

**Northern Territory Government
Submission to the Productivity
Commission Inquiry into
Reforms to Human Services**

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Executive summary

The Northern Territory Government (NTG) welcomes the Productivity Commission's *Draft Report into Reforms to Human Services* and notes the breadth and complexity of the issues considered.

The NTG is generally supportive of the direction of the proposed reforms, subject to considerations of costs and benefits, the appropriateness to different contexts and the maintenance of quality services. Effective delivery of human services contributes to the welfare of the entire community, and many of the Productivity Commission's recommendations, particularly those that focus on outcomes and co-design, are consistent with reforms being implemented by the NTG. The underpinning principle for reform should be to establish an environment where services are delivered effectively and efficiently with a guaranteed level of service delivery tailored to need.

The NTG's response to the Draft Report's recommendations reflects the Northern Territory's operating environment. The Draft Report recognises the challenges of human services delivery in remote areas with thin markets. The Northern Territory faces particular challenges in human service delivery. The vast distances and small population mean it is more difficult to achieve economies of scale and contestability in delivering services in the Territory. Also, a lack of infrastructure and extreme climatic conditions can restrict access to some remote areas for parts of the year. For example, a lack of internet access in remote areas can inhibit consumer information, choice, innovation and efficiency in service delivery.

Almost 30 per cent of the Territory's population is Aboriginal¹. In the Territory, 79 per cent of Aboriginal people live in remote areas and, of these, 70 per cent speak a language other than English at home². The Territory's demographics, remoteness and limited choice of service providers, all impact on service delivery.

The Draft Report acknowledges different implementation pathways for competition reform may be needed in regional and remote areas to ensure the best consumer outcomes. To support implementation it is suggested the following issues should be addressed:

- regular reporting on implementation of competition and choice reforms is included in ongoing evaluation, including the sharing of implementation experiences, reform outcomes and best practice reform activity in regional and remote areas;

¹ Australian Bureau of Statistics, 2011 Census of Population and Housing, Aboriginal and Torres Strait Island Peoples (Indigenous) Profile, Catalogue number 2002.0. (Estimated Residential Population data not yet available for 2016 Census)

² *ibid*

- implementation principles should be developed to guide policy makers in the design and implementation of competition reforms, including:
 - investing to understand the markets which competition and choice reform is going to affect, including market settings, regulatory frameworks, cost and pricing structures, barriers to entry and exit, current and expected future demand and supply profiles, and workforce implications;
 - being open to different implementation pathways, based on specific market characteristics, to mitigate the risk to consumers of provider failure, inequitable outcomes for consumers and unforeseen costs;
 - being cognisant of how competition and choice reforms impact on other policy objectives, noting that the goal is to maximise overall consumer welfare;³
 - ensuring that policy design protects necessary standards of access and equity, such as through explicit community service obligations; and
 - understanding and tailoring reforms to meet the particular needs of vulnerable and disadvantaged clients.

The NTG considers that competition and contestability are a means to an end – improving the effectiveness of service provision, rather than ends in themselves. Introducing greater competition and/or contestability will not always deliver better consumer outcomes or deliver better value for money, and other policy options should always be available for consideration. This is particularly relevant where there is limited capacity or no choice of service providers to deliver human services. Increasing ‘user voice’ and co-design between clients, service providers and funders can help to deliver a focus on users when user choice is not an option.

The NTG supports recommendations regarding improved data collection and coordination to inform better policy and program design. The NTG agrees that governments need to improve coordination between levels of government, within governments and with providers and users. Coordination is particularly important at the service design stage. As reforms to human services can be complex and costly, the NTG agrees with the Commission that transitions need to be carefully planned. As suggested in the Draft Report, governments can use staged rollouts and policy trials to inform service delivery reform.

All governments need to develop a better understanding of the costs of service provision across the population and by location. The Commission acknowledges that delivering more effective human services may involve additional costs for governments which may be offset by reduced expenditure over the long run. The Commission considers that the benefits of its draft recommendations would outweigh the fiscal (and other) costs. It would be useful if the final report contained more detailed modelling about the potential upfront costs versus savings over time. For example, it would be helpful to present actual costs and savings in figures 7 and 11.1.

³ *Competition Policy - implementing competition reforms in regional and remote Australia* (2016). Report prepared by Northern Territory, New South Wales and Commonwealth governments.

The Commission notes the cost of these reforms will likely be unequally distributed across the different levels of government, but that this should not be a barrier to implementation. The NTG agrees in principle with this, but the reality is the cost of some of the proposed reforms could be relatively greater for the NT, reflecting a small, widely dispersed population, remoteness and the service needs of the Aboriginal population. Reform should therefore be supported by an evidence base. It is also fundamental that stakeholders are involved in the design, implementation and review of human services.

End-of-life care

The NTG supports in principle Draft Recommendation 4.1 that people with a preference to die at home should be able to access support from community based end-of-life care services to enable them to do so. The Northern Territory supports flexible approaches to end-of-life care, but the challenges of delivering culturally appropriate services to remote clients in a timely, consistent and cost-effective manner are significant, and will put considerable strain on resources.

Social housing

There are challenges with the current system of housing assistance and the inequity that arises from differences in the level of assistance provided to people living in public housing compared with those in the private rental market. Draft Recommendation 5.2 suggests state and territory governments should abolish the current assistance model for social housing, where rents are set at a proportion of the tenant's income, and move towards models that enhance user choice. Further consideration would be required to understand the overall cost of this reform (including administrative costs for all levels of government) before the NTG could support this approach. Applying a market-based rent model would be difficult, if not impossible, in remote areas due to the absence of a commercial housing market. The NTG is also concerned about the potential impacts of moving people on very low and low incomes from an income-based rent model to a market-based approach, especially with the fluctuations in rents associated with major projects.

