



Submission to the Productivity Commission Inquiry into Reforms to Human Services

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1. Introduction

The Benevolent Society welcomes the opportunity to contribute to the Productivity Commission's inquiry into *Reforms to Human Services: Productivity Commission Issues Paper*. The Benevolent Society provides a range of human services and believes that there is not a standard or uniform approach to promoting competition, contestability and user choice across the spectrum of human services.

At The Benevolent Society, we are primarily interested in achieving the best outcomes for our clients to enable them to live their best lives. We believe there are areas where changes can be made to the sector that can improve the services available to clients, without necessarily opening all human services to open, market-driven competition. These include greater coordination in identifying service needs and delivering services; co-design of services; and improved outcome measurement and reporting.

The Benevolent Society views all potential reforms through the lens of the most vulnerable and disadvantaged members of our community. We would not support any reforms which will increase the costs, or reduce the availability, quality or accessibility of services especially for those already disadvantaged, with complex needs or in regional or remote communities.

2. About The Benevolent Society

The Benevolent Society is Australia's first charity. We're a not-for-profit and non-religious organisation and we've helped individuals, families and communities achieve positive change since 1813.

We help families, older people and people with a disability live their best life, and we speak out for a just society.

Snapshot

- The Benevolent Society is a secular non-profit organisation with 943 staff and 573 volunteers who, in 2015/16, reached 46,956 people through our services, community programs and events.
- We deliver services from 63 locations with support from local, state and federal governments, businesses, community partners, trusts and foundations.
- We support people across the lifespan, delivering services for children and families, older people, women and people with mental illness, and through community development and social leadership programs.
- Our revenue in 2015/16 was \$111.7 million.

3. Initial observations

The Benevolent Society notes that the Australian Council for Social Services (ACOSS) has been vocal in its criticism of the Productivity Commission's approach to this inquiry. ACOSS states that a more useful approach may be to start with the question 'how can we improve access to quality, affordable services which improve people's lives',¹ and we agree with that position.

The sectors identified by the Productivity Commission for further exploration in this second stage of the inquiry are those that provide services to people who are vulnerable, disadvantaged or to children. There are already issues surrounding accessibility and funding levels for these services -

therefore any discussion around reforms to these sectors which do not address the funding levels required to deliver the range of services needed by the community, including those in remote and regional areas may not lead to an improvement in services for the most vulnerable and disadvantaged in our community

We also note that the Productivity Commission's report is based on the assumption that increased competition, contestability and informed user choice will naturally lead to better quality and more efficient services. This is stated frequently throughout the report, with little evidentiary support.

Notwithstanding these concerns The Benevolent Society welcomes discussion on the proposals included in the Productivity Commission's Issues Paper. Whilst The Benevolent Society delivers a wide range of services and is broadly interested in all of the areas selected by the Productivity Commission to examine closely in this second stage of the inquiry, we will target our comments to the discussion around reform to the commissioning of family and community services.

4. Response to the Commission's Request for Information

Request for Information 29:

- ***Whether there are barriers faced by providers seeking to innovate and improve service quality and responsiveness, and how they could be overcome***

Outcome contracting

There is scope to make reforms across the family and community services sector by introducing more flexible contracting models which place greater emphasis on achieving and rewarding outcomes, particularly if combined with baseline quality standards. Current contracting models are generally prescriptive and are focussed on inputs and outputs, rather than outcomes and results. There is little incentive or scope to trial new approaches, evaluate and re-calibrate services to achieve better short and long term outcomes for clients.

The Benevolent Society has experience with outcomes based programs, most notably through our Resilient Families Program which is implemented under one of three social benefit bonds in New South Wales. Under the bond, returns are payable to investors based on the results of the program, measured against designated performance measures informed by data from the New South Wales Department of Family and Community Services (FACS), and compared to a control group of families in similar circumstances. The bond mechanism enables more flexible programming and necessitates a focus on outcomes- however other intensive family support programs (and other child and family sector services) could also incorporate greater focus on measuring and rewarding outcomes rather than just inputs or transactions.

The upfront transaction costs for establishing a bond are high- not just in terms of the range of experts a not-for-profit organisation is required to contract in to set up such a complex financial instrument (which in itself is considerable)- but also the level of meaningful engagement required between the parties to the transaction to fully understand all aspects of the arrangement.

Establishing, monitoring and updating robust performance measurement and monitoring systems is also resource intensive, as is continually tweaking and refining services based on the results. However, we believe that ensuring that services are actually making a difference to the lives of people who need them is worth the investment. A greater focus on outcome measurement is not reliant on funding under a bond mechanism, and could be applied across the sector irrespective of funding source.

