

Productivity Commission's Inquiry - Identifying Sectors for Reform

Submission

“Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform”

Summary of report:

This report has been prepared in response to a request by the Australian Treasurer the Honourable Scott Morrison in April 2016 to investigate ways the efficiency and effectiveness of human services in Australia could be improved through the introduction of greater competition, contestability and user choice.

The inquiry was conducted in two parts, the first part identifying services best suited to reform and the second making reform recommendations in those services identified “that help to ensure all Australians have timely and affordable access to high-quality services that are appropriate to their needs, and that those services are delivered in a cost-effective manner.”

The Productivity Commission sought input from interested parties following the release of an issues paper on 16 May 2016. A total of 290 submissions were received from individuals, organisations and peak bodies contributing to the preliminary findings report which is now open for comments. Tweed Shire Council did not make a submission on the first report and only one local government body in Australia (Darebin City Council) did so.

The report identified six sectors best suited to reform:

- Grant-Based Family and Community Services
- Social Housing
- Public Hospital Services
- Specialist Palliative Care
- Public Dental Services
- Human Services in Remote Indigenous Communities

Of these identified sectors there is one in which Tweed Shire Council plays a substantial direct role (Grant-Based Family and Community Services), four in which Council plays a lesser role but which are of significant concern to the Tweed community (Social Housing, Public Hospital Services, Specialist Palliative Care, Public Dental Services) and one which is of lesser relevance to the Tweed (Human Services in Remote Indigenous Communities).

This report summarises the findings and recommendations put forward in the Issues Paper for each of these sectors before providing Council’s response.

Grant-Based Family and Community Services

The Issues Paper makes clear that this is an area of human services where there are significant deficiencies in the system which create barriers to those working to assist the most vulnerable people in society. It notes “Flawed commissioning processes” where “Current approaches to commissioning family and community services constrain the ability of these services to meet the needs of many people.” Of significant relevance to the Tweed is the finding that “People outside of

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metropolitan areas...can face significant barriers to accessing family and community services that meet their needs.”

The Paper outlines a lack of engagement with service providers in designing programs, the absence of an overarching framework of community needs, ongoing uncertainty over funding, limited contract terms and excessive data collection and monitoring requirements as major factors hindering effective delivery of services. It does call for a complete redesign of “the way governments select, fund, monitor and evaluate providers of family and community services.”

Council's Response:

This area will have the most direct impact on the funding and services provided through Council's Community Services staff who currently provide assessments for individuals as well as facilitating the coordination of human services organisations working in the Tweed community. Overall there was a sense of agreement with the findings of the report, and that despite this, staff continue to work through these challenges and provide positive outcomes for clients.

There is a major difficulty in recognising what constitutes a positive outcome due to the highly individualised nature of human services and how these outcomes might be quantified. For example, how do you document on a spreadsheet the success of someone who is finally able to leave their house and visit their mailbox for the first time. Moreover there is concern about consistency across service providers with some focused on assisting that person make the trip to their mailbox while others would simply collect the mail on their behalf. These differences in approach have a profoundly different impact on quality of care – and require significantly different levels of training and expertise to achieve – despite the outcomes looking quite similar as simple fragments of data in a report. Council agrees there needs to be new and better ways of measuring quality of care which would ensure decision makers were more informed about community needs.

There has been a noticeable trend in the Tweed in recent years for government funding to be withdrawn from smaller, localised services with many years of experience on the ground and awarded to large, national organisations. While these large organisations have expertise in writing grant proposals and are able to demonstrate high levels of efficiency and economies of scale in service delivery there is significant concern that the quality of services offered locally has diminished as a result. This was pointed out in the submission by the Australian Council of Social Services:

“Previous experiences of outsourcing human services...demonstrate the risk of ‘creaming’ (where a provider focuses resources on less complex cases) and ‘parking’(where more complex cases are set aside because they are resource-intensive) with reduced outcomes for people.”

It is noticeable that this trend seems in direct contradiction to creating greater levels of user choice through competition.

The human services sector is often the subject of reform at times of political change, be it a change of government or the appointment of a new Minister. This is the core reason for many of the issues including short term funding contracts and the lack of an overarching framework of community needs. The constant reforms also introduce significant financial pressures which drive the need to

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find efficiency in the system. While reform is undertaken with positive intent there is a real need for a consistent, long term, bipartisan political approach, especially given the vulnerable nature of the people trying to access the services. Any new approach must have an increased focus on advocacy, providing clients with assistance in navigating the system and helping them put the best possible plan in place to suit their individual needs.

Council believes the best outcome for increased user choice in a user centred approach to service delivery which would include significant input from local bodies, including local government, in the decision making process for the allocation of contracts. This would go towards ensuring consistency and minimise the loss of experience in the sector. While there is an understanding of the need for meeting budgets and managing public funding as efficiently as possible, it is generally agreed the current system has moved so far in this direction that it is now acting as a hindrance to, rather than enabling, good quality care.

There also needs to be an understanding that providing quality services is in the long term a much more cost efficient system as it prevents clients from developing issues which are more complex and expensive to administer.

Social Housing

The report recognises the benefits both to the tenants and the wider community of a situation where social housing tenants have the ability to choose the home they would like to live in. These people are more likely to stay in one area, invest in the local community and provide a platform for stability. With demand outstripping supply by a significant margin however the number of properties prospective tenants are able to choose from is extremely limited and people are often allocated homes which are inappropriate for their needs.

While the supply issue hinders the potential to introduce user choice into the social housing system on a significant scale the Paper does mention the potential to shift the management of social housing properties from government entities, which currently operate four out of five properties, to smaller, community based housing providers. Studies mentioned in the report have shown these community based providers consistently outperform public providers on a variety of indicators including tenant satisfaction and property maintenance.

