



27 October 2016

Professor Stephen King
Commissioner
Productivity Commission Inquiry into Human Services
Level 12,
530 Collins St
Melbourne
Victoria 3000

Transmitted via email

Dear Professor King,

Re: Productivity Commission Inquiry into Human Services

The purpose of this submission is to provide Community Employers WA's (CEWA) brief comments on the Preliminary Findings report issued in September 2016.

CEWA is a registered Employer Organisation with the Industrial Relations Commission of Western Australia, and represents non-government, not-for-profit employers in the community services sector of Western Australia. CEWA has over 130 members comprising many of the largest and smaller Community Services Sector employers in WA, and continues to grow in numbers and influence. Our members employ in excess of 10,000 staff and are supported by over 10,000 volunteers. A list of our members is attached in Appendix 1.

Opening Comments:

We were pleased to read in your preliminary findings report, acknowledgement that NFP organisations "can provide social capital". However we believe the Commission should be more explicit in the unique attributes of the NFP community service sector, and in particular the benefits that the sector brings to civil society. "Maximising community welfare" is not simply an economic consideration around competition, contestability and choice. It is also about developing and strengthening relationships with people who are often vulnerable and in need.

A commonly held axiom is that 'trust and credibility take a long time to earn and a short time to lose'. And so it is with relationships in the NFP human services sector. We believe that relationships are at the core of our NFP missions, and we deeply value the importance of connecting with people at a human level. Our concern with a number of aspects of the preliminary findings report is that there seems to be a premise that increasing competition, contestability and choice are of paramount importance, almost irrespective of relationships. We see this potentially reducing the need to build what we would call service relationships to simple transactional relationships.

The marketization or commodification of services may work where they are clearly defined, easily substituted and where the cost and consequences for the service user of changing providers is minimal. Examples of this may be found in the purchase of petrol, general groceries and the like. However, this isn't the case for most human services where the intangible qualities of the relationship between service users and service providers are closely aligned and often long term.

We also see a significant risk in applying competition to human services without actively taking into account the broader impact of market failure and inefficient service provision for government and service users. Examples of this have been evident previously in the human services sector with the Employment Services one area where there is much questioning as to who were the beneficiaries of the increased competition rolled out by government several years ago. Our view is that the job seekers haven't really benefited, with the major 'winners' being those private enterprise organisations who set up systems with the primary aim of hitting the hurdles set so as to maximise profits. The number of service providers has dwindled significantly over time, reducing the user choice, and contestability is mainly around price and who can cut their costs to the lowest level. Some providers are now controlled by international private equity firms who have more recently realised that there is now no money to be made in this area and are reviewing their involvement and lobbying for increased prices.

Recommendation: We recommend that the Productivity Commission expands its commentary on the importance of building and maintaining a healthy civil society beyond the economic and productivity considerations, and the role of the NFP sector as a key contributor to such a healthy society.

We also recommend that the Productivity Commission highlight the risks and consequences of market failure so that the commentary in the final report on the particular services identified, is more balanced as to the pros and cons of reform (as is the norm in such an analysis).

Key service areas of focus:

The term "**Grant**" as used in '*Grant based family and community services*', has a specific meaning in Western Australia and we suspect it does elsewhere in Australia. A grant generally considered as a financial assistance arrangement made for a specific purpose and is often one off and for a discrete period.

Recommendation: We believe it would be more accurate to refer to "*Funding and Contracting*" if the PC is seeking to encapsulate the government funding allocated to service providers.

Many highly experienced and long standing service providers have repeatedly told us that there is already significant competition, contestability and user choice in *family and community services*. Each time the State and Federal governments initiates a tender for services, there are many, many tenders submitted by a wide range of local, national and multi-national service providers. Margins on such tenders are extremely thin and the expectations in terms of service delivery continue to grow, as do the complexities of the processes.

Furthermore, we are of the view that rather than focusing on competition, contestability and choice as ends in themselves, the Productivity Commission would be better placed in focusing on the achievement of **evidenced based outcomes** and the methodology to achieve them.

Areas which we see as contributing to evidenced based outcomes include:

- better planning of services
- co-design with funders, service providers, service users and other relevant stakeholders
- data sharing and data driven outcomes
- early social investment before needs become chronic
- a safety net for people who fall through the cracks
- effective integration of services across government departments and service providers
- government departments not working in silos (such as the Jigalong example in the PC's report)
- funders giving a reasonable level of time to deliver outcomes eg 5+ years and 12 months notice of contract renewals
- effective training of departmental staff to better understand contestability and to manage procurement processes and contracts
- appropriate indexation of funding arrangements to assist in the sustainability of services.