Based on current waiting times for public housing, a significant lead-in time would be required before choice-based letting could be implemented in the Northern Territory, due to the undersupply of public and community housing.

The NTG supports Draft Recommendation 5.4 on making the management of social housing contestable, on a staged basis. The NTG is exploring options for implementation of a contestable approach to engaging community housing providers (CHPs) for the management of social housing properties.

Draft Recommendation 6.1 recommends that governments should clearly separate the funding and commissioning of tenancy support services from tenancy management services, and that tenants renting in the private market have the same access to support services as tenants in social housing. The NTG supports this approach. The NTG gives in-principle support to draft Recommendation 6.2 regarding the separation of social housing management from social housing policy. The NTG supports Draft Recommendation 6.4 regarding improved data collection, noting it would require significant investment in business systems such as the

Specialist Homelessness Services Collection (SHSC), tenancy management systems and systems which support analysis of data collected. There would be an impact on service providers, social housing organisations and government agencies. Resourcing needs would include system development and training for all service providers. The NTG supports Draft Recommendation 6.5 in principle, to publish information on available social housing properties, including waiting times and regulatory reports.

Family and community services

The NTG supports the application of consistent outcomes measures as outlined in Draft Recommendation 7.3 and improved data collection. Systems improvement is supported in principle, but will be complex and expensive to undertake.

The NTG is supportive of longer term contracts for providers of family and community services, and is in the process of introducing five-year funding agreements for service providers. At this stage the NTG is not considering seven-year contracts as a default option, but there may be scope for five-year contracts with a possible extension of two years. This Draft Recommendation would require a commitment to policy durability across all levels of government for at least seven years, and to date there are limited examples of this occurring.

Services in remote Indigenous communities

The services identified for reform in remote Aboriginal communities would require changes in workforce capacity and service providers' capability to provide flexible 'user choice'. The remoteness of many Aboriginal communities and the number of services funded or delivered by the NTG may restrict the ability to apply the competition principles and user choice.

Public hospital services

The NTG supports further consideration of recommendations to increase patient choice, noting that thin markets in specialist services will mean that patients have limited choice of specialists, which can affect waiting times. Access to remote referral and appointments is one measure to support improved access.

Public dental services

The NTG supports Draft Recommendation 11.2 regarding establishing an outcomes framework for public dental services. This recommendation currently places the responsibility solely on state and territory governments to commit to outcome-focused reporting. The Commonwealth's responsibilities should be similarly articulated. The NTG gives in-principle support to the development of comprehensive digital oral health records in Draft Recommendation 11.3, noting that further integration with national health systems will support more coordinated patient care.

Draft Recommendation 12.1 regarding consumer directed care aims to ensure patients are offered a choice of provider, and to shift the focus of public dental services towards prevention and early intervention. This is a complex proposal, and the risks require detailed consideration. Significant financial investment (state, territory and Commonwealth) and long timeframes would be required to implement this reform.

Response in detail

End-of-life care

The NTG gives in-principle support to Draft Recommendation 4.1 that people with a preference to die at home should be able to access support from end-of-life care services to enable them to do so. The NTG supports flexible approaches to end-of-life care.

Approximately 150 people are under end-of-life care management at any one time in the Northern Territory. Of these around 20 will be in hospice or hospital settings, around 25 or 30 will be in residential aged-care facilities and the remainder will be accessing community-based support. These palliative care services are delivered to patients using a mix of public, for-profit, and not-for-profit providers. It is anticipated that this model of providing services will continue.

The NTG anticipates that demand for palliative care 'on country' will be an area of service growth as the Aboriginal population in the Northern Territory ages. Population ageing is by no means unique to the Territory, but the challenges of delivering culturally appropriate services to remote clients in a timely, consistent and cost-effective manner are significant, and will put considerable strain on resources.

Citizens and governments would be assisted by analysis of the average costs of private residential care versus community-based palliative care providing the same level of service to better enable choice.

Social housing

Housing assistance

The NTG gives in-principle support to Draft Recommendation 5.1 that the Commonwealth Government should enhance Commonwealth Rent Assistance (CRA) by extending coverage to tenants in public housing, increasing the current maximum by 15 per cent and indexing the maximum CRA payment to reflect changes in rental prices nationally. The NTG suggests implementation of this recommendation should not be dependent on the introduction of market-based rents for social housing.

There are challenges with the current system of housing assistance and the inequity that arises from differences in the level of assistance provided to people living in public housing compared with those in the private rental market. To improve affordability in the private market, increased CRA, and a flexible high cost housing payment may be necessary. These payments may help ensure that people living across different locations with the same income/demographics get equitable support whether in social housing or private rental.

Reforms that increase user choice in the rental market could prompt some tenants living in public housing to move into the private rental market to access housing at a higher level of amenity, as long as safeguards regarding security of tenure and tenants' rights are in place. This has the potential to reduce demand for public housing, and free up dwellings for people with more complex support needs. It could also reduce wait times for public housing. Implementation would require careful planning to avoid concentrations of disadvantage as people on low incomes choose to live in areas where low-cost private housing exists.

