Submission to the Preliminary Findings of the Productivity Commission *Inquiry into Introducing Competition and Informed User Choice into Human Services*

October 2016

Jesuit
Social Services
Building a Just Society

Contents

For nearly 40 years, Jesuit Social Services has worked to build a just society by advocating for social change and promoting the health and wellbeing of disadvantaged young people, families and the community.

Jesuit Social Services works where the need is greatest and where it has the capacity, experience and skills to make the most difference. Jesuit Social Services values all persons and seeks to engage with them in a respectful way, that acknowledges their experiences and skills and gives them the opportunity to harness their full potential.

We do this by working directly to address disadvantage and by influencing hearts and minds for social change. We strengthen and build respectful, constructive relationships for:

- **Effective services** – by partnering with people most in need and those who support them to address disadvantage

- **Education** – by providing access to life-long learning and development

- **Capacity building** – by refining and evaluating our practice and sharing and partnering for greater impact

- **Advocacy** – by building awareness of injustice and advocating for social change based on grounded experience and research

- **Leadership development** – by partnering across sectors to build expertise and commitment for justice.

The promotion of **education, lifelong learning and capacity building** is fundamental to all our activity. We believe this is the most effective means of helping people to reach their potential and exercise their full citizenship. This, in turn, strengthens the broader community.

Our service delivery and advocacy focuses on the following key areas:

- **Justice and crime prevention** – people involved with the justice system

- **Mental health and wellbeing** – people with multiple and complex needs and those affected by suicide, trauma and complex bereavement

- **Settlement and community building** – recently arrived immigrants and refugees and disadvantaged communities

- **Education, training and employment** – people with barriers to sustainable employment.

Our direct services and volunteer programs are located in Victoria, New South Wales and Northern Territory. In Victoria we work with people in the justice system through our Brosnan Services supporting people exiting prison and youth justice facilities. This includes the Corrections Victoria Reintegration Program in North and West Metropolitan Melbourne (Reconnect), the African Australian Community Transition (AACT) Program, Next Steps and Perry House residential programs, the Youth Justice Community Support Service and Group Conferencing.

We also provide a range of other programs in areas such as mental health and complex needs, housing, supporting migrants and refugees through settlement services, as well as providing education and training programs through Jesuit Community College.

In NSW we work with newly arrived migrants, and in Western Sydney we deliver social enterprise and other community building initiatives that provide affordable food, training and employment opportunities. In the Northern Territory we work with Aboriginal communities providing capacity building activities.

Introduction

Jesuit Social Services welcomes the opportunity to comment on the *Preliminary Findings* of the Productivity Commission's *Inquiry into introducing competition and informed user choice into human services.*

Jesuit Social Services is a strong advocate for innovative and quality human services. Our programs have developed in response to local community needs, working with the community to support those most vulnerable in our society. This submission draws on our experience undertaking this work, including by partnering with governments in the delivery of a wide variety of human services.

In Victoria, New South Wales and the Northern Territory, Jesuit Social Services works as part of a vibrant and diverse community services sector that has a long history of working together with government in the development and delivery of innovative responses to significant issues of social concern.

Guiding principles

As a frame of reference, Jesuit Social Services is guided by the following principles:

- What matters in any reform is the good of the people who are served. Financial savings and administrative simplicity are only a means to that end.
- The more actively people and providers are involved in naming, planning and participating in programs designed for their benefit, the better. This participation will work only if it is based in human relationships, not simply in impersonal processes of individual choice.
- The primacy given to the market requires constant evaluation and scrutiny. Market competition often reduces competition by creating economies of scale, generating savings in order to undercut competitors, the shaping of proposals to exclude care for people who need more constant and expensive care, and of treating people as customers rather than as people with needs. The quality of relationship is not easily measured, still less marketed, but should be central in the choice of organisations for services.
- In implementing reforms, government must maintain its responsibilities to people in need, and not transfer this responsibility to the market. In practice this means retaining the resources for scrutinising bids, monitoring performance, and effective evaluation – all underpinned by wisdom gained from engagement with people who are being supported.
- It may require more – rather than less – government expenditure.

