



Submission to the Productivity Commission Inquiry into Human Services: Identifying Sectors for Reform

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1. Introduction

The Benevolent Society welcomes the opportunity to contribute to the Productivity Commission's inquiry into *Human Services: Identifying Sectors for Reform*. The Benevolent Society provides a range of human services and believes that there is not a standard or uniform approach to promoting competition, contestability and user choice across the spectrum of human services. At The Benevolent Society, we are primarily interested in achieving the best outcomes for our clients to enable them to live their best lives. We believe there are areas where reforms can be made to the sector that can improve the choices available to clients, without necessarily opening all human services to open, market-driven competition. Focussing on the child protection sector, there are also some relatively simple reforms that could be trialled which will improve the quality and effectiveness of services.

2. About The Benevolent Society

The Benevolent Society is Australia's first charity. We're a not-for-profit and non-religious organisation and we've helped people, families and communities achieve positive change for 200 years.

We help people change their lives through support and education, and we speak out for a just society where everyone thrives. The Benevolent Society helps the most vulnerable people in society, and supports people from all backgrounds including Aboriginal and Torres Strait Islanders and people from culturally and linguistically diverse communities. We believe that building stronger communities will lead to a fairer Australia.

Snapshot

- The Benevolent Society is a secular non-profit organisation with 912 staff and 588 volunteers who, in 2014/15, supported more than 75,270 children and adults primarily in New South Wales and Queensland.
- We deliver services from 62 locations with support from local, state and federal governments, businesses, community partners, trusts and foundations.
- We support people across the lifespan, delivering services for children and families, older people, women and people with mental illness, and through community development and social leadership programs.
- Our revenue in 2014/15 was \$108 million.
- In 2014/15, 79% of our income came from government sources. Private fundraising, trust and foundation grants provided another 4%, client fees generated 7% and investment income contributed 10%.
- The Benevolent Society is a company limited by guarantee with an independent Board.

3. The Benevolent Society's services

The Benevolent Society delivers a wide range of services across New South Wales and in Queensland, including:

Child and family services:

- Family support
- Financial inclusion (education and budgeting)
- Counselling
- Family wellbeing support
- Connect to pre-school
- Intake, social assessment and referral
- Allied health services, where part of an integrated service model

- Parenting and community education
- Community development
- Supported play groups
- Social investment that works to prevent entry into Out of Home Care
- Women's health services and domestic violence support services
- Early childhood education and care
- Out of Home Care

Services for older people, people with disability and carers:

- Referral, assessment services and support services
- Domestic support
- Centre based respite
- Social support
- Transport
- Home based care
- Home based respite
- Overnight respite cottages
- Healthy ageing
- Meals on wheels
- Home maintenance
- Allied health
- Transitional care
- Community development
- Social investment that supports health and wellness outcomes for older people

For the purposes of this submission, it is not practicable to break down each of these services and examine which is best suited to more competition, contestability and user choice. Some areas such as early childhood education are already subject to open competition. Recent reforms to aged care and disability support services have already introduced user choice principles. Therefore, this submission will focus primarily on the child protection sector.

4. Introduction of user choice models in the ageing and disability sector

The Benevolent Society supports reforms that aim to improve services for clients, most notably the introduction of individual choice models in the disability and aged care sectors. We understand that the rationale for greater user choice is to provide better quality services for clients, as providers are required to compete to attract clients and so need to provide the best, most attractive services. It also empowers people to make informed choices about how to best manage their own needs.

As a provider of aged care and disability support services we do have some concerns regarding the implementation of user choice models. Consumer directed choice assumes all consumers have access to the same information; the same suite of services; physical access to services; and access to technology which underpins some of the service systems. As this is not always the case, The Benevolent Society is keen to ensure that groups of people don't get left behind under this model of service delivery. We will continue to monitor service availability and delivery to all members of the community to ensure that people from disadvantaged or marginalised backgrounds, indigenous Australians, people from culturally or linguistically diverse backgrounds, or those in remote and rural communities are not worse off through these reforms.

