has long believed that reforms increasing user choice are positive as stated in our submission to the Competition Policy Review Panel in December 2014¹. There is demand from consumers their families and our providers for more flexibility and a greater degree of user direction. We continue to support reforms enabling the market to increase supply to better meet demand. These reforms should include increased transparency around cost of delivery and freedom to recover costs according to capacity of consumers to pay.

¹ Hatfield Dodds, L. *UnitingCare Australia Letter to Competition Policy Review Panel, December 2014*http://www.unitingcare.org.au/images/stories/submissions/2014/141215 sub UnitingCareAustralia to Competition Policy Review.pdf

Our extensive network of service providers delivers a range of human services. We are one of the country's largest providers of aged care, disability supports, children's and family services and housing and homelessness services for men, women, young people, and families. We operate in every state and territory in metropolitan, rural and remote locations. Our first-hand knowledge of consumer issues, needs and concerns provides the basis for this submission.

The level and nature of competition, contestability and user choice vary across services. This submission aims to highlight emerging issues across these services, and considerations for reform.

It is critical that any reforms be introduced with strong consideration given to consumer protections, especially for the most vulnerable, and access to affordable quality services for all users regardless of background or location.

2. Attributes of Human Services

The Commission is seeking participants' views on what constitutes improved human services. Do the concepts of quality, equity, efficiency, responsiveness and accountability cover the most important attributes of human services? If these are the most important attributes, how should they be measured?

Equity, efficiency², accountability and responsiveness are all important attributes of human services. We believe that delivering services that achieve best practice in all of these areas will empower consumers with rights and responsibilities, agency, capability and resources sufficient to enable them the ability to exercise choice and ensure their wellbeing.

Of particular concern to us is the service quality. We believe that quality must not be compromised through reform to achieve greater competition, contestability and user choice. To this end, UnitingCare Australia believes government should continue, and indeed strengthen, its regulatory role in relation to quality and consumer protection.

UnitingCare Australia notes that in some government reforms, consumers have not always benefitted. Mr Sims of the Australian Competition and Consumer Commission's (ACCC) has argued that bad reform undermines community confidence in reform.³

-

² O'Keefe, V 'Client Perceptions of Quality Care in Aged Care Services', Centre for Work + Life University of South Australia http://www.unisa.edu.au/Research/Centre-for-Work-Life

³ Melbourne Economic Forum

These concerns highlight that there is variation across different service delivery areas regarding quality assurance. In childcare for instance, quality standards are now well developed through the National Quality Framework⁴ and provide a sound basis for further reform in this area. In aged care services, accreditation standards exist to monitor quality in relation to clinical care, and 'quality of life' standards⁵ are in the process of development. Agencies have expressed some concerns that market based reforms have preceded this step. Similarly, the NDIA is currently in the process of developing national standards for services delivered under the NDIS which is occurring after the roll-out of the NDIS has already commenced⁶. It is essential that there are standards that focus on quality outcomes for consumers, that service providers are held accountable to these standards and as a result, that any reform to human services does not produce lower quality outcomes for consumers.

In considering moves to facilitate greater levels of market based competition for human services, we highlight that human services are more multifaceted than many other simple market based goods and service areas. In this context, the need to conceptualise a service holistically, and not just its component parts, is important. For example, delivery of a service such as a meal or home help, in addition to its primary purpose, also improve wellbeing and allows for monitoring of the status of consumers through regular contact and socialisation⁷.

UnitingCare Australia agencies are committed to measuring the quality and improvement of services and do so through:

- outcomes measures across a number of domains;
- tracking of KPIs and targets;
- undertaking annual client surveys
- carer reviews;
- quality groups,
- third party audits and verifications
- formal evaluations.

⁴ National Quality Framework, Australian Children's Education and Care Quality Authority 2012

⁵ Australian Government, Australian Aged Care Quality Agency, Accreditation Standards 2014

⁶ NDIS available at https://myplace.ndis.gov.au/ndisstorefront/html/sites/default/files/documents/About-us/Working%20with%20the%20NDIS Video%20Script.pdf

⁷ Oslington:2002 cited in Bronwen Hanna, Agents, Stewards And Co-Producers: Using Theory To Examine The Outsourcing Of Out Of Home Care In NSW at www.acwa.asn.au/Pages/.../TueGrandLodge1100Hanna/Hanna.pptx

In many areas of human services quality and performance indicators require further development. For example, the Productivity Commission's *Report on Government Services* 2015 highlights some of the issues around performance reporting for housing and homelessness services.

KEY OBSERVATION 1: The consumer's wellbeing and protection are at the forefront of all thinking, planning and delivery.

