Reforms to Human Services
Second Stage of Human Services inquiry

Submission from Business Council of Co-operatives and Mutuals in response to Productivity Commission Issues Paper
December 2016
February 2017
Contents

1 Executive Summary ............................................................................................................................ 3
2 Summary of recommendations ........................................................................................................... 5
3 The Competition Policy Review provides a context for more CME participation in human services markets .......................................................................................................................... 5
   3.1 Organisation form and its motivations matters in the delivery of effective human services.. 6
   3.2 Member-owned enterprises are different to other organisation forms ......................... 8
   3.3 The benefits of member-owned businesses ........................................................................ 9
   3.4 There are significant barriers that limit the participation of CMEs in human services that mean they are not treated the same as other providers .................................................. 11
   3.5 Areas of human service delivery that would benefit from co-operatives and mutuals ...... 12
   3.6 Other areas where CMEs can contribute to achieving better outcomes in human services. 14
4 Request for information 1 .................................................................................................................. 16
5 Request for information 2 .................................................................................................................. 17
6 Request for information 3 .................................................................................................................. 17
7 Request for information 4 .................................................................................................................. 18
8 Social Housing .................................................................................................................................. 19
   8.1 Request for Information 5: Current effectiveness of Social Housing system in improving outcomes for tenants ........................................................................................................... 19
   8.2 Request for Information 6: How allocation methods can increase user choice and cost benefits ........................................................................................................................................ 22
   8.3 Request for Information 7: Supply constraints in social housing to enable genuine choice of home ............................................................................................................................... 23
   8.4 Request for Information 9: Effectiveness of current arrangements to select community housing providers and if greater contestability could improve effectiveness of service provision .......................................................................................................................... 25
   8.5 Request for Information 10: Factors that need to be considered when implementing reforms to increase competition, contestability and user choice ........................................... 29
9 Health services (including public hospitals, end of life care services, public dental services) ....... 31
   9.1 Public Hospital Services ............................................................................................................... 32
   9.2 End of Life Care ........................................................................................................................... 32
10 Government commissioned family and community services .................................................... 33
   10.1 Request for information 28 ........................................................................................................ 33
   10.2 Request for information 31 ........................................................................................................ 33
11 Concluding comments ..................................................................................................................... 35
12 References ......................................................................................................................................... 36
Appendix A Senate recommendations ................................................................................................... 39
Acknowledgements

The BCCM is the peak cross-sector body for co-operatives, mutuals and member-owned businesses in Australia. Its purpose is to promote recognition of the important role of co-operative and mutual businesses and their contribution to the Australian economy.

This submission has been guided by an Expert Advisory Panel of leaders in public sector reform and social enterprise. They agreed to work with the BCCM because they believe co-operatives and mutuals have potential to assist in the transformation of human services in Australia as the industry becomes more competitive and contestable and where users are at the centre of service design.

The Panel members are:

• Su McCluskey (Chair) Member Harper Competition Policy Review; Director Australian Unity; Chairman Energy Renaissance Pty Ltd; Past CEO, Regional Australia Institute
• Patrick McClure Chair, Welfare Reform Reference Group; Member, NSW Government Social Impact Investment Expert Advisory Committee; Director, The Kincare Group; past CEO Mission Australia.
• Kyle Loades, President NRMA
• Rohan Mead, Group Managing Director and CEO, Australian Unity
• Rob Goudswaard, CEO CUA
• Mark Coyne, CEO EML; past Board Member, NRMA
• Shaun Larkin, Managing Director HCF
• Tony Stuart, Founding BCCM Director, Chair Australian Charities and Not for profit Commission and Member, Prime Minister’s Community Business Partnerships Committee; past Group CEO, NRMA
• Melina Morrison, CEO Business Council of Co-operatives and Mutuals
• Gillian McFee, (author) Chair Public Service Mutuals Task Force; Director RSL Care Ltd; Director RDNS Ltd; Director Aftercare Ltd; past Director UnitingCare Ageing; Director Aged Care Channel Holdings Pty Ltd

This submission has benefited from support, encouragement and advice from:

• Professor Sir Julian Le Grand of the Marshall Institute, London School of Economics and Chair of the UK Public Service Mutuals Task Force
• BCCM members, Australian Unity and Common Equity Housing in NSW and Victoria have also contributed to the submission and our insights about the potential of CMEs in supporting Indigenous communities has been assisted by Oliver Gilkerson from Gilkerson Legal.
1 Executive Summary

In this our third submission to the Human Services Inquiry, we build on the view that in Australia, co-operatives and mutuals (CMEs) experience significant barriers that limit their full participation in human services.

There are dangers in competitive markets where there are inhibitors to the operation of a free market resulting in not enough diversity to enable choice and this happens if one organisational form does not operate on a level playing field to others.

The BCCM’s approach to this and its other submissions is to argue for diversity both in the number and type of providers in human services markets and to highlight the important role of CMEs in contributing to that diversity.

The Senate Inquiry into CMEs identified the barriers that limit the participation of CMEs in markets and made recommendations which have bi-partisan support. Other reviews, including the McClure Review on Social Welfare Reform and the Harper Competition Policy Review made mention of CMEs and their suitability in areas like human services.

In Australia, we have not achieved the critical mass of CMEs in human services as has occurred in other countries such as the United Kingdom, Canada, Italy and some other parts of Europe.

The BCCM considers that in a world of increased competition contestability and user choice in human services that the form of the organisation really matters. We do not consider that it is right in all circumstances to be agnostic on the form and motivation of the provider. This is particularly so in human services where often, service users are vulnerable, have special needs and lack the information and support necessary to enable them to exercise choice. In these cases, trust between service users and their provider and between government and the provider becomes very important.

Because of its legal form, defined by the international co-operative principles, CMEs have significant benefits including that they can be more flexible in designing services around members because they are democratically and economically involved in the ownership of the enterprise. CMEs also have high levels of customer satisfaction and staff engagement measured by lower staff turnover. CMEs are efficient businesses and re-invest benefits back into communities and in creating social capital.

The BCCM considers that CMEs can form flexibly in response to a community and member need, where the members can be either consumers, producers (or enterprises), workers and a hybrid of these can occur where the need is place based or designed to meet a specific issue in the community.

There is a large body of evidence from a wide variety of countries and sectors that CMEs, especially those with a substantial degree of employee engagement and control, deliver higher user satisfaction, higher productivity and greater employee welfare than alternative forms of organisation.\(^2\)

The BCCM considers the UK reforms around growing the number of mutuals in various areas of

---

1 BCCM Submissions to the Productivity Commission inquiry in Human Services submitted in July 2016 and 19 October 2016.
2 UK Mutuals Task Force Public Service Mutuals: The Next Steps.
human service delivery shows that when government decides to stimulate a part of the market where there is an opportunity to improve effectiveness of services, there can be a huge positive impact especially in driving innovation. In this regard, we draw on the leadership and experience of Professor Sir Julian Le Grand who chaired the UK Mutuals Task Force.

Professor Le Grand has helped us synthesize our position around the economic theory of achieving effective competition, contestability and informed user choice in human services markets. There have been important lessons learned in the UK where new forms of mutuals have formed in human services including health, housing, social care and education.

In response to the Commission’s six areas for reform, the BCCM substantiates its position that more CMEs in each of these markets add diversity, fosters innovation and facilitates wider choice. In three of these areas – social housing, government commissioned family and community services and services in remote Indigenous communities - the BCCM considers the characteristics of CMEs are such that they offer a “third way” and an alternative to current approaches. This in turn adds diversity and choice when governments are commissioning these services. The submission also highlights how CMEs can contribute to innovation around curating and providing user-friendly information and navigation support and the suitability of this in consumer directed markets such as the NDIS and aged care where many service users are unable to exercise informed choice because of asymmetry of information.

Through the case studies we have assembled in this and earlier submissions, we also argue that there are many examples of very successful Australian co-operatives in human services that are ready to scale and which would be suitable for innovative approaches to social investment including funding by outcome.

There are four recommendations that the BCCM considers are worthy of closer examination by the Commission to be included in human services reform.

Section 1 is the Executive Summary

Section 2 is a summary of recommendations

Section 3 contains theoretical arguments and practical evidence on the benefits of CMEs in adding diversity and choice and in effective delivery of human services and the barriers that currently limit their participation with suggested priority areas where CMEs are well-suited to drive innovation, provide diversity and offer greater choice

Sections 4-7 contain requests for information

Section 8 contains practical insights from CEH NSW and CEH Ltd on how CMEs contribute in Social Housing with responses to the requests for information

Section 9 contains observations and commentary from Australian Unity on some of the requests for information on Health Services

Section 10 contains further commentary from Australian Unity on government commissioned family and community services drawing on its experience in a range of community services including as the operator of the Home Care Service of NSW

Section 11 makes some concluding comments to inform the recommendations

Section 12 contains the references and notations cited in this submission

Appendix A is the 17 recommendations from the Senate inquiry into CMEs.
2 Summary of recommendations

1. Full and timely adoption of the Senate Recommendations to remove barriers that limit the participation or CMEs in human services.

2. Set up a Mutuals Taskforce allowing for targeted investments in pilots in priority areas identified through this Inquiry.

3. In addition to assessing financial benefits in commissioning and procurement of human services, also place a value on the creation of social capital invested in communities including customer and staff engagement, and apply this as part of determining service provider effectiveness.

4. Stimulate investment in Australian research that evaluates the relative performance of different organisation forms in achieving innovation around the objective the Commission has suggested for human services i.e. to improve the wellbeing of users and the welfare of the community as a whole through the provision of effective services.

3 The Competition Policy Review provides a context for more CME participation in human services markets

The Australian Government’s response to the Competition Policy Review concluded that “Competition is one of the surest ways to lift long term productivity growth. Competition energises enterprise and encourages business to pursue efficiencies, rewarding the innovative and dynamic businesses that provide the best services at the lowest cost, and benefiting households by giving them more choice and better value products and services”.

The opportunity to reform Human Services was generated by the Harper Competition Policy Review which recommended that early attention is given to “identifying and facilitating innovative ways to deliver human services and promote economic growth”.

Because most opportunities for reform are in areas of state and territory responsibility, the Australian Government’s response confirmed that each Australian government should adopt choice and competition principles in the domain of human services.