Request for Information 29:

- *The costs and benefits of user choice*

Ensuring services for all

As a provider of aged care and disability support services we do have some concerns regarding the implementation of user choice models. Consumer directed choice assumes all consumers have access to the same information; the same suite of services; physical access to services; and access to technology which underpins some of the service systems. It also assumed that people have the capacity to make decisions in their best interests- which is not always the case for people in the midst of crisis or in distress.

The Benevolent Society is keen to ensure that groups of people don't get left behind under this model of service delivery. We will continue to monitor service availability and delivery to all members of the community to ensure that people from disadvantaged or marginalised backgrounds, indigenous Australians, people from culturally or linguistically diverse backgrounds, or those in remote and rural communities are not worse off through these reforms.

We also hope that consumers receive continuous care. In other jurisdictions, such as the United Kingdom, where sections of human services have been opened up to competition, there has been an explosion of new providers joining the market, followed by a contraction as, the mainly smaller, providers are unable to compete and withdraw. Whilst we accept this is a natural consequence of open competition, we remain concerned that disruption of services and changeable service providers may be difficult or cause distress to some individuals with complex needs reliant on those services.

- *Changes to government stewardship arrangements (such as the need for additional consumer safeguards)*

Need for minimum quality standards

In order to protect consumers/clients, in a user choice system, The Benevolent Society supports the need for a single, agreed comprehensive quality standards for the child and family sector to ensure that services offered and being provided to the community meet an agreed minimum level. We would suggest adopting a system whereby funding bodies require funding recipients/service providers to meet agreed standards (which may be set by the funding body, developed by an industry body or may be set by a recognised independent organisation- or be a combination of these approaches, appropriate to the level of funding). The funding recipient/service provider would be required to conduct self-assessments and report on compliance with the approved standards. The funding body would have the power to audit compliance with the relevant standards for all organisations which are required to comply. Government would need to adapt its procurement processes to ensure that only those that meet the agreed minimum standards are eligible to receive funding.

The baseline quality standards for all service types within the family and community sector would ensure that people are guaranteed a satisfactory level of service, which will go some way to protect the vulnerable who may not have the capacity, time or resources to access and process all of the information required to ensure that their interests are protected in a user choice model.

Performance frameworks

For consumers to be able to compare and adjudge competing service providers and service offerings, they will require meaningful information not just about the services on offer, but also the performance history of providers. To achieve this, robust performance measurement and reporting systems will be required to enable the government to be assured of the outcomes from its funding, and so that there is evidence for consumers about the quality and outcomes from service providers. Notwithstanding the move to greater user choice in the aged care and disability sectors, robust and meaningful outcome and performance frameworks are not yet in place for these sectors.

The Benevolent Society would like to see meaningful and useful outcomes frameworks established for all service types as a guide to service provision in the family and community sector, and particularly for the aged care sector.

Request for Information 30:

- **The scope to identify and provide more effective services to people who are likely to need long-term support from multiple providers of service (egs include ‘investment approach’ to service provision)**
- **How co-design and evaluation could contribute to improved decision-making within governments**

We note that the Productivity Commission references the ‘investment approach’ to service provision in its discussion of contestability of family and community services. The Benevolent Society is watching with interest the developments in New Zealand where the actuarial or ‘investment approach’ is being trialled and has recently been introduced to New Zealand’s Child Youth and Family sector. The NSW Government has also recently announced the adoption of an investment approach to child and family services in response to the Tune Review into out of home care in NSW. A new commissioning unit is being established in NSW’s Department of Family and Community Services (FACS) to ensure children and their families receive the services they need across government departments. There has been some concerns raised that the placement of the commissioning unit within FACS may be problematic given its lack of influence compared with other departments (for example Treasury) but it remains to be seen what challenges, if any emerge from this arrangement.

We recognise that the investment approach is not without its critics. However, The Benevolent Society remains interested to see the results of this approach, particularly the funding following the child aspect. We are also keen to monitor whether there is an accompanying increase in up-front investment to ensure, in this case, children and families receive the right type of support at the right time to give them the best possible chance of avoiding the child protection system and the potential downstream negative impact that has on a child’s immediate and long term future.

Given the current state of child protection in Australia, and the long term outcomes for children subject to the child protection system, The Benevolent Society encourages exploration of any reforms which seek to extend and improve access to universal services and targeted prevention and intensive support for families, and which directly fund the needs of children.

- **How co-design and evaluation could contribute to improved decision-making within governments**

The Benevolent Society is committed to ensuring that the voice of the customer is central to the design of services we provide and the way in which we provide these. Ensuring we understand our customers and their needs enables us to be effective in:

- communicating and soliciting feedback and input
- increasing accessibility to services
- the design and choice of services and products we provide.