We reiterate the need for the government to look closely at recent experiences of commissioning and tendering of government services across Australian jurisdictions. There needs to be a robust evaluation of these reforms to ensure that vulnerable communities do not lose out through marketization. Such an approach could enable governments to avoid some of the mistakes that have emerged from the hasty implementation of commissioning processes by Commonwealth and State governments in recent years.

This submission makes general comment, and then addresses two specific areas for reform identified by the Commission in the *Preliminary Findings Report* –

- Human services in remote Indigenous communities
- Grant-based family and community services.

The work and programs of Jesuit Social Services largely fall into the remit of these two priority areas.

Summary recommendations

- Promote improved sector coordination and individual or community participation in policy planning and service provision.

- Implement a policy of place-based models and provide holistic interventions targeting communities experiencing entrenched disadvantage.

- Provide adequate and ongoing resourcing of services, particularly in providing specialist services and higher levels of flexibility for highly disadvantaged people and those with complex needs.

- Promote and deliver stable policy environments and funding models to allow sufficient embedding of programs and services to allow outcomes to be achieved and innovation to occur overtime.

- Adopt an approach to fostering community ownership and control, and in the case of Indigenous communities ensuring culture is at the forefront, of the planning, design and delivery of services by individuals and community groups.

- Pursue a concerted effort to improve co-design and an integrated approach between government, service providers and service users rather than relying on increased competition and contestability to embed improved sector coordination or collaboration.

- Improve flexibility and longevity of funding and contract arrangements in order to remove current uncertainty and barriers for not-for-profit providers.

- Understand, evaluate and disseminate practice learnings amongst stakeholders in order to enable innovation and better outcomes.

General comments

While the Productivity Commission's initial *Issues Paper* appeared to commence with the underlying assumption that market principles of competition, contestability and user choice would inherently provide better outcomes in human services provision, the *Preliminary Findings Report* recognises that there a number of broader factors to be considered in improving efficiencies in the sector.

While the Commission has not entirely departed from its assumption that competition, contestability and informed user choice can be part of a system that encourages providers (and governments) to be more effective at achieving outcomes for service users,[1] it also recognises that:

> *The introduction of greater competition, contestability and user choice may not always be the best approach to reform. One size does not fit all and redesigning the provision of human services needs to account for a range of features, including: the rationale for government involvement; the outcomes the services are intended to achieve; the nature of the services and the dynamics of the markets in which the services are provided; the characteristics and capabilities of users; and the diversity in purpose, size, scale and scope of providers.*[2]

Jesuit Social Services welcomes the Commission's acknowledgement that the market is not an automatic solution to the perceived inefficiencies in the provision of human services. The human services sector is facing significant challenges. There is significant unmet need for services and high demand in nearly every area of human service delivery. The provision of innovative, accessible and high quality human services is critical to ensuring people and communities reach their full potential.

Genuine diversity, choice and innovation in human service provision is possible and desirable. This requires collaboration and partnership between governments and organisations that are driven by a strong sense of civic mission, as well as a genuine commitment to building relationships and networks that empower people and communities. To this end, a need for improved sector coordination and co-design between government and providers, including individual and community participation, in policy planning and service provision as referred to by the Commission is a welcome recognition.

Supporting people with multiple and complex needs

Promoting greater choice needs to be understood within the context of users with complex needs. The blanket application of competition principles to human services has the potential to undermine many of the aforementioned features, as well as leave people with complex needs with even greater difficulty in accessing the services that best fit their situation.

Jesuit Social Services works with and advocates for people with multiple and complex needs. These people are often some of the most disadvantaged Australians. They can face a range of co-occurring and interrelated issues, such as homelessness, disability, substance abuse, health problems, and involvement in the child protection and criminal justice systems. These overlapping issues often mean that recovery is harder to achieve and sustain.

For this small number of people across Australia, the complexity of their needs means that they struggle to remain engaged in formal treatment and support services. While our social and welfare systems are able to meet the needs of the majority of Australians, they are often not adapted to cater for Australia's most vulnerable cohorts. For this reason, soft-entry points and outreach services play a crucial role in engaging at risk people, who may not have the capacity to actively seek out services. It is these types of specialist services that are at risk of losing out through the introduction of increased competition. The danger of organisations cherry picking 'easier' clients becomes a reality, improving their prospects to gain ongoing funding, while other organisations are left to work with a harder to reach cohort who will deliver a lower 'return on investment'. Ultimately, these organisations may risk closure along with the services that the most vulnerable Australians can least afford to do without.

