

14 July 2017

Australian Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Submission – Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services Draft Report

Thank you for the opportunity to provide a submission on the draft report for the Inquiry into Introducing Competition and Informed User Choice into Human Services.

About the Illawarra Forum

The Illawarra Forum is the peak body working for community services organisations and for communities in the Illawarra and the Shoalhaven. We support community organisations, promote expertise and innovation in community development, foster industry development and advocate for social justice.

For more than twenty years, the Illawarra Forum has taken a leadership role in the local community services sector, which currently consists of more than 300 organisations across the Illawarra and Shoalhaven areas of NSW.

As part of our leadership role, we engage with those organisations, services and individuals engaged in supporting senior and disadvantaged community members to collect their opinion, expertise and recommendations.

The Illawarra Forum works closely with numerous organisations which provide support to vulnerable people across the region including:

- Services for individuals and families with multiple layers of social and financial disadvantage;
- Home Support services;
- Residential services;
- Services for people with disability;
- Support for victims of domestic violence and sexual assault;
- Youth work programs;
- Social housing and homelessness services;
- Community health services, including mental health and drug/alcohol services;
- Community development and community capacity building programs.

The Illawarra Forum consulted with its members to prepare this submission.

General Comments

The Illawarra Forum would like to restate its previous concerns about the increase in competition in the delivery of human services. We once again highlight the vulnerable nature of service users and reiterate that, for the six sectors identified by the Productivity Commission, selecting services to support and fundamentally change their lives cannot be equated to buying a simple product.

User choice, whilst remaining a positive aspirational concept, requires that the user has capacity to make an informed choice, and has timely access to the necessary information to inform that choice. For services delivered to vulnerable people at stressful and traumatic times in their lives, such time and capacity is unlikely, and they may fall prey to the wily marketing campaigns and slick sales tactics of unscrupulous providers, as evidenced recently in the vocational education and training sector.

We again urge the Commission not to view human services provision as a market place commodity. There are numerous examples from across Australia and other parts of the world, which demonstrate the disastrous outcomes of competitive market approaches. These include the introduction of a market driven approach in social care in the United Kingdom, which resulted in a 'race to the bottom' to win contracts by providing the lowest possible service quality, large scale casualization of the workforce, and the development of an almost oligopoly with a few major providers securing the most lucrative contracts.

Case in Point

The reform to employment service, and the introduction of a market based competitive approach has had catastrophic outcomes in terms of services provision to the significant number of people living in the Shoalhaven who are unemployed.

With a youth unemployment rate in excess of 24%, the Shoalhaven has a significant number of disadvantaged and vulnerable young people living in the relatively affordable suburb of Sanctuary Point in the Bay and Basin area of the Shoalhaven.

Job service providers who were successful in tendering for the area were large agencies without any knowledge of the region. Their offices have been established in Vincentia, which is a 7 kilometre trip (one way) from Sanctuary Point. There is no public transport, and few people on such low incomes can afford the luxury of owning a vehicle, so many young people are compelled to walk the 14 km round trip in order to meet their obligations. It is not uncommon to see families with young children making the trip to their job service agency on foot.

The introduction of competition and contestability into community services will result in more vulnerable people being placed into increased hardship, reduce access to critical services, and burden organisations with increasingly complex and onerous tendering processes. Most importantly, it will be a complete volte-face from the 'wrap around' service model which is highly regarded in the human services sector, as relationships between organisations move from being collaborators to competitors.

Finally, there is currently little capacity in government departments to undertake the role of market-stewardship. We continue to promote the need for an independent entity to provide capacity building to users, support communities, monitor providers and liaise with government departments in order to support effective government stewardship.

Caring for people at the end of life

The draft report is somewhat damning about the level of access to palliative care in the community, and the number of people dying in hospital and residential aged care – the least preferred places to die. It is particularly disparaging about people dying in unnecessary pain in aged care facilities, and the associated distress to themselves and family members.

We would like to note that many aged care providers work very hard to ensure their customers are well cared for and enjoy quality and choice even in high care and palliative settings.

The Illawarra Forum is generally supportive of the draft recommendations for end-of-life care in the report but cautions that any changes to palliative care provision must be accompanied by appropriate policy changes to protect vulnerable people and to ensure consistency of quality across providers.

We also recommend that any changes to palliative care provision be accompanied by changes to funding instruments to ensure that providers can attract appropriately qualified staff and can provide the services customers need – both in residential care and in-home environments. Enabling people to die in their own homes will require a significant increase in a trained palliative care workforce, but will also require provision of supports for staff who will be working in more isolated or single-worker environments in high-stress and emotionally demanding roles.

