



Australian Government
Productivity Commission

PRODUCTIVITY COMMISSION

**INQUIRY INTO INTRODUCING INFORMED USER CHOICE
AND COMPETITION INTO HUMAN SERVICES**

DR S KING, Commissioner
MR S INNIS, Special Adviser

TRANSCRIPT OF PROCEEDINGS

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5 **DR KING:** Okay, let's get started. So good morning and welcome to the public hearings for the Productivity Commission Inquiry into Introducing Informed User Choice and Competition into Human Services. My name is Stephen King, and I am one of the commissioners on this inquiry. Sean Innis, on my left, is special advisor on the inquiry.

10 I would like to begin by acknowledging the traditional custodians of the land on which we meet today. I would also like to pay my respects to elders past and present.

The Commission was requested by the Australian Government to undertake this inquiry in April 2016. The inquiry was to be undertaken in two stages, the first stage study report, and the second stage inquiry report.

15 The purpose of the study report was to identify the services best suited to reform. The final study report was released in December 2016 and identified six services as best suited to reform: end-of-life care, social housing, family and community services, services in remote Indigenous communities, public hospitals, and public dental services.

20 Following the release of the study report, the Commission commenced its inquiry report to identify and assess reform options in each of the priority services. A draft inquiry report was released in June, which presented the Commission's draft recommendations for each of the services.

25 We have talked with representatives from the Australian, state and territory governments, service providers and their peak bodies, unions, academics, researchers, and individuals with an interest in the issues, and held round tables throughout the inquiry. We have received over 500 submissions over the course of the inquiry.

35 We are grateful to all the organisations and individuals that have taken the time to prepare submissions and/or appear at these hearings. This is the second public hearing for this inquiry. First hearing was conducted yesterday in Sydney. Following this hearing, hearings will also be held in Melbourne and Perth. We will then be working towards completing a final report, having considered all the evidence presented at the hearings and in submissions, as well as other informal discussions.

40 The final report will be submitted to the Australian government in October. Participants and those who have registered their interest in the inquiry will be advised of the final report's release by the government, which may be up to 25 parliamentary sitting days after completion.

5 The purpose of these hearings is to facilitate public scrutiny of the Commission's work and to get feedback on the draft report. We like to conduct all hearings in a reasonably informal manner, but I remind participants that a full transcript is being taken, and that is what the microphones for, and not for amplification. Just on that, if I could ask participants when speaking, including us, to make sure we speak up, just so that everybody can hear.

10 For this reason, comments from the floor cannot be taken, but at the end of the day's proceedings I will provide an opportunity for anyone who wishes to do so to make a brief presentation at the end of the day. Participants are not required to take an oath, but are required under the Productivity Commission Act to be truthful in their remarks. Participants are welcome to comment on the issues raised in other submissions.

15 Transcript will be made available to participants, and will be available from the Commission's website following the hearings. Submissions are also available on the website. For any media attending today, some general rules apply. Please see one of our staff for a handout which explains those rules.

20 To comply with the requirements of the Commonwealth occupational health and safety legislation, you are advised that in the unlikely event of an emergency requiring the evacuation of this building you will hear a warning alarm. Please listen for instructions over the PA from the warden. Follow the exit signs to the front door of the hotel, and assemble on the grass area in front of the hotel. Lifts will not be used. Please follow the instructions of the floor warden at all times. If you believe you would need assistance, it is important that you advise wardens, who will make arrangements for you.

25 Participants are invited to make some opening remarks of no more than five minutes. Keeping the opening remarks brief will allow us the opportunity to discuss the participant's submissions in greater detail.

30 First off I would like to welcome Liz Callaghan from Palliative Care Australia, and just for the transcript if you could state your name and organisation and then - - -

35 **MS CALLAGHAN:** Liz Callaghan, CEO, Palliative Care Australia. Thank you, Commissioner.'

DR KING: And please.

5 **MS CALLAGHAN:** Thank you. So thank you for the opportunity to speak with you today. As you know from our submission, PCA is the national peak body for palliative care, and work towards ensuring access to high quality end-of-life care for all. The draft report into introducing competition and informed user choice into human services contains five recommendations relating to end-of-life care, which are strongly endorsed by PCA.