KEY OBSERVATION 2: Close external monitoring must be built-in to ensure consumers are not being short-changed or abused in a competitive market.

3. Types of Humans Services that may be in Scope

The Commission is seeking participants' views on which human services have the greatest scope for improved outcomes from the increased application of competition, contestability and user choice. Where possible, this should be supported by evidence from performance indicators and other information to show the extent to which:

- Current and expected future outcomes measured in terms of service quality, efficiency, equity, accountability and responsiveness – are below best practice
- Competition, contestability and user choice do not exist under current policy settings, or are not as effective as they could be in meeting the goals of quality, equity, efficiency, accountability and responsiveness

The Commission welcomes participants' views on how best to improve performance data and information in the human services sector.

Key services areas that are the focus of UnitingCare Australia include aged care, child and family services, disability and housing and homelessness. Opportunities and challenges identified by our network in relation to the increased application of competition, contestability and user choice in these areas are detailed below. UnitingCare Australia believes that all reforms across any sector must consider the interactions between competition, contestability and user choice.

Aged Care

Members of UnitingCare Australia's network have expressed concern that the current and proposed reforms of the aged care sector are being rolled out too quickly. This haste has the negative potential to reduce the viability of existing services without improving consumer access to aged care services. The potential loss of not-for-profit (NFP) providers, as has

occurred in the UK, may have an impact on consumers⁸. However, there are examples of innovative responses to CDC within UnitingCare, such as organisational restructuring to capitalise on efficiencies in areas such as corporate services and updating of software and systems to better meet the new model.

There is uncertainty about the application of quality principles and the ability of larger operations to focus on targeting more profitable services and markets⁹. UnitingCare Australia is committed to a model which provides access to services for all, regardless of their ability to pay.

Child and Family services

User choice has driven ongoing reform in child and family services, particularly reflected through reform to the early childhood education and care system. Demand for good quality, flexible and affordable childcare and family support services continues to grow rapidly, outstripping the supply of subsidised childcare available.

Service providers are responding through increasing the flexibility of services that they offer, while maintaining the quality of care that they deliver. Increasingly, providers are balancing the rising demand for access to quality care with workforce pressures and casualisation arising from the delivery of more flexible care models. UnitingCare Australia service providers have indicated that to provide the staff required to meet consumer needs, they are increasingly dependent on a casual workforce which offers less stability for employees and has the potential to impact on the quality of training and access to support. Additionally our service providers have indicated that a casual workforce can sometimes mean lack of continuity in care which is a key preference of consumers.

Disability services

Disability services are currently undergoing a revolutionary transition under the roll-out of the National Disability Scheme (NDIS). Disability service providers are reforming service delivery models and positioning businesses to be competitive in the new market landscape. However, it is too early in the roll-out to provide more detailed information about the impact of the NDIS model. However, several of our service providers has expressed their concerns that services will be less cooperative and less likely to share innovations as there will be competition for each consumer.

http://www.australianageingagenda.com.au/2015/02/13/researchers-warn-two-tier-aged-care/.

⁸ An overview of the results of research is at

⁹ examples of 'gaming' are set out at https://www.bcgperspectives.com/content/articles/public-sectorhuman-resources-how-governments-private-sector-transform-employment-services/?chapter=3

Housing and homelessness services

The critical issue impacting on housing and homelessness services is the severe shortage of housing options for low income households. This shortage is increasing in inner city areas where the demand for redevelopment sites is seeing the loss of traditional options including boarding houses. Growth in demand for emergency and affordable housing services is outstripping public funding, as the structural drivers of homelessness such as income inequality interact with growth in the numbers affected by critical personal factors such as domestic violence.

Although our services cover a range of areas, user needs largely arise through poverty or crisis. Users would benefit from increased support, housing choices and the facilitation of programs that would enable prevention and early intervention.

The most obvious area of contestability is in relation to allocation of government funding for provision of housing and homelessness services. We are not aware of evidence that competition results in improvements that outweigh the drawbacks of funding insecurity. Our service providers are noticing that competition can harm the culture of cooperation and cross referral between providers impacting on the option that are available to clients. There is growing interest, however, in developing mechanisms attracting private resources to investment in social and affordable housing.

KEY OBSERVATION 3: All reforms must concurrently consider the interactions between competition, contestability and user choice as related, but distinct, characteristics of the market place.

4. Case Studies

Participants are invited to submit case studies of where policy settings have applied the principles of competition, contestability and user choice to the provision of a specific human service. Such case studies could describe an existing example or past policy trial in Australia or overseas. Participants should include information on the:

- Pathway taken to achieve the reform
- Effectiveness of the policy in achieving best –practice outcomes for quality, equity, efficiency, responsiveness and accountability
- Applicability of the case study to the provision of human services in Australia if it is an overseas example.