For people with multiple and complex needs, and Indigenous Australians, a whole-of-person approach is critical in addressing the unique mix of intersecting and overlapping issues that each individual faces. For many of our program participants, developing skills, such as independent living skills and interpersonal skills, and building their confidence are the building blocks to recovery. Acquiring these skills takes time and genuine engagement, requiring more than a minimum service level which is often provided by for-profits.

A whole-of-government approach, where the service systems work together and target locations of entrenched disadvantage, is the most effective way to meet the needs of society's most vulnerable. Therefore the Commission's reference to place-based models, particularly in the section on human services in remote Indigenous communities, should be a significant priority area of any reforms to human services.

In a society where competition policy is applied to human services the reality is that proactive assertive outreach to people who do not traditionally access services is unlikely to be taken up by for-profit providers. For such providers, the cost-benefit of doing so does not add up. In contrast, not-for-profit organisations, including ourselves, are informed and shaped by the fundamental human value of justice. From a Jesuit perspective, justice is all about the pursuit of the common good—advocating for and taking action to create a world where all have rights, all belong and all are equal. Without justice, there can be no lasting progress. Not-for-profit providers treat all people as equals. They will seek out, support and advocate continuously for those who struggle to do so themselves - a just society will do all it can to ensure that individuals have the chance to flourish, no matter how complex these needs may be.

Addressing entrenched disadvantage

In 2015, Jesuit Social Services along with Catholic Social Services Australia released the findings of its fourth *Dropping off the Edge 2015* Report (DOTE)[3], which found that complex and entrenched disadvantage continues to be experienced by a small but persistent number of locations in each state and territory across Australia. In Victoria, for example, just 27 postcodes (4% of total) account for 28% of the highest rank positions across 22 indicators of disadvantage (see diagram below).

Of particular concern for Jesuit Social Services is the concentration and web-like structure of disadvantage within a small number of communities. Our research found that those living in the 3 per cent most disadvantaged postcodes in Victoria are:

- twice as likely to have criminal convictions
- 3 times more likely to be experiencing long term unemployment
- 2.6 times more likely to have experienced domestic violence
- 2.4 times more likely to be on disability support.

4% of locations

28.2% of 'most disadvantaged' rankings
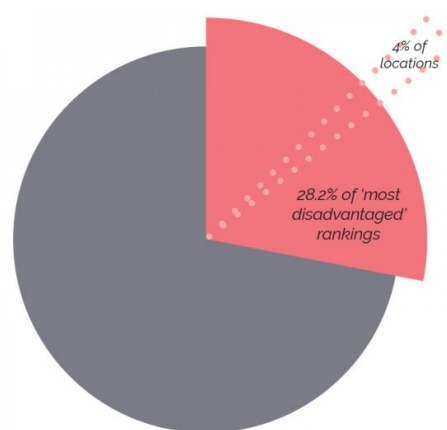
The persistent nature of locational disadvantage becomes obvious when we compare the findings of our 2015 study with previous studies undertaken in 2007, 2004 and 1999. For example, 25 of Victoria's 40 most disadvantaged postcodes in DOTE 2015 were also found to be 'most disadvantaged' in the 2007 study[4] (the other 15 postcodes did not show significant increases or decreases) and the postcodes in the most extreme categories have been quite consistent over the past 15 years (in 1999, 8 of the 12 names in the top two bands were the same for 2015).

Jesuit Social Services has consistently argued that public policy must pay greater attention to the role of structural factors and social inequality as key determinants of health and wellbeing. These factors are key drivers of demand for community services.

In addition to addressing structural determinants, the Government must also tackle disadvantage through the provision of services. Here investment must be forward looking and preventative. The best way to reduce crime and the burden on our criminal justice system is to tackle its root causes. In order to do this we need effective universal services in education, health and family services, as well as access to safe and affordable housing. We must respond to people who fall through the cracks, and provide holistic interventions during times of crisis. And, fundamentally, we need to commit to long-term, local, community-led solutions in areas of deepest disadvantage.