10 Distinctions in your draft report between palliative care and end-of-life care will need to be drawn, however. The chapter is titled “Caring for people at the end of life”, yet refers to palliative care throughout. This is consistent with the view that at times these terms are used interchangeably.

15 In this short statement I would like to draw your attention to some of the work PCA have undertaken since we last spoke with the Commission. Yesterday we released a series of seven economic research notes relating to palliative and end-of-life care. These include summaries of latest research and case studies relating to the economic value of palliative care and end-of-life care; the economic benefits of home-based palliative care and end-of-life care; the economic benefits of palliative care and end-of-life care in hospitals, in residential aged care settings; the economic benefits of integrating palliative care and end-of-life care into chronic disease management; the economic benefits of early access to palliative care and end-of-life care; and the financial costs to families caring for family members receiving palliative care and end-of-life care.

25 I have hard copies of those which I am happy to leave with you today. They are also on our website. PCA have also developed a set of principles for palliative care and end-of-life care in residential aged care. This was released during Palliative Care Week in May this year, and the principles are a collaboration by PCA, Alzheimer’s Australia, COTA, the Aged and Community Services Australia, Leading Aged Services Australia, Catholic Health Australia, and the Aged Care Guild, to present a united commitment in recognising the diverse needs of residential aged care consumers, families, carers, aged care staff and service providers in providing palliative care and end-of-life care. And we believe the principles go some way in addressing some of the items in your report, and think they are a good match.

40 PCA, along with Professor Jennifer Tieman from Flinders University and Professor Deborah Parker from UTS, have also drafted a palliative care and end-of-life care road map for suggested inclusion in the aged care road map, because that has been omitted from the aged care road map. Both these pieces of work call for end-of-life care to be recognised as core

business for aged care services, which is consistent with your recommendations.

5 Finally, PCA are currently undertaking two important pieces of work. One is the revision of specialist palliative care standards. This work is important because the palliative care sector believes there is a minimum set of standards that needs to be applied to delivery of specialist palliative care services in order for them to be known as palliative care services.

10 This work will complement the standards work undertaken by the Safety and Quality Commission. So they have done - they are complementary, not duplicative, and a review of these standards will be completed by the end of this year.

15 And secondly, a revision of two key planning documents in palliative care, "A guide to palliative care service development: population based approach" and "Palliative care service provision in Australia: a planning guide". Both documents were developed in 2005 and are long overdue for revision.

20 One of the key outputs from this work will be a set of definitive definitions of what constitutes end-of-life care, palliative care, primary palliative care, et cetera. These definitions will be incorporated into the revision of the national palliative care strategy, also due for finalisation by
25 the end of the year.

And just finally, another piece of work you may not be aware of. Last week one of our members, Palliative Care Victoria, released a policy proposal in Australia for financing palliative care in Victoria. So they
30 estimate that there is a need for an annual additional \$65 million of funding for services in Victoria, and this is based on a survey of the sector and includes funding for structural adjustment, including incremental community awareness and capacity.

35 What this recent work shows is that 60 per cent of palliative care consultancy services currently cannot meet the demand in Victoria. So that is the end of my remarks. Thank you.

40 **DR KING:** Thank you. Actually, I just would like to start actually at the end there, with the work of Palliative Care Victoria. Two things that that highlights, from my perspective. First off, so 65 million is their estimate of the shortfall?

45 **MS CALLAGHAN:** Yes.

DR KING: Do you know if other organisations or other data is available around Australia or in other states in Australia as to the shortfall that is needed? Numbers are always very useful when putting a proposal.

5 **MS CALLAGHAN:** Yes. This is, to my knowledge, is the most recent work that has been undertaken, and it was a survey of services, so estimating how many people they are turning away, what the demand is. So it was based on that survey work, but also, I guess, a development of a strategy as well, going forwards, looking at what needs to happen. I have got a
10 breakdown of that funding, if you are interested?

DR KING: Presumably it is on their website?

MS CALLAGHAN: It is on their website.
15

DR KING: Yes, so no, that is fine. We will follow that up, so thank you for providing it. The other part that your comments there highlighted, so 60 per cent of palliative care services can't meet demand?

