

**Anglicare NT's response to the Productivity Commission's Preliminary Finding Report, "*Introducing Competition and Informed User Choice into Human Services. Identifying Sectors for Reform*"**

**Anglicare NT and East Arnhem**

Anglicare NT is a long term provider of services to older people and people with a disability in East Arnhem. Indeed we are one of the few providers of services to older people and people with a disability in the East Arnhem region.

Currently, Anglicare NT is preparing for the rollout of the National Disability Insurance Scheme (NDIS) in East Arnhem from 1 January, 2017.

At the same time that these reforms are being instigated, similar consumer directed reforms are taking place in the aged care sector with increasing choice offered to recipients of consumer directed aged care packages from 27 February, 2016.

As an agency we are fully supportive of such "consumer directed" reforms, yet we have many concerns about how these reforms will eventuate in East Arnhem.

In relation to the NDIS we are unsure if we will be able to continue to provide quality services at the "price" set by the NDIS.

We do not believe that the true costs of providing services in remote locations has been adequately addressed. It is not appropriate to just set a "remote price" by adding an arbitrary percentage loading to a rate that is barely adequate for southern states. The "consumer directed" reforms are based on the need for market development so that consumers have a range of services to choose from.

Even as one of the largest service organisations in the Northern Territory, Anglicare NT struggles to provide services in East Arnhem. Besides the difficulty of employing staff at lower rates than what is offered to government workers, we constantly struggle in relation to infrastructure, be it in accessing offices for workers, let alone staff housing.

We are also concerned that the "market" approach will see interstate or international agencies fly in and provide services at a cheaper price, but only last a year or so and then head back "south".

There is a real danger that a "market approach" will not keep long term service providers like Anglicare NT in East Arnhem. If service providers are to have a choice, we would propose that the "market" needs to be "managed" in remote communities whereby there is a level playing field and an additional subsidy paid to make such services viable.

Jon Altman, through his "hybrid economy" model, proposes that we need to recognize that remote communities are about an interplay between the market, state

and culture. He suggests that for remote communities to flourish, there is a need to break away from the “shackles of the very dominant market mentality”.

The authors of the Productivity Commission Report, *“Introducing Competition and Informed User Choice into Human Services”* come to a similar finding:

The nature of service provision and the characteristics of users mean that the service models that work in other parts of the country will not necessarily work in remote Indigenous communities. For example, **introducing greater competition, when there are at best one of two providers, is unlikely to be the most effective model for improving service outcomes for users.** This also suggests that governments may need to be more flexible in their approach to service models and providers, to allow for better ways of working and achieving governments’ intended outcomes. (p.126)

The Productivity Commission has recognised that there is no quick fix. Whilst there is a hope that reforms like the NDIS will bring about jobs for local Indigenous people, it is apparent that these reforms are being implemented in an uncoordinated and rushed manner with many strategies not fully considered.

It is apparent too that the consumer directed service delivery models that have been developed to bring about significant change to the service delivery system in southern states will have limited applicability in remote areas for many reasons.

There is clearly a need for an adequately funded place based approach that brings together the different service delivery needs.

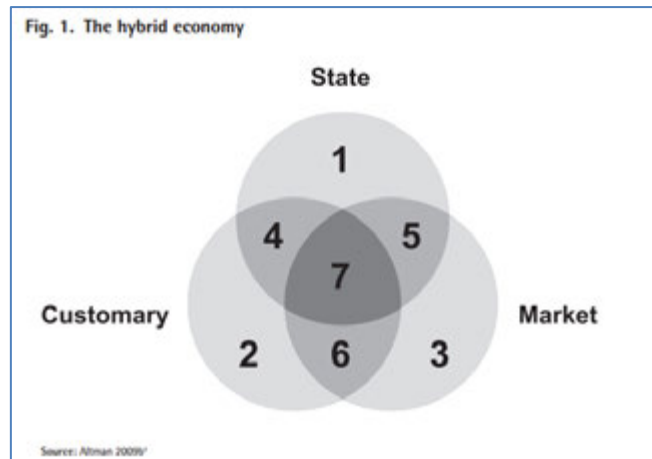
Anglicare NT supports the preliminary findings of the Productivity Commission Report, *“Introducing Competition and Informed User Choice into Human Services”*.

As a human service provider in a remote community of northern Australia, we recommend the Commission give consideration to the work of Altman and others in their understanding of the need to grow the “hybrid economies” of remote communities in Australia today.

This response is specifically related to Chapter Seven of the Productivity Commission Report, entitled *“Human Services in Remote Indigenous Communities”*.

### **Altman’s “hybrid economy”**

Jon Altman’s “hybrid economy” model advocates that the best path to sustainable development for the remote communities lies between a combination of the state, market and customary practice. The schema is represented by a Venn diagram of three intersecting circles: the state funded economy, the market economy and the “customary” economy. Altman argues that the most productive linkages occur where these realms intersect.