Engaging and responding to customers in this way provides invaluable insights that may assist governments in decisions about services to continue or those that need improvements.

To better understand our customers and co-create value for them, The Benevolent Society is currently exploring a range of options to understand and engage our customers in the design of our community services including:

- Crowd sourcing methodologies for ideas, voting and input into new ideas, concepts and service designs.
- face to face forums, focus groups
- facilitated co-design environments
- virtual co-design platforms
- user experience prototype testing environments

We encourage government to also look for innovative ways to include consumers in the planning, design and evaluation of family and community services.

- **How could governments improve commissioning arrangements to better align the incentives of users and providers, while ensuring government objectives are met (eg contract terms or quality standards, or the introduction of outcomes based commissioning)**

We have discussed the need for more flexible contracting arrangements and the benefits of outcome based contracting above and in our previous submission. We have also already discussed the need for quality standards for family and community services to ensure that clients are guaranteed a minimum level of service from providers commissioned by the government. We have also already raised the need for performance frameworks against which to measure the outcomes of services that have been delivered, not just the outputs that have been provided.

We note the issues of the time allowed for the preparation of tenders and contract terms have been raised by several contributors to the initial phase of the study. The Benevolent Society would also appreciate longer lead times for the preparation of tenders to provide opportunities to explore and develop consortiums or partnerships with other providers. We also support longer contract terms (greater than 3 years) to ensure that there is enough time for services to get up and running, to be tested and improved over the contract term and for investments in workforce capacity and technology to be worthwhile. We believe this will contribute to improving the effectiveness of the services being delivered.

Request for information 31:

- **how governments could improve the planning and delivery of human services, including ways to better coordinate assessment of community needs across and within governments, and how to incorporate these improvements in commissioning arrangements**

The Productivity Commission report notes that in the family and community services sector ‘there is no coherent system for identifying overall community need across the range of services as a whole, the intended outcomes of family and community services, or the most effective way of delivering those outcomes’. It also notes that ‘funding streams do not always facilitate the coordination of services, leaving vulnerable users to navigate complex systems with little support’.

The PC report asks how governments could improve the planning and delivery of human services including ways to better coordinate assessment of community needs across and within government.

The Benevolent Society welcomes the discussion of the need to map service gaps and advocates for the involvement of service providers and beneficiaries in service planning. From our extensive involvement in the delivery of family and community services, we appreciate the benefits of service coordination. However, we have learnt that to be effective, coordination requires:

- involvement of all relevant parties (including government at all levels, funded and non-funded non government organisations (NGOs), community groups, community members and beneficiaries) in developing plans for service delivery in communities
- adequate resources (funds and personnel) dedicated to coordination. Consideration should be given to appointing an NGO to be responsible for coordination in areas of high need and complexity
- regular coordination meetings for all parties involved in funding and delivering the service in the community. Coordination meetings need to be meaningful and not tokenistic. All parties need to ensure that representatives have the knowledge, skills and authority to participate effectively in coordination meetings.
- Coordination should reflect evidence of what works in communities collaborating (including service coordination) to improve outcomes
- regular communication and sharing of relevant information within government and between government, the NGOs and community as required. Up-to-date information on the range of services being provided in an area which is accessible to the community and service providers is critical to effective coordination
- community meet minimum standards.

In addition to service mapping, and coordinating identified needs and requisite services, we have seen that engaging beneficiaries in the planning, design, implementation and evaluation of services is important to improving services as it ensures that services are being designed and delivered according to the needs of end-users.

The Benevolent Society has experience in effective coordination of services through the Communities for Children program.

Case Study: Communities for Children

The Communities for Children (C4C) program provides a good model for effective service coordination. C4C is an early intervention program funded by the Commonwealth Department of Social Services which operates in 45 sites nationally, with eleven sites in New South Wales.

C4C programs are aimed at increasing child safety and wellbeing by addressing known risk factors that impact on the parenting capability of families, parents, grandparent carers and other carers. Services provided under C4Cs include: parenting support; group peer support for children, families or carers; case management; home visiting services; and other supports to prevent child abuse and neglect. Since 2010, C4C has specifically focused on 'harder to reach' social and community groups and program objectives have broadened to include a much stronger focus on child protection.

The C4C model is based on resourcing 'Facilitating Partners' to work with communities and other stakeholders to develop and implement a strategic and sustainable whole-of-community approach to early childhood development in consultation with local stakeholders.

The Benevolent Society is the Facilitating Partner for C4C programs in three locations across New South Wales (Rosemeadow , Wyong and Kempsey).