20 **MS CALLAGHAN:** Yes.

DR KING: One of the things that has been put to us is that there is a shortfall in palliative care specialists, and there is really two points that I would like to get your views on. Firstly that shortfall, especially in
25 specialist palliative doctors and palliative nurses, but also there seems to be a slight tension between some of the submissions put to us between the role of the generalists - so a generalist GP who may have some small palliative training versus a palliative care specialist, and the different roles that they play. Where do you see workforce shortfalls, if you do see any? Where do
30 you think the emphasis should be, and how should the government be balancing the workforce requirements of the specialists, the generalists, and also the community: the families, the carers, the community organisations?

MS CALLAGHAN: I think it is fairly obvious that palliative care specialists can't - medical specialists can't care for every person that is dying in Australia. It would just be impossible. The workforce planning in Australia was being undertaken by Health Workforce Australia. That has been disbanded. It has gone back into the Department of Health.
35

40 And many years ago AMWAC, so the Australian Medical Workforce Advisory Committee, did a lot of work around workforce planning for specialist palliative medicine. That was many, many years ago, actually, around 2005, which is why we are updating this guide for palliative care service development and the planning guide, because within that is a
45 workforce planning component to that work.

5 I think what needs to happen is a very clear understanding of what service models - so you can do workforce planning, but if you don't understand what the service model is and what you are trying to achieve, you can't do workforce planning ahead of that service planning.

10 And so I guess the complexity in that relates to state and territory jurisdictions do that service planning generally, and yet the Commonwealth fund and direct funding for workforce training positions.

15 There are instances of palliative care specialists who complete their training who can't get the work that they're looking for, because - and that relates to state and territory health departments not creating positions for them.

20 So that is the complexity around that, I guess, or the curiousness, but I mean, clearly there is only - I think the latest AIHW data, and I would have to check this, it was 193 specialists. The latest tranche has taken them up - it's up to over 200, 204 specialists across Australia.

25 Clearly there are pockets of inequitable access across the country. Now, the question is do you need a palliative care specialist for the complex care? I think where we will be heading with the work that we are currently doing is that we would be advocating for upskilling general practice. Not everyone needs specialist palliative care. Many people die in residential aged care without needing palliative care support. It really is around complex family issues, the psychosocial/spiritual support. In a perfect world, everyone would have access to that, but there are financial constraints clearly.

30 That is why the standards work is really important as well. So there needs to be a level of - a standard of care. So I think all of those bits of the jigsaw will come together to create, I guess, a way forward that articulates a better model for end-of-life care across the country.

35 I think there isn't a community based model of care across the country, and that - I mean, that is picked up in your report, so I think it is not easy to answer that question. I think we still need to look at data.

40 But there is also - you know, there is still - it still is not mandatory to look at - to undertake palliative care or end-of-life care learning as an undergraduate for both nursing and medical. Yes, so it is not mandatory across the country, so you can get - - -

45 **DR KING:** Even as a GP?

MS CALLAGHAN: Yes.

DR KING: Okay.

5

MS CALLAGHAN: So you can - a colleague of mine is a general practitioner. She went through her GP training very recently and didn't have anything on end-of-life care or palliative care. So unless you go looking for it, you can get through your training without reaching it. So I think there are some structural issues that need to change. That is why I think there is a whole lot of building blocks we need to put in place. Yes. That is - - -

10

DR KING: Thank you. Just also on the - you mentioned seven research notes as well as that Victorian work that has come out.

15

MS CALLAGHAN: Yes. Yes.

DR KING: And you're also updating the standard on providing quality palliative care.

20

MS CALLAGHAN: Yes.

DR KING: I guess, given this work that is going on - so this is a very general level question - do you think that our recommendations should say, "Look, you really need to look at our work here. That needs some nuancing, that needs fundamental change"? Any thoughts on, you know, if you had the pen in your hand and could go, "Look, you know, scrub out that, put this in"? Just from the recent work and the work that is going on. So in a sense, we want to make sure our recommendations are as close to the cutting edge and up to date as possible.

25

30

MS CALLAGHAN: Yes, well, I think the work on the standards is very important, because I think there are sort of community based services out in the community saying that they offer palliative care services, and they're personal care services, and they are not necessarily palliative care.