Another factor to be considered is the nature of the Northern Territory economy. Major construction projects and a transient population can contribute to large fluctuations in the housing market. Secure housing solutions are required for long term tenants.

Reforming the current assistance model for social housing

Draft Recommendation 5.2 suggests state and territory governments should abolish the current assistance model for social housing where rents are set at a proportion of the tenant's income, and move towards models that enhance user choice. Further consideration would be required to understand the overall cost impact of this reform before the NTG could support this approach, including administrative costs for all levels of government.

In the Northern Territory, rent that public housing tenants pay is based on household income. The NTG is reviewing the way in which public housing rents are calculated, but it is not currently considering how a market-based approach to charging rents might operate in the Territory. The NTG notes the potential value of a carefully managed transition to market based rents for social housing including incentives for the private sector to build, maintain and lease suitable housing, increased user choice (by minimising the cost difference between public and private sector), and more appropriate matching of tenants to available housing resources.

The NTG acknowledges the current system does not have a sufficient disincentive for mismatched housing (e.g. a single person in a two or three bedroom house). In urban areas of the Territory, about eight per cent of households in social housing are overcrowded and seven per cent are underutilised (two or more bedrooms surplus to requirements)⁴.

Despite the potential benefits of moving to a more market based approach that creates greater choice, the NTG is concerned about the potential impacts of moving people on very low and low incomes from an income based rent model to a market based approach. Even with the option of continuing with the current system for up to ten years and with additional payments for tenants with a demonstrated need, appropriate safeguards would be required to ensure tenants are not placed in undue rental stress i.e. paying more than 30 per cent of their assessable income towards rent. The NTG welcomes further information from the Commission about appropriate methods to measure rental stress, including the 'residual income' approach, and how these could be implemented.

An additional payment for tenants with a demonstrated need would be an essential part of a move to a market-based approach, and further modelling would be required to determine the costs of this reform in the Northern Territory. The Commission argues that state and territory governments would be able to fund the additional payment from increased revenue from market based rents. However, this would be fiscally challenging in the Northern Territory due to the proportion of tenants that would need help and the large gap between public housing rents and markets rents. The average public housing subsidy in the Territory is \$281 per week, compared to an average of \$181 per week nationally⁵. Under the Commission's proposed system, the vast majority of public housing tenants in the Northern Territory would be eligible for the additional payment. Sustainable funding arrangements would need to be negotiated with the Commonwealth, and would need to consider further CRA top up amounts and indexation to local housing market conditions.

Applying a market-based rent model would be difficult, if not impossible, in remote areas due to the absence of a commercial housing market. The majority of tenants renting in remote areas will be excluded from accessing CRA under current rules. Many houses in remote communities are overcrowded and when a number of adults contribute to rent, they may not meet the minimum threshold rent required to trigger the CRA. It is also likely that there would be significant operational challenges to implementing this recommendation in remote communities as there is a very high degree of individual and family mobility between dwellings. It would be useful if the Commission's final report includes consideration of whether such a model could be applied in remote Aboriginal communities in the Northern Territory subject to the *Aboriginal Land Rights (Northern Territory) Act 1976*.

⁴ HAA Dwelling and Household size at <http://www.aihw.gov.au/housing-assistance/haa/2017/data>

⁵ Report of Government Services, 2017, Table 18A.21

Choice-based letting

Draft Recommendation 5.3 recommends introducing choice-based letting that allows public housing clients to make choices about where they want to live and the type of house they would prefer to live in. The NTG supports this concept in principle, but acknowledges that it is difficult to offer choice-based letting when housing supply is constrained and mismatched to need. Based on current waiting times for public housing, a significant lead-in time would be required before choice based-letting could be implemented in the Territory due to the undersupply of public and community housing.

Choice-based letting typically involves new public housing listings being advertised, with public housing clients then being able to nominate interest in a dwelling. Applicants are subsequently shortlisted and assessed by need or highest priority. This is in contrast to the approach the NTG currently has in place which, in urban areas, allocates public housing based on a wait list of approved applicants. In remote areas, allocations are made in consultation with the community, and based on operational and cultural considerations.

In remote Aboriginal communities across the Northern Territory, housing supply is a critical issue with more than 50 per cent of existing houses needing one or more extra bedroom⁶. Public housing dwellings are the only dwellings available due to complex land tenure issues, and limited infrastructure which restricts the number of serviced residential lots available. As a result, there is chronic overcrowding of the public housing dwellings in most of these communities. In Darwin, Katherine and Alice Springs, demand for social and affordable housing significantly outstrips supply. Given this, there are major challenges to implementing choice-based letting in the Northern Territory. Current assets are ageing, or are generally not fit for purpose due to changes in demographic need. It is not easy to refresh stock, so moving to user choice is further constrained.

As part of a five-year plan to increase choice and availability, the NTG has released requests for proposals to increase the stock of social housing by 250 properties. The head-leasing initiative will give property developers financial security, with six-year leases at market rent, with the potential to extend for a further three years. In addition, the NTG currently head-leases dwellings from the private rental market to provide social housing for eligible applicants. The NTG also head-leases dwellings from the private sector to provide more affordable rental homes for workers in key service areas ([Housing for Growth Head-Leasing initiative](#)). Head leasing has significant operational costs associated with the leasing of dwellings at market rates and providing rental rebates to tenants.

Contestable management of social housing

The NTG supports Draft Recommendation 5.4 on making the management of social housing contestable, on a staged basis. The NTG is exploring options for the implementation of a contestable approach to engaging Community Housing Providers (CHPs) for the management of social housing properties.