We also hope that consumers receive continuous care. In other jurisdictions, such as the United Kingdom, where sections of human services have been opened up to competition, there has been an explosion of new providers joining the market, followed by a contraction as the mainly smaller,

providers are unable to compete and withdraw. Whilst we accept this is a natural consequence of open competition, we remain concerned that disruption of services and changeable service providers may be difficult or cause distress to some individuals reliant on those services.

5. Exploring reforms to the child protection sector: ‘fit for purpose’; outcomes based contracting; and user choice

In any event, The Benevolent Society recognises that some of the aspects of increased consumer choice and engagement which are being introduced to the ageing and disability sector could be introduced into the child and family sector. The early childhood education sector is already subject to open competition given for-profit and non-for profit organisations operate side-by-side, providing a range of choice and services to consumers. Although, as has been raised in many previous forums, the costs and availability of childcare remains an issue for many Australian families so broader reforms to tackle this issue are welcome.

We recognise there is a difference between ‘market driven outcomes’ and promoting greater choice for end-users. We do not support the application of open-market based competition to child protection services at the tertiary end of the spectrum, particularly where clients come within the statutory child protection system. We believe that the nature and sensitivity of tertiary child protection work requires primary focus on the best interests of the child- and not the profitability of the services being delivered. Notwithstanding the presence or absence of open competition, The Benevolent Society always strives to deliver good quality child protection services, and expects that other providers from the non-government and not-for profit sectors do as well.

The Benevolent Society is interested in exploring ways to improve the effectiveness of protection services, including through: increased focus on outcomes; the introduction of greater user choice and client engagement at the primary and secondary end of the child protection spectrum; and greater targeting of family support and intensive family support services.

5.1 Making services ‘fit for purpose’

The current child protection system is supply driven, with a focus on contract compliance and providing inputs, rather than results for clients. One of the areas where child and family support services fail to meet the needs of their client base is with regard to the flexibility and availability of support services. A relatively straight forward change to the way services are delivered to ensure that they are ‘fit for purpose’ would be to provide services when families actually need them. For families under pressure and who are struggling to provide an adequate protective environment for their children, this may be during the evening or over the weekend rather than during regular ‘office hours’ of 9am-5pm Monday to Friday. Services designed for these families may be available during these standard times- but if they are not accessible at times of crisis then their effectiveness will be limited.

Involving clients in the design and appraisal of services is also important to ensure they are meeting the needs of the people they are intended to assist.

5.2 Greater focus on outputs

There is scope to make reforms across the sector, and particularly in the child protection space, by introducing more flexible contracting models which place greater emphasis on achieving and rewarding outcomes. Current contracting models are generally prescriptive and are focussed on inputs and outputs, rather than outcomes and results. There is little incentive or scope to trial new approaches, evaluate and re-calibrate services to achieve better short and long term outcomes for clients.

The Benevolent Society has experience with outcomes based programs, most notably through our Resilient Families Program which is implemented under one of three social benefit bonds in New

South Wales. Under the bond, returns are payable to investors based on the results of the program, measured against designated performance measures informed by data from the New South Wales Department of Family and Community Services (FACS), and compared to a control group of families in similar circumstances. The bond mechanism enables more flexible programming and necessitates a focus on outcomes- however other intensive family support programs (and other child and family sector services) could also incorporate greater focus on measuring and rewarding outcomes rather than just inputs or transactions.

The upfront transaction costs for establishing a bond are high- not just in terms of the range of experts a not-for-profit organisation is required to contract in to set up such a complex financial instrument (which in itself is considerable)- but also the level of meaningful engagement required between the parties to the transaction to fully understand all aspects of the arrangement.

Establishing, monitoring and updating robust performance measurement and monitoring systems is also resource intensive, as is continually tweaking and refining services based on the results. However, we believe that ensuring that services are actually making a difference to the lives of people who need them is worth the investment.

Robust performance measurement systems also rely, to a large extent on the availability of, and access to, government generated, collected and stored data. The Benevolent Society encourages greater access to government data, generally, and specifically to support the expansion of performance based contracting in the human services sector.