Figure 1: Guiding principles for Competition Policy Reform in Human Services

- User choice should be placed at the heart of service delivery.
- Governments should retain a stewardship function, separating the interests of policy (including funding), regulation and service delivery.
- Governments commissioning human services should do so carefully, with a clear focus on outcomes.
- A diversity of providers should be encouraged, while taking care not to crowd out community and volunteer services.
- Innovation in service provision should be stimulated, while ensuring minimum standards of quality and access in human services.

4 Australian Government Response to the Competition Policy Review page 1 Overview
5 Australian Government Response to the Competition Policy Review Human Services Recommendations page 4
The Final Report of the Harper Competition Policy Review included references to the importance of mutuals as part of a diversity of providers contributing to increasing productivity in the economy. Other government reviews in areas of human services, for example, the McClure Social Welfare Review have also emphasised the important and emerging role for co-operatives and mutuals in human services.\(^6\)

### 3.1 Organisation form and its motivations matters in the delivery of effective human services

The BCCM questions the assertion of the Productivity Commission that organisation form – or the type of provider – does not matter in the effective delivery of human services.\(^7\)

The Commission says:

> “Each type of provider will have distinct capabilities and motivations. External benefits, such as social capital benefits should be considered when selecting providers, but these benefits are not exclusive to one type of provider. Maximising community welfare from the provision of human services does not depend on adopting one type of model or favouring one type of service provider over others”

This seems inconsistent on a number of grounds. The community welfare generated by a provider of human services is the sum of ‘internal’ benefits - that is, benefits to the members of the community who are actual users of the service concerned – and ‘external’ benefits – benefits to other members of the community who do not directly use the service concerned. In both cases, the magnitudes of those benefits will vary with the kind of provider, precisely because they have differences in capabilities and – especially – differences in motivations.

First, ‘internal’ benefits. For-profit firms where profits are distributed to shareholders or to the private interests of owners have as their principal motivation, unsurprisingly, the maximisation of profit. It has been demonstrated that, under certain conditions, firms with that motivation operating in a perfectly competitive market will generate what economists term both productive and allocative efficiency: or, put in less technical terms, they will create maximum internal benefits from a given set of resources. However, the conditions are stringent, including, among others, a requirement that consumers of goods and users of services are ‘perfectly informed’. In the quasi-markets for human services that the Commission is discussing, this condition is obviously violated, with users of services (or the government agency purchasing the service on behalf of the user) finding it very difficult, if not impossible, properly to assess the quality of the service provided. This asymmetry of information between the purchaser and the provider offers a great opportunity for exploitation by the latter; they can drive down quality and reduce their costs without the purchaser being fully aware. So, where this potential for provider exploitation of information asymmetry occurs, user choice and provider competition can lead to unsatisfactory outcomes: economically, socially and reputational.

---


\(^7\) Productivity Commission (December 2016) Reforms to Human Services Issues Paper page 10
Recent examples of failures of this kind have been seen in Australia’s VET system (evidenced in the Issues Paper by the Productivity Commission) and the findings of the Royal Commission into Institutional Child Sexual Abuse\(^8\). Similar stories abound in the United Kingdom and other countries, where unscrupulous providers have taken advantage of direct users or of poorly resourced government commissioners to provide sub-standard services at high cost.

A further problem concerns the employees of such firms\(^9\). Employees have an obvious direct self-interest in their wages and work conditions. However, they have no direct interest in the profits of the organisation, in its productivity, or in the quality of the service, and in the event of conflict between them and their own interests, they will prioritise the former. More altruistic employees working in human services will also face a problem in that their effort may be exploited by shareholders, with no net increase in service quality.\(^10\)

This problem has led some economists and other analysts of quasi-markets in human services to recommend avoiding the use of for-profit providers, especially those owned by shareholders or private owners distant from the front-line of services, and instead to rely upon charities or other forms of non-profit provider. These providers are motivated by a more pro-social mission and can therefore be trusted to put maximising user (and community) welfare above maximising their own self-interest. Unfortunately, even if such organisations can always be trusted not to exploit the information asymmetry inherent in human services, they may not be trusted to deliver productive efficiency, often masking inefficiency in the name of commitment to their mission or social purpose.

CMEs, on the other hand, have a claim to be trusted on all these dimensions. The exact structure of motivations will depend on their form, but in most cases they are likely to prioritise the provision of a high quality service to users. Take the employee-owned and operated human services mutual in the UK, where the employees have a right both to the residual and to the control of the organisation. Both the self-interested and the altruistic employee have a direct stake in the organisation’s success, for the benefit of themselves and for the benefit of users. They have an interest in high productivity since this will increase their residual. Although in some circumstances they may still be in a position to exploit information asymmetry between user and provider, the culture of co-operation, mutuality and professionalism that characterise such mutuals make such exploitation unlikely. And, almost by definition, the majority in control of an employee-owned enterprise are front-line workers in direct contact with users and hence better aware of the latter’s needs and wants than any share-holder or distant owner could be.

As our previous submissions to the Commission have indicated these arguments are not just theoretical. There is a large body of evidence from a wide variety of countries and sectors that mutuals with a substantial degree of employee-ownership and control deliver higher user satisfaction, higher productivity and greater employee welfare than alternative forms of organisation\(^11\) – all as theory would predict.

What of the arguments with respect to ‘external’ benefits? Here again it can be argued that

---

\(^8\) Royal Commission into Institutional Child Sexual Abuse \(\text{Royal Commission Reports and Hearings}\)


\(^10\) Rose-Ackerman, Susan “Altruism, Non-profits and Economic Theory” Journal of Economic Literature, 1996, 34(2) 701-728

\(^11\) BCCM Submissions to the Productivity Commission inquiry in Human Services submitted in July 2016 and 19 October 2016.

\(^12\) UK Mutuals Task Force Public Service Mutuals: The Next Steps.

CMEs have intrinsic advantages over other forms of organisations. Trust is an important element of social capital and the fact that there is likely to be a stronger element of both governmental and public trust in CMEs than in most of the other organisational forms works in their favour in this respect. More generally it has been argued that mutuals are characterised by a broader sense of social responsibility and of public purpose and indeed, early empirical work on some of the UK mutuals suggest that their staff are trying to ‘make a difference’ to their community.1415

In short the BCCM contends that, on most assessment criteria for the effectiveness of provision in human services, some form of mutual or member-owned enterprise is more beneficial, compared to other organisational forms such as for-profit firms and traditional not-for-profit organisations.

The BCCM has consistently argued throughout this inquiry that organisation form does matter in the delivery of public services. This is particularly so in human services where many service users are vulnerable and whose needs often cannot be neatly categorised around traditional government portfolios and program funding silos. This vulnerability can be related to capacity and individual circumstances. However, it is also related to where people live, their level of education, their health status, whether they have a job and their level of social inclusion and acceptance in mainstream society. Member-owned organisations are better equipped to respond to the needs and expectations of their members because of their legal structure and the underpinning international co-operative principles.

So the BCCM’s concern about the importance of organisation form goes beyond statements that argue for diversity of choice between providers. As important as this is, if “the objective of human services is to improve the wellbeing of users and the welfare of the community as a whole through the provision of effective services”16, then in some situations, some organisation forms will perform better than others.

3.2 Member-owned enterprises are different to other organisation forms

CMEs are based on the seven international co-operative principles where members are at the heart of the business model. This means the motivation is always to serve those members. In the context of human services depending on the type of co-operative, those members are also the service users.

Figure 2: International co-operative principles

1. **Voluntary and Open Membership**

   CMEs are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

---


2. Democratic Member Control
CMEs are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Elected or appointed officials are accountable to the membership and all members have equal voting rights.

3. Member Economic Participation
Members contribute equitably to, and democratically control the capital of their co-operative. At least part of that capital is usually common property of the co-operative and surpluses generated from the enterprise are used for purposes such as delivering benefits to members and supporting activities approved by the co-operative.

4. Autonomy and Independence
CMEs are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations including governments, or raise capital from external sources, they do so in terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education Training and Information
Co-operatives provide education, training and information to their members, elected representatives and employees so they can contribute effectively to the development and operation of their co-operative.

6. Co-operation among Co-operatives
CMEs serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community
CMEs work for the sustainable development of their communities through policies approved by their members which can include re-investing surpluses into creating social benefit and building community capital.

3.3 The benefits of member-owned businesses
When CMEs are designed and governed well in accordance with the international co-operative principles, compared to other organisation forms, they have the following benefits:

- Through their legal and governance structure, CMEs devolve power to members and communities so they can be directly involved in the services that affect their lives.

- CMEs have high levels of staff and customer engagement demonstrated by higher rates of customer satisfaction and staff lower absenteeism. This is particularly evident when employees are members.17

- Because they are member-centric by design, CMEs design services around their members as service users including innovating with new service models. This means CMEs are highly flexible with demand driven funding models such as consumer directed care and the NDIS.

- CMEs form in response to a community or member need and this makes them adaptable in responding to complex needs of their members. In the context of human services, this

17 Le Grand, Julian The Public Service mutual: A revolution in the making? In Making It Mutual: The ownership revolution that Britain needs edited by Caroline Julian and published by the ResPublica Trust. (This article summarises the evidence from a major investment of the UK Government that started in the 1990’s to mutualise public services through worker co-operatives).
extends to being able to work across funding programs and service streams as well as collaborating with others in communities.

- Members of a CME are economically and democratically involved in the business, and this creates incentives for them to share a mutual responsibility for the achievement of outcomes rather than behave as a passive recipient of government funded services.

- CMEs apply the (7) co-operative principles to run profitable enterprises that are accountable to their members as service users. They also provide value to funders, whereas many not-for-profit providers in human services adopt a “scarcity mindset”.

- Depending on the type of CME, members can be either consumers, workers, producers (including other social enterprises) or all of these in multi-stakeholder or hybrid forms. CMEs provide a formal legal structure and rules (guided by the international co-operative principles) to support co-operation between organisations and individuals.