⁶ National Aboriginal and Torres Strait Islander Social Survey, Australia 2014-15

As the community housing sector in the Northern Territory is in the early stages of development, gearing up sector capacity to manage a greater number of social housing properties is being done on a staged basis. The NTG is preparing a Community Housing Strategy to inform further development of the sector, including the future transfer of management responsibility and/or title for social housing from government to CHPs.

Commissioning tenancy support services

Draft Recommendation 6.1 recommends that state and territory governments should clearly separate the funding and commissioning of tenancy support services from tenancy management services, and that tenants renting in the private market have the same access to support services as tenants in social housing. The NTG supports this approach. In the Northern Territory, tenancy management and tenancy support services are provided separately in the public housing system. Tenancy support services are funded through providers in the specialist homelessness services system, while tenancy management services are provided directly through the public housing system. Recent changes have extended support services to those who are homeless or at risk of homelessness throughout the Territory, including public housing clients who are at risk of failing to sustain a tenancy.

These new support services include broad eligibility criteria to allow service providers to respond to clients living in any tenancy type (public or private), and case management that follows the client and is tailored to needs. The NTG is also developing a Homelessness Strategy that will further consider the role of tenancy support services in preventing homelessness, for people living in public housing and in the private rental market. The extension of tenancy support services to people in the private market has the potential to improve social housing and homelessness outcomes in the Territory, but there are significant up-front costs.

Delivering tenancy support to people living in remote public housing in the Northern Territory is fiscally and logistically challenging. The Productivity Commission's final report could address options to improve accessibility to these types of services in remote areas.

Separation of social housing management from social housing policy

The NTG gives in-principle support to Draft Recommendation 6.2 regarding the separation of social housing management from social housing policy. The NTG is seeking to increase the quantity of social housing managed by CHPs, which creates separation of managing social housing assets from social housing policy.

Currently, public housing provision and policy are conducted within the same agency with little separation. Although a separation of the entities within the department is not currently planned, the NTG is developing the community housing sector and transferring some management responsibility and/or title of properties to CHPs. Development of the sector through the *Community Housing Strategy* will result in a greater number of dwellings being managed by entities separate to government.

Information for applicants

The NTG gives in-principle support to Draft Recommendation 6.3 regarding improved information for social housing applicants about the payments and support they are eligible for whether in social housing or the private market. In developing the *NT Homelessness Strategy*, the NTG will consider if it is feasible to develop a service intake model characterised by a ‘no wrong door’⁷, or ‘one stop shop’ approach to service delivery and referrals.

As noted previously, transitioning to a market based rental model, with additional high cost housing payments where required, would be contingent on significant national reforms to funding for social housing, including consideration of the distribution of costs and funding as discussed in relation to the above recommendations.

Data on outcomes

The NTG supports Draft Recommendation 6.4 regarding improved data collection. The NTG supports improving the measurement of client outcomes but acknowledges there are a range of challenges, such as data sharing and privacy, which human services agencies at all levels of government must overcome. The NTG is working with other jurisdictions and the Commonwealth to improve the measurement of national indicators relating to the efficiency of public housing. It is important to recognise that outputs should not be confused with outcomes, and that all stakeholders should be involved in evaluating outcomes and determining indicators of effectiveness. These are likely to be different depending on context.

Through the NT Homelessness Innovation Fund, an outcomes model that measures client outcomes is being trialled. The model will inform further work on a framework that measures client outcomes into the future. More generally, the NTG will be developing a social outcomes framework in collaboration with the non-government sector. This will enable a gradual transition to outcomes-based funding for services provided by non-government organisations.

This Draft Recommendation would require significant investment in business systems such as the Specialist Homelessness Services Collection (SHSC), tenancy management systems and systems which support analysis of data collected. There would be an impact on service providers, social housing organisations and government agencies. Resourcing needs would include system development and training for all service providers to ensure quality and comparable data is collected.

Accessible information for applicants

The NTG gives in-principle support to Draft Recommendation 6.5 on publishing information on available social housing properties, including waiting times and regulatory reports. The

⁷ The no wrong door principle sets out that a client seeking housing advice and assistance through any service delivery door of a participating social housing provider will be assisted to link to the most appropriate service provider. For example, where a social housing provider does not deliver a specific housing service, the provider will assist the client to link with a provider of the service that is needed. A key aim is to provide a consistent standard of housing advice and streamlined access to services.

NTG currently publishes estimated wait times, which is typically used as a reference for public housing applicants and those who may be looking to seek assistance from the NTG, and by other interested parties. The estimated wait times for public housing applicants, by bedroom entitlement/type and geographic region, are displayed at front counters of the Department of Housing and Community Development, and published on the NTG website.

The NTG is not opposed to making performance reports publicly available. Support from the jurisdictional National Regulatory System for Community Housing (NRSCH) Registrars and community housing sector representatives will be an essential element to progressing this recommendation. The NRSCH website should be the portal for accessing performance reports on community housing providers.

Publishing information about dwelling location, rental charges and availability would be contingent upon the Northern Territory being able to implement Draft Recommendation 5.3 (choice-based letting) and would be likely to have operational and systems implications and significant challenges in remote locations, where there is a constrained housing market and no choice.

Information request

The Northern Territory has one registered community housing provider and has received enquiries from four other organisations. The NRSCH is at this time adequate to accommodate the potential community housing providers anticipated to seek registration in the Territory. No changes are recommended by the Territory.