Case studies from several UnitingCare agencies are provided below to highlight pathways taken to achieve reform, effectiveness in achieving best practice and key aspects identified in this paper.

Case study

Resthaven (South Australia) has recently been assessed by the Australian Aged Care Quality Agency (AACQA) as meeting the Home Care Standards. Through the Quality Review processes consumers reported high satisfaction to the independent assessors.

Resthaven consumers also report high satisfaction with their quality of care through internal monitoring systems.

Two focus groups Resthaven held in 2015 with CDC consumers indicated a high level of satisfaction with the level of input in co-designing their services; but inconsistency in full understanding of the CDC model, surplus, and monthly statements reflecting individualised budgets. Additional work has been undertaken by staff in explaining these concepts to consumers.

Resthaven is a partner in two Australian Research Collaboratives related to CDC. One of these formal research projects (completed) has indicated that participants are reporting higher quality of life compared to a control group. In the second research project, a widespread survey is currently being undertaken to understand the impact of CDC on the consumer (https://www.adelaide.edu.au/churp/research/current/cdc/).

Some clients did not want to change to individualised budgets and delayed as long as possible because they were happy under the former systems of group budgets for Community Aged Care Packages (CACPs) and Extended Aged Care at Home Packages (EACH). Others did not wish to change because they would not have access to the same level of resources in an individualised budget unless they increased their personal contribution.

Case study

UnitingCare Community (Queensland) recognises that it already operates in a competitive market. Currently, its centres run at between 85% and 98% capacity, which it attributes to its responsiveness to user choice.

UnitingCare Community has evolved its service delivery model to meet client expectations of quality early childhood education and care. This has meant increasing staffing costs to employ educators with better qualifications, and providing additional services such as meals and nappy services. The Community also maintains a Nursery that provides care to children aged 0-2 years.

UnitingCare Community has also invested in upgrading their IT systems to provide better communication with clients and letting their Kindergarten program deliver learning opportunities for children.

They have also undertaken to deliver state-funded Kindergarten programs giving consumers easier access to early education programs. This has been at no additional cost to families, but has enabled children from low socio-economic backgrounds to gain access to early education that was previously unaffordable.

5. Informed, Empowered and Supported Consumer Choice

The Commission is seeking information on which human services have these characteristics:

- service recipients are willing and able to make decisions on their own behalf and, if not, another party could do so in the best interest of the recipient
- useroriented, timely and accurate information to compare services and providers can be made available to users so they are able to exercise informed choice or, if not, this could be costeffectively addressed
- service recipients (or their decision makers) have sufficient expertise to compare alternative services and providers or, if not, this barrier could be overcome.

Effective competition requires accessible, quality information. It cannot be assumed increased user choice will automatically deliver improved user outcomes unless consumers understand the outcomes that they want, and what the best options are amongst the different services available to them.

UnitingCare proposes three types of choice and, as a result, three categories of social service consumer:

- 1. Informed choice
- 2. Empowered choice
- 3. Supported choice

Informed choice requires accessible, timely and quality information. Empowered choice requires going beyond the provision of information to address choice-capability deficits. Supported choice responds to choice-capacity deficits and must be an option for those unable to exercise choice on their own including those with a disability or cognitive impairment.

A system in which everyone can exercise choice to the extent they are able will have informed consumers, empowered consumers, and supported consumers.

Regulation and quality frameworks are critical in social services, particularly transparent benchmarking and exiting poor performers. The management or oversight of these frameworks is a function for government.

The disempowered consumer is someone who has not had the opportunity to exercise much agency in their life. They are unaccustomed to making proactive choices and need to build their capability in this area. This consumer often sits in the many disadvantaged population groups that draw on social services.

Information alone cannot assist the consumer to make good choices. Along with information, there needs to be a process of building their capability and confidence in exercising choice¹⁰.

As stated in UnitingCare Australia's letter to the Competition Policy Review Panel dated 15 December 2014¹¹, we believe that a set of principles should be developed to assist government policy and decision makers to ensure the expansion of choice across a broader range of human services over time.

KEY OBSERVATION 4: Consumers must be educated about how to make the choice(s) that best suits their needs.

KEY OBSERVATION 5: Consumers are entitled to receive the service(s) and benefits for which they have paid, as is the case in any other sound market based system.

6. Supply and Demand for Human Services

UnitingCare Australia views supply and demand as interrelated and our response reflects the interdependencies.

