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Human Services Inquiry
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne VIC 8003

Dear Commissioners,

Reforms to Human Services draft report

We would like to provide a brief comment on the *Reforms to Human Services draft report* and reiterate our concerns with the approach taken by the Productivity Commission in the review of human services. The premise of the human services inquiry is that human service delivery needs to be improved, and these improvements must be in the form of increased competition, contestability, and 'user choice'. Limiting the inquiry to only investigate these particular options for reform makes it clear that this inquiry was never a genuine discussion about improving service delivery – it is about the further privatisation and marketisation of public services. Despite the numerous submissions made to the human services inquiry outlining the issues with introducing further privatisation, the Commission has pushed ahead with making recommendations in the *draft report* that deepen the privatisation of public services, including further outsourcing and commissioning.

Outsourcing

As noted in the *draft report*, there are significant problems in the social housing sector. These problems have been caused by long-term underfunding of the sector, which has led to a lack of housing, long wait-lists, and old and degraded housing stock. The response to this problem by governments has been to outsource the management of housing to the community sector, and in some cases transferring the title of public houses to the community sector. The CPSU believes a core role of government is to ensure that everyone has access to suitable, secure housing – yet rather than adequately funding social housing to meet demand, state and territory governments are transferring their responsibility to the community sector. As noted in the *draft report* (p. 173), there is no strong evidence that community housing providers perform better than public providers: community housing providers receive additional funding in the form of Commonwealth Rent Assistance and often the stock transferred to community providers is in new and better condition than public housing stock. The Productivity Commission has not built a solid case to argue for further competitive tendering in the public housing sector, and so we are firmly opposed to **draft recommendation 5.4** which recommends state and territory governments continue to make the management of housing properties contestable. That recommendation states that the tender process should be open to all providers – including for-profit providers. We are firmly opposed to the use of for-profit organisations to manage social housing. In our previous submissions we have referred to the damage for-profit providers have done in the Job Network and the vocational education and training sector by gaming the system and exploiting vulnerable job-seekers and students to make a profit. We are

concerned about the potential for a similar disaster to occur with vulnerable service-users in the social housing sector.

Commissioning

We are concerned about the calls made in the *draft report* to introduce commissioning into human services. Commissioning is simply another way of privatising services, and so the Commission should pay heed to the evidence we and many others have provided throughout this inquiry about the failures of privatisation. The Productivity Commission has completely failed to make a strong case for the introduction of commissioning in the *draft report*. As noted by Associate Professor Helen Dickinson, an advocate of commissioning, there is simply not the evidence base to demonstrate that commissioning approaches positively impact efficiency, quality of services or outcomes of services. She states: "...there have not been significant investments in evaluating the impact of commissioning approaches. This means we cannot say for certain whether or not commissioning has significant impacts particularly over the long term."¹ We caution the Productivity Commission against recommending a privatisation fad that has no solid evidence base, and instead investigate other options for improving human services, such as increased funding to ensure that services can meet demand.

Role of government

The concept of 'government stewardship' has been used throughout this inquiry to obfuscate the real reasons for privatisation failures: it is not a case of designing contracts more cleverly or having more regulatory oversight. Failures in privatised services are an inevitable result of introducing the profit-motive into service delivery. Instead, the role of government should be much broader than simply a 'steward' or a 'commissioner' of services. Government has a responsibility to its people to deliver quality public services: decent public services are the foundation of a fair, just and democratic society. The Commission's conceptualisation as government as a 'steward' or 'commissioner' ignores the fundamental role people expect their government to play in providing services to our community.

The CPSU believes this inquiry has been a missed opportunity to genuinely examine how we can improve public services to benefit our community. The recommendations presented in the *draft report* are unlikely to improve the quality of public services, but instead will be used by the Turnbull government to justify further privatisation.

Yours sincerely

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¹ Helen Dickinson, 'On Commissioning and the Emperor's new clothes', <https://helendickinson.wordpress.com/2016/05/23/on-commissioning-and-the-emperors-new-clothes/>