5.3 Increasing user choice

It is most often the case that families which require family support services also require services relating to drug and alcohol abuse, domestic violence, unemployment, housing, health and mental health issues. We would like to see greater exploration of a system whereby funding is allocated to a child, and the family uses that funding to access the range of services that they require for the child or for themselves to improve their parenting skills and the protective environment for their child or children. This would most likely require agency or brokerage services to ensure that the right mix of services are being sought to benefit both the parents and the child(ren). We believe that upfront assistance and intervention in one or a range of these other areas, possibly alongside parenting support programs, may prevent exposure to the statutory child protection system and the downstream negative effects exposure to the child protection system has on the wellbeing of a child.

5.4 Learning from the New Zealand actuarial approach to child and family services

The Benevolent Society is watching with interest the developments in New Zealand where the actuarial or 'investment approach to welfare' is being trialled and has recently been introduced to New Zealand's Child Youth and Family sector. New Zealand recognises that not only do children and young people who have required the intervention of the care and protection and youth justice system have dramatically worse outcomes as young adults than the rest of the population, but that fiscal analysis shows that the government spends a considerable amount in lifetime costs for children and young people subject to the child protection and juvenile justice system¹. In relation to children and youth, New Zealand's reforms will:

- adopt a formal investment approach that will set ambitious targets and use an actuarial model, collect evidence about what works and for whom, measure the impact on outcomes including future liability across the system, and inform potential reallocation from existing baselines;
- extend the range of services provided and ensuring more effective evidence-based service provision, by intervening earlier through targeted prevention and intensive support for families, improved access to universal services;

- provide funding following the child, rather than being 'siloed' in individual agency processes or thresholds. This will involve a move to direct purchasing and acting as a broker so immediate action can be taken to meet the assessed needs of children and young people.ⁱⁱ

We note that adoption of the New Zealand actuarial model was one of the recommendations of the McClure review of Australia's welfare system.ⁱⁱⁱ In response, Australia has introduced a similar approach designed to reduce long-term reliance on income support for people of working age. This is based on actuarial valuation which estimates the future cost to the income support system associated with people currently receiving working age income support payments and predictive analysis which uses historical data to identify the client segments that make the largest contribution to future costs.^{iv}

The New Zealand actuarial approach is not without its detractors.^v The Benevolent Society recognises that the motivation for the actuarial approach to child protection in New Zealand is as much about decreasing the government's future financial liabilities as improving the situation and prospects for children and their families subject to the child protection system, however, we are extremely interested to see the results from this approach, particularly the funding following the child aspect. We are also keen to monitor whether there is an accompanying increase in up-front investment to ensure, in this case, children and families receive the right type of support at the right time to give them the best possible chance of avoiding the child protection system and the potential downstream negative impact that has on a child's immediate and long term future.

Given the current state of child protection in Australia, and the long term outcomes for children subject to the child protection system, The Benevolent Society encourages exploration of any reforms which seek to extend and improve access to universal services and targeted prevention and intensive support for families, and which directly fund the needs of children.

6. Conclusion

The Benevolent Society is committed to providing the most effective services possible to try and improve the lives of the most marginalised and disadvantaged people in our community. We strive for continuous improvement in our services and are always looking for ways to deliver quality and affordable services to our clients. We recognise this is the first step in a much larger inquiry being conducted by the Productivity Commission and welcome the opportunity to contribute further, particularly to elaborate on our experiences managing one of the first two social benefit bonds operating in Australia.

ⁱ Office of the Minister for Social Investment, *Investing in New Zealand's Children and Their Families*, Submission to New Zealand Cabinet Social Policy Committee <http://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/investing-in-children/overview-paper.pdf>

ⁱⁱ Office of the Minister for Social Investment, <http://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/investing-in-children/overview-paper.pdf>

ⁱⁱⁱ Reference Group on Welfare Reform, *A new system for better employment and social outcomes: report of the Reference Group on Welfare Reform to the Minister for Social Services*, Commonwealth of Australia, February 2015, p. 27.

^{iv} Don Arthur, 'Investment approach to welfare: Budget Review 2015-16 Index', see at http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201617/Investment

^v Michael Fletcher, 'Australia should think twice before adopting NZ welfare model', *The Conversation*, 9 March 2015 see at <http://theconversation.com/australia-should-think-twice-before-adopting-nz-welfare-model-38105>