The BCCM is experiencing a surge of interest from individuals, providers, professional groups and governments across Australia about the potential of the CME business model to transform human services delivery. In overseas countries such as the UK, Italy and Canada, co-operatives are more prevalent as part of a diverse supply of human service providers. In these cases, governments, communities and individuals have invested in this organisation form because of its inherent ability “to improve the wellbeing of individuals and the welfare of communities”.

### VET – A case study in the need for diversity in markets for human services

The process of market-based reform of vocational education and training in Australia began in the 1990s when public funding was allocated through a competitive tender process open to public and private education providers. Reductions in public funding to public providers have also been carried out as a further step towards a competitive market for vocational education.

The policy objective of market-based reform of VET was to increase the choice, efficiency and quality of education services while ensuring access and equity.

In practice, market-based reform of VET has been subject to problems, as is acknowledged in the Human Services Issues Paper. The incentives were ‘perverse’ because there were no countervailing forces (government stewardship, member-owned providers), leading to rent seeking behaviour from private providers to the detriment of students, educators and the government.

In the UK, hundreds of co-operative schools have been formed over the past 10 years, offering an alternative market-based approach. These schools focus on putting the needs of stakeholders at the centre: teachers, students, parents and the local community are all given a formal voice in the running of schools. There are important parallels to this for education more generally including in vocational training and education.

Australia’s market-based health insurance sector also demonstrates the importance of there being a range of organisation forms in the market including government, listed and for profit, not for profit and mutuals. Health insurance in Australia has, until recently with the privatisation of Medibank, had a mixed market where government-owned, mutually-owned and investor-owned businesses competed.

---

18 Bessie Graham CEO, The Difference Incubator speaking at the CEDA 2016 State of the Nation event: “Why we need competition in human services”.


22 [http://co-operativeschools.coop/](http://co-operativeschools.coop/)
3.4 There are significant barriers that limit the participation of CMEs in human services that mean they are not treated the same as other providers

The BCCM has made two submissions to this inquiry (July 2016 and 19 October 2016) and both outlined the significant barriers faced by CMEs in Australia which means that compared to alternative organisation forms, they do not operate on a level playing field.

In March 2016, the Senate Economics References Committee handed down its findings following an inquiry into co-operatives and mutuals. The 17 recommendations received bi-partisan support. Taken together, these recommendations address the most important areas of reform for enabling CMEs to compete on the same basis as other company structures.

The 17 recommendations cover important reforms in three areas:

• Recognition of the legal form and understanding its difference to other legal structures;
• Regulatory change needed to remove barriers that make it harder for CMEs to be regarded as a preferred organisation form and to raise capital to grow the businesses; and
• Education and awareness about CMEs and how they can be used to respond to current and emerging trends including in the context of public services.

The recommendations are attached at Appendix 1 and contain practical examples of the barriers faced by CMEs compared to other organisation forms.

Because of the difficulties associated with forming and operating CMEs in Australia, the preferred organisation form tends to be incorporation under the Corporations Act. Unlike other businesses, CMEs also face significant regulatory barriers in being able to raise capital to grow their businesses. The Senate inquiry recommended CMEs should have the same opportunity as any other form of businesses to raise working capital to better serve their members and they should be able to raise this capital in a way that does not compromise their mutuality. At its worst, the current regime means that CMEs are sometimes required to demutualise in order to raise vital investment.23

Additionally, the regulation of co-operatives through different State and Territory Governments is a further impediment to the formation and operation of co-operatives. The Senate recommended that states, territories and the federal government work together immediately to harmonise legislation and standardise the regulation for CMEs no matter where they are setting up in Australia. This will remove unnecessary red tape where CMEs have become adept at doing work around solutions. The Senate also recommended that the Corporations Act should be amended to recognise the unique characteristics of CMEs.

There is also a lack of knowledge and awareness about the co-operative legal form in the curriculum for legal, accounting and business studies.

Banking and insurance are the CME sector’s largest industries by turnover.24 Compared to other organisational forms under the Corporations Act (for profit and not for profit forms) CMEs are under-represented in the delivery of public services, including in human services areas within

---

23 BCCM (2016) National Mutual Economy Report (incorporating the top 100 CMEs in Australia)
the scope of this Inquiry.

An international survey of co-ops and mutuals in the health and social care sector found that in Australia there were only two health co-operatives with 32,000 members. By way of comparison, in the UK there were 20; in Japan, 111; in Italy, 945; and Canada, 73.  

3.5 Areas of human service delivery that would benefit from co-operatives and mutuals

The BCCM considers that increasing both the number and diversity of CMEs operating in human services will add diversity of choice in the market.

We understand why the Productivity Commission has decided to identify six priority areas for reform. We observe that defining these areas for reform in such a programmatic way could unintentionally limit the reform outcomes by reinforcing the focus of reforms on programs and industry sectors rather than on service users and communities. This could happen for example, where service users have high and complex needs, or where there are intractable challenges such as in some regional, rural and remote communities, or in locations where there is evidence of severe and persistent economic and social disadvantage.

We believe that providing an enabling environment where more CMEs can form would be beneficial in each of the six priority areas for reform. However, in three of these areas the BCCM considers that in time, CMEs could come to be regarded and trusted as a preferred organisation form in terms of being able to achieve the objective of human services.

Those three areas are:

• Social Housing
• Government commissioned family and community services; and
• Services in remote Indigenous communities (where the service ownership is with the community).

Social Housing

The reasons why the BCCM considers that CMEs are suited to reform in this area are because CMEs:

✓ Are more likely to design reform around tenants and engage them democratically and economically leading to innovation in policy, financing options and housing design
✓ Provide choice for tenants about where they live and with whom they live, because currently they have no choice
✓ Are already engaged in the reform agenda having contributed to two reports on Innovative Financing Options to the Affordable Housing Working Group for the Australian Government Council on Federal Financial Relations

Have a presence as community housing providers in Victoria, NSW and Queensland however with very significant capacity to scale their enterprises through, for example greater participation in planned housing management transfers.

Can draw on existing case studies where housing co-operatives have been highly effective in increasing the wellbeing of tenants and the welfare of communities by offering choice to tenants with shared backgrounds such as seniors, people from culturally diverse backgrounds.

Government commissioned family and community services

The reasons why the BCCM considers that CMEs are suited to reform in this area are because CMEs:

- Are designed around meeting the needs of their members and are therefore more likely to engage service users in the design of new models that promote empowerment and mutual support.
- Could provide a useful starting point to learn from and build on the experience from the UK around more broadly defined co-operatives where caseworkers and clinicians are members and owners of the enterprise. This would add diversity in the type and number of providers and drawing on previous commentary in Section 3, also provides the right incentives around the altruistic motivation that these workers have and empowers them to be able to influence their working environment.
- Could form in specific geographic locations where there is scope for hybrid or place based mutual models.
- Have already been acknowledged by the Senate inquiry into co-operatives and mutuals as being well-suited to community services, especially in hard to serve and regional areas.

Services in remote Indigenous communities

The BCCM acknowledges that this is a very difficult and challenging area of public policy and governance. We are in the early stages of conversation with two Torres Strait Islander communities which have expressed an interest in exploring how CMEs could contribute to resolving issues for them around governance and title. This development work started through interest from the Queensland Department of Premier and Cabinet to explore opportunities for CME development.

From this early work, these are some of the observations we would make about why it may be worth exploring whether a CME legal structure could be suited to reform in this area.

CMEs:

- Provide an alternative legal structure and governance model based on the economic and democratic engagement of Indigenous people and communities as members and owners of the enterprise and this adds diversity to existing organisation forms.
- Have previously been excluded from Indigenous development because of Government requirements that restrict the organisation forms that are eligible to receive government funding.
Can build on examples of Indigenous social enterprises that apply the 7 International Co-operative Principles to deliver services efficiently and effectively to remote Indigenous communities and in other areas of community services and economic activity. The BCCM provided case study examples in Section 8 of its July 2016 submission, in particular the Arnhem Land Progress Aboriginal Corporation (ALPA), Rumbalara Aboriginal Co-operative in Shepparton and Dandenong and District Aboriginal Co-operative

Can build on early engagement that has commenced with the Mualgal and Palm Island communities where there is genuine interest in exploring the CME model further

Align perfectly with reform priorities in the Department of Prime Minister and Cabinet to empower Indigenous communities through a series of place-based demonstration projects that include Indigenous communities being more involved in self-governance and government relinquishing responsibility in some areas. Because CMEs engage members democratically and economically in the enterprise systems of mutual support that strengthen communities and build resilience in individuals.

3.6 Other areas where CMEs can contribute to achieving better outcomes in human services

In Section 3.1 we raised the potential for provider exploitation of asymmetry of information and argued that the choice of provider can lead to unsatisfactory outcomes for consumers. The BCCM considers that in addition to the three areas in Section 3.5, CMEs are well-suited in two other areas. The first case concerns an example of user-friendly information and navigation support in aged care and the second case concerns the suitability of the CME legal and governance form to the funding of outcomes for service users.

User-friendly information and navigation support

There is potential for CMEs to deliver user-orientated information and navigation support that is independent from service provision and helps build literacy and informed choice by service users.

The competition principles for human services recommended by the Harper Review and adopted by the Australian Government include the promotion of user choice and the separation of policy and funding from service delivery.

In consumer directed reforms happening in aged care and disability services for example, there have been clearly documented failures in government attempts to “own” the responsibility for providing user-friendly information and navigation support that empowers consumers to exercise informed user choice. We consider that CMEs are well-placed to provide user-friendly information and navigation support because they are better at designing services around their Members and they can be independent from direct service provision.

By way of example, the recent review of MyAgedCare highlighted significant shortcomings in the ability of this government run platform to provide user-friendly information that makes navigation and access to services easier for consumers.26

26 Australian Government Department of Health (29 September 2016) MyAgedCare Two Eave 1 Research: summary of Findings prepared by
In the NDIS, there has been significant public discourse about the execution of what is generally regarded to be one of Australia’s most significant social policy reforms. The performance of the Government’s NDIS portal has received much commentary including the lack of user-friendly information and navigation support for consumers (especially for families and service users).

Another area of concern in the NDIS has been the model of Local Area Co-ordination that has seen large providers awarded significant contracts without contestability and where in some cases, those providers are also directly involved in service delivery.

