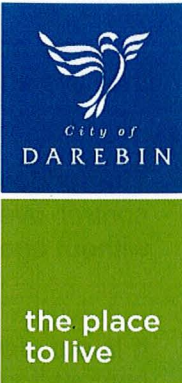


25 July 2016



Stephen King

Commissioner

Productivity Commission
Locked Bag 2, Collins Street East
Melbourne Vic 8003

Dear Mr. King,

**SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO
INTRODUCING COMPETITION AND INFORMED USER CHOICE INTO HUMAN
SERVICES FROM DAREBIN CITY COUNCIL**

The City of Darebin is a diverse inner northern local government area and is well placed to make a submission to this inquiry primarily because Darebin City Council now has a significant history of exposing its services to competition. This submission is based on the practice wisdom of understanding and applying the principles of contestability.

As an introductory and overarching comment, Darebin City Council would ask the Commission to take a cautious approach when considering the Inquiry Terms of Reference, and in particular that it builds in additional time to adequately engage with the fine grained considerations of various consumers and service users.

Although the stated intent of the Inquiry is to 'put the consumer first', only three of the ten terms of reference are dedicated specifically to the consumer and service user. It is noted that the Terms of Reference number (ix): 'the need to improve Indigenous outcomes', is exceptionally broad. The issue of the social and health inequalities in Aboriginal communities is so significant that it deserves its own separate inquiry.

Having read the Productivity Commission Issues Paper the most glaring omission is the driver for the Inquiry. The stated aim of consumer choice should be a means to an end - the objective of the Inquiry is unclear.

Competition is only one way to improve consumer choice. By conflating both consumer choice and competition, this automatically restricts consumer choices to a single market instrument - a seeming disconnect inherent in the Inquiry itself.

We also wish to make the following comments:

One of the stated policy settings in the inquiry is that of Equity. (Davidson, B. 2011, 'Contestability in human services markets', *The Journal of Australian Political Economy*, no. 68, pp. 213-239.).

It is our view that this 'one size fits all' definition is too narrow for an Inquiry claiming to put consumers first.

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Services need to be available to people when they need them, in proximity to where they live and tailored to their individual circumstances.

The fundamental purpose of providing services is to give people more agency and control over their lives. Choice should be a secondary consideration as choice without agency is no choice at all.

It is our view that the Inquiry's stated 'Factors influencing the potential of increased competition, contestability and consumer choice' are mainly transactional/operational factors. To ensure that the wellbeing of consumers is at the centre of this Inquiry there needs to be a more vigorous test to determine contestability. Some of these factors would include duty of care, local impediments to services, market readiness, consumer control and access.

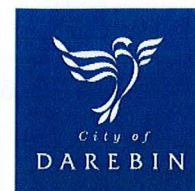
Council would strongly recommend that the commission examine the lessons from the failures of the TAFE sector and that safe guard, checks and balances inform a 'contestability test' for human services.

Darebin City Council has a particular interest in the Inquiry and would be happy to expand on this submission in person.

We look forward to the outcomes of Stage One.

Yours sincerely,

Mandy Bathgate
Coordinator
Equity and Diversity Unit



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to live

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