COMMUNITY EMPLOYERS WA

7 February 2017

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 issues paper released in December 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 24,000 staff and are supported by over 10,000 volunteers. A list of our members is attached in Appendix 1.

Opening Comments:

Following feedback from the Commission's meeting with CEWA and NFP community services sector leaders in Perth in October 2016, our submission and those of many other organisations, we were pleased to see in your December 2016 study report, a higher level of acknowledgement of issues raised.

Our belief is that the Commission should more clearly articulate the unique attributes of the NFP community services sector and in particular the benefits the sector brings to civil society. The economic drivers behind introducing greater competition, contestability and user choice are somewhat one dimensional and often exclude important community aspects in building a comprehensive and compassionate social support system.

Furthermore, we believe that the premise on which the Inquiry is based, will limit what it is in fact seeking. The focus should be more around 'how can we achieve more effective evidence based outcomes for users of human services'. This question will bring much broader responses than "greater competition, contestability and user choice".

Productivity Commission Research report January 2010:

As part of the research being undertaken, we thought it worthwhile to highlight several of the key comments and recommendations made in the Productivity Commission's 2010 research report into the Contribution of the Not-for-profit sector.

The comments included:

- *the NFP sector has different motivations and faces different constraints to the government and business sectors*
- *NFP activities generate benefits that go beyond the recipients of services and the direct impacts of their outcomes*
- *Smaller community-based bodies can play an especially important role in generating community connections and strengthening civil society*
- *NFPs report being swamped by contractual regulation, a multiplicity of reporting requirements, micro management, restrictions on other activities and significantly greater compliance burdens.*

Recommendations relevant to the current inquiry included:

- *Australian governments should explore the potential for selective sharing of client information between agencies and NFP organisations and other providers, through the utilisation of enhanced information and communication technology*
- *Australian governments should establish evaluation programs to asses the effectiveness and actual cost of their programs*
- *In order to ensure that NFPS can sustain their workforces, Australian government's purchasing of community services needs to base funding on relevant market wages for equivalent positions. Costing needs to be indexed appropriately to market wage growth within that industry sector*
- *The Australian government should undertake workforce planning for the community services sector*
- *Australian governments should respect the independence of funded organisations and not impose conditions beyond those essential to ensure the delivery of agreed outcomes*
- *In determining value for money, governments should explicitly recognise any indirect or wider benefits that providers may be able to generate. An evidence based approach should be used to assess the nature, extent and relevance of these types of benefits*

Each of these comments and recommendations align with the stated position of CEWA, with the Commission needing to look at Human Services delivery through a broader lens than simply greater competition, contestability and user choice. It would also be interesting for the Commission to comment on the progress made in implementing the 2010 report's recommendations.

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Greater competition, contestability and user choice:

CEWA has ongoing involvement in working with our members from an advocacy perspective on various funding initiatives and programs. One common theme we have observed over recent years is the breadth of service providers across various sub-sectors of human services. For example, in a current tender issued by Corrective Services, there are over 100 organisations vying for the $25M of funding on offer. Similarly, at an upcoming briefing by another government department, 180 service providers have registered to attend to hear of organisational restructures and future funding needs.

To suggest that there isn't already significant competition, contestability and user choice in the vast majority of community services, doesn't align with the evidence we observe in Western Australia. Whilst it is often true that demand for community services exceeds supply, this is due mainly to a limitation of funding to provide the services rather than a need for more providers or a need for greater competition. Indeed, many CEO's often share with us the challenges they face in terms of sustainability, the already highly competitive processes (which used to be more collaborative), and the excessive compliance, reporting and red-tape issues. Over recent years, the need for more professional tender writing has led to increased investment in submission preparation. Greater competition runs the real risk of this being taken to an even higher and more costly level. And that doesn't necessarily lead to more effective outcomes, just fancier, more detailed and more expensive tender submissions.