Whilst the NDIS is in early stages of its roll-out and inevitably there will be important lessons learned, there is a perception the Local Area Co-ordination function serves the interests of the funders rather than service users. That may be necessary for funders in the design of the scheme. However, if this is so, the BCCM would argue all the more reason why it is vital that there is a reliable source of user-friendly information and navigation support independent of the interests of funders and service delivery, that empowers consumers to exercise informed user choice including strategies to foster innovation and support for the emergence of new business models such as mutuals.27

---

### Case Study in user-friendly information and navigation to facilitate informed user choice28

**Living Well Navigator and Owl Ratings**

From 2012-2015 one of Australia’s largest mutuals, NRMA Motoring and Services invested in a start-up business to provide specially curated information to help its 2.4 million members age well.

The Living Well Navigator was established as an online platform containing information, tools and services on a range of topics including mobility, travel, health and wellbeing, aged care, retirement options, employment, travel and volunteering.

NRMA established the Living Well Navigator in response to feedback from its members that they found navigating Australia’s aged care system very difficult.

An important focus of the Living Well Navigator was the Owl Ratings. Established in partnership with global research company Gallup and Council on the Ageing, Owl Ratings was Australia’s only independent scientifically validated rating tool for aged care and retirement villages. The difference between Owl Ratings and other similar services was that the ratings were based on Gallup’s globally validated customer engagement methodology and were independent from government funding and service provider interests. Owl Ratings measured the customer’s experience of the services they used.

NRMA invested significant capital in developing and operating the Living Well Navigator and Owl Ratings. It received very positive encouragement and feedback from important stakeholders in the aged care and retirement living industry about the need for consumer focused information and navigation support.

---

COTA Australia, one of the partners in the Living Well Navigator and Owl Ratings continues to call for improvements to the quality and delivery of information and support given to consumers to help them better understand and exercise choice and control in aged care raising this as a shortcoming of the *MyAgedCare* website29

The BCCM advocated on the importance of the Living Well Navigator and Owl Ratings to fill an important gap in the market for aged care services by giving consumers a reliable source of user-friendly information to navigate Australia’s aged care system.

---

27 AMR for HealthDirect Australia
28 Sydney Morning Herald (September 2016) NDIS Rollout: Research finds disability groups face collapse reporting on research conducted by Curtin University that found there were risks of “significant market failure” due to the capacity of a significant proportion of disability organisations to meet expected demand under the NDIS.
29 Prepared by the BCCM and authorised for publication by the NRMA Motoring and Services February 2017
29 Australian Ageing Agenda (January 25, 2017) “Lack of information still hampering choice for older people in aged care, seniors tell review”
information and a rating scheme to help them select the best providers, whilst remaining independent from direct service provision. From the BCCM’s perspective this was the translation of the Competition Principles for Human Services in a pure form.

Outcomes based funding in health and social care

We also believe that looking at overseas case studies which we have developed in our previous submissions there is untapped potential to grow the presence of CMEs in health and social care where innovation is urgently needed to design services around the needs and aspirations of users with a focus on improving the productivity of Australia’s health and social services.

The discussion paper on social impact investing\(^{30}\) identifies opportunities for new models of funding based on the achievement of outcomes (rather than outputs). The paper identifies the main forms of impact investing as social enterprises, social impact bonds and social impact investment funds.

Among the Australian case studies that the BCCM includes in this and previous submissions to this inquiry, there are tangible examples of co-operatives that operate as social enterprises that with scale, demonstrate a positive return on investment for the community, funders and service users. Among the Australian examples are Nundah (disability employment), Co-operative Home Care, Community Care and Transport Co-operative and the National Health Co-operative.\(^{31}\) The overseas case studies that appear to be worthy of closer examination include the NHS Foundation Trusts that bring social care and primary care together (UK); Rochdale Boroughwide Housing (UK) and Hackney Community Transport (UK).

4 Request for information 1

The BCCM considers that the characteristics of human services in Figure 1 are a reasonable representation of the factors that need to be considered on the demand and supply side of human services and of government’s stewardship role where there is increased competition, contestability and informed user choice.

What kind of organisation form is predictive of sustained effectiveness in the delivery of human services that achieve the objective of human services, namely to improve the wellbeing of users and the welfare of the community as a whole, is open to opinion and evidence.

The BCCM challenges the assertion that it is always sufficient to be agnostic about the type of provider in human service delivery.

We have presented our arguments and supporting evidence for why we consider that organisation form matters.

We consider the concept of a “trust quotient” needs to be added to Figure 1.

The challenge for government stewardship is in being able to monitor quality both efficiently and effectively and in setting standards that make this possible. That means governments have


\(^{31}\) These case studies are included in the BCCM’s submission to the Productivity Commission Human Services Inquiry dated July 2016.
to be able to trust the providers they select and have confidence that they will not exploit (often vulnerable) service users through asymmetry of information.

The Commission has highlighted some high profile examples such as in the vocational education sector where the motivation for profit of the selected providers did matter and the market failed.

There have also been trust issues with faith based organisations where principal agent relationships have been seriously exploited as revealed in evidence to the Royal Commission into Institutional Child Sexual Abuse.

On the other hand, it could be argued that the general public’s view of some public and not-for-profit organisations is not that they are exploiting asymmetry of information and principal agent relationships but rather they are inefficient.

The evidence from the UK Mutuals Taskforce also presents us with important considerations about the motivations providers have in deciding to deliver human services. Whilst the UK Mutuals Taskforce introduced a specific form of mutual involving employee control, the evidence available is that the motivations around altruism and control (including being able to share in the residual) as perceived by staff, made a difference in the performance of the organisation. The BCCM would therefore argue that the service provider segment of the framework in Figure 1 could be improved by including staff motivation and engagement.

5 Request for information 2

Whilst user choice is very important in human services, for service users to exercise that choice they need access to reliable user-friendly information and navigation support that is independent of the interests of government funding and service provision. We have already outlined a case study in aged care and made observations about the NDIS which demonstrate significant problems with the independence and quality of information and navigation support available to consumers in these two significant areas of reform in human services.

6 Request for information 3

The BCCM supports increased competition or contestability in human services in a way that enables informed user choice. However, we consider that closer examination is needed by the Commission to explain why CMEs have not achieved the critical mass in human services to the same extent as they have overseas, especially in the UK, Canada, Italy and parts of Europe. We believe that a significant reason for this is due to the barriers CMEs currently face compared to other preferred organisation forms. It is very important that the Productivity Commission supports the full implementation of the 17 recommendations made by the Senate into CMEs.

We also consider that the Productivity Commission should look at the UK Mutuals Taskforce and examine the lessons learned from this government-led innovation to increase diversity of organisation form in the human services market and whether the reforms have resulted in better outcomes that have been sustained over time. The BCCM included a wider definition of a mutual providing public services, to include consumer, producer (enterprise) and multi-stakeholder as well as worker co-operatives (which were the basis of the UK reforms). In
responding to the Commissions various requests for information, we have received helpful advice and insight from Professor Sir Julian Le Grand who chaired the UK Mutuals Taskforce. Sir Julian has indicated he would be willing to provide evidence at a public hearing.

We consider there would be value for the Productivity Commission to give consideration to whether targeted investment could be made in some trials in the 3 areas we have included Section 3.5. This would require targeted design and evaluation drawing on the human services characteristics and the desired objectives for human services included in the Commission’s Issues paper. In this regard, we have provided examples of Australian case studies which with further investment, could be scaled including into regional Australia.

In respect of improving services to Indigenous communities, the BCCM considers that CMEs should be part of the reform agenda underway in the Department of Prime Minister and Cabinet because this is an organisation form that empowers people by having them democratically and economically engaged in the enterprise.

Finally, there will be challenges with any reform. We consider that well-designed trials or pathfinder projects in each of the priority areas identified for reform will develop the evidence base needed to inform future reform.

One exception to this and that is Social Housing. In this area, there is significant potential to improve outcomes by increasing competition and contestability including empowering tenants to have informed choice. The work of the Affordable Housing Working Group and its report to COAG on how to improve the supply of affordable housing, contained good analysis and recommendations that are soundly based on Australian and overseas experience and evidence. We have also noted the opportunity for more investment to be made in either transferring title or housing management from government to the non-government sector and the potential this has to improve the overall performance of social housing, including making a significant contribution to increasing supply.

7 Request for information 4

The BCCM considers that government leadership and stewardship is vital for there to be effective reform as envisaged by this inquiry. A starting point is to set clear objectives and outcomes for reform in each of the 6 priority areas and then reach agreement on how quality will be monitored and measured with a minimum of red-tape for both government and service providers.

We also consider that the design of the reforms should be about achieving desired outcomes for service users and communities in a way that is also accountable to taxpayers. We agree with the Productivity Commission that these outcomes are about improving the wellbeing of service users and the welfare of communities and doing this efficiently and effectively at an agreed standard of quality.

For reform to be effective, it is important for there to be diversity and choice in the market for human services, including diversity of organisation form. Consistent with this position, we are very interested to see the reform agenda fully explore ways in which commissioning in each of the 6 priority areas can happen as close as possible to service users rather than through centralised bureaucratic systems. The UK Localism Act is worthy of further consideration by the
Commission as are cross-portfolio individualised payments to service users where there is scope to improve outcomes and increase productivity e.g. mental health and homelessness; out-of-home care leavers; chronic disease; end of life hospital avoidance; unemployment and under-employment for targeted population groups that experience discrimination in employment such as older people and people with disabilities.

Finally, the BCCM considers that accounting for effectiveness in human service delivery should go beyond financial benefits and include external (non-financial) benefits such as social capital which is essential if the reforms are to measure how the wellbeing of service users improves and whether the welfare of communities is also improved. Measuring return on investment may also include measures of avoided and opportunity costs as well as measures of wellbeing and consumer engagement.

8 Social Housing

8.1 Request for Information 5: Current effectiveness of Social Housing system in improving outcomes for tenants.

BCCM Members, Common Equity Housing NSW (CEH NSW) and Common Equity Housing Ltd (CEHL) are registered community housing providers with experience in operating a range of different co-operatives in social and affordable housing. They have collaborated with the BCCM to prepare responses to most of the requests for information in Section 4 of the Commission’s Issues Paper.

