



**Mallee Track Health & Community Service**

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To whom it may concern,

Mallee Track Health and Community Service (MTHCS) would like to submit a response to the Reforms to Human Services – Productivity Commission Issues Paper (December 2016)

MTHCS is a Multipurpose service (MPS) - a public sector entity legislated to provide aged care services in rural North West Victoria. Our health service is also a provider of a range of other services such as:

- Public Dental
- Family Service
- Early Childhood Education and Care – kindergartens and long day care
- Early Year Manager (EYM)
- Allied Health Services
- HACC services
- Commonwealth Home Support Packages

Our organisation welcomes the introduction of the reforms, and seeks for the following aspects of the report to be embedded into any further recommendations:

- The equity of service provision, including the effects on different cohorts of people, such as those with different levels of income and wealth, younger and older Australians and people living outside of urban areas (p4);
- Introducing more competition to provide human service is not always feasible or desirable. The market may be unable to support multiple providers in locations with low demand for the service, or where provision of the service is driven by economies of scale. Similarly, contestability will not be effective if there are not

alternative providers (or management team) willing to provide the service if the current provider underperforms (p7);

- Competition and contestability are not ends in themselves, and should only be introduced where they are likely to lead to more effective service provision (p7);
- Participants stated that block funding has positives, including the flexibility for providers to determine who should receive the service and how. Participants also considered that block funding enabled service to be delivered in markets that would be otherwise unviable (p10);
- A further issue is that patients in regional and remote areas could face barriers to choice because there are few alternative hospital and health professionals close to where they live (p21);
- Equitable access is also a concern for groups such as Indigenous Australians and people living in remote areas (p30);
- In examining potential reform options, the Commission will consider the need to tailor reforms based on the characteristics of users and providers. Notably, the scope for user choice and competition is likely to be limited in remote areas of Australia where there are fewer dental professionals and public dental services play a relatively large role (p30);
- Introducing greater user choice may not be feasible for certain populations or locations as there may not be multiple providers who can provide suitable services (p33); and
- Any reforms to commissioning arrangements will need to take account of the diversity and number of users, providers, policy objectives and funders within family and community services. Models of service provision should be tailored, for example to ensure that user groups (such as users in regional and remote areas, or from culturally and linguistically diverse backgrounds) are not 'left behind' (p39).

The reform to Human Services, particularly in the rural context needs to consider:

- the small nature of cohorts;
- the bounding of populations;
- where opportunities for supporting existing entities may exist to balance consumer competition and choice – and potential market failure

In response to the report, MTHCS has prepared a paper (as attached) which details a potential model for consideration by the commission. Our proposal for a policy response is specific to rural areas where there is potential for market failure. MTHCS is a multipurpose service (MPS) – a model which has been around for 20 years and has addressed improved outcomes in the aged care sector. Our belief as an organisation is that the MPS model is a solid solution which responds to market failure which we commend for consideration across the age range and lifespan in the rural context.

Thankyou for the opportunity to provide a response to the report.

Kind regards

A handwritten signature in black ink, appearing to read 'Lois O'Callaghan', written in a cursive style.

Lois O'Callaghan

Chief Executive Officer