Council's Response:

It is impossible to discuss the introduction of competition into the social housing sector in the Tweed without discussing the need to increase supply. The 15 year waiting list for social housing in the area is an issue which underpins and exacerbates issues in every aspect of the human services sector.

The wait for social housing in the Tweed is a significant factor in the housing affordability problems in the area as a whole. This is a situation which means the community deals with higher levels of homelessness, housing stress and mortgage stress. While many of the consequences of these factors are hidden within families there are significant down the line pressures on the local economy and other areas such as childcare. Housing stability is an essential component in allowing the most

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vulnerable people in our community, including women fleeing domestic violence, those living with mental illness, or people recovering from addiction, to get back on their feet again.

The increase in supply of social housing options would be likely to have a profound positive impact on human services in the Tweed. In order for this to happen in a competitive arena however some mechanism for profit must be put in place to encourage private investment along with the political will to address the issue.

Public Hospital Services

In evaluating the potential for competition to benefit public hospital services the report focuses on providing patients with information about specialists, including mortality rates and waiting times, which they can then use to make informed choices about their care. The report points out that in England, in “competitive areas,” there has been a significant improvement in service quality due to the introduction of such a system. The report points out that “public hospitals account for about one-third of elective surgical admissions but almost 50 per cent for patients in the most disadvantaged quintile,” arguing that a higher level of choice would disproportionately benefit those who are unable to afford the choice offered in the private health system.

The report also points out an opportunity for state governments to enter into more contestable commissioning arrangements with local health services, allowing more influence over the removal of underperforming services.

Council's Response:

Unfortunately the report does not define the characteristics of a “competitive area” so there is no way of knowing whether the introduction of an information sharing system would have any impact at all on improving user choice in the Tweed.

The main concern regarding the future of public hospital services in the Tweed is the high proportion of retirees in the community combined with a main public hospital which operates consistently at or in excess of full capacity. As our community ages it is feared the demand on the public hospital system will increase and waiting lists will get longer, with associated negative impacts for the community.

Rather than seeking to introduce more competitiveness, Council staff have noted the need to promote aspects of integration with the other areas of concern in this report including specialist palliative care and public dental services. These services all fall under the banner of health care and are centrally administered. Promoting integration, with the overall goal of minimising the demand on hospital beds, would be of significant benefit to the community.

Specialist Palliative Care

The report finds that while there is a substantial variation in the quality of palliative care services across the country there has been little focus on whether better service models exist. While it points out that increasing user choice about the setting, timing and availability of care would be of great benefit to patients and their loved ones it makes clear that more information about the industry is

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needed before making decisions which ensure the best interests of all involved are best served. “A lack of comprehensive, publicly available national data about expenditure, patient activity and patient outcomes hampers accountability. Coordinating services, determining costs of care, appropriately allocating funding and evaluating measures designed to improve service provision are all made more difficult by the lack of adequate data.”

The point is made that while many people would prefer to die at home most often palliative care is provided in hospital, mainly due to the complexity and challenges faced by families in being able to provide such care at home. If more choice was available in the system for the provision of specialised care at home it would go a long way towards respecting people’s wishes.

Council's Response:

With a high proportion of retirees, many of whom live remotely from family members, the demand for palliative care services is expected to grow in the Tweed in coming years. Fortunately, thanks to an active and dedicated local not-for-profit service, Tweed Palliative Support, there is a strong understanding in this community of what constitutes good quality palliative care.

While this service is limited in its capacity and the need to generate its own funding, it provides genuine user choice over public, hospital based options. The care this service offers, either in home or at its privately funded hospice, allows individuals to die with dignity in the surroundings they choose while reducing the demand for hospital beds.

Where the report discusses the need for more data in this area it is clear Tweed Palliative Support can play an even greater role, not only to the local community but to the Australian community as a whole. This is an opportunity which should be explored.

Public Dental Services

Options for improving outcomes for public dental care are centred around improving access to people from low socioeconomic backgrounds. The majority of these services are provided in clinics run by state governments while there are inevitably private clinics closer to a patients home which provide the same services.

Around 16 per cent of the Australian population uses public dental services which, due to their nature, do not offer the continuity of care required to encourage a regular visiting pattern. This leads directly to negative health outcomes as “for some people, an extended period on a waiting list means that a potentially preventive or restorative treatment becomes an emergency case.”

The report calls for more competition to be introduced to the sector by inviting bids from non-government providers to operate public dental clinics. Providing delivery mechanisms which allow users to access and choose between private dental practices is another option for increasing contestability.

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Council's Response:

Greater access to public dental services would be of benefit to the Tweed community due to the high levels of disadvantage and lower socioeconomic status of many people within the community who are not able to afford regular, preventive care. With a high proportion of retirees there is also a high proportion of more extensive and expensive procedures which typically occur later in life.

While the report makes suggestions for integrating private and public care there is little detail on how such a system might work or how it might be received by the private dental industry, which makes it difficult to comment further.

Human Services in Remote Aboriginal Communities

Many of the challenges to providing quality human services in remote areas come down to the physical isolation of the communities in question. Long distances, travel times and the lack of scale contribute to high costs, difficulty recruiting and retaining staff and accessing infrastructure. Cultural and language issues are also a significant barrier to providing services.

The report points out that “Indigenous Australians living in remote communities are more likely to experience poor outcomes than other Australians” and that “Current arrangements for purchasing and delivering human services are not fully meeting the needs and preferences of Indigenous Australians living in remote communities.” It calls for services to be provided in ways which are more culturally appropriate and community voices to be heard in the design of services.

Council's Response:

While there are obviously no remote Aboriginal communities in the Tweed it has been noted that more people from these inland communities have been accessing services in the area, a situation which has been observed in other coastal communities in recent years.