Whether users are placed at the heart of service delivery and if not, what could be done to address this

Tenants are not at the centre of service delivery in traditional social housing in Australia. There are some examples of good engagement and consultation with tenants, but they generally do not have a genuine stake or role in the governance of their housing and instead at best they typically have a role as consumers. This is where co-operative housing offers a unique approach that engages tenant members directly in the governance of their housing (by voting to elect, and potentially becoming, a director of their co-op and or participating in the running of their co-op) and often in the management of their housing (learning tenancy management skills and undertaking various tenancy management tasks within the co-op).

For example, Common Equity Housing Ltd (CEHL) is Victoria’s largest social housing provider outside government, a registered Housing Association which has operated in Victoria for 30 years working in partnership with 111 housing co-operatives to deliver a co-operative housing program to over 5,000 people in 2,200 properties. Each tenant is a co-op member and all are responsible for governing and running their co-op, including appointing the board, planning, recruiting members, bookkeeping, performing tenancy management tasks as agreed with CEHL. They also have who have the opportunity to participate in the governance of the overall program by being elected to the board of CEHL – as five of the eleven directors are elected by the co-op member shareholders of CEHL. This model puts tenants at the heart of the
governance and management of their housing and the overall program which establishes the framework for how this housing will be managed. In Victoria and other jurisdictions there are co-operative housing models which equally involve tenant members at their core and manage housing owned by state governments.

In the UK, there are numerous and widespread examples of where Tenant Management Organisations (TMOs) have taken over responsibility for management of previous public (council) housing. There are over 230 TMOs managing small portfolios and up to 10,000 units (Kensington and Chelsea). Furthermore, the Rochdale Boroughwide Housing has successfully participated in the management transfer (initially as an Arms Length Management Organisation) then title transfer of over 17,000 previous public (council) housing units.

There are numerous other examples of successful transfers of public housing to co-operative entities and structures which by definition directly engage their tenant members in governance and management of their housing and concern for the broader community, such as those in Canada (widespread transfers in British Columbia) and Atkinson Terrace Co-operative in Toronto.

These examples of co-operative and tenant management organisations engage tenants at their core and offer a deep sense of pride from people working together to achieve great housing outcomes, and offer inherent support and pathways to confidence, skills and economic and social opportunities.

Whether current arrangements enable equitable access to social housing

Co-operatives provide greater equity to tenants, for example CALD tenants can participate in a co-operative which not only provides shelter over their heads, but comes with an inbuilt support network.

The current allocation process does not provide for people with special needs, rather giving priority to people based on income and assets.

No information website or other co-ordinating mechanism exists currently to enable tenants with similar needs or like minded values and interests to register for social housing.

CEH NSW co-operatives keep waiting lists of potential tenants, who have identified common interests with the co-operative. Unfortunately, under the government system for allocating tenants to homes, in the Housing Pathways system there is no mechanism for tenants to indicate their preferences for co-operative living.

Roles and responsibilities of governments and non-government providers

The role of the overall social housing system needs to be clarified before roles and responsibilities of various players can be determined. CEHL advocates that the following broad roles are most appropriate for the delivery and management of social housing;

**Federal government** –

- primary funder to states according to housing need and market indicators
• reform tax settings to support investment in growth of affordable housing and contain housing market speculation

State government –
• integrate planning and funding systems to ensure key infrastructure planning and development including social and affordable housing
• re-focus as purchaser of social and affordable housing outcomes (rather than manager or owner)
• transfer management and ownership of public housing to non-government organisations
• establish parameters for housing estate redevelopment and contract non-government organisations to deliver
• purchase social and affordable housing outcomes for specified need groups, provide funding certainty to enable community housing providers to plan and develop a pipeline of projects
• fund support services to assist people sustain their housing and improve their economic opportunities

non-government
• deliver social and affordable housing outcomes purchased by the state
• deliver support services
• partner with private sector to redevelop public housing estates

CEHL advocates that non-government providers are best placed to provide personal support to sustain housing and improve their circumstances. A better resourced approach and increasing the authority of a case co-ordination (of the range of services that may be involved in someone’s life) and support function is encouraged. The SHASP model in Victoria has been successful, yet has suffered from funding cuts which has limited its reach across social housing. The NAHC has developed a model for ensuring that people in need are supported with Personal Housing Plans which aim to achieve their personal and economic goals.

Support to households to sustain tenancy
The co-operative model is cost effective in providing a support network to sustain tenancies.

CEH NSW specialise in establishing and supporting housing co-operatives.

They are established with their own governance framework, provided with training and support and also operate according to a set of model rules.

One key advantage of this approach is to up-skill and develop the capabilities of tenants who take more pride and responsibility for their properties.

The results from CEH NSW’s recent Tenant Satisfaction Survey for October 2016 shows 93% for satisfaction on property condition, 92% for satisfaction on housing services and 89% for satisfaction with repairs and maintenance. The National Registration Scheme for Community Housing (NRSCH) sets standards of 75% for these three key areas.

To the question ‘how satisfied are you with the neighbourhood you live in? directly managed tenants were satisfied 83% of the time with their neighbourhood as a place to live compared to
94% satisfaction scores from our tenants in co-operatives.

8.2 Request for Information 6: How allocation methods can increase user choice and cost benefits

Would increased choice lead to better outcomes?

Yes, indeed. Furthermore, there are even greater levels of satisfaction and sense of ownership is possible if prospective tenants are involved in the design of the housing they will live in. Co-op housing and development models like Bauergruppen engage future occupants in the design process in order to achieve better outcomes and community ownership.

Co-operative tenants have purpose, greater choice and control, establish stronger sense of community and belonging, receive training and support, become more productive contributors, promote innovation and this ultimately delivers a return on investment both financially and socially.

Information and other supports for tenants to exercise choice

Since tenants have chosen to come together with a common purpose through shared experiences that may include such things as special needs or ethnic background, they naturally provide support to each other. This in turn reduces the demand for government-funded services because the tenants create their own informal support. The co-operative model provides a unique framework to facilitate better social outcomes. Tenants learn community and good neighbour skills and it provides an opportunity to take responsibility. We observe there is no user-friendly information or navigation support available to help social housing tenants understand about housing options and the wrap-around services available to help them achieve good outcomes.

Complementary reforms needed to capture benefits from increased user choice

At present people registering for public housing have no way of expressing their desire to participate in co-operative housing, or any avenue for selecting which groups they would like to be part of. To overcome this, the current Housing Pathways scheme for allocating social housing on a priority basis would have to be changed. The experience of CEH NSW is that the co-operative model works very well for some tenant groups who share similar values around diversity, life experience, interests, spiritual perspectives and cultural backgrounds.

In support of this position, the BCCM notes the Affordable Housing Working Group reported to the Australian Government on Federal Financial Relations (October 2015)32 and highlighted that the prioritisation of social housing to those in greatest need has seen the type of tenant in social housing shift from households with at least one employed person to entirely non-working households reliant on government welfare payments and assistance. Given social housing providers charge rent at a set percentage of a tenant’s income, and the overwhelming majority

32 Australian Government (October 2015) Innovative Financing Models to Improve the Supply of Affordable Housing prepared by the Affordable Housing Working Group and reporting to the Council on Federal Financial Relations page 16.
of tenants’ incomes are comprised of statutory welfare payments this has decreased the revenue bases available to social housing providers.

The Working Group observed that these types of social housing tenants are now also more likely to have difficulty meeting their financial and other home maintenance obligations including meeting rental payments compared to tenants in the private rental sector. This can increase the property and management costs incurred by social housing providers especially, if wrap around services, such assistance with gaining education, searching for employment and programs for dealing with addiction issues, are not provided effectively. The result can be an increased overall cost of providing social housing and associated services.

The Affordable Housing Working group concluded that “In short, prioritisation policies have led to reduced revenues for social housing providers, while also increasing the cost of providing their services”

International approaches to increase user choice of home and the applicability of these options to Australia

The UK Choice Based Letting system enables a greater degree of choice for applicants and the online system can be readily navigated by applicants or their support workers.

8.3 Request for Information 7: Supply constraints in social housing to enable genuine choice of home

Whether eligibility criteria for entering, and remaining in social housing are targeting those most in need of support

Given the current stock profile (which includes large density of units in specific estates) of social housing, the concept that it should only be for those most in need is financially and socially unsustainable. This is proven in all jurisdictions where public housing estates have concentrated disadvantage and created costly and damaging inherent management problems and barriers to economic participation. Within stock profile such as this, there should be deliberate attempts to create a more financially and socially sustainable social mix.

Co-operatives can provide better support networks to sustain social housing tenancies and encourage a sustainable social mix.

CEH NSW considers that eligibility criteria need to embrace a broader set of measures to ensure needs are identified more clearly. Also, a way of linking needs to certain supports, which include social outcomes.

Case Study – Lac Viet Co-operative, Canley Vale

Lac Viet is a co-operative that houses Vietnamese tenants. There are 21 properties housing 49 people in townhouses and units. Lac Viet provides secure housing for its tenants who share tenant management control. Sharing ideas, experience, knowledge and skills are the main features of the co-operative.

Younger (about 55 years) and active older members who have skills such as operational/management skills, financial and property maintenance.
Induction and training is carried out for new tenants. The co-operative arranges social and cultural activities. The community thrives and survives by coming together and pooling resources and support. The tenants non-English speaking background places them at a disadvantage so they co-operate with another co-operative to employ an interpreter.

Extent to which Community Housing Providers can contribute toward increasing the stock of social housing

With the right level of subsidy ensuring market rent is received (varying according to the capacity of the tenant to pay), CHPs can access private finance to increase the stock of social housing. In CEHL’s experience, a co-operative management and governance model that engages the tenant directly has proven to build confidence, community support and connection and pathways to skills and economic opportunity.

Role of private housing market

According to CEHL, there are many successful examples worldwide and in various jurisdictions in Australia where the private rental market has been used to provide the equivalent of social housing outcomes – secure tenure, affordability for the tenant (as a subsidy is provided to the non-government broker) and often in buildings and neighbourhoods of higher amenity than typical social housing. If there was funding certainty, this approach could engage CHPs rather than private providers to invest in developing social rental housing which would then contribute to a stronger social housing sector.

