



*everyone's family*

## Inquiry into Human Services: Identifying sectors for reform

**Submission on the Productivity  
Commission's Issues Paper**

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## Introduction

The Smith Family welcomes the opportunity to provide comment to the Productivity Commission's Inquiry into introducing competition and informed user choice into human services. We understand that effective and efficient human services are critical for ensuring the wellbeing of all Australian and especially those who are vulnerable and disadvantaged.

Our comments in this submission relate particularly to The Smith Family's experience in implementing large scale prevention and early intervention community programs to support improved outcomes for children and young people growing up in poverty and for whom the risk of transmission of intergenerational poverty is high. Our views are informed by our experience as an organisation that raises the majority of our funds through fundraising efforts as well as being a funding recipient from Government (various jurisdictions).

## About The Smith Family

The Smith Family is a national non-government organisation with a mission to support the long-term educational participation of disadvantaged young Australians. We provide holistic and long-term support from pre-school through primary and secondary school and on to tertiary studies. In 2014/15, our programs supported almost 125,000 children, young people and parents/carers nationally. Of these 34,000 children and young people received financial scholarships through the support of individual Australian sponsors and donors. We are a recognised partner for Australian and State Government, especially in delivery of systems capacity building programs and initiatives that support outcomes for children through prevention and early intervention initiatives.

The Smith Family is the facilitating partner for nine Communities for Children FP sites funded by the Department of Social Services. In the role of facilitator we sub-contract 70 Community Partners across Australia to deliver a range of place responsive and evidence based programs to improve outcomes for children birth to 12 years.

## Response to the Inquiry

Our comments below are drawn from our experience and learnings as:

- a fund raising organisation accountable to the Australian public who generously support our work
- a funder of human services within the Not for Profit sector; and
- a grant recipient of multi-year programmes through the Australian and some State Governments

Our response to the first stage of the Inquiry is framed around the three key review points of: Competition, Contestability and Informed User Choice.

## Competition

We note that both universal and targeted human services in Australia are already underpinned by competition policy with user pays approaches well embedded in sectors such as health services provision, childcare and education services. However, the premise that competition is preferable in all circumstances is yet to be proven and we are concerned about the potential for further embedding of competition policy to exacerbate a growing divide in access to quality services based on capacity to pay. We are also concerned that introducing further competition into services targeting vulnerable people will undermine the policy goals that those services have been set up to achieve through the diminution of trust and collaboration among service providers.

There appears to be very little supporting evidence that the introduction of competitive approaches to the human service sector has delivered any long term, meaningful change in outcomes for service users. Some of the most mature of these, including Employment services demonstrate an ongoing need for regulation to ensure that the most disadvantaged are provided with any level of service. Such regulation has the capacity to add deep complexity and stifle innovation in the service system with providers heavily focussed on managing cost rather than achieving outcomes. We also point to the recent example of competition in the Vocational Education and Training system where private providers targeted vulnerable people, with no regard for their capacity to participate in the service being offered or their long term wellbeing.

While the concepts of quality, equity, efficiency, accountability and responsiveness have resonance in terms of desirable attributes of human services, the real test is the extent to which those services are improving the lives of those whom they were established to serve.

The Smith Family's experience of delivering services on behalf of government is that the focus of reporting is most often on descriptions of inputs and outputs, including numbers of people serviced and activities undertaken. Funding decisions, while underpinned by premises of efficiency and quality should in the end be driven by impact rather than the component parts of program delivery.

Government processes, in particular a lack of inter and intra government co-operation at the policy design stage mean that services targeting complex social issues are most often focussed on single level, short term issues rather than integrated user-centred and long term approaches.

## Contestability

The Smith Family believes that competition and contestability can support effective human services delivery, but that care needs to be taken in ensuring that the processes themselves do not undermine the longer term outcomes being sought by Australian society.

There are good examples of processes which support collaboration and innovation within a contestable environment. As a Facilitating Partner in the Australian Government's *Communities for Children* initiative, The Smith Family works in consultation and collaboration with local stakeholders to improve systemic linkages and facilitate programs that help children and their families increase their social connections, improve their education and longer term employment outcomes. In this context processes are underpinned by:

- strong governance arrangements involving a broad range of community stakeholders;
- sector capacity building to ensure small and larger organisations can be represented in service delivery; and
- fair and transparent sub-contracting arrangements including efficient risk based processes.

