



"Succeeding Together"

27 October 2016
Human Services inquiry,
Productivity Commission,
Locked Bag 2, Collins Street East,
Melbourne Vic 8003,
Email: humanservices@pc.gov.au

Submission on behalf of the Schizophrenia Fellowship of NSW Productivity Commission's Preliminary Findings Report.

The Schizophrenia Fellowship of NSW (SF NSW) appreciates the opportunity to provide comment on the Productivity Commission's Preliminary Findings Report, *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform*.

Background

SF NSW is a specialist mental health recovery organisation, operating across 33 sites in NSW and ACT. SF NSW is committed to improving the circumstances, welfare, access to clinical and allied health services and advocacy for people with a serious mental illness. SF NSW delivers trauma-informed recovery-oriented psychosocial support programs and services for both carers and consumers including care coordination, housing, employment, social inclusion, clinical and peer supported services.

Who are we?

31

31 years of serving people with a mental illness and their carers

320

320 staff members



92% job satisfaction

400

More than 400 active volunteer workers



74% of staff have lived experience as a consumer or carer



More than 10,000 people accessed our services in the last 12 months



More than 6,000 outreach calls made



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General Comments:

SF NSW believes that there is a need for public policy direction in the area of mental health that aims to build on integration of services and collaborative care. Community mental health is not unfamiliar with competitive processes and has historically been challenged with paucity of funding and recognition of mental health as a political, social and economic priority for investment.

This submission will focus on the identification of grant-based family and community services as an area for competition reform. This focus does not exclude the impact on community mental health from other areas identified for reform in the preliminary findings report including public hospitals, social housing, and services in remote Indigenous communities, rather grant-based family and community services in the mental health sector span and interact with all of the aforementioned.

In fact, community mental health has worked across sectors and bridged the silos for many decades, and is a good example of integrated care that could be adopted across other areas of Human Services. Furthermore, community mental health providers are not unfamiliar to competition.

SF NSW in principle supports reforms in grant-based family and community services which aim to achieve process contestability, efficiency, transparency, accountability and collection of data. In consideration of grant-based family and community services as an area for introduction of further competition, maintenance and improvement of equity in access, quality of service and consumer-choice, where possible, should be priority.

SF NSW welcomes the Productivity Commission's recognition of NFP as an essential supply chain for the delivery of human services, the value of that diversity, and the need for:

- Improved government engagement with service providers
- Leadership from the government
- Stability of funding afforded by longer contract periods



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However, SF NSW is concerned that there is a lack of data in this area that is needed to inform the assessment of the impacts of reforms on workforce stability, the viability of the not-for-profit sector (NFP), the significant NFP investment in social capital and other distinct contributions. This sector is already currently undergoing considerable reforms which require completion and evaluation. Stability in funding of community mental health is desperately needed to ensure continued quality and access to services.

Grant-based family and community services:

Impacts of reforms on the not-for-profit (NFP) sector

Financial viability of service providers

Many NFP providers are funded by a mixture federal and state-based grants, fundraising, philanthropy and potentially through provision of NDIS services to clients. The financial viability of many NFP community mental health providers, particularly smaller providers, is under substantial pressure and uncertainty with current reforms, including the introduction of the NDIS.

The NDIS has had significant impacts on core funding for NFP providers, with many federal program grants in the process of being phased out and rolled into the NDIS. The extent of the impact on service providers and consumers is not yet known as it is not clear how many of those who currently access community mental health services will be eligible for NDIS packages.

Survival of NFP providers in this space will require current clients being eligible for NDIS packages, or attracting new clients with NDIS packages to their services.

A potential result of the roll-out of the NDIS and other reforms is market-exit of small NFP providers, with the potential for larger corporate providers to enter the space, which will impact on equity of access and quality of service.

Concerns exist with the potential for negative impacts of competition on responsiveness, quality, access and reduced investment in research and innovation. A reduction in NFP community mental health providers and an increase in for-profit providers have the potential to result in major corporate providers underbidding on tenders (loss-lead) in order to obtain a contract. Cost



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reduction might be initially achieved by tendering services, however diversity is likely to be lost long-term.

Corporatisation of services

As the Productivity Commission has identified, current commissioning processes and other reforms have introduced "corporatisation" of the community mental health sector, which has largely been dominated by charity. Previously, organisations collaborated towards a common goal of health outcomes for those who access services- in the current environment these organisations are competitors.

Similarly, the structure and processes of NFPs have been undergoing significant changes in order to adapt to ongoing reforms. As the Productivity Commission stated, NFP organisations are disadvantaged by time and resource demanding administrative and commissioning processes. This is significantly particularly in the current environment, where NFP must compete against large corporates with the ability to engage tender-writing consultants afforded by economies of scale.

Loss of distinct contributions of NFP community mental health

SF NSW believes the introduction of further competition reforms in the NFP community mental health sector has the potential to result in loss of the distinct contributions of the NFP sector:

- Values driven by principle rather than profit

NFP community mental health provides services to the most vulnerable and in areas of need, such as regional Australia, where commercial drivers are less apparent. In SF NSW's experience, it is the NFP sector that provides access to quality service to those who live with the most complex and chronic mental illness, with the tendency for corporate providers to "pick and choose" less complex clients.

- Investment in workforce

Over 70% of the workforce employed by SF NSW has lived experience of mental illness as a carer or consumer, plus many people with lived experience as volunteers, facilitators or new peer workers in the physical health programs.



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Positive employment of those living with a mental illness and their carers is of benefit from an economic and societal point of view, but also often forms part on an individual's recovery journey towards mental wellbeing. These additional social investments made by SF NSW and other NFP community mental health providers are, to a large extent, not directly remunerated or recognised.

- Social capital and community mental health

As identified by the Productivity Commission, the unintended consequence of corporatisation of the sector is the introduction of competitive behaviours between providers who previously operated as collaborators, which creates fragmentation in service delivery.

Effective provision of community mental health requires the establishment of relationships and trust between services users, their carers and providers, as well as the other service providers, community, funding bodies. Importantly, it is the quality of relationships that matters, and that participation alone does not necessarily translate into acceptance, trust or reciprocity.

Workforce stability

Workers who provide NDIS services are inextricably linked to grant-based community mental health services. The community mental workforce is likely to undergo significant de-skilling in the coming years with the introduction of the NDIS.

While the NDIS does not directly set the amount a service provider can pay an employee, the amount provided for a service under the NDIS is too low to maintain the current level of skill in the workforce. It is critical that further pressure is not exerted by reforms in grant-based family and community services in order to maintain the skill level of the workforce and ultimately the quality of service that a consumer can access.



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Summary

- Any reforms in the grant-based family and community services should seek to preserve and improve established relationships between government, providers, funders, service users, their carers and the community.
- The paucity and quality of data collection requires attention in order to inform any reform recommendations.
- Stability and certainty of funding and service provision is needed in community mental health, which can be achieved in part by longer contract periods.
- There is room for reform in commissioning processes, which are administratively burdensome and create fragmentation of service provision. However, the significance of the changes that the sector is currently undergoing should be considered, particularly the impacts on the quality and continuity of access to services, the potential loss of distinct contributions of the NFP sector and the stability of the workforce.

SF NSW would welcome the opportunity to participate in further discussions towards the development of the Productivity Commission's recommendations and strategies for reforms in Human Services.

Regards,

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