CEH NSW considers that the system is missing the incentives for private owners to redevelop their properties into social housing, where CHPs could take the role of the developer and provide private owners with exchange of market value of built land into private ownership of units within the development. (As used in FaCS (NSW) Communities Plus Program – Phase 3-Sale of LAHC sites to Community Housing Providers- Tender No: LaHCR 2016/164 dated 26 Oct 2016)

Mixed tenure redevelopments where some part of the private sale offsets construction of new stock.

Shared equity models where, some properties in a development are sold to private owners, which then are leased back for affordable/social housing

NDIS has incentivised funding mechanisms to promote development of housing co-operatives, which provide superior support networks and peer support.

Adequacy of current support provided to help tenants transition out of social housing

According to CEHL, with a Victorian perspective, there is expertise in sustaining tenancies in various jurisdictions with specific providers whose mission, vision and core business is focused on this work such as Launch Housing in Melbourne. The Social Housing Advocacy and Support Program in Victoria has suffered funding cuts and reduction in scope, yet has provided an effective approach to assisting people settle into and sustain tenancies. There is room for improvement in creating partnerships to ensure better pathways to further education and
employment.

CEH NSW considers significant scope exists for Transitional Co-operative Housing such as housing co-operatives focused on trades or other key workers or student housing co-operatives. They operate a co-operative which houses students at Sydney University until the age of 25yrs.

Similar transitional co-operatives could provide housing for a limited period of time (3-5 years) to enable the tenant to complete training and establish themselves within a career path, before moving out of social housing. Tenants are supported to develop skills that are portable to employment.

Case Study: Alpha Artist’s House in Erskenville

Alpha House was established in 1994. After losing their homes to re-development, the original tenants of Alpha House organised as a co-operative that was the first co-op in NSW granted funding to build. The current premises in Erskineville opened in 1996 on the site of an old factory and includes a heritage cottage from the 1850’s.

Residents range in age from 18 to 89 years. Having affordable housing allows residents time to be creative. The tenants are actively engaged in looking at ways to meet their changing needs and better manage and care for their health, wellbeing and homes.

8.4 Request for information 8: Information on models that could be used to provide financial support to social housing households

How the level of support to tenants should be set and costs of each model

The key here is recognition in policy that housing stability is a fundamental need, especially for people from backgrounds of housing instability and that expecting that employment outcomes will result in people exiting from social housing (their home).

A paradigm shift is needed in the approach to social housing from a focus on allocating and exiting social housing through specific properties and instead to a focus on people shifting in and out of eligibility for different subsidies while having the choice to remain in their home. The current requirement for people to exit social housing (their home, and community) is a major disincentive for people to seek to improve their economic circumstances. If people had the option to remain in their home and receive reduced levels of subsidy as their circumstances improve that would enable them to continue to be productive and engaged community members. Additionally, instant rent increases as a proportion of income, can be a major disincentive for people to seek work and can be addressed through delayed or phased rent increases.

An added value of people being members of a housing co-operative that contains some social housing is that they have a community of support around them and they play a key role in supporting others from their co-op. This will become especially important as a solution to the damaging personal and economic costs of supporting and treating people who are aging and who have health and wellbeing needs arising from isolation in traditional and suburban housing models. The co-op model is being seriously considered by some countries as a way of avoiding
the looming demand for extremely costly outreach models of care.

8.5 Request for Information 9: Effectiveness of current arrangements to select community housing providers and if greater contestability could improve effectiveness of service provision

Relative performance of community housing providers in delivering good outcomes for tenants

CEH NSW considers that current arrangements are not effective in ensuring that operators supporting better outcomes are selected e.g. such as the co-operative housing sector. Greater emphasis is needed on organisation forms that enable diversity and choice. Under current policy settings, it is the larger operators who dominate with little room for niche or smaller providers to scale. There are other highly capable providers who operate in accommodation and support such as in aged care and disability who could further add diversity and specialisation in approach in funding, housing options and services.

CEH NSW Tenant Satisfaction results demonstrate a high level of performance to delivering good outcomes for tenants. (See results in Request Information 5). Funds are reinvested into support for tenants and focused on tenant outcomes rather than going to shareholders. This is improving and will continue to improve with better purchasing and monitoring practices with government.

Where management of housing has been transferred to the community sector, has this resulted in focus on improving tenant outcomes?

The co-operative model is self-governing and empowering and leads to better tenant outcomes, because there is capacity to reinvest in social outcomes.

Co-operative housing under the National Registration Scheme for Community Housing (NRSCH) standards, requires reporting against tenant engagement and support and establishing partnerships and relationships with other support organisations (e.g. mental health services, homeless shelters etc.)

The co-operative model provides a unique framework to facilitate better social outcomes. Tenants learn community and good neighbour skills and it provides an opportunity to take responsibility. Tenants develop new skills understanding how organisations are governed and managed, how to run effective meetings, the principles of asset management, financial awareness, record keeping and negotiation.

Factors in selecting housing providers

The BCCM has argued elsewhere in this submission the importance of having choice and diversity in the number and form of providers in all areas of human services.

There needs to be a wider range of tenant owned co-operative housing models within the range of models piloted and researched and opportunities for the CME model to be used for
example, in a hybrid form possibly as an enterprise co-operative, to foster greater diversity and choice in housing options and related support.

The role of community housing providers in addition to tenancy management

CEHL suggests that governments should stay in the realm of setting policy and service objectives and in funding, purchasing and monitoring outcomes. Community housing providers should partner with expert organisations that can help support tenants with their personal and economic goals. As noted above, the CME model allows flexibility to establish enterprise co-operatives such as has recently occurred in the area of supported disability housing under the NDIS. Models like SILC enable co-operatives to co-operate with each other in order to scale and be able to offer a wider range of services beyond tenancy management which is traditionally where their core capability is. www.silc.coop

CEH NSW already provides support services for tenants, and with the co-operative model, the support structure encourages engagement and participation.

Co-operatives typically establish strong links into the local community with examples including the development of social enterprises, hosting community events and facilitating support networks beyond the tenant group.

Government should promote models and approaches to service delivery that foster self-help among tenants and empower them to be autonomous and the co-operative model achieves this because of the features of its legal structure and governance approach.

Data needed to ensure service providers are responsive to needs of users and accountable to taxpayers

CEH NSW provides data to Family and Community Services regarding Unit Level Reporting, as well and the annual compliance reporting through NRSCH reporting.

The co-operative model is superior in meeting the needs of tenants, as evidenced by the Tenant Satisfaction Survey 2016 results (noted at Request for Information 5)

Suitability of the NRSCH to support contestability

Benchmarking of data provides the opportunity to compare performance of all CHPs, and establish appropriate thresholds and standards. The Government should look at allocating resources on the basis of this reporting.

Benefits and costs of title transfers vs management transfers

CEHL considers that as long as the arrangements can support investment and private finance being made available then ownership is not a necessary element for CHP participation. Title transfer does allow the CHP more flexibility to manage its portfolio to meet the changing needs of its target groups over time.

The BCCM observes over the past decade, the social housing system has slowly been changing
through the transfer of management and/or title of public housing to Community Housing Providers (CHPs) even though the majority of social housing is still managed by public housing providers (82%). One factor that may be driving stock transfers to CHPs is that tenants who are income support recipients become eligible to receive Commonwealth Rent Assistance (CRA), increasing the amount of rent a housing provider can charge without making the tenant worse off. This has implications for the Commonwealth’s expenditure as CRA outlays increase. An additional reason that is often cited is that CHPs tend to provide more flexible services catered to the needs of tenants.33

Chart 1 shows there is significant scope to increase the diversity of supply of social housing to other providers including CHPs whether this be by way of transfer of title or management transfer.

Chart 1: Number of social housing dwellings by State and Territory from report on Australian Government Council on Federal Financial Relations

In contrast to the benefits of title transfer, management transfers enable the CHP to obtain a predictable cash flow of rental income from the property only. Depending on the contractual detail in the management transfer, the level of responsibility for maintenance of the property is probably the same under both options. Title or management transfers have the potential to enable greater diversity in the market for providers by making it feasible for smaller and mid-size providers to compete in selected locations.

33 Australian Government (October 2015) Innovative Financing Models to Improve the Supply of Affordable Housing prepared by the Affordable Housing Working Group and reporting to the Council on Federal Financial Relations page 11
8.6 Request for Information 10: Factors that need to be considered when implementing reforms to increase competition, contestability and user choice

Roles of users and providers in the process of designing the social housing system

The BCCM considers that co-designing by including the users, facilitates better social outcomes, especially when building a community. This is happening in disability and seniors housing, but could include other need groups such as single parents. Co-operatives are better at engaging with consumers and service users because the co-operative business model and legal form is based on the 7 International Co-operative Principles that require members to be democratically and economically engaged in the enterprise.

CEHL supports the BCCM view on this that there needs to be real opportunities for stakeholder input into the design and ongoing improvements to the system. These stakeholders include tenants as well as CHPs.

Rules needed to support effective service provision

The organisation forms most suited to provide social housing and support effective service provision will be those with the capacity to seamlessly provide wrap around services that meet the diversity of needs that social housing tenants have. The complexity of needs experienced by some social housing tenants mean that the best providers not only focus on assets and the physical form of housing and its maintenance. Making sure that current and future service users are consulted and wherever possible, engaged in co-design is important. CEH NSW demonstrates how the CME business model and legal structure designed around the 7 International Principles is more likely to embed tenant participation because as members of the co-operative, they are democratically and economically engaged.

The BCCM considers that because of the benefits of co-operative housing, the rules should encourage the development of more CMEs in the delivery of social housing and support services.

Elsewhere in this submission, the BCCM has argued for the benefits of CMEs in delivering effective human services and specifically for people with complex and special needs. Creating conditions conducive to growing the number of CMEs in social housing is worthy of consideration, and a significant part of this will be in recommending the immediate removal of those barriers that currently limit the growth of CMEs in Australia.