From Russell, S. (2011) 'The Hybrid Economy Topic Guide' Centre for Aboriginal Economic Policy Research, The Australian National University, Canberra

In his 2001 paper, *"Sustainable Development Options on Aboriginal land; The Hybrid Economy in the Twenty First Century"*, Altman suggests that much of the discourse in relation to "development" on Aboriginal land is based on the false question: "how can development based on market engagement be delivered to communities that are remote?" He suggests that we need to break from the shackles of the very dominant market mentality that continues to pervade mainstream thinking. Indeed he questions the notion that the only type of economy worth the name is the market economy.

Altman argues that a reliance on the state in these communities can be explained by the relative absence of commercially viable enterprises. "The market (or the private sector) is at best small, at worst non existent, and consequently the state looms relatively large as provider of welfare and services".

Altman states that the fundamental development dilemma faced by most Indigenous communities located on Aboriginal land is how to grow the hybrid economy. He argues that a diversity of approaches is needed to assess sustainability, "be it in the market, state or customary sectors, or any combination thereof".

### **Consumer Directed service reforms in East Arnhem**

As noted above, Anglicare NT is currently preparing for the rollout of the National Disability Insurance Scheme (NDIS) in East Arnhem from 1 January, 2017 and consumer directed reforms in the age care sector from 27 February, 2016.

The Productivity Commission Report makes specific reference to the NDIS Barkly Trial and some of the specific issues that were encountered in relation to language and the need to provide information that was tailored to the needs of those accessing support (Box 7.1; p 125) and also notes that reforms introducing greater user choice are underway in disability services and aged care and are important sources for this inquiry (p. 122).

## **Informed User Choice**

Both the NDIS and the aged care reforms are being promoted as a “consumer choice” market driven approach.

But as the Productivity Commission Report notes,

Often there is little if any choice over who provides services, or over the services themselves, for people living in remote Indigenous communities. Nor is competition between service providers commonplace, even where multiple service providers deliver services to a community. (p. 121-2)

And in order to be effective at achieving intended outcomes:

...human services must be responsive to the needs of users, and to the needs of the communities they operate in. In remote communities decisions around service delivery, such as who receives services, when and where, are too often made by government and service providers with little opportunity for informed user choice or community voice. (p. 127)

This is a real issue for the people of East Arnhem. As Altman (2001) noted,

“... there is a tendency to define communities as Indigenous, all but the smallest have powerful non-Indigenous sectors. Management of most remote communities is in the hands of non-Indigenous people who not only have a pivotal role in the market and state sectors of the economy, but who define how the markets will operate and articulate with the customary sector”. (p.3)

Indeed the Commission’s Report suggests that:

“The history of Indigenous Australian’s interaction with services can also have significant effects on service provision. Some Indigenous Australians living in remote communities may have never have had a choice about the services they receive. Some might prefer not to exercise user choice, and others might need extra support if greater choice were to be introduced”. (p.125)

## **Quality Service Delivery in Remote Locations**

The Productivity Commission Report is correct in relation to the situation in many remote communities in relation to quality service delivery.

- Current arrangements for purchasing and delivering human services are not fully meeting the needs and preferences of Indigenous Australians living in remote communities. (p.121)
- Inadequate access to high quality human services is one factor that drives poor outcomes among Indigenous Australians living in remote communities. (p.122)

The Report notes that services in remote communities are often uncoordinated across different funding sources:

Responsibility for service provision is split across governments and departments, and funding is delivered through numerous programs. Service providers face many challenges with the way services are funded, such as uncertainty of funding streams and large administrative burden. Problems arise from lack of coordination across services, including duplication in some areas, gaps in others, and unclear lines of responsibility

across and within governments for identifying and achieving outcomes for people who are receiving the services. The end result can be inconsistent and intermittent service delivery to remote communities, undermining the welfare of the people living in these communities. Examples of fragmentation, duplication and inefficiency abound. (p. 121)

We see this at this time in relation to the reforms taking place in services to older people and people with a disability. Both reforms are about competition and informed user choice funded by the Commonwealth Government but not in any coordinated manner at all. Two sets of “Toyotas” will drive out and back to the same community to set up and establish the competitive service system.

### **The Cost of Service Delivery in Remote Communities**

As identified by the Productivity Commission, the cost of service delivery is one of the reasons for the lack of quality services in remote communities:

- The cost of providing services in remote Australia can be several times the cost in urban areas. Service providers also face barriers such as difficulty accessing infrastructure, and recruiting and retaining staff. (p.119)
- Infrastructure in remote communities is limited and there is a high demand on its use... many remote communities are not accessible by road for many months of the year due to location and whether conditions – meaning that expensive charter planes are required for face to face service delivery for a smaller number of clients (p.120)

The Productivity Commission argues that there is also a cost if services aren't provided:

The reality of remote Australia is that not all services can be delivered everywhere. As a consequence, people often need to travel to receive quality services. (p.123)

The Report quotes the Banskott Report (2003) which stated that in the Northern Territory,

“There is a hidden cost burden in taking people to services rather than services to people. There are very stark and obvious examples of this type of cost burden when people in need of care are taken to urban centres for treatment. In many cases they are followed by extended family, stays become indeterminate and associated with the added social costs of homelessness, alcohol and drug abuse and at the same time there is a negative impact on the community from which they come.” (p.123)

This is still a real issue for the Territory today. So many people from remote communities are brought to Darwin for health reasons and then languish in inappropriate service settings, wanting and waiting to return home to country.

