

Human Services Inquiry  
Productivity Commission  
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27 July 2016

### **Productivity Commission Issues Paper – Human Services: Identify sectors for reform**

The Victorian Alcohol and Drug Association (VAADA) welcomes the opportunity to respond to this Issues Paper entitled 'Human Services: Identifying sectors for reform', noting that the content contained therein is of high importance to the human services sector and crucially, those who engage with these services. VAADA, as peak body for the Victorian alcohol and other drug (AOD) sector, will respond from the perspective of the sector. At this stage, our response will respond broadly to the queries within the Issues Paper and reflect on the recommissioning of elements of the Victorian AOD sector in 2014. We would urge caution and broad based consultation with the sector prior to embarking on further reforms.

We note the absence of evidence informed in the issue paper's reference to Le Grand's (2007) attributes constituting good public services. Evidence informed service underpins the effectiveness, quality and responsiveness of the specific intervention or service and should be central to any endeavours to reform or modify the way which human services operate. Practices undertaken by good public services should be evidence informed.

Figure 2 in the Issues Paper, entitled *Identifying services best suited to reform*, in our view, covers many of the key considerations necessary in determining the feasibility of reforming specific service sectors with regard to enhanced competition.

We note that the Commission has expressed a willingness to conduct consultations with relevant service sectors in cases where there is consideration of any reform – VAADA would welcome sector consultations in these circumstances.

We agree with the sentiment within the Issues Paper that not all human services are suitable for increased competition, contestability and service user choice. Increasing competition within smaller sectors, including those with limitations in data collection and assessment, may be detrimental. Robust data systems are necessary to facilitate and build integrity for a competitive environment and provide the necessary assurance to government. There is currently work being undertaken within Victoria to enhance the AOD treatment data systems and put in place Performance and Outcomes frameworks.

Market size is another challenge to enhancing competition within the AOD sector; in some areas, particularly rural and regional areas, the size of the sector is quite small and it is difficult to conceive that there is capacity for additional providers in those regions.

It is useful to reflect on the recommissioning of the Victorian adult non-residential AOD services which resulted in the reshaping of the sector from September 2014. This involved a competitive tendering approach which resulted in significant changes in the landscape of the AOD sector. The AOD sector experienced a reduction in the number of service providers. There were significant changes in the way in which services are delivered. This amounted to a number of adverse unintended consequences which have impacted upon service access, resulting in some cases, in worse outcomes for the community.

VAADA is of the view that not all social services are best served through a tendering process and that creating an incentive to achieve a profit may be cross purposes for the delivery of community services, where the objective should be an increase in the health and wellbeing of individuals and the community. Recommissioning and tendering processes also create significant risks for smaller service providers, where the fiscal efficiencies which larger organisations are perceived to deliver (through reduced back office expenses for instance) outweigh the quality or relevance of service provided by smaller agencies.

This competitive tendering approach also, by pitting agencies against each other, resulted in the breakdown of relationships between some agencies. This would occur at a time where the broader community services sector is facing increasing complexities in client presentations, and the need for intra and cross sector cohesion and collaboration could not be greater. Increasing competition could reduce sector cohesiveness and collaboration resulting in diminished positive outcomes for service users. Such cohesiveness and collaboration is necessary to drive innovations and progress endeavours which accord with justice reinvestment. Justice reinvestment involves building up the resilience of vulnerable communities through innovative practices within the human services, education and health sectors, resulting in mid to long term reductions in justice related expenditure and harms and overall savings to government. Cross sector collaboration and teamwork are necessary drivers of this endeavor, as is consumer confidence in the service sectors.

Consumer choice has been central in the dialogue throughout the process of AOD recommissioning in Victoria, however the new system on all the evidence does not appear to provide strongly for consumer choice. The new regional intake system now in many instances prevents individuals from attending their preferred treatment provider for assessment. Even following an assessment, they may find that they are directed to an alternate treatment provider. In some areas, individuals will be required to travel significant distances to receive AOD treatment; this is particularly evident in rural and regional areas, where there is a paucity of residential treatment options. It is evident that a number of treatment options have been underfunded which will impact on treatment access. While consumer choice may have been introduced into particular regions through the introduction of new agencies which theoretically provide a choice this has in many cases been done by disheveling the pre-existing service delivery system, partnerships and client pathways that were in existence. There is a need to take into account the value of long term, familiar local service systems, existing relationships and developed pathways and the enduring positive relations occurring within consumer

groups with this. It is our view that accounting for these relationships will be challenging in creating an environment of increased competition.

There is always a risk that, through increased competition, in order to retain business, services may be tempted to 'cherry pick' lower risk consumers. This would increase the likelihood of achieving the quickest and cheapest means of attaining the minimum standard of service, with low risk service users being most likely to achieve a positive result from treatment.

In considering processes necessary to enhance competition and contestability within a service system, the public service administering the process must be adequately experienced in these matters. A considered timeframe is also necessary. It is evident, from the Victorian experience, that there were issues with regard to how the process of recommissioning was administered as well as considerable issues with the timeline.

We note that the Victorian AOD sector has been undergoing various reform related activities for approximately five years and the destabilisation which accompanies entrenched uncertainty from enduring reform activities. This includes not only the Victorian reforms and subsequent Aspex review of the reforms (ongoing), but also the uncertainty in the Federal budget rounds of 2012 in particular, but also 2015, whereby agencies have minimal assurance of fiscal security with the current funding round being only one year in duration. Applying additional reform activity to a sector emerging from previous reforms with a fractured workforce would create further challenges in reducing AOD related harms with Victoria.

Should you have any queries, please contact Sam Biondo and David Taylor on

Sincerely,

Sam Biondo  
Executive Officer  
Victorian Alcohol and Drug Association