For specific human services, the Commission is seeking information on the nature of service transactions based on these characteristics:

- the nature of the relationship between the service user and the provider
- whether the service is used on a oneoff, emergency or ongoing basis
- whether the service can be provided remotely
- the extent to which services to an individual can be unbundled
- whether there is a strong case for the provider to supply multiple services to an individual with complex needs.

The Commission is seeking information on the supply characteristics of specific human services including:

 economies of scale and scope — in terms of costs and service quality — that may be lost by having a larger number of competing providers

¹⁰ Hatfield Dodds, L. Speech on Competition Policy and Human Services, at
http://www.unitingcare.org.au/images/stories/presentations/2015/151106 speech LHD Competition Policy and Human Services.pdf

¹¹ Hatfield Dodds, L. *UnitingCare Australia Letter to Competition Policy Review Panel, December 2014* at http://www.unitingcare.org.au/images/stories/submissions/2014/141215_sub_UnitingCareAustralia_to_Competition_Policy_Review.pdf

- the potential for service provision to be made more contestable because there is capability beyond an existing provider that could pose a credible threat to underperformance
- whether there are barriers to providers responding to change, or new suppliers entering the market, that limit the scope for increased competition, contestability and user choice or, if they do, what could be done to address this
- technological change that is making competition and user choice more viable
- factors affecting the nature and location of demand, such as geographic dispersion of users, the distribution of demand among different types of users, particularly disadvantaged and vulnerable users, and anticipated future changes in demand.

Users of human services, including those delivered by UnitingCare Australia, are often not isolated to one service. Service providers may develop 'wraparound' service models for clients, which could require working with other providers. Having the capacity to 'bundle' the range of services needed by clients in a single location, either as a provider or through a 'hub' model, can substantially improve the quality of service. The development of such services, however, depends on collaboration across service providers and on successfully overcoming barriers to information and resource sharing.

There is some concern that the increasing competition in the market may result in less cooperation and collaboration among competitors. As observed by one of our staff:

Having delivered services under DSS Employment contracts for 10 years, we can attest that the competitive market has significantly reduced collaboration and partnership models due to the competitive star rating system, we have been driven to create efficiencies and this has meant poorer outcomes for clients because we have had to have higher caseloads, are unable to add work outside of the contract and the measures do not capture or reward the additional outcomes for clients.

One UnitingCare Australia service provider was concerned about continuing collaboration on behalf of clients:

In our Supported Residential Facilities services, we will have clients that cannot necessarily ... advocate for themselves. They may have multiple providers who will need to work together to advocate for them. We have been discussing how this will occur in a more competitive environment and with new commercial businesses coming into the state. Will organisations see a value in this if it is not billable time?

UnitingCare Australia also believes that consumers should not be disadvantaged due to their location, for example those in rural, regional and remote areas. The market based approach will not be effective in all areas where there is insufficient demand to drive competition.

KEY OBSERVATION 6: Cooperation and collaboration between providers that directly benefits consumers is to be encouraged.

Case Study

UnitingCare Harrison Homelessness Services operates across the Inner and Outer East Regions of Melbourne. Services delivered include:

- Open Door Intake assessment and planning;
- Rooming House Program for singles and families;
- Private Rental access and Brokerages Program;
- Support for families at risk of Homelessness;
- A Place to call Home program;
- SHASP Public Housing Support Program;
- Youth Homeless Program;
- Open Door Family Reconciliation program;
- Cresting Connections for Homeless youth, living shills, education and employment support;
- Multicultural Homelessness support program;
- Leaving Care support program;
- Adolescents Support and Finding Solutions program with DHHS Child Protection.

The service provides a range of programs, which in 2015-16 supported 4,375 families, couples, single adults, youth and children across a social spectrum including migrants, Indigenous Australians and people who are experiencing family violence.

In addition to local client walk-ins and direct phone contacts, clients are directed to the service in a range of ways, including a Victorian 1800 homeless number, Centrelink, DHHS, councils, real estate agents. The service also does outreach under some of its programs.

The above programs range in approach from early engagement and homelessness prevention to one-off, emergency or ongoing support. Programs provide a range of services including rapid rehousing, rent 'top ups' to keep families in their private rental housing while searching for more affordable housing, support and referral of homeless clients into transitional housing properties owned or leased by DHHS, and 'leaving care' beds and one unit in the Aspirational Housing DHHS head leased project.

UC Harrison assesses its services as 'good' in terms of quality, equity, efficiency, accountability and responsiveness, but sees increasing client demand (65% increase since 2010) impacting on the time able to be spent with each client. Homelessness Services is a bundle of 35 cross trained case workers who can work across DHHS program funded areas. Fifteen position descriptions have been collapsed into four, in recognition of the broad range of skills required to provide individual assistance. In some specialised areas like Family Reconciliation and counselling there is some call to provide multiple services to each user but generally this is not the case.