Evidence based outcomes:

As noted earlier, we believe the Commission's Inquiry and report would be of greater benefit if the focus was on how we can achieve more effective evidence based outcomes.

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.

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Whilst we don't totally discount that there may be isolated examples to support the case for greater competition, contestability and user choice, the feedback from our broad range of highly experienced mission driven members, has indicated to us that the premise of the inquiry is unlikely to achieve more effective outcomes for service users.

Risks:

We see a significant risks for government and service users in applying competition to human services without actively taking into account the broader impacts of market failure and inefficient service provision. Examples of this have previously been evident in the human services sector with the Employment Services one area where there has been much doubt 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 for 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.

Similarly in the child care sector, the market failure of several years ago created major disruption and significant issues for many service users. It is simplistic to assume that it would have been easy for this to be overcome if there had been more 'appropriately designed systems', as the complexity of taking account of all future scenarios is often beyond the capabilities of government departments.

The delivery of many human services relies to a large degree on building long term trusted relationships with people who are marginalised and vulnerable, and who are often challenged in making informed decisions. The commodification and marketization of human services through greater choice and contestability will increase the risk of de-personalising services and disconnecting people from their supports. Human services are often about thinking in the longer term, about the complexities of human lives and about addressing co-morbidities – all of which don't lend themselves to short term economic drivers that the Commission may deal with elsewhere.

Recommendations:

1. **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 the development and provision of sustainable services.**

2. **That the Productivity Commission focuses on how we can achieve more effective evidence based outcomes and broadens the commentary beyond the presumptive benefits of greater competition, contestability and user choice.**

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3. **That the Productivity Commission highlights 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).**

4. **That the Productivity Commission encourages greater co-production and co-design of services, involving government, service providers and service users. Coupled with this is an opportunity for government to look more actively at designing integrated services across government departments and service providers.**

5. **That the Productivity Commission recommends to government the simplify of tendering and reporting together with longer timeframes for co-design, tender consultations, tender submissions and contracted arrangements.**

Conclusion:

As stated in our original submission in July 2016, in our face to face consultation in early October 2016 and in our subsequent submission in late October 2016, we believe the review of human services should be extended beyond the narrow focus of greater 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 welcome a return visit by the Commission's team to WA to consult with front line service delivery organisations. Perhaps this would be most beneficial once your draft report is released in late May 2017. We would be happy to facilitate a further session with a cross section of leaders in the NFP community services sector and potentially with the WA Partnership Forum.

Yours sincerely,

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Executive Director

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COMMUNITY EMPLOYERS WA

CEWA MEMBERSHIP AS AT 1 JANUARY 2017

Aboriginal Legal Services of WA Inc
Accordwest
Activ Foundation Inc
Advocacy South West Inc
Advocare
Albany Youth Support Association
Alzhemier'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
Bluesky Community Group
Brightwater Care Group
Bunbury Community Legal Centre
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 Legal Centres Association (WA)
Community Vision Inc
ConnectGroups
Consumer Credit Legal Service WA Inc
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
Holyoake The Australian Institute For Alcohol & Drug Addiction Resolutions
Hope Community Services
Identity WA
Inclusion WA
Inigo Junction
Interchange
Ishar Multicultural Women's Health Centre Inc
Key Assets WA 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
MIFWA
Mission Australia
Mosaic Community Care Inc
Multicultural Services Centre of Western Australia Inc
National Disability Services WA
Ngala Family Resource Centre
Nulsen
Outcare
Palmerston Association Inc
Parkerville Children Youth Care Inc
Pathways Southwest
Pat Thomas Memorial Community House Inc.

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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
Sexual Health Quarters
Shelter WA
Silver Chain
South Coastal Women's Health Services
South West Refuge Inc
Southcare Inc
Southern Cross Care (WA) 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 Association
Swan City Youth Service
Technology Assisting Disability WA
Tenancy WA
360 Health
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
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
YACWA
YMCA Perth
Youth Focus
Youth Futures WA

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