The Preliminary findings report highlights the shortcomings of the current **Social Housing** system in terms of housing availability and the effectiveness and efficiency of public housing vs social housing providers. It is somewhat contradictory that the indicators provided in the report (Figure 3), show at one level the greater efficiencies of social housing providers, and yet the Preliminary Findings 3.1, recommend governments introduce greater competition, user choice and further monitoring of the performance of service providers. Again, there is an implicit assumption that greater competition will of itself lead to better outcomes, without evidence based analysis of how this will happen, and at what cost.

Addressing the complexities of social housing availability is much broader than simply increasing competition, contestability and user choice. Social housing may indeed be worthy of an inquiry of its own. Issues around taxation policy, negative gearing, land availability, investment incentives for capital providers / developers and builders, development and building approval processes, regulation, needs based assessment, the interrelationship of Federal, State and local governments, and many other factors, all feed in to the debate about how to address social housing shortages. Changes to competition, contestability and choice are unlikely of themselves to materially reduce social housing shortages or improve efficiency and effectiveness.

If social housing is to remain a key focus area for the PC, it may be appropriate to incorporate an analysis of affordable housing given the nexus between the two housing areas. It is essential not to see social housing as separate from effective housing support programs. The latter is often fundamental to ensuring the success of social housing tenancies and to the reduction of homelessness. It is a mistake to see social housing and tenancy support programs as related but parallel social programs. To create effectiveness and efficiencies in this area they need to be highly integrated.

The Preliminary Findings in 7.1 in relation to **Remote indigenous communities** align well with much of the work that the Western Australian Regional Services Reform Unit is currently undertaking. However there are some comments which appear to be at odds with the general thrust of the findings. In particular, the PC has stated that “Many arrangements are not delivering the benefits of contestability to the communities themselves, or to governments and service providers”. In remote indigenous communities, it isn’t contestability which delivers better outcomes for service users. **As previously highlighted in the dot points above, it is more about place based services, co-design and collaboration with all stakeholders, and evidence based outcomes.**

Western Australian Partnership Forum:

In 2010, the WA government, together with the NFP Community Services sector, established the Partnership Forum. It is worthwhile highlighting the **Principles and Behaviours** by which the Forum operates, as we believe they are highly relevant to this Inquiry. We have listed them below for your reference. You will note that they are not focused on competition, contestability and choice, but on the broader aspects around the basis by which the government and service providers will strive for, in delivering high quality outcomes and efficient and effective human services.

Principles

- A commitment to improve social, cultural and economic outcomes for the Western Australian community;
- Respect for the natural authority and contribution of individuals, families and communities in improving the outcomes of community services;
- A commitment to creating the conditions for individuals, families and communities to empower themselves in the design, planning and delivery of community services;
- A collaborative approach to decision making and working together recognising the interdependence in the delivery of community services;
- A partnership based on mutual respect and trust, with openness and transparency in all activities;
- Recognition of the value and contribution of both sectors in the delivery of community services; and
- An enduring commitment to the sustainability of community services.

Behaviours

- An enduring focus and drive to deliver demonstrable improvements in outcomes for all Western Australians;
- Continually promoting the meaningful involvement of individuals, families and communities in the ongoing design, planning and delivery of community services and supports;
- Encouraging collaboration on all significant issues, including the development of policy, planning and service delivery;
- Transparency in decision making, including through the sharing of data and information, to inform the basis of funding decisions and contracting requirements;
- An interdependent approach to the planning and delivery of community services; and
- Championing efforts by the public and not-for-profit sectors to work together to ensure community services are sustainable.

By way of example, the Department of Child Protection and Family Support has recently released a Stakeholder Engagement Framework, setting out the principles and types of engagement they operate under. This covers several of the areas outlined in the recommendations in the PC report.

The framework can be viewed at

<https://www.dcp.wa.gov.au/ChildrenInCare/Documents/Stakeholder%20Engagement%20Framework.pdf>

Since its inception, the WA Partnership Forum's focus on co-design, collaboration, evidence based outcomes, joined up services, efficiency and effectiveness, and reducing the administration burden, has been well supported by both the WA Government and the sector. Increasingly service users and other stakeholders are becoming involved in changes to the system. There have been and continue to be challenges which often stem from the highly complex nature of human services and the changing levels of experience across various jurisdictions, however the intent and focus by all stakeholders remains strong.

In the next stage of the Productivity Commission's work, we would recommend that an intensive review of the work of the WA Partnership Forum be undertaken to ensure that learnings can be incorporated and to minimise duplication of the reforms that have happened and continue to be worked on in Western Australia.

