

COMMUNITY SERVICES INDUSTRY ALLIANCE (CSIA) SUBMISSION – Productivity Commission’s Draft Report – Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services

Thank for the opportunity to provide comment on the draft report: Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services

The Community Services Industry Alliance (CSIA) aims to increase the capacity and viability of community service organisations and secure a prosperous future for the Industry.

CSIA will grow the business of the Community Services Industry by:

- Engaging internally and externally with organisations and stakeholders on industry development matters.
- Influencing and advocating for policy reform, representing the industry at all levels of Government and with other industries.
- Informing and educating on industry benchmarks, best practice and organisational development.
- Leading the industry in identifying challenges and acting on opportunities such as increasing productivity and innovation.

CSIA’s Foundation members represent organisations that deliver human and social services across a wide range of areas including health, aged care, disability services, child protection services, housing and homelessness and more. It is from this wide breadth of experience that we draw our insights for this submission.

Find out more about CSIA [here](#).

General Comments

Industry interface

In implementing the NDIS there has been a deliberate and complete loss of Industry (provider and Industry/Peak bodies) expertise. This has been based on a misfounded belief by governments and the market regulator that conflict of interest in a competitive market negates industry participation in system design and implementation.

The benefits of Industry participation and engagement in implementing major reform are compelling and informed by experience other industries such as the finance and banking, energy, water, dairy, aged care, employment, VET sector, and construction. Many Industries grapple with balancing Industry engagement in large scale market reform and managing potential conflicts. Contact and communication between governments, market regulators and providers is necessary and can occur within clear parameters and in circumstances where risks for conflict and corruption are managed. Strategies include: Conflict of Interest policies and enforcement, public disclosures of financial interest, and undue commercial marketing influence.



The following outlines the key benefits of Industry engagement.

Benefit	Opportunities
System, program and service design is informed by expertise	<ul style="list-style-type: none"> • Experience and knowledge in regard to recipients needs can be translated into an improved planning and co-ordination process with Industry input. • Through engagement with Industry there is an opportunity to create a better match between Government needs to deliver an effective and efficient system and industry capability to deliver. • By engaging Industry the benefits of competition (particularly competition between smaller and larger businesses) can realised.
System design is aligned with current and emerging activity in the disability service market	<p>Industry engagement will:</p> <ul style="list-style-type: none"> • Provide a core source of market intelligence • Inform Governments of Industry capability • Support better market planning and sustainability • Industry engagement will utilise the vast expertise in the sector. • Industry engagement can detect trends early and prevent escalation of self serving organisational practices.
Participant needs are understood and not obscured by provider needs	<ul style="list-style-type: none"> • Greater engagement between Governments, market regulators and Industry can provide a common understanding of policy imperatives, market trends and current and anticipated client needs to drive innovation.

CSIA suggests that the final report should emphasise the need for Industry interface in reform design and implementation. A strategy that identifies the objectives of Industry engagement; the key points of intersection between Governments, market regulators and providers; and engagement strategies and mechanisms should be embedded in system design from the start. This should be complementary to a clear and explicit Market Stewardship approach by Governments and the market regulator. As described above the objectives of Industry engagement should be centred around the role of Industry in informing:

- System, program and service design (effectiveness and efficiency)
- Market Intelligence (current and emerging activity, trends, forecasts etc)
- Market sustainability (organisational trends etc)
- Participant needs (assessment and planning, person centred practices)
- Innovation (new ideas)



Comments on recommendations

Transitioning to an outcomes based approach (Recommendations 7.1-7. 4, 7.7)

CSIA notes the Productivity Commission's findings about poor commissioning processes for family and community services and the need for an outcomes framework to drive data collection, performance evaluation and contract management. Interestingly, this echoes some of the findings of the productivity Commission's report on The Contribution of the Not-for-Profit Sector in 2010. CSIA supports this approach and has provided a broad outline for transitioning to an outcomes based approach in previous submissions. Given the systemic nature of change required across Governments and Industry to deliver an outcomes based approach in family and community services in Queensland it has proven difficult to achieve any meaningful change. In this respect the concept of better commissioning and an outcomes based approach is well accepted by Governments and Industry. It is the implementation which is failing and will continue to fail unless there is a considered and practical approach that names the identifies and addresses the barriers that have proven so difficult to dismantle.

CSIA has recently consulted with the Community Services Industry in Queensland on an approach that could provide a starting point for funding reform in child and family services. The aim is to design an Industry-led commissioning approach for child and family services and engage Government with a roadmap for action. Initially the project will analyse what is happening regarding policy, funding, contracts, and contract management and co-design better approaches. It will be grounded in reality and provide a practical way forward for investment reform. Government engagement and support for this Industry-led approach will be critical to achieving meaningful reform and CSIA and its Industry partners will continue to engage with the Queensland Government with an aim to jointly identify the points of intersection and strategies to achieve change.

States and Territories are progressing at different rates in their understanding of outcomes and the ability to implement change. National leadership in this space from the Federal Government, collaboratively through with States and Territories may assist a more coherent approach driven by well defined policy.

Transitioning to an outcomes based approach requires a clear and practical plan of action that recognises the systemic nature of reform. It needs to start from a common understanding of the barriers that have proven difficult to address in the past backed up by Industry and Government leadership and commitment and investment in achieving change.

Longer term contracts (Recommendation 7.5)

The move to longer term (seven year) year contracts is supported in principle. However, there are risks and benefits inherent in this. Benefits include greater stability and sustainability for community service organisations and the ability to undertake longer term planning and achieve prevention and early intervention outcomes. The risks for Government, Industry and clients need to be well understood before embarking on this path to offset unintended consequences.

- Longer term contracting will need a more sophisticated commissioning mechanism from Governments.



- Failure or poor performance may become entrenched in the system due to lack of performance data and effective performance management.
- Tendering for services that are subject to fluctuating trends and costs requires highly developed forecasting and planning capability.

Many service providers have contracts with multiple state and federal government departments. Often there is no alignment or consistency in these contracts resulting in significant effort and cost from service providers to meet conditions and report. Changes in only one area of contracting will not address this problem.

Changes to contract terms requires Industry engagement to fully understand the implications for service providers and Industry capability and support required.

Efficient Price (Recommendation 7.6)

Human service reform will generally deliver long term benefits and this can be in conflict with political imperatives that need to demonstrate short term cost savings. Pricing a human service transaction to deliver a positive client outcome has proven difficult. This is partly the result of inadequate or non-existent benchmarks and lack of data to measure outcomes. While measures and data catches up with reform (and this may not happen at least in the short term) pricing needs to be determined by an imperfect methodology. Further reform in human services need to be well informed about the type and nature of the transaction that will deliver quality outcomes. This can only occur through dedicated research and points to the need for investment in a period of preparedness prior to implementing further reform.

There must be adequate preparation for further reform including understanding the nature of human service transactions, investing in a data framework and benchmarking.