One advantage of the NRSCH is that any changes required to the regulatory system requiring investment are equitably shared amongst participating jurisdictions, thus reducing the burden on a single jurisdiction. Smaller jurisdictions, such as the Territory, are able to capitalise on the broader skills and experiences from larger jurisdictions which has a flow on benefit to community housing providers and tenants.

Family and community services

Family and community services data collection, analysis and service plans

The NTG supports Draft Recommendation 7.1 that the Commonwealth, state and territory governments work together to develop and publish data-driven maps of existing family and community services, analyse the service-user population and service plans to address the needs of people experiencing hardship. The NTG is currently investigating options to improve data representation through the use of spatial mapping tools. This will provide accurate data-driven maps that can be used to analyse services and programs.

Provider selection processes

Draft Recommendation 7.2 on provider selection processes in the family and community services broadly aligns with reforms currently being undertaken in the Northern Territory.

User-focused outcome measures

The NTG supports the application of consistent outcomes measures as outlined in Draft Recommendation 7.3. The NTG is working with the cross-jurisdiction Children and Families Secretaries group to agree on national outcome statements and measures. This includes working with Aboriginal organisations to define outcome measures for the safety and wellbeing of Aboriginal children.

By design, consistent outcomes for children and families are reflective of universal services and early intervention programs that span and cover multiple government portfolios. This can often result in a dilution of responsibility and accountability for outcomes and measures.

Although consistent and high-level outcomes measures for family and community services will assist program design and delivery, varying community issues and circumstances often require unique service delivery responses and approaches that are tailored to specific need. Consequently, working with communities, service providers and other stakeholders to determine community needs should be part of effective service design and delivery.

Systems improvement

The NTG gives in-principle support to Draft Recommendation 7.4 on improving systems to identify service delivery models, service providers, programs and systems that are associated with achieving outcomes for users. System improvement is a complex and often expensive undertaking. This is compounded by often complex and interlinked client needs – for example, alcohol abuse may be the primary ‘condition’, but it has strong associations with health, community safety and justice, and child protection matters, and that delivery of services may be disparate and siloed services.

Success in improving performance data will only be possible to the extent that system upgrades and the establishment of baseline reporting standards are appropriately funded and prioritised. There appears to be a role for the Commonwealth or COAG to drive this agenda.

The NTG supports evaluation of providers, services and programs in principle. Improved data sharing would be beneficial to improving outcomes for families.

Seven-year contracts

The NTG is supportive of longer term contracts for providers of family and community services, especially as it may assist to attract and retain staff, and to allow more stable service provider-client relationships. This can be a challenge where funding uncertainty undermines job security and client outcomes. The NTG is currently undertaking a range of reforms and is working towards longer term funding arrangements, including introducing five-year funding agreements. At this stage the NTG is not considering seven-year contracts as a default option, but there may be scope for five-year contracts with an option for extension of two years.

There are both administrative and program delivery efficiencies in long-term contracts, both for governments and service providers. However, where the service sector is in a developing phase, long-term contracts require stringent safeguards to protect users from service failure. This recommendation would require a commitment to policy durability across all levels of government for at least seven years, and to date there are limited examples of this occurring.

Currently, there is an environment of significant reform which could be complicated if long-term contracts are in place. In some cases (e.g. the provision of an accommodation facility) it may be possible to offer long-term contracts. The Commonwealth could also lead by example, and lengthen funding agreements.

Efficient cost of service provision

The NTG gives in-principle support to Draft Recommendation 7.6 on paying the efficient cost of service provision to service providers. The Commission makes the point that payments for service providers tend to be arbitrary ‘carve ups’ of an available funding stream or a continuation of historic levels of funding, rather than an assessment of the efficient cost of provision. In this context the Commission defines an efficient cost as the full cost of achieving outcomes for people and accounting for factors that cause costs to vary.

Challenges in the Territory – such as recruitment difficulties, high cost of living, remoteness and service capacity shortfalls – add to the cost of service provision, and costs can be significantly higher in non-urban settings, as can be culturally appropriate services. Therefore, the efficient cost is relative to the context, and the NTG aims to provide funding to improve outcomes, and supports the viability of service providers, within fiscal constraints.

Outcomes based approaches and relational approaches to contract management

The NTG supports Draft Recommendation 7.7 to train staff to implement outcomes-based approaches and trialling relational approaches⁸ to contract management.

⁸ Where the funder is less interested in micro-managing service providers and, instead, is prepared to state the outcomes sought, and allow service providers latitude to innovate and choose the right approaches for each client.

Services in remote Indigenous communities

The NTG is supportive of a wellbeing framework approach to Closing the Gap. This emphasises an outcomes focus based on evidence and evaluation, coordination and integration across service providers and programs, co-design and engagement, and responsiveness to context.

The services identified for reform in remote Aboriginal communities would require changes, particularly in workforce capacity and service providers' capability to provide flexible 'user choice'. The remoteness of many Aboriginal communities and the number of services funded or delivered by the NTG restricts the ability to apply the competition principles and user choice.

The NTG is currently implementing the *Remote Engagement and Coordination Strategy*. The strategy provides public servants with best practice for engaging Aboriginal communities and providing mechanisms for community feedback and 'closing the loop'. Information regarding the strategy and associated tools can be found at <http://www.bushready.nt.gov.au/>.