The value of community sector organisations

The *Preliminary Findings* acknowledges a widespread view raised by many community organisations that the broader benefits of service delivery by not-for-profit or mission driven organisations are valuable contributions to the community not mirrored by for-profit providers. Despite the Commission's acknowledgement, it states that these additional benefits should not come at the expense of improving outcomes for individuals and families.[5] The reality is that not-for-profit providers have, for decades, successfully delivered services and outcomes to users and beneficiaries, while simultaneously contributing to broader community outcomes.

The impact on service users and the impact on building social capital within the community should not be framed as mutually exclusive elements, as the Commission appears to do. In building social capital in a community in which an individual or family with complex needs resides, community service organisations and not-for-profits are further strengthening the tools and opportunities on which these people can draw to assist their recovery. For an individual with drug or alcohol issues or a young Indigenous man exiting the justice system, the impact of a strong community and social network alongside the services that they access can make a considerable – if often difficult to measure – contribution to their development and wellbeing.

Not-for-profits and community service organisations are able to foster and build on these broader impacts through their work as a result of their commitment to building a healthy and fair society, and not shareholders. They are embedded within communities, have deep roots, and engage continuously with them. There are several important benefits to this, including community service organisations' strong relationships of trust over many decades with people who engage with their services, as well as those who do not but who recognise the value the organisation's mission can have within their community.

For many who do not need to access services provided by organisations such as Jesuit Social Services, they can alternatively engage with not-for-profit providers in different ways, for example through volunteering and informal participation. In 2012-13, the non-profit workforce was estimated in the ABS satellite accounts to provide over $17.3 billion of unpaid labour, with 3.9 million volunteers undertaking 520.5 million hours of work in the not-for-profit sector.[6] The benefits of this can be seen economically as well as socially.

The way in which not-for-profit and community service organisations engage with their communities is fundamental to the notion of justice outlined above. For an organisation like Jesuit Social Services, engaging the community does not mean simply reaching out and working with service users, it is a universal concept of concern for users, volunteers, families, and the environment. Community engagement is enshrined in their work. There is a pressing need to—by seeking justice in every corner of society, including the environment—right the wrongs of the world and tilt the balance back in the favour of people rather than capital. It means advocating for social, economic and environmental justice at a local, national and international level, and not simply acting as service providers. This is fundamental to what not-for-profit and community service organisations do and must not be dismissed as irrelevant or secondary to how human services are provided.

A service system that responds to complex needs

Empowering people to navigate the options open to them in gaining assistance is inherent in our strengths-based approach and more broadly through Jesuit Social Services' commitment to social justice. However, people in vulnerable circumstances should not be required to navigate a system in which marketing and promotion tactics can lead to people making ill-informed 'choices' and thereby failing to receive the assistance they need.

People generally do not engage with human service systems in the same way a consumer engages with 'a market'. Complex problems require complex and holistic responses that not only address the symptoms of the problem but work to prevent problems by addressing their social determinants. Many of the barriers facing people who require human services are associated with stigma and shame, which affects not only individuals but also their families and communities. Problems such as family violence, mental illness and offending behaviour, for example, involve difficult choices and deep personal struggles.

Providing assistance to people in these situations is rarely straightforward and requires sensitive responses, and engagement grounded in trust and relationships. This requires collaboration and a culture of openness and cooperation between agencies and communities. Markets and competition inherently work to the interests of the service or product provider – so that learnings are guarded and there is little or no impetus to contribute to the broader knowledge base. This works to drive down creativity, innovation, responsiveness and choice. In light of this, providers with extensive experience, and long histories of inter-agency cooperation and sharing are vital to continual improvement and innovation of specialist service options for users with the most complex needs. As a result, a consolidation of these service providers and loss of this institutional knowledge would only negate responsiveness and choice.

Beyond the issue of choice between different types of services, it is also important to consider how the approach within a particular service impacts upon people's sense of agency and level of empowerment. It is vital that a strengths-based approach be adopted. An integral tenet of all strengths-based practice models is putting the client, their goals and aspirations, at the centre of planning and service delivery. These approaches have been shown to produce positive outcomes.[7] There must also be adequate resourcing of services to make this a reality, particularly in providing specialist services and higher levels of flexibility for highly disadvantaged people and those with complex needs.