Last financial year Harrison spent over \$600,000 in brokerage funds, material aid and rent funding in advance to assist many more clients secure long term housing. Funding is sourced from both Commonwealth and State programs. The service's capacity for new approaches is limited by funding availability: the service is seeking funding to trial a TeleHOPE service (Housing, Family Violence and Tenancy support to clients via SKYPE home and office visits. UC Harrison exceeds user service targets in order to provide support to all who come to their door. This is possible only because of block funding arrangements.

7. Costs and Impacts

For specific human services, the Commission is seeking information on:

- the costs that consumers would incur by becoming more active in selecting the services they receive, adapting to changes in how providers supply services, and switching services when a decision is made to do so
- the regulatory arrangements and other initiatives that governments would have to modify or establish as part of their stewardship role, including to inform users about alternative services and providers, maintain service quality, protect consumers (especially disadvantaged or vulnerable users) from being exploited, and to finetune policies in response to any problems that emerge
- how the compliance costs faced by service providers will be affected by changes in government stewardship, and the adjustment costs that providers will bear in order to shift to a more userfocused model of service provision
- the extent to which such costs are one off or an ongoing impost.

The Commission welcomes information from participants on the costs faced by different types of providers, with different motivations and governance structures, when shifting to a more userfocused model of service provision.

A number of UnitingCare Australia service providers have stated that they have incurred costs as a result of modifying their services, either to adapt to a more user-focused model of service provision, or in order to comply with regulatory and other government requirements. This includes updating business systems, such as client relationship management and financial software.

Costs incurred to establish new models by service providers are not one-off. For example, one of UnitingCare Australia's larger aged care service providers has identified costs in the region of \$50,000-100,000 per annum to support the CDC model. These costs include IT upgrades and maintenance, facilities upgrade and maintenance and staff training and supervision.

As the transition to the NDIS is still relatively new, it is difficult for service providers to assess whether the costs to consumers and providers outweigh the benefits of increased competition, contestability and choice.

One UnitingCare housing service provider cited the funding of services on a 'per client' basis as a barrier to innovation, as this funding model does not recognise the value in innovative service.

A UnitingCare service provider cited the potential for costs to be incurred by NFP service providers in their focus on supporting those individuals and communities who are most vulnerable. For example, as NFP community organisations, the philosophy, organisational values and mandate are designed to ensure that disadvantaged clients do not miss out on

the same opportunities that are available to other members of the community. Based on this mission, NFPs are likely to incur losses based on pursuit of this mission in a market based service delivery environment, where meeting consumer expectations and needs may require extending organisational capacity.

To remain viable, NFPs cannot operate at a loss. This means that service providers must make a business decision of whether to fundraise to meet the gap, or cease delivering the service, often to the most vulnerable.

Consumers should not be forced to incur significant costs in exercising choice. Assessments and access to information should be free and costs for changing providers must be transparent and affordable.

Overall, it is important for government to ensure systems are functional before implementation. A hands-off approach may be relevant for mature operators, while close monitoring would be required of new providers.

KEY OBSERVATION 7: No consumer with an incapacity to pay, or reduced capacity to pay for services will be disadvantaged. No consumer will be disadvantaged due to their location or situation.

KEY OBSERVATION 8: The long term success of a CDC model is heavily reliant on the existence of a dedicated and well trained workforce. Therefore savings in areas that will impact on the quality of care, for example staff training, are to be avoided.

8. Conclusion

UnitingCare remains committed to the increased focus on CDC as a part of service delivery where it results in improvements in care and support for the consumer. Our providers are adopting new models and business infrastructure for a more competitive market. It is also essential that the offer of choice does not overwhelm the consumer, that they are empowered and supported to choose the services that provide the best outcomes for them as an individual.

It is too early to tell the impact that increased competition, contestability and user-choice will have on overall improvement in some of the services delivered, but UnitingCare Australia believes that close attention must be given to ensuring that the quality of services is at the very least maintained by reform. This will require clear quality measures and quality assurance processes.

As human services are often delivered in cooperation and collaboration, increasing competition and contestability in the market must be undertaken in such a way that does not discourage continued cooperation and collaboration for the benefit of consumers. It is

important that providers have sufficient flexibility within funding models to cater for the needs of consumers.

Aged care, children and family services, disability services, as well as housing and homelessness services have varied levels of competition, contestability and user-choice. Services in established competitive markets continue to improve on service delivery, while services in newly competitive markets will need to be monitored to ensure a balance of quality and cost that provides value to the users.