In June 2017, the NTG released its [Economic Development Framework \(EDF\)](#). In human services the EDF has actions to change the way governments deliver human services in non-urban areas to create economic development opportunities, including by:

- exploring business models that increase local service delivery, employment and business development opportunities;
- exploring incentives and support to encourage non-urban service providers to deliver services using local businesses and staff, and building the capacity of local businesses;
- developing a framework to deliver more human services using local businesses;
- exploring the potential for a Centre of Excellence, including innovator-in-residence, for the innovative delivery of human services in remote settings;
- upskilling, reskilling, training and educating Territorians, particularly Aboriginal Territorians, to build capacity in the human services sector by delivering focused education and training; and
- building the capacity of NGOs and their boards in contemporary organisational practices to prepare for new opportunities.

The principles of these actions broadly align with draft recommendations 8.3, 8.4 and 8.5. The NTG is currently developing an implementation plan for these EDF actions.

The Commission identifies that *ad hoc* service provision is a major concern for remote Aboriginal communities, resulting in wasted resources and duplication of effort. A short-term catalyst for change in the Northern Territory is the roll out of the National Disability Insurance Scheme (NDIS), which has a clear focus on local service providers delivering services. Local service delivery can support sustainable employment opportunities in communities, and improve the resilience of community and regional economies. Importantly, the Commission observes that: 'Indigenous communities will only develop trust in governments if they see that there is genuine commitment to taking their views into account when decisions are made' (p. 250).

To date, the roll out of the NDIS in the Northern Territory has identified both opportunities and challenges in the way the scheme is implemented in remote Aboriginal communities. In order to successfully develop the thin disability markets, the NTG has worked to gain a high level of cross-government collaboration, leverage established community organisations, utilise hub and spoke approaches, and rely on other mainstream service providers. These measures, along with facilitating innovation and collaboration among local service providers and organisations, are being employed in the roll out of the NDIS. A place-based approach has been the principle taken to the measures employed, rather than a one size fits all approach.

Recommendations regarding collaboration between the Commonwealth, state and territory governments should be strengthened, particularly in relation to actual service provision (other than just mapping existing services).

Ten-year contracts

The NTG gives in-principle support to Draft Recommendation 8.1 regarding ten-year contracts in remote Aboriginal communities, noting the challenges mentioned with respect to seven-year contracts (in Draft Recommendation 7.5) are also relevant here. The NTG is in the process of introducing five-year funding agreements for non-government organisation service providers. At this stage NTG is not considering ten-year contracts as a default for services in remote Aboriginal communities, but there may be scope for five-year contracts with the option for a further five years.

Provider selection processes

The NTG gives in-principle support to Draft Recommendation 8.2 on provider selection processes for services in remote Aboriginal communities. This is broadly consistent with the direction of other NTG reforms, noting it will be a staged process.

Commissioning processes

The NTG supports Draft Recommendation 8.3 which recommends commissioning processes for human services in remote Aboriginal communities have a strong focus on transferring skills and capacity. The NTG is changing the way it delivers human services in regional and remote Aboriginal communities, with a focus on upskilling, training and education for local people to build community capacity to deliver culturally appropriate services. Local Decision Making will provide Aboriginal communities with the opportunity to make informed decisions on service provision and programs to be funded in their communities.

The NTG is undertaking a ten-year \$1.1 billion remote housing program to improve living conditions for people in remote communities. A key part of this program is the delivery of training and employment to people living in communities. The intention of this jobs program is to also create long-term jobs based on the establishment and growth of locally based Aboriginal Business Enterprises (ABEs). ABEs are being contracted to deliver work that contributes to the \$1.1 billion remote housing program and ongoing tenancy management and maintenance contracts.

The remote housing investment includes \$10 million fast-tracked for the Room to Breathe program. This has involved training and employing local workers to build additional living spaces onto existing houses to help reduce overcrowding in remote Aboriginal communities.

Although implementation of the NDIS is a significant challenge for the Territory, it does provide significant opportunities for workforce, capability-building and business development in regional and remote Aboriginal communities. Workforce capability is a critical enabler for the success of the NDIS, particularly in regional, remote and Aboriginal communities. Building a suitably skilled local workforce to support NDIS will also build a transferable workforce pool for a range of human service sectors – including aged care and child protection – while boosting Aboriginal economic participation in local communities. The Northern Territory has a tailored approach to implementing the NDIS, with a strong focus on ensuring supports are in place to develop a sustainable market that provides access, choice and control, particularly for remote and regional Territorians. This includes a range of measures to improve Aboriginal economic participation and workforce training, local business development (through innovation grants, regional business development consultants, capacity building activities and training) and a community-by-community planning approach.

Selecting providers of human services in remote Indigenous communities

The NTG supports Draft Recommendation 8.4 that when selecting providers of human services in remote Aboriginal communities, governments should take into account the attributes of providers that contribute to achieving the outcomes sought. This includes attributes around culturally appropriate service provision, community engagement and governance arrangements, collaboration and coordination with existing service providers and community bodies and employment and training of local and/or Aboriginal staff. For example, ABEs contracted to support the delivery of housing, tenancy management and maintenance services in remote communities are able to deliver culturally appropriate service provision and promote employment, training and engagement of local staff.

The NTG is currently developing a Community Development Policy to ensure programs provide avenues for skill transfer and capacity development for community members and ABEs. A key component of this place based policy is participatory decision making, and understanding that each community is unique in terms of governance and community capacity.

