



## Response to the Productivity Commission Issues Paper December 2016

### Introduction:

This submission has been prepared by four independent, not-for-profit, community service providers, based in the regional Victorian city of Shepparton.

The four providers are:

- The Bridge Youth Service: a specialist youth support provider.
- Connect GV: a major provider of disability services in the Goulburn Valley.
- FamilyCare: a major regional provider of child and family services and carer support.
- Primary Care Connect: the Goulburn Valley's community health provider.

Our regional operations bring the submitting agencies into frequent contact and there is regular overlap of our service users. In mid-2015, the agencies agreed to create a more structured collaborative framework with assistance from the Helen Macpherson Smith Trust.

On 9 August 2016 all four agencies signed a cooperative agreement, referring to our network as Shepparton Community Share. The cooperative network does not create a separate legal entity. It does however provide guidance for working together and sharing information with an intention that we contribute to the common good of our clients and community.

### General Observations:

This is the third submission the agencies involved in Shepparton Community Share have provided to the current Inquiry. The previous submissions were:

- A response to the initial Issues Paper, dated 29 July 2016 and
- A response to the Preliminary Findings, dated 4 November 2016.

Many of the concerns we have raised about assuming benefits will flow from increased competition or contestability are yet to be directly addressed by the Commission. We look forward to these issues being explored in Stage Two of the Inquiry.

This submission will not repeat the matters we have covered previously, save to say that we refer to and reiterate those points. Our responses to the specific questions in the Issues paper will be contained to those related to the commissioning arrangements for family and community services.

#### Request for information 28

**The Commission is seeking information related to how commissioning arrangements influence the effectiveness of service provision. This could be related to any specific service in the suite of family and community services and includes information on whether:**

- **users are placed at the heart of service delivery, including the extent to which service providers facilitate user choice and, if not, how commissioning arrangements could**

be improved to address this

- there are cost-effective ways of helping users navigate the system of service delivery, with particular regard to users with complex needs who require access to multiple services
- arrangements enable equitable access to services, including for people living in remote and regional areas, and how this could be improved through changes to commissioning arrangements
- arrangements are cost-effectively selecting providers that are most likely to improve outcomes for users
- arrangements enable service providers to co-operate (formally or informally) to provide higher-quality services to users (including by providing a 'bundle' of services), or to lower costs to governments and others who fund those services through the benefits of larger scale or scope
- there are barriers faced by providers seeking to innovate and improve service quality and responsiveness, and how they could be overcome.

To support its analysis, the Commission is seeking information on:

- data on funding for commissioned family and community services including the value, purpose and duration of funding agreements.

All of the four submitting agencies have many years' experience in managing government funding and delivering service programs. This includes engaging with commissioning processes as and when required.

There are many ways in which commissioning processes could be improved. They include:

- more realistic timelines, in particular during periods of significant change;
- removal of unhelpful, duplicative and inefficient information gathering (for example making use of existing public reporting or compliance information, rather than requiring its inclusion in tendering or submission processes); and
- appropriate recognition of existing relationships and / or successful and compliant service delivery, rather than excluding the conduct of those relationships from consideration.

In relation to the impact of commissioning processes on the effectiveness of service provision, the main issue is the potential of those processes to create, or exacerbate friction between funders and providers and amongst providers.

The request for information also asks how commissioning processes might enable service providers to cooperate and improve the quality and efficiency of services. We believe our experience in building Shepparton Community Share may be a useful case study example. The Helen Macpherson Smith Trust has commissioned Dr Lucinda Aberdeen, a Senior Lecturer located at the Shepparton campus of La Trobe University to conduct an Independent Evaluation of the motivations for and emerging outcomes of the cooperative venture. The Evaluation is not yet complete but we understand may be available in the coming weeks. We have noted the potential relevance of the report to this Inquiry in our communications with the Trust.

### **Request for information 29**

The Commission is seeking information on the potential for greater user choice in any relevant individual family or community service, including:

- examples of services that could be suited to greater user choice (of service and/or provider) and the factors underlying their suitability (such as the presence of multiple providers and sufficient time and information for a user to research and understand their choices)
- the extent to which greater user choice could lead to improved outcomes for service users by, for example, encouraging providers to be more responsive to their needs or

**improving accessibility of services for those most in need**

- **changes to commissioning arrangements needed to support greater user choice (such as changes to funding arrangements)**
- **the costs and benefits to users, service providers and governments**
- **changes to government stewardship arrangements (such as changes to accountability and compliance processes, or the need for additional consumer safeguards).**

In previous submissions, we have drawn attention to the challenges associated with different, potentially conflicting policy approaches between the State and Commonwealth governments and welfare reform measures that are increasingly removing choice and applying penalties for non-compliance. A special edition of the Australian Journal of Social Issues released in December 2016 was focused on the Commonwealth reform program, Income Management. One of the articles in the special edition considered the effectiveness of the income management roll-out in Shepparton. A copy of the paper is annexed to this submission.