Case in Point

There is a growth in the number of home support workers who are working completely remotely from their employer's head office. Many receive their rosters remotely via email and correspond with their employer via an iPad or laptop. They are working in typically very low-paid positions in high-stress environments, working with clients who are vulnerable and often unwell.

A young worker (early twenties) related that recently she arrived alone to a client's home, but there was no reply to her knock. She advised her supervisor by phone and went on to the next client. The supervisor rang back later in the day and said they were concerned about the client who hadn't been seen all day and couldn't be contacted by phone. She was asked to return, access a hidden spare key, and go in to check on the resident.

This is a very stressful and complex situation for the worker. She was afraid to enter and potentially find the client deceased, however felt a responsibility to undertake the task.

Luckily this worker had a supportive and caring employer, but for a large number of remote workers, particularly working in palliative environments, such stressful situations will become commonplace. Workers must receive appropriate debriefing and counselling to prevent mental and emotional exhaustion, and worker burnout.

We caution that the recommendations contained in the Draft Report fail to address the fundamental issue of shortage of supply of both social housing and affordable private rental properties which are suitable for people on low incomes. We contend that, unless this supply shortage is addressed, there is little likelihood of success of the suggested reforms.

Addressing the shortage of supply must also include addressing the discrepancy between the size and type of social housing stock, and the applicants on the waiting list. Current housing stock currently consists largely of 3 or 4 bedroom family homes, while the majority of applicants on the waiting lists are single adults.

The Illawarra Forum broadly agrees that there is inequity between tenants in public and private housing, but is concerned about taking away a safety net in the setting of income-based rents, and not replacing it with a suitable alternative.

The increase to CRA is generally supported, but we do question the modelling which produced a 15% increase across the board. Private rental in much of the Illawarra is unaffordable for people on low incomes, and significant numbers of households are experiencing rental stress. We therefore contend that this increase will still leave tenants in more expensive areas in rental stress.

We do not agree with the extension to CRA to tenants in public housing, as we contend that rent contribution in public housing should continue to be based on household income. This is in recognition that people living in social housing are living on the lowest incomes, and frequently have complex issues and multiple vulnerabilities.

The Illawarra Forum is supportive of Recommendation 6.1. Tenancy support services are vital, and should be extended to vulnerable people in private rental properties.

We also support Recommendation 6.4, but caution that community sector input is vital in determining the outcome measurement framework. Public housing providers should also be subject to outcomes measurement requirements.

Family and Community Services

The Illawarra Forum is supportive of the development of services plans which are based on the needs of people experiencing hardship, and which take into account the existing services within a region. We caution however, against the use of these data maps to move existing services from their current location to areas of perceived higher need. Rather, the Productivity Commission should address the underfunding of community services which it identified in its own 2010 report.

Data can be interpreted in many ways, and we would not support the withdrawal of key community services from areas which appear to be well functioning. Indeed, these services are most likely the very reason for the community's effectiveness, and their removal may result in the collapse of a delicate community service eco-system.

We are pleased to note that Recommendation 7.2 has a focus on selection criteria that focus on ability to improve outcomes for service users. We continue to be concerned that a competitive tendering process will favour organisations with the ability to write a slick tender document, and which may not necessarily be able to produce the best outcomes for clients.

We also continue to assert that for-profit organisations, striving to generate profit for distribution to shareholders should not be able to tender for contracts to service vulnerable people. No shareholder should benefit from the disadvantage of others. We would be greatly concerned that the overriding imperative of private sector organisations to drive a profit will override their obligation to deliver service. With little understanding of regional contexts, of the complexity of service delivery, and the barriers to access for many clients, their tenders will undoubtedly underestimate the true cost of service delivery and result in reduction of quality. Even with the recommendations in place, it is difficult to see how the competitive tendering environment will not advantage those providers, who can 'talk a good game', but not be best placed to deliver on the ground.

The Illawarra Forum is supportive of recommendations which focus on the development of outcomes measures rather than outputs. As previously stated, we recommend that the community sector is consulted in the development of these measures, and that there are capacity building programs in place to assist organisations develop necessary skills in recording and reporting on outcomes.

We are definitely pleased to note the recommendation for longer term contracts which will enable continuity of service provision and will enable the building of strong and supportive relationships between provider and service user. We query the intent in Recommendation 7.6 however, as the focus should not be on the 'efficient' costs of service provision, but rather in the quality of service which has been provided.

The trial of relational approaches to contract management is also highly supported, but this must include the empowerment of regional contract managers to make decisions and respond to local needs.

Thank you for the opportunity to comment on the Productivity Commission Reforms to Human Services Draft Report. Please feel free to contact this office for further information.

Sincerely,

Nicky Sloan
CEO