



Productivity Commission Preliminary Findings Report
Human Services: Identifying Sectors for Reform

THE ELECTRICAL TRADES UNION OF AUSTRALIA

OCTOBER 2016

This submission is in response to the Productivity Commission’s Human Services – Identifying Sectors of Reform Preliminary Findings Report and is subsequent to the Electrical Trades Union of Australia (ETU) initial submission in response to the Productivity Commission’s Issue Paper – Human Services: Identifying Sectors for Reform.

It must be reaffirmed that the ETU is completely opposed to plans to introduce increased competition and contestability into the human services sector. The preliminary findings of the report do not assess the impact of introducing and/or increasing competition and user choice in the rural and remote regions. This is of major concern, as it is critical there is an assessment or some data investigation, to see what kind of detrimental effects it could have within the regional and rural community.

Injecting competition and contestability will inevitably change the construct and essence of the sector, where profits will be put before quality of service and consumer outcomes. Where profit goals are not achieved in certain services, these services will be cut and the community will face the consequences of not having access to these services.

We note the services that the Commission identifies as “best suited for reform” are:

- Grant-based family and community services;
- Human services in remote indigenous communities¹;
- Public dental services;
- Public hospital services;
- Specialist palliative care; and
- Social housing.

¹ ETU acknowledges that the Commission included alcohol and other drugs services, community-based mental health services, family support services and out of home care, and homelessness services in this sector.

It is unfortunate that the Commission is assessing services which are used by the most vulnerable people of the community. What is proposed means, that those who are already disadvantaged will bear the majority of the negative impacts associated with the introduction of contestability into the sector.

The ETU and the Australian community have had to deal with the consequences of electricity assets being privatised, particularly in Victoria and South Australia. Using the electricity sector as an example, similar words to contestability, competition and user choice are some of the reasons used to argue why these electricity assets have been, or should be sold. However, these consumers who rely on these assets now pay higher electricity bills, have poorly maintained electricity infrastructure and many jobs cut. The simple fact is, that the promised benefits of contestability never materialised.

ETU is working with Public Services International² (PSI) and number of other Australian affiliates on the *People's Inquiry into Privatisation*.³ An independent panel is running the Inquiry which has been hosted around the country, listening to various communities who have been impacted by privatisation across a broad range of sectors. Many people have spoken at the Inquiry about how privatisation has impacted accessibility to mental health services and various human services.

If the Government is so keen to look at ways to improve outcomes for users within the human services sector, there are other models available to assist with resources, diversity and improving these services. For instance, the Government should be looking at tax reform in Australia. We should be exploring how money lost through tax avoidance could be a possible source of revenue to inject into human services.

² **Public Services International** is a global trade union federation representing 20 million working women and men who deliver vital public services in 154 countries. PSI champions human rights, advocates for social justice and promotes universal access to quality public services. PSI works with the United Nations system and in partnership with labour, civil society and other organisations.

³ Accessed 25 October 2016 <<http://www.peoplesinquiry.org.au>>.

ETU recommends that the Commission should:

- consider reviewing the *People's Inquiry into Privatisation* final report when it is released to get an understanding on how “competition, contestability and user choice” can impact people in the community;
- be cautious with recommendations regarding fiscal arrangements as services that do not make “profits” tend to be vulnerable to being discontinued;
- prioritise quality and safety standards over user choice and market diversity; and
- understand that user choice has limitations for those who are from low socio-economic backgrounds, have poor literacy etc. to make “informed choices”.

Access to human services such as services that gravitates to the areas of health and housing already taps into a vulnerable part of our community. ETU strongly opposes that human services are suitable for increased contestability and competition. ETU believes the role of the government is best placed to deliver such services and vulnerable communities should not lose out because of marketisation.