Facilitating Partners establish C4C committees with broad representation from community stakeholders. Facilitating Partners oversee the development of community strategic plans and annual service delivery plans with the C4C committees and manage the overall funding allocations for the communities. Funding is then allocated to Community Partners who deliver the activities identified in the community strategic plans and service delivery plans.

An independent national evaluation of the C4C initiative undertaken in 2009 found that:

- C4C has had a significant impact on the number, type and capacity of services available in the communities in which it is based; and
- service coordination and collaboration has improved between services within the C4C communities.ⁱⁱ

The C4C evaluation found that aspects of the C4C model - specifically the Facilitating Partner and funding - were particularly important in contributing to positive impacts on service provision and children and their families.

In terms of providing coordinated services and assisting those with complex needs to navigate a complicated service system, the Benevolent Society has experience delivering family and child services, from Early Years Centres in Queensland which are 'one-stop shops' for families needing a wide range of support.

Case Study: Queensland Early Years Centres

The Early Years Centres model, which The Benevolent Society runs in Queensland, is another example of coordinated service delivery for children and families with a range of complex needs. The Benevolent Society runs three of the four Early Years Centres (EYC) in Queensland, covering nine locations plus mobile outreach. The Centres are one-stop shops supporting the health, wellbeing and safety of families who have young children from conception to eight years.

Each EYC is located in a socio-economically disadvantaged area (according to the SEIFA index) with high numbers of children who are developmentally vulnerable in on one or more domains according to the Australia Early Development Index (AEDI). The centres are staffed by a multidisciplinary team through partnerships between The Benevolent Society, Queensland Health, Aboriginal and Torres Strait Island social service providers, and other local service providers.

The centres offer a range of universal and targeted early childhood education, care and health services, such as playgroups, parenting support and education programs, home visiting family support, and long day care and kindergarten. These services are delivered by a multidisciplinary team, including family support workers, early childhood educators and child health professionals.

In January 2013, the Queensland Department of Education, Training and Employment published the results of an evaluation of the Early Years Centre initiative.ⁱⁱⁱ The results of the evaluation indicated that developmental, social and behavioural outcomes for children had improved, parenting skills and families had been strengthened, and outcomes for vulnerable families enhanced. In addition, it is reported that the EYCs helped to contribute to community inclusion, connections and supports.

- **the data that governments need to collect to evaluate services and the success of reforms**

Robust performance measurement systems also rely, to a large extent on the quality and availability of, and access to, government generated, collected and stored data. The Government currently collects a large amount of data related to the family and community services sector, so having the resources and skills dedicated to filter the data so it is meaningful for government and non-government organisations is a huge undertaking. The sector as a whole does not yet have the skills to manage and interpret the large amount of data currently generated.

There are also currently few systems in place for the sharing of data and information across jurisdictions. Better information sharing between government departments at the state level and between federal and state governments is also needed to improve the system.

The Benevolent Society encourages greater access to government data, generally, and specifically to support the expansion of performance and outcomes based contracting in the human services sector. We also support dedicated funding and effort to up-skill the sector in management and use of data.

5. Conclusion

The Productivity Commission's Issues Paper raises a number of areas of investigation to explore greater competition, contestability and use-choice in the human services sector. The Benevolent Society has focussed on the chapter relating to government –commissioned family and community services sector. We have discussed the need for standardised minimum quality standards; the importance of robust outcome and performance frameworks; the importance of coordinated service planning and delivery and integrated service delivery and the challenge of capturing and understanding government data.

The Benevolent Society welcomes discussions of reforms which will lead to a wider range of services, directed to individual needs, at lower costs. We do note, however, that there is a risk that steps taken to increase competition and improve services may have the opposite effect of reducing availability and therefore reducing choice and increasing costs as the market shrinks. We are concerned that if the foundations for a user choice model are not put in place carefully, it could lead to a two-tiered system where those with resources and capacity benefit, and those with limited capacity may have difficulty navigating a more complex system and end up with lesser quality services than they had previously. As with all proposed reforms, The Benevolent Society wants to ensure that the most vulnerable and disadvantaged members of our community are not left behind.

ⁱ Australian Council of Social Services (ACOSS) (2016). *By asking wrong questions, PC Inquiry distracts from the big challenges facing human services*, Media Release, 5 December 2016, accessed at http://www.acoss.org.au/media-releases/?media_release=by-asking-wrong-questions-pc-inquiry-distracts-from-the-big-challenges-facing-human-services

ⁱⁱ Muir. K et al. (2010). *The national evaluation of the Communities for Children initiative*. Family matters 2010 No.84.

ⁱⁱⁱ Queensland Department of Education, Training and Employment (2013). *Evaluation of the Early Years Centre initiative: Summary report*.