Recommended provider selection processes are broadly consistent with the direction of NTG reforms. For example, under the Buy Local Plan NTG agencies must allocate a minimum weighting of 30 per cent to the Local Content criteria, which includes Aboriginal development opportunities. Buy Local typically includes assessments of local:

- employment;
- up-skilling (including apprenticeships, formal and informal training);
- local industry participation (as contractors and part of the supply chain);
- local industry development initiatives;
- Aboriginal development initiatives; and
- regional development initiatives.

Better systems for service delivery in remote Indigenous communities

The NTG supports Draft Recommendation 8.5 on better systems to underpin service delivery in remote Aboriginal communities. The NTG is redeveloping and expanding the BushTel website (www.bushtel.nt.gov.au) to improve information on remote Aboriginal communities being available in a central location. The first stage of the BushTel website was redeveloped and launched on 19 January 2017, with expanded community profiles detailing common services and access, population data and information on events that impact on service delivery and engagement.

The NTG suggests the Commission considers the important role of effective interpreting services when engaging with remote Aboriginal communities. Interpreting services are important for many Aboriginal Territorians to fully understand and use human services such as housing, health and social services. Almost 35 000 Territorians speak one of 35 main Aboriginal languages, and effective interpretation and translation is essential to maintain meaningful two-way communication with governments and service providers. The NTG committed an additional \$1 million in its 2017-18 Budget for Aboriginal Interpreter Services.

Public hospital services

Draft Recommendations 9.1 and 9.2 aim to increase patient choice with respect to who treats them by making it clearer that, when referred to a specialist, they have the option to choose the public outpatient clinic or private specialist they attend for their initial consultation. The NTG supports further consideration of these recommendations by the Commonwealth in consultation with relevant professional bodies, noting that in the Northern Territory, the thin market in specialist services will mean that patients will have limited choice of specialists. Where it is clinically appropriate, patients will be referred to specialists in locations other than the patient's local community or town, including interstate.

The NTG notes that the five hospitals in the Northern Territory are geographically dispersed, with each separated by distances of 300km to 650km. Currently patients are treated at the closest outpatient clinic with the necessary clinical services. Under Draft Recommendation 9.4, if patients chose not to be treated at the closest clinic, travel subsidies would be based on the cost of getting to the nearest provider and the patient would be responsible for any additional cost. This proposal would require detailed consideration to assess potential implications such as cross-border transfers. In the Northern Territory context, high levels of population cross-border-transience may undermine the sustainability of local services, creating a two tier system that is most likely to further disadvantage those who are already disadvantaged and experience barriers to access.

Opportunities for provision of new health care models – in partnership with the Commonwealth (i.e. in the aged care sector) – may offer increased choice and improved outcomes, but will require consideration of Territory geography and demographics.

Information to support patient choice and performance improvement in hospitals

The NTG gives in-principle support to Draft Recommendations 10.1 and 10.2 regarding expanding public reporting and reforming the MyHospitals website. These recommendations will require detailed consideration at the Australian Health Ministers Advisory Council (AHMAC) or a similar forum.

Public dental services

The role of integrated health policy

The Commission references the significant costs placed on individuals, governments, communities and the health system arising from oral disease, noting that many of these costs are avoidable with timely access to care. The Draft Report has not captured the need to integrate oral health care and promotion with broader strategic health reform. The risk factors for oral disease are shared by Australia's most prevalent chronic diseases (cardiovascular disease, obesity and tobacco-related illnesses), and there are likely to be significant efficiency gains from shared approaches which target Australia's most prevalent non-communicable diseases, such as nationally consistent preventive health policy. Many lessons could be learned from South Australia's *Health in All Policies* approach.

Eligibility for public dental services

Footnote 1 on page 314 notes that eligibility for public dental services for adults is determined by holding a concession card. It is important to note that eligibility criteria, while reflective of disadvantaged populations, are not exclusively based on Concession Health Care Cards. In the Northern Territory, eligibility for public dental services includes all children, all remote residents living 100km or more from a private dental practice, and identified special needs groups (such as rheumatic heart disease and cancer patients, amongst others). This is reflective of the degree of community need, comparative social disadvantage and disease burden of these populations.

This is consistent with the priority populations identified by the National Oral Health Plan. Unfortunately, this is not recognised in the context of funding, where the Commonwealth has used concession card holder numbers to apportion funding. It is suggested the final report outlines the need for socially-equitable eligibility criteria and funding allocation formulae.

Workforce

A significant proportion of the public sector dental workforce is engaged under short-term contractual arrangements by virtue of Commonwealth funding arrangements, which has meant that expansion of the dental workforce – particularly in regional and remote locations where there is minimal private sector representation – is proportional to funding cycle length. This has limited the ability to recruit and retain professionals over the long term.

Targeted preventative care

The discussion at pages 322-23 on the benefits of preventative care to avoid the larger costs of oral disease has missed a crucial point – the most disadvantaged populations who are most likely to be affected by oral disease are the least likely to access preventative care and are more likely to report delaying treatment when symptoms occur. Many of these populations do not have ready access to dental services, or report significant barriers to accessing care. It would be useful if the final report includes commentary on the role of integrated health policy in targeting these at-risk populations through broader health promotion. Targeted and integrated investment in general health promotion and chronic disease prevention for the

most vulnerable populations should be included in the report's commentary on the 'considered and long term approach to reform'.

