



The **Salvation Army** Australia

Submission made on behalf of The Salvation Army Australia

Response to the

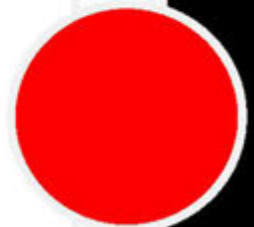
Productivity Commission report and recommendations on:

**Introducing Competition and Informed user Choice
into Human Services: Reforms to Human Services.**

14 July 2017

For more information, please contact:

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13 July 2017

Commissioner Stephen King
Human Services Inquiry
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne Vic 8003

Dear Commissioner

Re: Human Service Enquiry

The Salvation Army welcomes the opportunity to respond to the Productivity Commission's draft report *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, which was released for comment by the Commission on 2 June 2017.

The release of the draft report is part of the second stage of the inquiry and provides the Commission's draft recommendations for each of the six services that were identified as best suited to reforms to introduce greater user choice, competition or contestability.

As a major national provider of human services that are central to the proposed reforms, namely family and community services, aged care and social housing, The Salvation Army commends the Commission on its work to date in articulating and representing the complex views and circumstances of the many stakeholders, who have contributed to the inquiry and in the framing of much needed recommendations arising from these findings.

While implementation of many of the recommendations would represent vast improvements in equity, access and choice by placing clients at the heart of service provision, The Salvation Army maintains a number of overarching and specific concerns relating to disadvantaged people who are supported on a daily basis.

People who are vulnerable and disadvantaged do not have equity of access in consumer choice based systems

The Salvation Army notes the Commission's finding that "The characteristics of family and community services do not lend themselves to the introduction of greater user choice at this time."

However, the report appears to assume that the introduction of consumer choice models through a competitive and contestable process will enhance service access and performance for all clients. As a very significant national provider of services identified for reform that are mostly accessed by people experiencing complex and high levels of vulnerability and disadvantage, The Salvation Army draws attention more generally to the significant difficulties in relation to access and delivery of services. This situation is further compounded when services are not coordinated, and as a result does not meet the individual's need in a complete or holistic manner.

The Salvation Army's recent experience of consumer choice based systems in human services have been through the introduction of consumer directed care within the aged care system, and the individualised funding framework underpinning the national disability insurance scheme.

Whilst laudable in intention, both of these funding processes make assumptions about the social context of individual's requiring access to services, namely that they have trusted family, other community members, and a range of resources and technical supports to assist and guide them through the process.

The Productivity Commission's recommendations do not sufficiently acknowledge the limited capacity or ability that highly disadvantaged Australians may experience when attempting to understand and navigate new processes for accessing the rapidly changing systems. Many highly disadvantaged Australians do not have access to electronic communications, or the ability to utilise such technology and *critically* often do not have the services of an advocate, carer or family to support or assist them to navigate the processes.

Some individuals may feel that the processes are intrusive and find them too difficult, which means that they may intentionally avoid accessing services. The Salvation Army's client base includes homeless people and those at risk of homelessness, as well as people who have been impacted by drug and/or alcohol misuse, family violence, poverty and hardship. Mechanisms to increase and target additional support for these Australians is required to improve their equity of access. The Productivity Commission must acknowledge and make greater allowance for the presence of disadvantaged people in the community. Similarly disadvantaged people must have a stronger voice in shaping the services they receive and how they receive those services. The Salvation Army advocates on behalf of disadvantaged people, giving them the voice to government that they currently do not have.

The Salvation Army's first-hand experience of 'choice and control' in aged care is that the system does not provide well for disadvantaged people. Too often the client does not understand that they have a choice in who delivers their allocated services, and they have difficulty in identifying and scrutinising alternative providers. Too often the aged care provider actively excludes the disadvantaged client who has complex needs because the client does not 'fit the intake criteria' (articulated or implied) or the client is excluded or ostracised because of difficult behaviour that may be the result of mental health issues, dependencies or chronic illness.

The Salvation Army has also identified that staff in many human services such as aged care are not aware of, and do not know how to manage the behaviours of high needs disadvantaged clients. This often results in abuse, discrimination and exclusion from services. A far better understanding of people who are vulnerable and disadvantaged needs to be demonstrated by governments and service providers to ensure they're better represented in a range of contexts including this inquiry.

Similarly the experience of The Salvation Army programs operating within the NDIS is for people who are homeless to be more likely to be excluded from the system than other individuals. Failure to make appointment times, a lack of training and understanding by providers and other recipients, and an undervaluing of the specialised nature of this work by the NDIS, contributes to the likely exclusion of disadvantaged people from the new arrangements. The Salvation Army is extremely

concerned that people who are currently supported through psycho social programs will not qualify for NDIS and therefore will lose support through the new consumer choice based system.

Furthermore, experience through the NDIS Barwon pilot, saw The Salvation Army needing to restructure previous programs targeting rough sleepers, and other homeless people, reducing the level of pay, qualifications and experience of previous staff, to run programs that are financially viable within the new funding levels provided through NDIS. This appears to illustrate, either a lack of understanding, or a devaluing of the specialist responses required to work with particular client groups.

Competition and Contracting processes do not always deliver better services to disadvantaged individuals and families

The Salvation Army concurs with the Productivity Commission that competition and contestability are a 'means to an end' in improving the effectiveness and generation of much needed efficiencies in government funded client service delivery, rather than 'end in themselves'.

Commission findings and recommendations concerning improved system design, provider selection processes and use of evaluations, together with intergovernmental needs and service mapping and longer contract terms are also welcome.