35

So it might - in the holistic sense. And it is not connected to a consultancy service or a general practice that has an interest in palliative care. So I think that is why standards are important, because they are a minimum - and what we are working on, and we had - I was in Sydney yesterday for a meeting relating to the standards. There is a minimum set of standards, and these are process standards that we think services should be able to offer to be able to say that they are delivering palliative care.

40

45

5 There are also aspirational standards within that, because there are higher-performing - you know, in the old terminology, level 3 services that undertake research. They do education, all that sort of stuff. So there is a mix there. But there should definitely be an understanding of what you are paying for.

10 So if you are paying for palliative care services, you need to, I think, meet a minimum set of standards. And this is something I have discussed with a couple of health insurers as well, because health insurance is interested in getting in this space, and I am sure you will have talked to many of them, but I think they really need to understand what they are buying, because it is more than a lit candle and a doona, which is what is often offered in residential aged care, for example.

15 **DR KING:** Yes.

20 **MS CALLAGHAN:** And we had examples of that yesterday, so - so I think the standards work is really important, and I think the updating the guide to palliative care service development and the population planning guides are really important, because jurisdictions have used them to plan for their services.

25 So they are so out of date. They were last done in 2005, so clearly lots of things have changed. The context in which we are living in has changed, even in that period of time. So I think we need to do that work, and I think if that could be incorporated into your final report that would be good.

30 We are looking at finishing that work by the end of the year, which might not meet your timelines, but we will have progressed a fair way, actually, with that work.

DR KING: Thank you. And if we are able to liaise with you on that work
- - -

35 **MS CALLAGHAN:** Absolutely, yes.

DR KING: Yes. You mentioned funding, and there was an increase in the funding of the recent federal budget, greater choice for at home palliative care budget measure, so \$8.3 million over three years.

40 **MS CALLAGHAN:** Yes.

45 **DR KING:** So given the \$65 million you mentioned before from Victoria, it might put some perspective on it. Two things, I guess, about that. Do you see that sort of budget approach - more than just the amount of money,

but the actual approach taken through those - that funding announcement, which seems to, at least from my perspective, seems to have little funding for direct service provision. It relies significantly on the primary health networks. Do you think that is an appropriate way of enhancing delivery of palliative care services? If so, what role do you see for the primary health networks playing, and how do they fit into this system? And if not, how would you like to see it done?

MS CALLAGHAN: PCA are very supportive of that budget initiative actually. And you are correct, it is not for direct services, and it is a small amount of money in the scheme of things. However, it is for a trial of ten sites, and at the heart of that announcement is, I guess, an intention to look at coordination of care.

So we have a fragmented health system, we know that, and particularly in end-of-life care, those fragmentations can be very pronounced if they are not managed well, so we have long said, you know, having a navigator in a system would be a great thing.

So primary health networks, I guess, provide that opportunity of - and I think that funding for the trials I imagine will be used to bring service providers within their primary health network catchment to develop a health pathway for end-of-life care and palliative care.

And I have spoken to a number of PHNs who haven't even commenced thinking about end-of-life care work. They want to do it, but they know, you know - they don't know where to start, basically. So this is a bit of an injection of funding to help coordinate and bring services together.

So you can identify in catchment areas who are the GPs who are interested in delivering palliative - who are the GPs that would actually go to someone's home out of hours and provide care? Who are the pharmacists? Pharmacy plays a really key role in the community at end of life, because often, particularly in rural areas, often they are the ones who can support the GP in prescribing, so if you have complexity around your pain and symptom management you often need to change drugs and all that sort of thing. It is quite complex. It is not for everybody, so this is not every case, but there are many, many instances of people - and we hear all the time of people having poor deaths, dying in pain, their symptoms not being well-managed.

So this is why we need a system that can deal with this. So I think the PHNs coming together to develop those health pathways is a fantastic start, because it is in primary care where people can miss out on accessing any sort of service for end-of-life care.

5 You are very well looked after, usually, if you are part of an out-patient kind of appointment with medical specialists, say, renal, heart failure, that type of thing. You can be. There is opportunity there, so you are more likely to be, and particularly if you have got access to in-patient palliative care units or hospices or community-based services.