Conclusion:

As stated in our original submission in July, we believe the review of human services should be extended beyond the narrow focus of competition, contestability and user choice. The analysis would be better served by broadening the review to assessing what evidence based outcomes are we seeking to achieve as a civil society and what are the levers and methodologies we can use to do so. In approaching the Inquiry from these perspectives, a key consideration should include a more in-depth review of the unique attributes the NFP sector brings to service delivery and an evidenced based assessment of the risks and benefits of any proposed changes.

Lastly, we would like to thank you for taking the time to visit Western Australia for the roundtable consultation earlier this month and would encourage you to again visit WA once the next stage of your Inquiry is completed. We would be happy to facilitate a further session with a cross section of the NFP community services sector and potentially with the Partnership Forum.

Yours sincerely,

John Bouffler
Executive Director

APPENDIX 1

CEWA Members as at October 2016

Aboriginal Legal Services of WA Inc
Accordwest
Activ Foundation Inc
Advocacy South West Inc
Advocare
Albany Youth Support Association
Alzheimer's Australia WA
Anglicare WA Inc
Armadale Community Family Centre
Association for Services to Torture & Trauma Survivors (ASeTTS)
Asthma Foundation WA Inc.
Australian Red Cross WA
Avivo
Baptistcare
Beehive Industries of WA
BJL Connecting Communities
Bluesky Community Group
Brightwater Care Group
Burdekin – Youth in Action
Calvary Youth Services Mandurah Inc
Care Options
Centacare Employment and Training
Centacare Family Services
Centrecare Inc
Child Inclusive Learning and Development Australia Inc (CHILD Australia)
CLAN WA
Coeliac Western Australia
Communicare
Community Housing Coalition of WA
Community Legal Centres Association (WA) Inc
Community Vision Inc
ConnectGroups
Consumer Credit Legal Service WA
Consumers of Mental Health WA
Continence Advisory Service of WA
Cyrenian House
Derbarl Yerrigan Health Services Inc
Employment Law Centre of WA
Escare Inc
Ethnic Communities Council of WA
Ethnic Disability Advocacy Centre
Family Support WA Inc
Financial Counsellors Association of WA Inc.

Fremantle Multicultural Centre Inc
Fremantle Women's Health Centre
Good Samaritan Industries
Gosnells Women's Health Service
Headwest
Health Consumers Council (WA) Inc
Helping Minds
Holoake The Australian Institute For Alcohol & Drug Addiction Resolutions
Hope Community Services
Identity WA
Inclusion WA
Indigo Junction
Interchange
Ishar Multicultural Women's Health Centre Inc
Key Assets
Kids Camps Inc
Koolkuna (The Eastern Region Domestic Violence Services Network Inc)
LAMP Inc
Lifeline WA
Linkwest
Margaret River Community Resource Centre Inc
Meath Care Inc
Melville Cares Inc
MercyCare
Metropolitan Migrant Resource Centre
MIFWA
Mission Australia
Mosaic Community Care Inc
Multicultural Services Centre of Western Australia Inc
National Disability Services WA
Ngala Family Resource Centre
Nulsen
Outcare (Inc)
Palmerston Association Inc
Parkerville Children Youth Care Inc
Pat Thomas Memorial Community House Inc.
Pathways Southwest
Patricia Giles Centre
Peel and Rockingham Volunteer Resource Centres
Peel Community Living
People with Disabilities (WA)
Relationships Australia (Western Australia) Inc
Richmond Wellbeing
Rise Network
Rocky Bay Inc
Ruah Community Services
Secca
Shelter WA
SHQ
Silver Chain
South Coastal Women's Health Services

Southcare Inc
Southside Care
St Bartholomew's House
St John of God Outreach Services
St Patrick's Community Support Centre
St Vincent de Paul Society
Sudbury Community House
Swan City Youth Service
Technology Assisting Disability WA
Tenancy WA
The Gowrie (WA) Inc
The Salvation Army
The Spiers Centre Inc
The WA Aids Council
Therapy Focus Inc
360 Health and Community
Uniting Aid
UnitingCare West
Uniting Church in the City
Valued Independent People Inc
Vincentcare
Visability
Volunteer Task Force Inc.
WA Blue Sky Inc
WA No Interest Loans Inc.
WANADA
Wanslea Family Services Inc
Westcare Inc
Western Australian Association for Mental Health
Western Australian Council of Social Service Inc
Women's Council for DFV Services (WA)
Women's Health Resource Centre
Women's Health and Family Services
Yaandina Family Centre
YMCA Perth
Youth Focus
Youth Futures WA