Flexibility needs to be built into services from the outset to ensure that people have the opportunity to exercise choice. This should take into account research into the nature of help-seeking behaviours among particular groups of people, such as young people[8] or people with alcohol and drug issues.[9] For example, when seeking help research reveals that young people of both genders prefer informal sources – men looking to their families and women being more reliant on friendship circles – rather than seeking to access professional services. Meanwhile, findings from the 2007 National Survey of Mental Health and Wellbeing (NSMHWB) show that the gap in help-seeking in young people with mental health problems is largely due to high rates of substance use disorders and the low rates of help-seeking associated with these. In order to address this gap there is a need for better coordination and integration of mental health and alcohol and drug services within primary care settings.

Service user engagement may require flexible entry points or assertive forms of outreach to engage people and support them in accessing services where they then exercise a high degree of choice.

Jesuit Social Services position

- **Promote improved sector coordination and individual or community participation in policy planning and service provision.**

- **Implement a policy of place-based models and provide holistic interventions targeting communities experiencing entrenched disadvantage.**

- **Provide adequate and ongoing resourcing of services, particularly in providing specialist services and higher levels of flexibility for highly disadvantaged people and those with complex needs.**

1. Human services in remote Indigenous communities

A number of Indigenous communities across Australia experience persistent and entrenched disadvantage. A new approach is needed so we don't continue to fail the communities that bear the greatest burden of disadvantage. A sustained long-term commitment across the government, community and business sectors is urgently required to resolve this complex problem.

Of particular concern for Jesuit Social Services is the dispersion of significant disadvantage across the entire Northern Territory, which has a high ATSI population. The patterns of disadvantage vary greatly across the Territory, with some areas showing low levels of disadvantage on certain indicators and high levels of disadvantage on others. Our DOTE 2015 research found that different areas experience disadvantage in vastly different ways; for example:

- In the Tiwi Islands, disadvantage is felt in the lack of internet access, low family incomes and young adults not engaged in work or study - ranked first on all of these indicators. Economic indicators therefore showed disadvantage while social indicators (criminal convictions, prison admissions) were less prominent.
- East Arnhem ranked second on unemployment and long-term unemployment, young adults not engaged in work or study, unskilled workers, and the level of post-school qualifications. Again, the issue is around income and skills.
- In Katherine, disadvantage is reflected in the rankings for criminal convictions, domestic violence and prison admissions (ranked first on each of these). On the other hand, skills appear to be at a higher level than in many other locations.

While disadvantage is shown in different forms across the Territory, certain localities account for a disproportionate level of disadvantage, with only one Statistical Local Area showing no extreme disadvantage on any indicator. Our research found that 25% of locations accounted for 47% of the highest disadvantage rankings. These findings highlight both the complexity and persistence of locational disadvantage in the Northern Territory.

The Commission has recognised a need for place-based models, improved sector coordination, greater collaboration or co-design and community ownership of planning and design, and stable policy environments to improve human services and outcomes in remote Indigenous communities. We welcome these points and recognise that competition policy could provide improvements in these areas. However, we believe that ultimately a concerted effort by governments, service providers and communities alike is required to enable positive change, rather than a shift in the ideological framework. In particular, it requires governments to be more effective in playing a 'steering' role to bring together all parties and foster sector coordination.

Achieving effective place-based, community led reform

Jesuit Social Services calls on governments, in partnership with the community, to act immediately to put in place appropriate structures, plans and resources targeted to our most vulnerable communities to effectively break the web of disadvantage. We need a multi-layered, cooperative and coordinated strategy that is owned and driven by the community. It must involve all layers of government and the business and community sectors, reflecting shared responsibility and joint commitment to resolve this entrenched problem. This strategy must take account of the unique characteristics and circumstances of local communities and be sustained over the long term. It should be:

- **Targeted –** The response must be targeted or concentrated to specific areas that meet the most severe criteria for disadvantage – in the DOTE 2015 report the communities experiencing the most severe disadvantage represent approximately 3 per cent of localities nationwide.

- **Tailored** – The policies, programs and approach to dealing with disadvantage in a community must be unique to that community's needs, tailored to their particular circumstances, based on the unique linkages between indicators in that area and supplemented by informed audits of existing programs in that locality.

