



Submission to the Productivity
Commission's Preliminary Findings
Report - Introducing Competition and
Informed User Choice into Human
Services: Identifying Sectors for Reform

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1. Key Points

UnitingCare Australia welcomes the opportunity to respond to the Productivity Commission's Preliminary Findings Report covering the topic of Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform.

In response to the key point that "greater competition, contestability and informed user choice could improve outcomes in many, *but not all*, human services", UnitingCare Australia reiterates the key observations presented in our original submission:

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 because of the introduction of a market based model. No consumer will be disadvantaged in accessing services due to their location or situation.
8. UnitingCare Australia acknowledges that the government and not-for-profit sector need to form partnerships to ensure no consumer is disadvantaged in their access to services in areas of market failure.
9. The long term success of a Consumer 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 supports the statement in the Report that government stewardship has a critical role in ensuring "human services meeting standards of quality, suitability and accessibility, giving people the support they need to make choices, ensuring that appropriate consumer safeguards are in place, and encouraging and adopting ongoing improvements to service provision". It is essential that service quality is not compromised as a result of greater competition and contestability.

UnitingCare Australia supports the Productivity Commission's finding that contracts need to be for reasonable periods of time, such as five years, to allow service providers sufficient time to develop models and systems to deliver quality, sustainable services. Strong stewardship will ensure that providers are delivering quality services with good outcomes.

UnitingCare Australia is concerned, however, that that the Productivity Commission has not adequately addressed some of the potential negative impacts of increased competition, contestability and user choice:

- UnitingCare Australia has concerns around whether there is clear evidence to show that increased competition results in improved service delivery. We believe that the lens of competition misses the key opportunity to focus on productivity of service delivery. An investigation of the range of options available to improve efficiency and effectiveness of human services would provide better solutions. This could be achieved by identifying the aims of human services at a population level and how this could best be achieved through a coordinated system with resources applied accordingly. This would then feed into the co-design and consultation processes outlined in the Productivity Commission's recommendations.
- UnitingCare Australia does not believe it is appropriate for private providers to make a profit from the provision of human services where it involves reduced care or quality of care. UnitingCare Australia believes that funding should be attributed to services to ensure they are delivered to the highest quality possible. An outcomes based framework would enable careful monitoring and evaluation of quality of care.
- UnitingCare Australia's experience to date with CDC, both in the aged care sector and in the NDIS, has been that the increased competition and rapid change in the market associated with the policy shift has brought with it risks that services will compromise on the quality of infrastructure and administration due to the fact that individual funding packages do not usually recognise the actual cost of these essential components. This in turn risks compromising the quality of care or the viability of the service, or both.

2. Priority Areas

The Commission's preliminary findings have identified six priority areas of human services where, in its view, introducing greater competition, contestability and informed user choice could improve outcomes for the people who use the services and the community as a whole: social housing, public hospitals, specialist palliative care, public dental services, services in remote Indigenous communities, and grant-based family and community services.

This submission focuses on responding to the findings related to social housing, specialist palliative care, services in remote Indigenous communities and grant-based family and community services – areas which UnitingCare Australia represents. UnitingCare Australia is the national body for the UnitingCare Network, one of the country's largest providers of community services.

2.1. Social Housing - Preliminary Finding 3.1

Introducing greater competition, contestability and user choice could improve the effectiveness of the social housing system in meeting tenant needs.

- There is substantial room for improvement in the current social housing system. There are long waiting lists, poorly maintained and underutilised properties, and a lack of information available to allow governments to select and monitor the performance of service providers.*
- Four out of five social housing properties are managed by government entities, yet there are a large number of housing providers — both not-for-profit and for-profit — that could perform this service. Community housing providers outperform public providers on some indicators, including tenant satisfaction and property maintenance.*
- There are currently not enough social housing properties to meet demand, limiting the housing choices available to social housing tenants. Nonetheless, approaches implemented internationally allow social housing tenants greater choice of home. Reform options could be explored in Australia to address supply constraints and increase the housing options available for prospective social housing tenants.*

UnitingCare agrees with the Commission's findings that introducing greater competition, contestability and user choice could improve the effectiveness of the social housing system in meeting tenant needs. However, we note the need for ongoing tight regulation and monitoring of the service provision in order to ensure quality.

The not for profit sector in particular is well placed to undertake an expanded role in the area of social housing, particularly given its strong linkages to wrap around service supports to maintain tenancies.

However, UnitingCare Australia points out that the government has a responsibility to ensure its citizens are housed in accordance with Article 25 of the Universal Declaration of Human Rights¹. Therefore there is also a need to maintain a role for government as a provider of last resort, particularly to ensure that those most vulnerable and with complex needs can be accommodated by the system.