Data needed by governments to evaluate the effectiveness

Data collection, research and evaluation should set out to measure and report on service effectiveness. If the objective of human services is to improve the wellbeing of users and the welfare of the community as a whole through the provision of effective services then government and investors should set out to measure the impact of the service on the wellbeing of users and social (or shared value) in terms of community welfare. Further, more research is

---

34 Productivity Commission (December 2016) Issues Paper Reforms to Human Services page 3
needed to evaluate what part organisation form and the motivation of providers has on service effectiveness and this should include CMEs. This area of research, evaluation and data collection could also support the expansion of social investment models in social housing.

Costs of reforms on users, providers and Government

Increasing the supply of social and affordable housing requires investment. The Commonwealth Government Affordable Housing Working Group recommended that support is needed to effectively leverage long term institutional investment for affordable housing and through this to provide greater value for government expenditure.35

The Working Group also recommended that jurisdictions investigate whether and how existing and future housing policies and practices can be utilised, expanded or redesigned to support the effective implementation of a housing bond aggregator.

The characteristics of the co-operative model increase the wellbeing of service users and community welfare by facilitating democratic and economic engagement and mutual support between tenants that in turn reduces the demand for other publicly funded services. When outcomes are measured in this way, housing co-operatives are likely to be a lower cost social housing model compared to other forms.

Role of policy trials in the reform process, including what reforms best suited to trialing before implementation.

Because co-operatives are not as predominant in the Australian market as they are in other jurisdictions, government could consider targeted investments in the form of pilots in high need areas, to encourage the development and growth of CMEs in social (and affordable housing) including robust outcomes based evaluation from baseline data and comparison with control groups. Ensuring inclusion of tenant owned co-operative structures in the reform process will enable relative outcomes to be assessed across the range of models.

There are many ways that the CME model could be adapted to trials in social housing including for older people, key workers, people from CALD backgrounds, refugees settling in new communities and mixed tenure communities based around shared interests and life stages. The co-housing models in the UK are example that could be considered. There are innovative models of shared co-housing as alternatives to age-segregated housing for older people which could be effective as an appropriate option for older people with support needs and a focus on healthy ageing.

There are other interesting overseas examples of small shared housing for single older women that are self-managed and enable residents to age “within their own walls” through mutual support from like-minded companions.

35 Australian Government (October 2015) Innovative Financing Models to Improve the Supply of Affordable Housing prepared by the Affordable Housing Working Group and reporting to the Council on Federal Financial Relations page 3
The Baba Yaga model, originating in France, has been replicated in other countries such as Baba Yaga Place in Toronto Canada. These models fit somewhere between aged care and community housing. Baba Yaga is a community of older women who self-manage their housing and provide mutual support to each other so they can stay living in the community without having to resort to aged care.

Another example of shared group housing is operated through Abbeyfield Australia. This is a national not-for-profit community housing provider and the peak body representing 26 independent Abbeyfield Societies in towns and suburb across Australia, many of them in regional areas. Abbeyfield Australia currently provides supported shared housing in a group housing format. Usually Abbeyfield houses have up to 10 residents who share common facilities in a shared house while having their own private room and bathroom. Abbeyfield houses also include a live-in support worker which is funded by residents from their rent, and rental assistance where this applies. The social housing portfolio of the NSW Land and Housing Corporation includes two joint ventures with Abbeyfield houses, both in regional communities.

The BCCM is also involved in trials of family-governed consumer co-operatives as an enterprise co-operative which has received targeted investment from the Sector Development Fund under the National Disability Insurance Scheme.

### Case Study: SILC – Supporting Independent Living Co-operative.

SILC is an enterprise co-operative providing wider housing choice for people with disabilities and their families. SILC through SILC people with disabilities and their families will be supported to establish family-governed homes in a natural setting, with choice and control around who to live with and what staff to employ. The impetus for SILC came from the PaRA Co-op which is a family governed home where three adult men live in rented accommodation. They are supported to live in the community including employing their own staff and engaging in community activities and employment. As interest grew in the PaRA Co-op, the families co-operated to establish SILC to provide the administrative and marketing support needed to attract more families to form new houses, enabling the co-op model to scale. SILC started operating in September 2016 and by February 2017 there are five members (i.e. family governed houses whose young adult children are eligible for the NDIS) and more than 60 other active families mostly in Sydney.

Housing co-operatives like SILC could be fostered to address specific needs or develop a proof of concept. This could be for specific user groups such as refugees, people from CALD communities, single mothers and their children, older people (as an alternative to nursing homes), people suffering from a mental illness and women escaping domestic violence.

### 9 Health services (including public hospitals, end of life care services, public dental services)

In this section, BCCM Member Australian Unity provides feedback and examples to demonstrate the contribution of a large integrated member-owned mutual in the delivery of health services and how this adds diversity and choice in human services markets. In the case study of Remedy Health Care, Australian Unity demonstrates how its willingness to innovate

---

36 [www.babayagaplace.ca](http://www.babayagaplace.ca)
37 [http://www.silc.coop/](http://www.silc.coop/)
and operate effective and efficient services outside the public hospital system contributes to improving the quality and efficiency of public hospitals.

9.1 Public Hospital Services

Request for information 11
The provision of human services in health care can benefit from a diversity of providers. In many areas of health care, CME’s offer an organisational form that may have advantages over both public sector delivery and publicly-listed providers. A longer term view can be taken of the benefit of service provision options when return to shareholders isn’t one of the considerations.

Case Study Remedy Health Care
Australian Unity created the Remedy Healthcare business in 2008. Remedy has been providing evidence-based health coaching for those with a range of chronic conditions, both in-home and via telephone since 2008. The conditions include bone health, diabetes and mental health.

Remedy Healthcare was created to support people with chronic conditions to live their best lives, and in preventing future health issues. The model has applicability both in the public and private health sectors.
To ensure treatment efficacy, adequate training and evidence of benefit to patients, Remedy Healthcare has been a business that required resources from Australian Unity over a number of years. Measuring its success comes from the costs saved to the system from patients not re-entering the hospital system.
Given the pressure on public companies to deliver short-term returns to shareholders, it is questionable whether a business such as Remedy Healthcare, which delivers much to patients’ long term health, would have been considered sustainable.

Request for Information 14-15
BCCM agrees that more publicly available information on both hospital and clinician data would support increased competition and greater user choice. This is a critical step not only in improving health outcomes but also slowing the rate of increase in overall national health spending.

9.2 End of Life Care

Request for Information 18-20
Member-based organisations are driven to provide products and services their members want and need, potentially through their entire life course. The provision of end of life care outside of a hospital setting is a desire of many older Australians and should be considered no differently to other service offerings. Accordingly, member-based organisations are strongly placed to deliver on this service, where there is no need to consider shareholder return in the equation of delivering valued services.

With the appropriate consumer protection mechanisms in place, there is good reason to see the benefit of a diversity of providers in this area of human services.
10 Government commissioned family and community services

10.1 Request for information 28

BCCM agrees that a future system to provide family and community services should strive to find an effective method to identify demand, as well as equitably provide care. Given the complexity of need in family and community services, a complexity exacerbated by regional factors, a system that allows for a greater diversity of smaller providers is a sensible objective.

10.2 Request for information 31

BCCM Member, Australian Unity operates the Home Care Service of NSW which is the largest provider of community-based home care, and support services to Aboriginal people in Australia. Australian Unity recognises the complexity of linking up government funded community services especially for communities where there is a multiplicity of needs that inevitably cross government portfolios.

As an example of the concerns raised in this request for information, Australian Unity has adapted an actual example and described hypothetically the challenges and issues involved in a case study around providing home support to an Aboriginal Elder. The example and case study demonstrates there is a need for organisations to build capacity within local Indigenous communities to facilitate more efficient and coordinated services. There is also a challenge for governments to integrate funding around people and places using a person-centred care or support plan as the basis for doing this.

CMEs are well placed to deliver these services as many have long-standing community relationships through supply, purchase or governance structures. The legal and governance structure of CMEs is designed around members who in this example could be consumers.

Aboriginal support

All government funding direct or indirect (federal, state, local) to Aboriginal people requires a form of a care plan, i.e. a Person Centred Consumer-Directed Care plan. An Aboriginal individual or household may have a number of care plans. In this example that means co-ordination and integration of funding that crosses the following areas:

Health
- Medicare Chronic Disease Management Plan – Closing the Gap (CTG)
- NDIS Individual package
- NDIA ILC support
- State Health services, Mental Health
Community Services
• Out of Home Care (OOHC)
  • Placement care plan and cultural care plan

Education
• Personalised learning plans for Aboriginal children

Aged Care
• Commonwealth Home Support Program (CHSP)
• Home Care Packages (HCP)

ISSUE: There is no central point for those who would like assistance to manage care plans to ensure that all the agencies are held accountable for service provision and reviewing of these services.

PROPOSAL: Is this an area of opportunity to provide a mechanism for developing integrated care plans that can be monitored, reviewed and advocated with, for and on behalf of the client, with consideration of funding, legal obligations and accountabilities?

CASE STUDY EXAMPLE
Aunty ** is a tenant of NGO who owns or manages homes from Aboriginal Housing Office or FACS (Social Housing)
She has two (2) children under statutory care, all with complex needs. Her service provider is a non-government organisation in Out of Home Care.
One child has a diagnoses that makes them eligible for federal funding through the NDIS.
One child requires mental health intervention through NSW Mental Health Allied services.
Two of the children are in school and have Education required personalised learning plans.
Aunty ** also has health issues and utilises the PHN Medicare Chronic Disease Management Plan, Closing the Gap (CTG).
She also receives Home Care assistance under CHSP through an NGO Home Care provider due to her own needs.

Scenario 1
Aunty ** requires extensive modification to her home, which is managed by an Aboriginal Housing Provider (AHP) who hasn’t taken up the Aboriginal Housing Office (AHO), Build and Grow program, however, AHO is the legal entity because the title hasn’t been transferred. The AHP doesn’t have the funds to do the required modifications and AHO due to guidelines will not carry out the modification.
The child is at risk because the modifications requested by the Occupational Therapist are not carried out. When Aunty ** seeks other suitable accommodation, she is advised there is no suitable accommodation in her area and as a consequence sees the only solution to relocate to a different community.