- **Integrated and cooperative** – The response needs to acknowledge that disadvantage in one dimension of life (e.g. unemployment) reinforces disadvantage in other areas (e.g. household income). Effective responses to reducing disadvantage must address the multiple and interrelated causes and exacerbating factors that underpin the entrenched nature of disadvantage experienced by communities. Effective responses therefore involve cooperation between government and departmental portfolios, integrated community initiatives and coordination between different levels of government.

- **A long term horizon** – DOTE 2015 demonstrates that not only is entrenched disadvantage persistent across time but that short-term policies do not work in addressing the experience of disadvantage among communities. A long-term, bipartisan commitment is vital to prevent communities from dropping off the edge.

- **Community owned and driven** – Community leaders must be engaged to drive sustained change. A new approach must recognise the strength within communities and work with them to build capacity, generate action, attract external resources and maintain direction and energy. There is a well-documented history of the benefit of 'aid', disconnected from the strengthening of specific community capacities, tapering off and disappearing once external inputs cease.

- **Engaged at the individual, community and national levels** – Research into the outcomes people experience in life demonstrates that individuals are affected by their own capabilities and opportunities, their family circumstances, their community, and the broader social and economic environment. Any effective change in the outcomes for individuals must therefore include action across these three domains of life: individual, community and macro environment.

All of these areas are intertwined, and as such there are elements of each that will determine the possibilities for success in others. For example, without a long-term vision the effective development and implementation of targeted and tailored services is undermined. A program that may be producing effective outcomes under one government or policy setting can be at risk of being dismantled by a future change in government/policy. Disruptive policy environments, combined with funding uncertainties, are detrimental to the achievement of these recommendations. We are well aware of the difficulties associated with providing services to complex needs users with constant change at a strategic level and uncertainty of funding.

A long term commitment

Sustained policy approaches and funding commitments by successive governments, state and federal, are vital for a number of reasons. With stability in these two areas, the ability to sufficiently embed programs and services in communities becomes possible. Without it, building strong relationships and connections with users and the broader community is inhibited due to the potential for services to cease, turnover in personnel or changes in priorities imposed on them by shifting policy platforms. As previously noted, key strength of not-for-profit providers is their track-record and longevity in building trust. In remote Indigenous communities this is paramount to engaging individuals and community groups, by encouraging and promoting community ownership in the planning and design of models.

Without an overarching long-term approach, the potential for turnover and loss of institutional knowledge restricts innovation. The ability to learn lessons and adapt from experience over time is crucial to designing

innovative solutions to entrenched problems. While competition and contestability may encourage innovation, they are not pre-requisites for it. Even in a free-market environment, companies require time, resources and the opportunity to adapt and learn in order to innovate. This is something that stable policy and funding environments must provide in the context of human services in Indigenous communities.

Building community capacity and culture

The *Preliminary Findings* report highlights the need for better coordination of services and collaborative co-design with service providers, and in particular community ownership and control as central to this. Improvement in this area requires well designed policies and services that complement and reflect the real needs of users. In Indigenous communities, almost without exception, successful programs are those in which the community defines its own needs and then designs and controls the response.[10] According to the Australian Institute of Family Studies, community ownership is considered important because it: ensures authority and autonomy over all aspects of a project; builds the commitment and enthusiasm of all people involved in the program, including collaborators; and contributes to building community capacity so that communities can address their own needs.[11]

Complementing this is the need to ensure culture is at the forefront of the design, planning and delivery process of human services. As highlighted by the Commission, this has occurred successfully in Canada and there are examples of it in Australia. In his recent lecture series in Australia, Sir Michael Marmot, President of the World Medical Association, referred to the community of Gunbalanya, West Arnhem Land, where there is a real effort to maintain cultural continuity by involving the community in education and community development.[12] An important aspect of embedding culture is prioritising the Indigenous worldview, one that is relationally and holistically based on community and family obligations rather than the individual.[13] The crossover here with the broader mission of community service organisations is an appropriate link and foundation from which CSOs should collectively participate in coordination and planning with government, Indigenous groups or individuals, and service users.