### **The Cost of Culture**

Just as Altman has argued, the Commission also recognizes that “culture” is a key consideration in the development and cost of a service delivery economy.

The need to provide culturally appropriate services can also present a challenge, particularly to providers that are not experienced in remote communities. Indigenous Australians tend to relocate more frequently than other Australians, which can lead to significant variability in the level and nature of demand for services in communities

and can be challenging for providers to respond to. For example services may need to be coordinated between different remote locations and less remote locations to ensure continuity of provision to people who are mobile. ... Kinship is a key reason for mobility in remote communities and the need to travel to access services also contributes. (p. 125-6)

## Conclusions

The Productivity Commission concludes that:

The nature of service provision and the characteristics of users mean that the service models that work in other parts of the country will not necessarily work in remote Indigenous communities. For example, **introducing greater competition, when there are at best one of two providers, is unlikely to be the most effective model for improving service outcomes for users.** This also suggests that governments may need to be more flexible in their approach to service models and providers, to allow for better ways of working and achieving governments' intended outcomes. (p.126)

The Productivity Commission Report also has it right when it suggests that:

- Examples of a quick fix are unrealistic. More promising, given their issues with current service delivery arrangements used by governments, is the scope to improve outcomes over the long term through better design and implementation of policies to purchase services in remote Indigenous communities. Outcomes should be defined holistically, rather than being narrow and program driven. Better service provision could involve better coordination, place based service models, increased community voice in service design and delivery, and stable policy settings. (p.126)
- Services that are designed around the complex and interrelated needs of Indigenous Australians living in remote communities are generally more likely to be effective at achieving outcomes than those that are not. ... A review of the evidence for greater coordination in service delivery to remote communities found that “coordinating services can reduce complexity, enhance service quality and provide a foundation to deliver achievable outcomes to users”... The characteristics of remote communities mean that service models involving bundling of services might deliver benefits over standalone services. (p.126)
- Placed based service models, which take into account the circumstances and preference of communities, may be more suitable for remote Indigenous communities (p. 127)

## Provider of Last Resort

The Productivity Commission Report notes that:

Remote communities, due to their isolation and size, cannot support multiple service providers, or in some cases even a single provider. Risks to service users from poor service quality and provider failure can be particularly high as switching is not generally possible due to a lack of user choice and alternative providers. In some cases government may need to act as provider of last resort to ensure delivery of services. (p. 125)

The rollout of the NDIS in the Northern Territory is defined by the “Bilateral Agreement between the Commonwealth and the Northern Territory for the transition of an NDIS” signed on 5 May 2016.

Schedule K of the “Bilateral Agreement” addresses the “*Arrangements for provider of last resort services during transition*”. The Territory is the only jurisdiction with a schedule for provider of last resort.

This document recognizes that the

...comparatively high costs of establishing and delivering services in small communities and the lack of economies of scale to provide human services, there is a significant risk of service failure where there are thin or non-existent markets, including limited supply and very low demand for services.

Given this situation, both the Commonwealth and Northern Territory Governments have recognized the need to develop a framework for ‘provider of last resort’ service arrangements to “mitigate service delivery risks” and to “ensure that eligible participants are able to access the reasonable and necessary supports identified in their approved plans, even in remote communities or where there have been consistently thin or non-existent markets”.

It is proposed that this framework will identify:

- a. situations or circumstances where provider of last resort services are required (including insufficient market supply, and provider failure);
- b. objective assessment of when market interventions are required;
- c. market development activities to mitigate the need for providers of last resort;
- d. scope and scale (including support types, participant cohorts, and areas/communities) of provider of last resort arrangements; and
- e. governance mechanisms to support provider of last resort arrangements

Government has recognised that there is a strong likelihood of “market failure” in locations where there are “thin or non-existent markets”. But rather than approaching these locations with a true community development approach, Government continues to see the world through a “market economy” lens, failing to recognize the need for a broader and more flexible perspective that truly considers locality and culture. The result, in the end, is likely to be not so much market failure but failure of the “consumer directed” reforms!

## **The Way Forward**

The Productivity Commission has got it right in its preliminary findings. The report concludes that current arrangements for purchasing and delivering human services are not fully meeting the needs and preferences of Indigenous Australians living in remote communities.

The Report suggests that:

- Improving the quality of services and providing services in a more culturally appropriate way could improve outcomes for Indigenous Australians living in remote communities.
- Better coordination of services to address people’s needs could overcome some of the problems that arise from service fragmentation.
- Place-based service models and greater community voice in service design and delivery could lead to services that are more responsive to the needs of people in these communities.

- More stable policy settings and clear lines of responsibility could increase governments' accountability for improving the wellbeing of Indigenous Australians living in remote communities.

The challenge facing Governments responsible for implementing these significant reforms is to do so in a coordinated and responsive manner that is respectful of culture. Clearly this will require a high degree of flexibility and coordination, recognizing that the applicability of "national" models is indeed questionable.

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## References

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