



COMMUNITY EMPLOYERS WA

14 November 2014

Professor Ian Harper
Chair
Competition Policy Review Panel
The Treasury
Langton Crescent
PARKES, ACT 2600

Transmitted via email

Dear Professor Harper,

RE: Competition Policy Review

The purpose of this submission is to provide Community Employers WA's (CEWA) brief comments on the Draft Competition Policy Review which was released on 22 September 2014. Our comments pertain to Section 2.3 of the draft report and to Draft Recommendation 2 – Human Services.

Not-for-profit Community Services organisations are an important contributor to the provision of Human Services across Australia. We believe there are key differences and benefits provided by NFP Community Services organisations, with characteristics including:

- A stronger sense of community connectedness and a net contributor to social cohesion and social capital
- The opportunity for people across communities to volunteer time, resources and skills
- Capacity to raise donations and encourage philanthropy
- A significant level of longstanding investment in assets and infrastructure for the benefit of the community
- A potential partner for Corporate Social Responsibility to be embedded into for-profit organisations and where long-term partnerships can be created

- A stronger degree of trust, empathy, compassion and respect with clients and in the wider community
- The reinvestment of all monies solely towards their constitutional aims and objectives
- The value of the financial investment by government, and philanthropic and corporate partners, is enhanced by the Mission focus of NFP entities which often includes cross subsidisation or the provision of additional services
- A greater willingness to cross subsidise services so that there is broader geographical and service coverage
- A higher level of preparedness by employees to work in and support the Values and Mission of the Community services organisation
- A higher level of social innovation and capacity to respond to changing circumstances driven by Mission
- A greater willingness to deliver services in regional and remote communities.

These characteristics form the cornerstone of what is often considered as a 'Value Proposition' for organisations and in a broad sense, contribute to the fabric of creating and maintaining a just and compassionate society. The high level of trust and respect which Australians hold for the NFP Community Services Sector is one of the enduring qualities of our nation, as is their volunteering and support. It is worth noting, that whilst NFPs provide significant value for money options for government, their primary objective is not on maximising shareholder returns, but on the social components of community services.

As stated in our previous submission, the importance of an effective competition policy is well understood and broadly accepted by CEWA members, as is the need for a periodic review. We are however increasingly conscious of the need to consider broader aspects of human services delivery.

The guiding principles outlined Draft Recommendation 2 include:

“a diversity of providers should be encouraged, while not crowding out community and voluntary services”

The Competition Policy review focuses on the importance of user choice and as a general concept, there is merit in this position. We are however mindful that such choice needs to be sustainable as to service provision and there are potential unintended consequences for a poorly considered implementation of such an approach. For example, in regional areas, the limited demand for services and the complexities of service delivery in terms of employment, housing and broader support, may not warrant establishing a 'competitive' market. Linked to this may be the cross subsidisation by a not-for-profit organisation of one service by another, so that they can maintain broader support for people in need. The risk of overtly encouraging a diversity of providers could actually damage service provision if not carefully considered. It could also lead to 'cherry picking' of services.

We note the statement that such issues should be addressed in the *Commissioning of Services* is touched on in the Draft Report (Page 159), however we remain concerned that the primary focus on

implementing competition policy, has and can lead to poor outcomes. The comment “...while not crowding out community and voluntary services”, appears to have little substance and has the potential for bureaucrats to ignore in a resource constrained environment.

We propose that Draft Recommendation 2 – Human services, be amended to include a fifth dot point stating that the guiding principles should include:

“consideration of the social and community benefits delivered by community and voluntary services in the provision of human services”.

Many of our members are concerned with the increased ‘marketisation’ of human services. The creation of a market which hasn’t previously existed can have the positive objective of creating user choice, or lowering costs in the short term. However there is also a risk that such a market won’t be sustainable and may result in market failure. We saw this some years ago with the Early Childhood sector where the government ultimately had to step in following the collapse of a major for profit service provider. Whilst the draft policy paper states that “*Provider failure is a normal part of operating in all markets...*” (Page 150), we are mindful of the lives which get impacted in such failures, of the stress and uncertainty, often with people who are already marginalised and vulnerable.

Furthermore, the draft paper goes on to state “...government will need to design market policy and regulatory oversight. This will include arrangements for service continuity in case of provider failure”. Our experience suggests that such arrangements haven’t been effective in the past and there are at best, vague contingency plans and often none.