Jesuit Social Services' position

- **Promote and deliver stable policy environments and funding to allow sufficient embedding of programs and services to allow outcomes to be achieved and innovation to occur overtime.**

- **Adopt an approach to fostering community ownership and control, and in the case of Indigenous communities ensuring culture is at the forefront, of the planning, design and delivery of services by individuals and community groups.**

2. Grant-based family and community services

Many of the issues and principles discussed above in regards to remote Indigenous communities apply to the area of grant-based family and community services. In particular, the points raised earlier in terms of achieving effective place-based, community led reform are equally relevant for grant-based family and community services. Similarly, what is discussed in this section can be applied to remote Indigenous communities.

The Commission has identified a number of key elements of commissioning as ripe for reform: sector coordination, collaborative co-design and planning, government contracting and compliance processes, and a commitment to evaluating and understanding community need. We agree these areas deserve greater

consideration in a reform agenda, however, reiterate that the market is not the most appropriate mechanism through which these elements should be addressed.

Taking heed of the current trends towards privatisation and outsourcing of government services generally, the relationship between government and providers has further changed administrative dynamics. In general, it has become increasingly a relationship of government as the 'enabler' of services, acting as the coordinating and regulatory authority, as well as sole or part financier, while service providers assume the position of 'doers'.[14]

The role of government as an enabler is demonstrated now that service delivery is more than ever a responsibility of not-for-profits, while control by government through coordination, regulation and financing has increased. In its coordination capacity government continues to provide sector oversight to the delivery of social services. At a strategic level it assumes responsibility for setting policy agendas, priorities and directions, and maintains governmental bodies and instruments that carry out this coordinating function. Regardless of the fact that direct service delivery is implemented by not-for-profit agencies there is an entrenched structure in place that reinforces coordination by government.

Fostering collaboration

In this context we believe reform must focus on ensuring greater collaborative co-design and an integrated approach between government and service providers, one which aims to improve sector coordination, reduce fragmentation, and improve planning and design.

The transition to an integrated and collaborative approach to delivering services needs to occur at two levels: the strategic policy domain and the practical delivery of services. At the strategic policy level this has begun to take shape to varying degrees through increased co-design, but in order for it to be successful it must become ingrained and systematic in how the sector works. It needs to be a deliberate re-orientation led by government. Market principles have very little, if anything, to do with this aspect of reform. Increased competition and contestability may introduce more service providers, but it will not organically initiate or embed improved sector coordination or co-design.

In reality, increased coordination and co-design is driven by an official promotion by government of the involvement of service providers at the strategic policy level in such areas as policy development, design and evaluation (in addition to their traditional service delivery role). The Western Australian Partnership Forum is a key current and laudable example of how this is being enacted in the Australian context. The Forum was established by the Western Australian Government in 2010 as the focus of its relationship with the public and not-for profit community sectors.

The stated mission of the Forum is 'to improve outcomes for all Western Australians through a genuine partnership in the policy, planning and delivery of community services' through a 'collaborative approach to decision making'.[15] In a short space of time it has achieved key reforms in relation to contracting arrangements between government and service providers, and renewed emphasis on individualised funding approaches, which are increasingly being viewed by governments as a favourable funding model. This has been achieved through 'a strong level of commitment from both sectors to active and constructive participation in the forum and the delivery of concrete results'.[16] Victoria also has a similar partnership initiative with the state government, the Health and Human Services Partnership Implementation Committee, which was established in 2004. It has been successful in improving business and funding processes, and implementing sector award and remuneration changes.[17]

Co-design aims to create more opportunities to participate and contribute on a common and equal footing, working together, and sharing ideas and resources. This creates a degree of interdependence amongst key stakeholders – government and agencies - reflected in the shared 'control', 'responsibility ', 'ownership' and 'risk' of service delivery.[18] It also necessitates a role for the service user in contributing to sector coordination, planning and design. Just as ownership and inclusion of the community are highlighted as critical to delivering strong outcomes in remote Indigenous communities, the same can be said for family and community services more broadly.

Both governments and agencies need to commit to empowering service users in the planning, design and delivery of services. This should occur through direct and indirect avenues of consultation, feedback and representation on forums such as those described above. One example of this may be in undertaking needs analysis assessments. As the ultimate recipients of services, users should be consulted on the needs and drivers of a particular service in their community, as well as the mix of intervention strategies that respond to this need.