However, as well articulated in a number of initial submissions, there is ample evidence demonstrating how unwanted or unintended outcomes for both consumers and providers may transpire through the competitive outsourcing of public services such as employment services, aged care and vocational education. It is apparent that service delivery outcomes can be severely compromised and service users become victims of poor practice, personal losses and deficient outcomes. There are heightened risks when competition results in services placing their own interest first, through the engagement of cheaper and lower skilled workers and through being motivated by efficiency driven profit making.

In responding to the 2015 Senate Community Affairs References Committee Inquiry into *The impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social Services*, The Salvation Army highlighted a number of serious concerns about the application process, timing, communication and funding uncertainty that are also relevant to this inquiry. These concerns were directly associated with the shift from a direct allocation approach to funding organisations to a competitive application (tender) process.

Mission oriented organisations deliver more to communities than profit

As a mission driven organisation, The Salvation Army seeks to reduce social disadvantage and create a fair and harmonious society through holistic and people centred approaches that reflect our commitment to and primacy of:

- Caring for people
- Creating faith pathways
- Building healthy communities
- Working for justice

Informed by these fundamental mission intentions, The Salvation Army delivers its vast networks and programs of human services in partnership with communities and government and with the support of government funding. The Salvation Army also contributes significant internally generated funds and resources, including the commitment and support of an army of volunteers and supporters. In the current financial year The Salvation Army will contribute more than \$60 million of its own revenue to offset costs in the delivery of services to disadvantaged and hard to reach people in the community that would otherwise 'fall through the cracks'. In addition, The Salvation Army makes significant 'in kind' contributions to social programs including the use of buildings and equipment, IT and administrative staff. In the 2016/17 financial year, unlike alternative providers who may be motivated by profits and expansion The Salvation Army, along with other mission based organisations, is primarily concerned with more altruistic objectives such as addressing and reducing community need and social disadvantage with compassion. As outlined in its initial submission, ACOSS highlights the significant, unique and critical role of not for profit organisations in their contribution to social capital when compared to traditional market based services - in particular, through the social capital generated by empowering communities through advocacy, volunteering, developing partnerships in the community and a commitment to early intervention and prevention. Mission based organisations bring a multitude of additional outputs and benefits apart from contracted service delivery.

It is this overarching context that The Salvation Army notes its concerns about Draft Recommendation 7.2, which proposes that governments should not discriminate on the basis of not for profit status. The Salvation Army would encourage the Commission to reconsider the value and attributes that not for profit providers bring to the community through altruistic service delivery, and for commissioning governments to consider these 'value add outputs' as part of selection criteria when awarding contracts.

Social Housing

The Salvation Army welcomes the recognition of the Productivity Commission regarding the numbers of people who are living in housing stress. The lack of available affordable accommodation is one of the major issues for all TSA clients regardless of support service that is accessed.

The *National Economic and Social Impact Survey 2017* surveys people seeking support from The Salvation Army's emergency relief services. The survey found that

- 66% of homeowners and private renters experiences extreme housing stress and used more than half of their income for accommodation expenses.
- 44% of all respondents had moved house at least three times in the past 12 months
- 16% of respondents were homeless and living in temporary accommodation and more than one in five remained persistently homeless for at least two years.
- The average expenditure on accommodation was \$200 per week, with single parents being left with an average of \$14.35 per day to live on after paying rent.

The Productivity Commission report identifies the role of social housing as intended to provide a "safety response" to those who are homeless or at risk of homelessness, and to those who are socially and financially disadvantaged.

However, the experience of The Salvation Army is of difficulty in accessing social housing for its most disadvantaged clients.

- **Community Housing**

Community housing, whilst providing quality and generally more affordable accommodation, does not appear to service the disadvantaged individuals and families seeking our assistance and support. Our data, from just three Salvation Army centres, indicates that in the 2016/17 financial year only 13 of the 870 people who used these services exited to community housing, which is just 1.5%. Therefore, community housing is not meeting the needs of people experiencing homelessness.

Community housing provided through associations and providers are normally dependent upon servicing some level of debt for the development of the property. This limits the number of properties that may be leased to people on income support, particularly single people on new start who are unable to pay sufficient rent. Community housing providers are generally reliant on letting accommodation to lower income workers, and selling private accommodation in order to maintain viability.

The Salvation Army has also found that community housing providers may be reluctant to take on those who are chronically homeless, with mental health and substance abuse issues as tenants are thought likely to incur additional costs.

- **Public Housing**

Public housing, when accessible, provides affordable accommodation to those reliant on income support. Many of our clients appear able to sustain long term public housing tenancies, particularly when allocated with appropriate levels of support. However, there are long waiting lists, and declining numbers of properties contributing to an overall lack of access.

- **Private Rental**

Reliance on the private rental market is equally difficult. The Rental Affordability Snapshot provided by Anglicare indicates only 6% of the 67,651 dwellings surveyed on the first weekend in April were suitable for any of the 10 selected households in receipt of government benefits. This is down from 7% in 2016.

In addition, the quality of affordable housing available to tenants seeking support from The Salvation Army is generally of poorer quality than other viable accommodation and includes boarding houses, and poorly maintained and insulated properties.

Consumer choices in housing relies on increasing supply

Whilst The Salvation Army agrees with the overall assertion of the inequity between social and private rental housing, there are a number of assumptions which do not reflect this organization's experience as a major service provider.

Whilst there is in principle support for broadening the provision and increase to the levels of rental subsidy, the issue of access and choice of housing is driven by supply issues. The concept of genuine choice for people as to where they live in social housing is laudable, but will not be achieved without significant increase in supply.

Summary

In summary, The Salvation Army again urges the Commission to consider the specific needs of the most disadvantaged Australians. Equity of access for many of the people that The Salvation Army serves requires additional support to ensure that they have their needs adequately met.