

Submission to Productivity Commission Review: Human Services: Identifying sectors for reform

About myself

I am a health policy expert, with extensive experience in health system development in Australia (State and Federal) and across the Asia Pacific region. I am also involved in my local social service sector at the governance level.

Comments about the Terms of Reference

The Terms of Reference (ToRs) require the Productivity Commission (PC) to develop policy across a huge range of core societal issues, but only from a very narrow perspective. I do not believe they are conducive to good policy making. Furthermore, the PC is not well placed to develop policy in the human services, let alone in the absence of clearly defined public policy objectives in each of the many domains under review. Nor do the ToRs require the PC to thoroughly analyse the institutional and regulatory arrangements needed to protect the public interest in these sectors. The PC and the public both deserve better.

I would like to see the PC should preface its report with a clear statement about the limitations of the ToRs and the inquiry.

Comments on the review as it relates to the Social Services sector

I support the views expressed in the following pieces:

- *thepowertopersaude* Social services futures series

<http://www.powertopersuade.org.au/social-services-futures>

Numerous articles on the *powertopersuade* blog by Professor Paul Smythe over the past few years.

The following piece by Ross Gittens (not to mention his other pieces on rent seeking which are highly relevant to the interest shown by corporations in the social services sector)

www.rossgittens.com/2016/07/government-outsourcing-has-many-pitfalls.html

This piece on the essential difference between control and

choice: <http://www.powertopersuade.org.au/blog/citizenship-and-mental-health/10/7/2016>

The following quote is particularly pertinent: *“These examples suggest that the way we think about the role of community mental health services can move in an upstream direction. Recently the welfare state has tended to push mental health services into being contractually defined and regulated service providers. However, if we move upstream, such organisations can become part of solutions that are rooted in citizenship, family or community. Services can become part of the community, not a service for the community. They can tap into the power of the peer, the love of families and the commitment of fellow citizens. They do not need to fear accountability to and partnership with people themselves. This is the positive*

and exciting path opening up to community mental health services in Australia today.”

Without proper consideration of the issues raised in these articles, the PC risks undermining the strengths of the social sector, and the range of important niche providers necessary to provide real choice.

Comments on the review as it relates to the Health sector

I support the views expressed in the following pieces:

Dr Lesley Russell – writing about reforms that would actually improve the health system.

<https://theconversation.com/five-tips-to-get-the-government-started-on-real-health-reform-62348>

<http://www.powertopersuade.org.au/blog/social-service-futures-the-marketisation-of-healthcare-services-when-political-mantras-win-out-over-evidence-and-patients-needs/7/4/2016>

Professor Stephen Duckett – writing about the strengths of Australia’s health system, particularly its universality and the risks posed by privatization:

<https://theconversation.com/is-medicare-under-threat-making-sense-of-the-privatisation-debate-61308>

<https://theconversation.com/many-australians-pay-too-much-for-health-care-heres-what-the-government-needs-to-do-61859>

A major productivity problem in Australia today?

In terms of productivity – the PC should be aware of the high level of inefficiency created in artificial markets, in terms of wasted effort and brain power. An example would be the many thousands of well educated Australians wasting their time on “competition” (eg submitting bids that never eventuate) when they could actually be delivering all sorts of much needed services.

The Productivity Commission needs to rethink

“Shifting the paradigm back to one of competition and marketization would undo many gains already accomplished in social policy. The capability approach provides a helpful normative framework to guide social policy to support human flourishing and productivity in its fullest sense.” Quote

from <http://www.powertopersuade.org.au/blog/social-service-futures-the-productivity-of-what/30/5/2016>

This is one of many examples where the TORs create overreach for the PC.

The PCs area of expertise is relevant to only a very small element of good policy making for the human services. For example, see <http://www.powertopersuade.org.au/blog/is-the-productivity-commission-still-fit-for-purpose/18/4/2016>

Terry Moran writing in the Mandarin www.themandarin.com.au/5190-terry-moran-economists-captured-australias-policy-debate/ sums up the key problem with over-reliance on economic thinking in public policy development: *“there’s an entire alternative universe of policy solutions that could be better used”*

Conclusion

This Human Services inquiry by the PC is likely to provide a classic example of the perils of pursuing a narrow economic focus over more strategic policy analysis. There is “an entire alternate universe of policy solutions” across all human services domains – most of which do not fall within the scope of the inquiry ToRs. This means the PC needs to take a very humble approach to this inquiry.

Technical Note:

The TORS for this enquiry demonstrate a very limited understanding of the health sector, or the variation in health service types and contexts. For example most medical services are actually provided by private providers (GPs and specialists) in a highly competitive market characterised by high levels of individual choice (ie patients have choice of doctor in all but limited circumstances). “Public health” (using the correct definition of the term) services can range from mass marketing campaigns, to immunisations, to cancer screening. The result is that the term “health services” is actually quite definitionally challenging and the PC will need to adopt a clear definition.