Fostering greater co-design between the nexus of governments, agencies and service users is essential to improving planning, coordination and service delivery – ultimately improving outcomes and innovative responses. As previously mentioned, the inherent discouragement that occurs when competition principles are applied will work against improved co-design. Providers will be guarded and disincentivised to come together and share learning for fear of losing a competitive advantage, and also inhibiting sector-wide innovation.

Integrated service delivery

At the practice level, integrated service delivery is characterised by the development of comprehensive service models acting as an 'end-to-end system that looks to transcend traditional administrative boundaries through streamlining access points, establishing a single holistic assessment process and providing integrated case management for users of multiple services'.[19] In many locations these approaches have been initiated by the sector and are increasingly now being adopted by government. These service models are led by government, encompassing services directly delivered by government and a broad range of non-government providers. Service providers work collaboratively to ensure service provision is as seamless as possible. Integration in this sense offers a holistic, intra and inter-governmental and inter-sectoral approach to the provision of services, leading to reduced fragmentation in delivery and enhanced service users' experience.

Limits of current contract and funding arrangements

The Commission acknowledges that competitive tendering and contracting is currently not incentivising innovation and creativity in service provision and improved outcomes. This may be due to a range of reasons referred to in the *Preliminary Findings*, including timeframes for tendering and the burden created by the cycle of reapplying for funding.

Our main concern here is around funding levels limited contract terms and their inflexibility. Ultimately, these factors create uncertainty for not-for-profit providers, stifle innovation within the sector, and hinder service provision and outcomes.

Levels of funding are crucial to ensuring genuine choice, as major issues arise where resources are not available to provide genuine choices for service users.[20] This is a significant issue in employment services where tight financial models and a pressure to reduce costs have led to standardised and often minimal levels of support.[21] Research into these services shows that the differences between providers has

diminished over the past decade, and that there is now a high degree of standardisation in services.[22] Similarly, in the aged care system, providers have been allocated set numbers of support packages for older people through tender processes but the number of people approved for packages exceeded the number. As a result genuine choice was diminished.[23]

Diverse funding streams are required to avoid disruption to users should a service or program cease or be wound back due to funding pressures. Governments need to stabilise the policy settings in which decisions are made and funding is allocated in a move to create continuity and a long-term economic commitment to achieving outcomes through service provision. This, coupled with greater flexibility in terms of compliance and contractual conditions, will help foster innovation and diversity of service options over time. Of course, innovation and contractual flexibility need to be framed within in a context of minimum standards and an overarching outcomes framework, which in turn needs to be set and maintained. Collaboration and co-design must underpin this approach at a strategic level.

Knowing what the need is

Understanding and evaluating community need, including monitoring how current services provision is performing, is strongly supported by Jesuit Social Services. We have a tradition and commitment to evidence-based program delivery, having built up significant capabilities and expertise in this area over time. A strong evidence-base should form the basis of any policy or sector planning.

While government is well placed to lead on the development of a monitoring and evaluation framework, it should form part of the co-design mechanisms referred to above so that providers have input into the design of any systematic framework. It is vital that any enforced reporting requirements do not add another layer of time and labour-intensive activity for service providers, who may need to allocate significant human and financial resources. This may impact the actual task of providing adequate services. Informal program and outcomes feedback should be considered just as useful as any systematic mechanisms, and should increasingly occur through greater interaction between government and service providers.

Ultimately, without a clear picture of what the needs are of users and communities, governments are hindered in carrying out their 'steering' responsibilities and knowing where gaps exist that could be addressed through greater innovation. Likewise, service providers, while recognising gaps in their own work, may not be aware of how this looks at a broader sectoral level leading to inefficiencies in service provision and poor outcomes. An improved effort by government to evaluate and disseminate practice learnings will enable innovation and better outcomes.

Jesuit Social Services position

- **Pursue a concerted effort to improve co-design and an integrated approach between government and service providers and service users rather than relying on increased competition and contestability to embed improved sector coordination or collaboration.**

- **Improve flexibility and longevity of funding and contract arrangements in order to remove current uncertainty and barriers for not-for-profit providers.**

- **Understand, evaluate and disseminate practice learnings amongst stakeholders in order to enable innovation and better outcomes.**

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