Outcomes frameworks

The NTG supports Draft Recommendation 11.2 regarding establishing an outcomes framework for public dental services. The NTG welcomes this opportunity, and looks forward to assessing the work done by Dental Health Services Victoria. This Draft Recommendation currently places the responsibility solely on state and territory governments to commit to outcome-focused reporting. The Commonwealth's responsibilities should be similarly articulated.

To effectively support decision makers, the outcome-based indicator framework could consider how outcome indicators could be used in cost-benefit analyses. Public dental services need to be regarded as an investment rather than only a cost. This is important in the context of vulnerable populations, in order to consider the relative value in providing general and preventative dental services. This is particularly relevant to remote populations where service delivery costs can be substantial, but health and social benefits provided to disadvantaged individuals and communities are often overlooked in modelling.

Consumer-directed care

Draft Recommendation 12.1 regarding consumer-directed care, aims to ensure patients are offered a choice of provider, and to shift the focus of public dental services towards prevention and early intervention. This is a complex proposal with potential risks which require significant consideration in relation to clinical governance and other issues. Significant financial investment (state, territory and Commonwealth) and long timeframes would be required to implement this reform.

Although this approach may incentivise preferential treatment for people with higher needs through private sector engagement, the anticipated benefits may not be realised to the same extent in the Northern Territory. Current population data reports that the Northern Territory has the highest rates of oral disease in the country, with the highest burden experienced by remote populations, particularly Aboriginal people. The public sector is the main provider of dental services to these communities and is limited in its capacity to increase remote services.

The majority of dental services provided to these communities is emergency treatment and relief of pain. Costs of providing remote services are significant. There are no private sector providers in these areas and limited opportunities to achieve the efficiencies and economies of scale realised in other jurisdictions with large private markets. Although there may be benefits offered by the capitation payment model, further analysis of the Northern Territory context is needed to understand how this reform might be implemented in our high need areas, and what potential outcomes could realistically be achieved and measured.

In addition to recognising the economic and efficiency benefits offered by consumer choice, the final report could acknowledge the benefits where patients are able to exercise individual

preference and are afforded greater continuity of providers. Good quality therapeutic relationships between the patient and practitioner underpin good clinical outcomes.

Feedback on model

The proposed delivery model has not addressed how it might be applied in remote settings. Consumer choice in remote areas is severely limited due to minimal private sector presence. It would be helpful if the final report provided examples of alternative contestability arrangements which governments could consider for implementation in remote areas. This might include having larger teams provide visiting services for longer periods, utilising contractual arrangements to promote visiting private sector and NGO engagement in remote areas, and providing culturally appropriate consumer information.

Similarly, it would be useful if appropriate remote area triage models could be included in the final report. This might include using service trend data to triage population groups most likely to experience poor oral health and allocate services and resources accordingly, engaging remote allied health teams to collect triage information and initiate referrals, and improving training and skills of the permanent remote allied health workforce to enable basic oral health or hygiene services to be provided locally.

Initial screening and assessments

Triaging and placing risk weightings on capitation payments is supported, but further exploration and development of the suggested model is needed, particularly in the context of small, remote services. Inefficiencies in models of screening and assessment can be significant for smaller services due to limited workforce numbers and available infrastructure. South Australia has developed and evaluated a self-administered oral health assessment tool, and demonstrated that patients were able to self-triage with a notable degree of accuracy compared with clinical assessment.

The Northern Territory uses the health workforce in remote areas (particularly remote area nurses, Aboriginal health practitioners, medical practitioners) to undertake visual screenings and initiate referrals in response to particular dental issues once identified. It is important for alternative screening and assessment strategies to be emphasised for smaller services, in order to enhance efficiencies and to mitigate negative impacts which the demands of clinical screenings could place on clinical service provision.

Centrally managed allocation system

The NTG supports Draft Recommendation 12.4 regarding a centrally managed allocation system. This is similar to what the Northern Territory will be implementing through the Client Access and Priority Pathways system, which prioritises patients based on clinical need and allocates resources to those most in need, noting that in the Territory, there is ongoing difficulty in encouraging the most vulnerable patients to access available services. It needs to be noted that, although the centrally managed allocation system aims to achieve prioritisation of treatment for those most in need, if there is insufficient funding to meet the full demand

for services within the recommended timeframes it could result in a small number of clients receiving high quality services while others miss out.

Outcomes-based commissioning

Larger jurisdictions such as New South Wales, Victoria and Queensland have evolved market-driven models which have lowered the cost of outsourced public dental services and achieved significant economies of scale. These states report this due to the notable saturation of dental practitioners in metropolitan areas. In Australia dental practitioners are disproportionately under-represented in regional and remote areas, and the NT has the lowest dentist-to-population ratio nationally. Although contestability theory states that a contestable market does not require a large number of independent private providers, the way in which the comparatively under-represented NT private sector could engage with contestable arrangements is unknown.

The Northern Territory has very little objective or representative data on the local private dental market and the potential uptake of outsourced public dental services by the private sector is untested. It is unlikely that the same market mechanisms exploited by other jurisdictions could be realised in Northern Territory to the same extent, or whether the same market mechanisms are applicable to the Northern Territory given its unique workforce profile and population health profile.

Therefore, further work is required to develop and test a contestability model for public dental services in the Northern Territory. The model would need to recognise local industry preferences and limitations, population health needs and the public interest. Moreover, the NTG will need to develop appropriate administration and compliance mechanisms to manage costing estimates, benchmarking, performance monitoring and risk mitigation strategies. This will most likely require additional capacity for data management, analysis and monitoring.