More recently, we have seen comments from a major multi-national for profit service provider, of their decision to withdraw from the provision of key services due to losses being incurred. Their decisions were based on not achieving adequate profits for shareholders and a lack of scale in the provision of some services. We accept there can be market dynamics which influence such decisions, however we are conscious that in the interim, many existing providers will have ceased to exist, and that there has been a significant loss of knowledge, experience and continuity of service delivery. The risks and implications in an area which is working with people who are often not able to change easily or require significant long term support, are by their nature, much higher. The closure of community based organisations, especially in smaller, regional communities, due to such market forces often means creating a service vacuum that cannot be filled easily as it is almost impossible to regenerate the organisations that have disappeared.

We propose that the Draft Competition policy include some commentary cautioning the ‘marketisation’ of social and community services and the potential unintended consequences for service providers and end users.

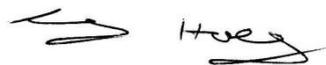
Australia is at an important juncture across many areas of our economy. For the NFP Community Services sector, the rollout of NDIS, the increasing pressure on budgets at all levels and the heightened globalisation of services, are but three areas which are presenting challenges. Overarching these is the question around **the sustainability of services**. CEWA members remain committed to continuing to work effectively with all levels of government and with the people we support. For this to be achieved, our collective endeavour needs to be underpinned by a sound and holistic Competition Policy.

CEWA encourages the panel when finalising the Competition Policy report and recommendations, to be more explicit with the important role which not-for profit employers undertake in the delivery of sustainable services and in the shaping of a just and compassionate society. The attributes of NFPs and the voluntary services they are able to utilise, contribute to the sense of community and collaboration which have historically strengthened our civil society, and we hope will continue to do so into the future.

Yours sincerely,



Tony Pietropiccolo
Co-Chair



Chris Hall
Co-Chair

Cc: Senator Chris Back
Senator Dean Smith
Senator Rachel Siewert
Senator Sue Lines

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 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.

APPENDIX 1

CEWA Members as at November 2014

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
ARAFMI
Armadale Community Family Centre
Association for Services to Torture & Trauma Survivors (ASeTTS)
Association for the Blind WA
Asthma Foundation WA Inc.
Australian Red Cross WA
Baptistcare
Beehive Industries of WA
BJL Connecting Communities
Bluesky Community Group
Brightwater Group
Bunbury Pathways '92 Inc.
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
Consumers of Mental Health WA
Continence Advisory Service of WA
Cyrenian House
Derbarl Yerrigan Health Services Inc
Escare Inc
Ethnic Communities Council of WA
Ethnic Disability Advocacy Centre
Extra Edge Community Services
Family Support WA Inc
Financial Counsellors Association of WA Inc.
FPWA Sexual Health Service
Fremantle Multicultural Centre Inc

Good Samaritan Industries
Gosnells Women's Health Service
Headwest
Health Consumers Council (WA) Inc
Holyoake The Australian Institute For Alcohol & Drug Addiction Resolutions
Hope Community Services
Identity WA
Inclusion WA
Interchange
Ishar Multicultural Women's Health Centre Inc
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
Midland Joblink Inc.
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.
Patricia Giles Centre
Peel and Rockingham Volunteer Resource Centres
Peel Community Living
People with Disabilities (WA)
Perth Home Care Services Inc
Relationships Australia (Western Australia) Inc
Richmond Fellowship
Rise Network
Rocky Bay Inc
Ruah Community Services
Secca
Serenity Lodge
Shelter WA
Silver Chain
South Coastal Women's Health Services
Southcare Inc
Southside Care
St Bartholomew's House
St Patrick's Community Support Centre

St Vincent de Paul Society
Swan City Youth Service
Swan Emergency Accommodation
Technology Assisting Disability WA
Tenancy WA
The Gowrie (WA) Inc
The Salvation Army
The Spiers Centre Inc
The WA Aids Council
Therapy Focus Inc
Uniting Aid
UnitingCare West
Uniting Church in the City
Valued Independent People Inc
Vincentcare
Volunteer Task Force Inc.
WA Blue Sky Inc
WA No Interest Loans Inc.
WANADA
Wanslea Family Services Inc
We Can Community Services
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 Services
Women's Healthworks
Yaandina Family Centre
YMCA Perth
Youth Focus
Youth Futures WA