



25 July 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 Issues Paper Human Services**

The purpose of this submission is to provide Community Employers WA's (CEWA) brief comments on the Issues Paper seeking to identify sectors for reform in Human Services.

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 is Appendix 1.

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

These characteristics form the cornerstone of what is often considered as a 'Value Proposition' for NFP 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 are two of the enduring qualities of our nation, as are the volunteering and support by a wide cross section of society.. It is worth noting, that the characteristics aren't primarily focused on 'value for money' or cost minimisation, but on the social aspects of community services.

#### **Request for Information (Page 6 of the Issues Paper)**

The above preliminary comments set an important context for the input the Commission is seeking in relation to what constitutes improved human services.

Whilst the concepts of quality, equity, efficiency, responsiveness and accountability are worthwhile attributes of human services, we believe that there are broader aspects to include. Mission based organisations have focused on these attributes for decades and also embrace the building of a more just and compassionate civil society as a whole. The importance of the 'we' in addition to the 'me' should encourage us to look at synergistic benefits rather than becoming solely 'individual' or economically focused. It is increasingly apparent that we are moving more and more into the 'I' world and whilst there are benefits in focusing on the individual, we believe there is a need for balance in also assessing the effectiveness of government policies and funding decisions at a holistic level.

Areas such as the extent of social connectedness, social cohesion, the level of volunteering and the extent of growth in corporate social responsibility are all potential indicators of improved human

services. Over the past 100 years+, NFP's have been and remain key contributors in these areas through the provision of community services, through health and all levels of education.

Historically, the measurement and assessment of human services delivery has primarily been through the tracking of inputs and outputs. Whilst this provided statistical data and was generally easily measurable, it has more recently been acknowledged that this was somewhat one dimensional. The move to outcomes assessments and results based accountability is work in progress for many across the NFP sector with various senior university academic researchers undertaking detailed studies on how this is evolving. We believe that their work will help inform the Productivity Commission Inquiry and would encourage the Commission to closely monitor progress in this area.

### **Risks of the reforms**

Many members of CEWA are very concerned with the implications of marketization of services, the creation of faux markets for services and the potential consequences should there be market failure. A well known example of this was the growth of ABC Learning child care in the mid 2000's which was followed by a major collapse of the organisation in 2008 and significant disruption to child care services for thousands of families. At the time of the liquidation of ABC Learning, the organisation controlled 2,000 child care centres, employed 16,000 staff and provided services to over 95,000 families. Whilst the freeing up of competition in this sector did create opportunities, it is clear in hindsight that there were also significant risks and implications of market failure.

There are several other examples of similar unintended consequences of government policy to encourage competition and in the current environment, many believe that the National Disability Insurance Scheme is creating the risk of significant instability with many service providers across the country.

There is also concern with the likelihood of 'cherry picking' of services – whereby for-profit organisations enter a market and are increasingly selective as to which services will enable them to maximise profits. Should they not make a satisfactory return on their shareholders funds, then they are just as likely to exit the market, leaving others to pick up the pieces. For the services they choose not to support, many of whom are more complex in their needs, or in remote and rural locations, it will be increasingly difficult for mission based organisations to be sustainable in such an environment. Added to this is the strong likelihood that government will be left to intervene, with the resulting impact of bureaucratic and costly processes.

## **Public Forums and Roundtables**

We are appreciative of the opportunity to contribute to the Inquiry through this and subsequent submissions, We also note the plan to conduct stakeholder visits, roundtables and public forums and would **strongly encourage** the Commission to take the time to visit each state (including Western Australia), to engage with interested parties. Whilst it is good to contribute through submissions, it would be even better to meet with the community and representatives in person. To that end, we would be pleased to assist the Commission in facilitating interested stakeholders from the NFP Community Services sector in meeting with representatives.

## **Conclusion**

Yours sincerely,

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 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.

**We propose that the Draft Competition policy include some commentary cautioning the ‘marketisation’ of 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 has historically strengthened our civil society, and we hope will continue to do so into the future.

Yours sincerely,

John Bouffler  
Executive Director

# APPENDIX 1

## CEWA Members as at July 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  
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