In relation to government stewardship arrangements, there is an increasing tension between pursuing outcomes associated with efficiency and the wellbeing of vulnerable and disadvantaged people. The policy drivers are not mutually exclusive but in our view the former is increasingly given preference to the detriment of the latter. Further, the more government attempts to limit its support to only the most disadvantaged, the more likely it is that those for whom preventative services might avoid escalation will drift toward that category.

**Request for information 30**

**The Commission is seeking information on how to improve government processes for commissioning family and community services. The Commission welcomes information from stakeholders on any relevant service covering the following areas:**

- **the scope to identify and provide more effective services to people who are likely to need long-term support from multiple providers or services (examples could include the scope to improve commissioning arrangements through applying an ‘investment approach’ to service provision)**
- **how co-design and evaluation could contribute to improved decision making within governments**
- **ways governments could better balance their requirements for providers to be accountable for allocated funding against affording providers more flexibility to deliver services in a way that best achieves outcomes for service users**
- **how governments could improve commissioning arrangements to better align the incentives of users and providers, while ensuring government objectives are met (examples could include changes to provider selection processes, contract terms or quality standards, or the introduction of outcomes-based commissioning)**
- **how governments could better account for the benefits and costs associated with different types of providers, and identify those that are best placed to achieve outcomes for service users**
- **how to better balance the benefits and costs of contestability, for example, the factors that should determine whether agreements with providers are ‘rolled over’ for another contract period**
- **the factors that should determine the choice of funding arrangements (block funding or outcomes-based funding are two examples)**
- **lessons from Australia or overseas that could inform recommendations on improving commissioning arrangements to ensure services achieve the intended outcomes for users (this could include lessons on ‘what not to do’).**

We welcome the use of language in the Issues Paper that suggests improving commissioning, rather than increasing its prevalence is the main focus of the Commission’s review.

The specific needs of rural and regional communities are poorly catered for in most commissioning processes, even those that incorporate place-based elements. We recommend clearer articulation of the issues that require consideration in rural, regional and remote locations, including for example transport availability and cost.

### **Request for information 31**

**The Commission is seeking information to support the implementation of reforms to improve arrangements for commissioning family and community services. This includes information on:**

- **how governments could improve the planning and delivery of human services, including ways to better coordinate assessment of community needs across and within governments, and how to incorporate these improvements in commissioning arrangements**
- **how reform recommendations should be tailored to ensure outcomes are improved for all users, including people with complex needs, those in remote and regional areas, those from different backgrounds and those who have difficulty navigating a complex system of service delivery**
- **impediments to improving commissioning arrangements, such as the ‘siloes’ nature of service provision within and across governments, and how they could be overcome**
- **how users and different types of providers would be affected by changes to commissioning arrangements (examples could include the costs to users when their service provider changes or if the compliance burden falls disproportionately on a specific type of provider, as well as the costs of performance monitoring and evaluation)**
- **the data that governments need to collect to evaluate services and the success of reforms**
- **the potential benefits to users, providers and governments from the use of policy trials to experiment with different approaches to commissioning family and community services, examples of services that might be well-suited to policy trials, and measures to evaluate the success of any trial.**

We have already drawn attention to the amount and breadth of reform activity underway in the welfare and human services sectors. For the providers of family and community services and their clients, there is almost no area of activity that is not subject to significant reform.

Many of the reforms are long overdue and have the potential to deliver life-changing improvements for individuals and families, with flow on social benefits. There are however limits to how much reform, all at once and all of the time can be absorbed and effectively managed.

The request for information raises the potential to conduct trials or pilots. Again, the consistently shifting policy and reform environment is not only replete with trials and pilots in various stages of completion, there are many occasions where successful or promising trials do not lead to continuation or expansion.

We welcome opportunities for new ideas to be tested in order to deliver improvements but the reform landscape is no longer simply cluttered, it is in many ways chaotic. Far more important than the problems this creates for service providers is the sense of confusion and frustration for those who need services.

## Conclusion:

We appreciate the opportunity to provide a further contribution to the Commission's Inquiry into Human Services. As noted in the introduction, there are many important issues that have not yet been acknowledged or considered fully by the Commission. Those issues include:

- the critical differences in motivation between for-profit and not-for-profit providers;
- the motivation of people who donate time or resources to community activities;
- the significance of social capital and the generators of it, particularly in rural and regional communities; and
- the importance of advocacy for and on behalf of low income and vulnerable people, even if the views expressed challenge current policy approaches.

We look forward to these issues being considered in Stage 2.

We would be happy to expand on the views expressed in this and previous submissions during the Hearings. If the Commission would like to visit Shepparton, we repeat our earlier offer to host such a meeting and facilitate information sharing so that our regional colleagues can participate if they wish.

**Dated – 15 February 2017**

**On behalf of:**

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