In addition, UnitingCare Australia proposes that homelessness be included with Social Housing as there is substantial alignment between these areas. There is considerable opportunity to leverage the substantial equity in social housing to increase innovation to address homelessness. For example, the equity could be used to increase the property portfolio over a defined period of time to deliver benefits the community.

¹ http://www.ohchr.org/EN/UDHR/Documents/UDHR_Translations/eng.pdf

2.2. Specialist Palliative Care - Preliminary Finding 5.1

Placing greater emphasis on user choice could help to better satisfy patient preferences regarding the setting, timing and availability of palliative care.

- *The quality of specialist palliative care services is highly variable, there are concerns about patients not being able to access services and there is limited performance reporting, particularly in community settings.*
- *There is little evidence that service providers are being held to account for relatively low service quality. Introducing greater contestability could make providers more accountable for their performance and spur the innovation required to lift patient outcomes among the poor performers.*
- *The potential to increase user choice through greater competition between providers or through more contestable arrangements would depend on market size and the ability to cost-effectively provide user-oriented information, among other things. The preferred reform option will likely vary across regions.*

UnitingCare Australia supports placing greater emphasis on increasing user choice in relation to palliative care and progressing the investigation of how this might be achieved to the next stage of the Productivity Commission's inquiry. UnitingCare services deliver palliative care in a range of settings, including within the aged care sector. UnitingCare believes greater use could be made of the capacity of the aged care sector to deliver these services, benefiting the consumer and the broader health system, and that this should be further explored in the next stage of the Productivity Commission's inquiry. Adequate resourcing for the sector to deliver services is essential.

We also support the notes of caution highlighted in the Findings Report and suggest that it may be beneficial to consider avenues other than competition, such as the introduction of national standards and consistent regulation, to achieve the desired outcomes.

We restate the importance of a continued role for government to ensure service quality and support the sustainability and viability of services.

The above points also apply to the provision of palliative care in rural and remote areas. More flexible funding models in these areas would enable the few providers there are to give people the choice to stay/die at home.

2.3. Human Services in Remote Indigenous Communities - Preliminary finding 7.1

Current arrangements for purchasing and delivering human services are not fully meeting the needs and preferences of Indigenous Australians living in remote communities.

- *Improving the quality of services and providing services in a more culturally appropriate way could improve outcomes for Indigenous Australians living in remote communities.*
- *Better coordination of services to address people's needs could overcome some of the problems that arise from service fragmentation.*
- *Place-based service models and greater community voice in service design and delivery could lead to services that are more responsive to the needs of people in these communities.*
- *More stable policy settings and clearer lines of responsibility, could increase governments' accountability for improving the wellbeing of Indigenous Australians living in remote communities.*

UnitingCare Australia is concerned that this sector, together with the Grants Based Family and Community Services area, is fragmented, has inconsistent service offers and a lack of strategic oversight and communication. Services also face difficulties associated with attracting and retaining suitably qualified staff and with the higher costs associated with remote locations. The issues facing the sector have evolved over time due to the lack of alignment between federal and state government priorities. A greater level of maturity across the sector is required for the application of the principle of competition to achieve the aims of the Inquiry.

2.4. Grant Based Family and Community Services - Preliminary Finding 8.1

Improving the way governments select, fund, monitor and evaluate providers of family and community services could improve outcomes for the users of those services.

- *Governments could deliver a better mix of services if they took a systematic approach to identifying what the community needs.*
- *Engagement with service providers and users at the policy design stage could increase the quality and efficiency of services.*
- *Contract arrangements that are focused on outcomes for service users could increase the incentives for service providers to deliver services that meet people's needs and provide more scope for innovation in service delivery.*
- *Better use of data could help service providers and governments identify and disseminate effective practices.*
- *Measures to support user choice and introduce greater competition between service providers could create incentives for providers to improve services in some areas.*

UnitingCare Australia agrees with the statement that improving the way family and community services are selected, funded, monitored and evaluated could improve outcomes for people using the services. UnitingCare Australia in general agrees that: taking a systematic approach to identifying community need; engaging with service providers and users to co-design for

improved quality and efficiency; focussing on service outcomes that meet people's needs and provides scope for innovation; and better utilisation of data can ensure effective practice.

However, as stated earlier, increased competition could impact on the quality of care as organisations strive to provide services at a lesser price, often below the real cost, to attract more customers. Therefore, it is essential that strong stewardship focuses on quality of service delivery and quality outcomes for consumers.