While the effectiveness of initiatives could be improved with consistent and enhanced focus by government on the policy objectives rather than processes, The Smith Family believes that initiatives such as these have the capacity to support improved long term outcomes in disadvantaged communities where complex issues experienced by families cannot be addressed by single service approaches.

For example, The Smith Family's focus is on improving educational outcomes for children and young people growing up in disadvantaged households. Our approach recognises that 60% of the factors relating to educational achievement relate to issues outside the school environment, including home environment and parental factors. A sole focus on the provision of educational services, without regard to addressing the broader issues impacting on the capacity of children to achieve would mean that children growing up in low SES households would be less likely to reach their educational potential.

As the Productivity Commission's Issues paper has noted, the potential for services in a geographical area to compete effectively, efficiently and fairly can be mediated by a range of factors including:

- **existing community infrastructure.** In many remote and rural areas the limited nature of existing community infrastructure (existing services, qualified staff) means that the cost of service provision is inevitably higher. Unconstrained competition could further exacerbate inequity of access to services in these communities.
- **differences in size and capacity of service providers:** the human services sector (profit and not for profit) is characterised by a wide range of organisations ranging from very small and local to large scale providers.

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Larger organisations with higher levels of resources will obviously have an advantage in any competitive process. There is a real risk of loss of small organisations who often have deep relationships with and access to vulnerable clients

## Informed User Choice

The Smith Family believes that the premise that those with lesser means can exercise meaningful choice in selection of human services is problematic. Those who do not have financial means often have to rely on government provided services, or services provided and funded directly by charities through their own fundraising efforts or philanthropy. In these circumstances, the immediacy of need and availability of services to meet that need are key determining factors rather than choice of service per se. Additionally, there are many services where participation is a compulsory precondition of ongoing financial or other government support. For many vulnerable and disadvantaged service users, their capacity to make an informed choice is limited by a range of variables, including:

- **User recognition of the ‘solution’:** service users in need of support may not have high levels of understanding of the underpinning reasons for the barrier/challenging situation they face. They may be unhappy with the manifestation of these issues but unable to identify the cause of these challenges. In the absence of knowledge and capacity building support services, the ability to make informed choice by the user is severely impacted.
- **Need versus solution:** people experiencing challenging life circumstances may know that they have a specific need but often find it difficult to know what the solution may be. This has a direct impact on their ability to choose a service. Vulnerable clients struggle with this issue for health services, disability and education services but this matter is more pronounced when the services required are for parenting support, child development etc.
- **Trust and credibility:** for users of human services, often the most important consideration in service selection is trust in the organisation and the worker who engages with them. A competitive process which changes this dynamic can be difficult for the user to comprehend and re-navigating the service system can be too problematic.

Current and emerging practice in user-centric program design, where end users of services are involved in co-design processes have the potential to provide users of human services with meaningful input into the usability and quality of services they receive. The Smith Family would encourage the Productivity Commission to consider how processes which enable service users to have a real voice in the design of services could be considered an alternate type of user choice.

## Conclusion

The Smith Family recognises the need to ensure that the procurement of services provides the Australian public with assurance of effectiveness and efficiency. We also fully support processes which ensure that new providers can access the human service delivery market and the need to ensure that innovative solutions have the potential to be implemented.

However, we note that to date there is little evidence that increased competition or contestability has led to improved quality of service delivery, or, more significantly that there is any evidence of improved long term outcomes for vulnerable service users. We believe that this is at least in part due to a lack of inter and intra government collaboration and cooperation in determining and enacting long term policy goals as opposed to short term program inputs and outputs.

We encourage the Productivity Commission to consider that complex and long standing challenges cannot be addressed with siloed service solutions. We note that there are examples of whole of community approaches which enable competition and collaboration across service systems. Initiative such as *Communities for Children* can play a role in ensuring that smaller service providers who are often key relationship holders can continue to provide services.

User-centred practice, including design thinking and co-design processes have the potential to provide a degree of choice to service users whose options are often constrained by their capacity to navigate service systems or mandates of government policy.