Scenario 2
There are no services providers in Aunty’s ** community to provide adequate intervention services for two (2) of the children. Aunty ** is advised to relocate to a larger centre that can provide the services.
If Aunty ** is not willing, who should be responsible to provide services, to ensure continuum of care in the OOHC arrangement, health care and services appropriate to the needs to the children and housing and her own health needs?
If Aunty ** is willing, who will assist to coordinate all the services?
11 Concluding comments

Having a plurality of providers in the human services market is good for user choice. However, we acknowledge in human services there is a need to stimulate some areas especially to remove barriers that limit capital raising that place some providers at a disadvantage to others.

There are dangers in competitive markets where there are inhibitors to the operation of a free market resulting in not enough diversity to enable choice and this happens if one organisational form does not operate on a level playing field to others.

Free markets are effected by the characteristics of providers. The BCCM believes that significant barriers exist that currently limit the participation and growth of CMEs in human services markets. The Senate inquiry into CMEs supported this view and made 17 recommendations that collectively will remove those barriers. Other government reviews including the McClure Social Welfare Review and the Competition Policy Review also acknowledged the value of CMEs are part of a diverse market.

Because these barriers exist, CMEs have not achieved the critical mass they have in other countries and the BCCM considers this needs to be addressed as part of human services reform.

For this to occur, the following needs to happen:

1. Full and timely adoption of the Senate Recommendations

2. Set up a Mutuals Taskforce allowing for targeted investments in pilots in priority areas identified through this Inquiry

   The BCCM considers the UK example shows when government decides to stimulate a part of the market where there is opportunity to improve effectiveness of services there can be a huge positive impact especially in driving innovation

3. In addition to assessing financial benefits in commissioning and procurement activities, also place a value on the creation of social capital invested in communities including customer and staff engagement, as part of determining service provider effectiveness

4. Stimulate investment in Australian research that evaluates the relative performance of different organisation forms in achieving innovation around the objective of human services i.e. to improve the wellbeing of users and the welfare of the community as a whole through the provision of effective services.

More CMEs in the human services market will add choice and diversity and foster innovation and a commercial approach to service delivery and operations. The intrinsic nature of CMEs which is to meet the needs of their members means they are more flexible in designing services around the people who use those services.

To be able to provide this diversity and choice in the market to achieve the best outcomes for consumers whilst also delivering efficient and effective services that can be trusted by service users and government stewards, the following needs to happen:

• Acknowledgement that there are currently regulatory, education and recognition barriers that limit the ability of CMEs participate in human services and this limits the choice and diversity of providers for both consumers and commissioners.

• For this to change, there needs to be full implementation of all recommendations from the
Senate inquiry into CMEs

- Recognition of the unique characteristics of co-operatives and mutuals that make them well-suited to delivering high quality, innovative and cost effective human services
- Further examination of the case studies and overseas experiences where CMEs play a much greater part in the delivery of human services
- Investment in research and evaluation to compare the performance of different types of providers in being able to deliver the intended outcomes for human services, and
- Consideration of targeted investment in initiatives and demonstration projects that showcase the difference and benefits of CMEs to other forms, with a focus on the priority areas identified in this submission.

12 References

Advice to the BCCM from Professor Julian Le Grand about the experience and lessons learned from the UK Mutuals Task Force

An example is the selection of Australian Unity by the NSW Government for the transfer of the Home Care Service of NSW. Another example is the formation of over 100 public service mutuals in the UK, mostly in health and social care and education without a single failure to date.

Australian Ageing Agenda (January 25, 2017) “Lack of information still hampering choice for older people in aged care, seniors tell review”

Australian Government (October 2015) Innovative Financing Models to Improve the Supply of Affordable Housing prepared by the Affordable Housing Working Group and reporting to the Council on Federal Financial Relations page 16.

Australian Government (October 2015) Innovative Financing Models to Improve the Supply of Affordable Housing prepared by the Affordable Housing Working Group and reporting to the Council on Federal Financial Relations page 11

Australian Government (October 2015) Innovative Financing Models to Improve the Supply of Affordable Housing prepared by the Affordable Housing Working Group and reporting to the Council on Federal Financial Relations page 3

Australian Government Department of Health (29 September 2016) MyAgedCare Two Eave 1 Research: summary of Findings prepared by AMR for HealthDirect Australia

Australian Government Department of Prime Minister and the Cabinet (February 2017) Closing the Gap: The Prime Minister’s Annual Report to Parliament on progress in Closing the Gap.

Australian Government Response to the Competition Policy Review

Australian Government Response to the Competition Policy Review Human Services Recommendations page 4
Australian Government Response to the Competition Policy Review page 1 Overview

BCCM (2016) National Mutual Economy Report (incorporating the top 100 CMEs in Australia)


BCCM (August 2014) Public Service Mutuals: a third way for delivering public services in Australia WHITE PAPER

BCCM Submissions to the Productivity Commission inquiry in Human Services submitted in July 2016 and 19 October 2016.

Bessie Graham CEO, The Difference Incubator speaking at the CEDA 2016 State of the Nation event: “Why we need competition in human services”.

Employee Ownership Australia and New Zealand (February 2017) Media Release Share Price of employee-owned companies outperforms ASX200

http://co-operativeschools.coop/


http://www.silc.coop/


Kings Fund (2015) Improving NHS Care by Engaging Staff and Devolving Decision Making Report on the Review of Staff Engagement and empowerment in the NHS.

Le Grand, Julian The Public Service mutual: A revolution in the making? In Making It Mutual: The ownership revolution that Britain needs edited by Caroline Julian and published by the ResPublica Trust. (This article summarises the evidence from a major investment of the UK Government that started in the 1990’s to mutualise public services through worker co-operatives).


Perotin, Virginie What do we really know about worker co-operatives? Published by Co-operatives UK.

Prepared by the BCCM and authorised for publication by the NRMA Motoring and Services February 2017

Productivity Commission (December 2016) Issues Paper Reforms to Human Services page 3

Productivity Commission (December 2016) Reforms to Human Services Issues Paper page 10


Royal Commission into Institutional Child Sexual Abuse Royal Commission Reports and Hearings


Sydney Morning Herald (September 2016) NDIS Rollout: Research finds disability groups face collapse reporting on research conducted by Curtin University that found there were risks of “Significant market failure“ due to the capacity of a significant proportion of disability organisations to meet expected demand under the NDIS.

The Australia Institute (June 2016) Political endangered species: the decline of the major party voter by Richard Denniss

These case studies are included in the BCCM’s submission to the Productivity Commission Human Services Inquiry dated July 2016.

UK Mutuas Task Force Public Service Mutuals: The Next Steps and expert advice provided to the BCCM to assist in the preparation of its submissions to the Productivity Commission Inquiry on Human Services from Professor Julian Le Grand, Chair of the UK Mutuais Task Force.

Appendix A  Senate Recommendations

Recommendation 1

2.32 The committee recommends that the Commonwealth Government ensures that a national collection of statistics and data is undertaken to provide an accurate picture of the scale and extent of the co-operative and mutual sector.

Recommendation 2

3.28 The committee recommends that co-operative and mutuals sector be better represented in government policy discussions, and is actively promoted as a possible option for service delivery particularly where community based initiatives are being considered.

Recommendation 3

3.29 The committee recommends the Commonwealth Government work with states and territories to develop a program of supports to encourage the establishment of new co-operatives and mutual enterprises.

Recommendation 4

3.49 The committee recommends that a mutual enterprise is explicitly defined in the Corporations Act 2001, and its associated regulations.

Recommendation 5

3.51 The committee recommends that the role of directors in mutual enterprises is defined in the Corporations Regulations to align with the proposed definition of a mutual enterprise in the Corporations Act.

Recommendation 6

3.75 The committee recommends the Commonwealth Government work with states and territories to ensure the continual improvement to advice, guidance and information provided at all stages in the establishment, governance and regulation of co-operatives.

Recommendation 7

3.80 The committee recommends that the Commonwealth Government to work with all relevant stakeholders to undertake a program of education and training to inform them about the role of co-operatives and mutuals.

Recommendation 8

3.81 The committee recommends that the Commonwealth Government examine ways in which it can improve the recognition and understanding of the co-operative and mutual sector in the national secondary school curriculum and that tertiary institutions consider the inclusion of co-operative and mutuals in accounting, business, commerce, economics and law degrees.
Recommendation 9

3.82 The Committee recommends that professional accreditation bodies, such as the Law Society and Institute of Chartered Accountants, require a demonstrated knowledge of the co-operatives and mutual structure before it will licence its members to practice accounting or law.

Recommendation 10

3.92 The committee recommends that the Commonwealth Government amend the Indigenous Advancement Strategy to allow registered co-operatives the same access to allow levels of grant funding as other entities.

Recommendation 11

3.93 The committee recommends that the Commonwealth Government review, and where necessary amend the eligibility criteria for grants and funds across all of government grants and program guidelines to ensure that co-operatives and mutual enterprises are not excluded on the basis of their business structure.

Recommendation 12

4.17 The committee recommends that the co-operative and mutual sector be considered when the government is preparing a Regulatory Impact Statement that accompanies new regulatory policies.

Recommendation 13

4.18 The committee recommends that the Commonwealth Government liaise with its state and territory counterparts to ensure that the regulatory burden for small and medium sized co-operative and mutual enterprise aligns with the needs of these organisations and ensures they are not disadvantaged relative to companies of a similar size.

Recommendation 14

4.26 The committee recommends that the Commonwealth Government closely monitor the progress of the International Accounting Standards Board in developing solutions to bring co-operative shares under the definition of capital under AASB 132, and, where possible, facilitate equivalent amendments as expeditiously as possible.

Recommendation 15

4.42 The committee recommends that Commonwealth and State Governments support the formalisation of some of innovative market-based approaches to raising capital for small and medium sized co-operative and mutual enterprises, in the form of advice and information, as they become available.

Recommendation 16

4.45 The committee recommends that APRA set a target date for the outcome of discussions with the co-operative and mutuals sector on issues of capital raising and bring those discussions to a timely conclusion.

Recommendation 17

4.49 The committee recommends that the Commonwealth Government examine proposals to amend the Corporations Act 2001 to provide co-operative and mutual enterprises with a
mechanism to enable them access to a broader range of capital raising and investment opportunities.

Source: The Senate Economics References Report into Cooperative, Mutual and Member Owned Firms