10 But those primary health networks have 100 per cent coverage across Australia, so they do have a role in looking at what is in their network and trying to coordinate and get people to work together and take ownership so that when - I mean, I would love to see when someone is recognised as with a life limiting illness and they are approaching the end of their life, that actually it is some kind of urgency. It is a priority. It is something that needs to be responded to. It is not urgent in the sense of a medical emergency, but it is urgent for that person. You only die once, and that family only experiences that once, and it is really important and you don't get that chance again.

20 **DR KING:** Yes.

25 **MS CALLAGHAN:** Yes, so that's - so I'm actually quite hopeful that this initiative - I can see that is how it could work, and it would be fantastic if it could be rolled out nationally. Because I think the primary health network CEOs that I have spoken to are really keen to bring that - bring those bits of the sector together and identify who can support people in their community, particularly with a complex chronic illness.

So I'm hopeful that it will do something, yes.

30 **DR KING:** Yes. Okay, so the idea of the PHNs as a navigator, I can see the appeal of that, particularly with the primary care. I guess my initial reaction is to question whether that is going to work in the coordination of the hospital care, and do you think that's an issue? I mean, we do tend to have this division in Australia between the primary and the tertiary.

35 **MS CALLAGHAN:** Absolutely.

40 **DR KING:** And yes, how could that be dealt with, you know, through a navigator or - you know?

45 **MS CALLAGHAN:** Yes, yes, I think you're right, and I think - I think that is where some of the difficulty is, and that is where the value of a model like Silver Chain is good, because it is outside of that health system. And I think hospitals - and it is just the nature of hospitals, they like to suck up everything around them and bring them. That is the metaphor. They are

like a vacuum. And don't outward look into the community as much as they possibly could.

5 So I don't know that primary health networks will be able to change that, necessarily. I really think it is about the hospitals looking out. Everyone looks in to the hospital, but you know, the reverse is not happening. So how do you do that? I think navigators within the hospitals as well.

10 So some relationship there. And it is difficult, because we have a fragmented system. It is funded - and that is where the funding differences come into play, and what is a quid pro quo? So I think in residential aged care, for example, if you were to have state funded services, say palliative care services that are part of a consultancy service within a hospital in-
15 reaching to residential aged care, not in a formal sense where you have a, you know, an agreement where money changes hands, but it is an understanding that by doing that they are avoiding hospital admissions, you know?

20 So that kind of - and you know, whether that can happen in the bilateral negotiations, I think there is possibility there. I think that would be the mechanism. I would be looking at trying to do that. So having some KPIs for state and territories around that outreach into the community, in order to avoid hospitalisations.

25 **DR KING:** Sorry, actually you've reminded me of something, just to skip back, and apologies, because this isn't your work, it is the Victorian palliative care work.

30 **MS CALLAGHAN:** Yes.

DR KING: The \$65 million, did they look at any chance - and I suspect the answer is no - but did they look at the potential savings in reduced hospitalisation from increased palliative care?

35 **MS CALLAGHAN:** No. No, I don't - - -

DR KING: That's all right. If - or if you're not sure, well, we can look it up.

40 **MS CALLAGHAN:** Yes. I don't believe they did. Some work that we have done has tried to look at that as well.

DR KING: Okay.

45

MS CALLAGHAN: I think we provided a report, yes, last year. It is hard to do that, yes. You can make assumptions. Are they correct? I am not sure. Yes. Yes.

5 **DR KING:** That is fine. Just a couple of other things I wanted to cover off. You mentioned your recent research note which was looking at families and carers.

MS CALLAGHAN: Yes.

10

DR KING: And your submission highlights important support for families and carers. Not an area we cover off in great detail in our draft report, so I was very keen to hear from you what you think needs to be done there.

15 **MS CALLAGHAN:** Yes, so in - I mean, your report makes reference to the fact 70 per cent of Australians want to die at home, and, you know, very few are doing that. I think that is about choice, actually. So people may want to die at home, but actually at the end of - when it gets to the pointy end they may not want to, so I think we have to have a system that offers
20 choice.

So I think - and we use that statistic, 70 per cent want to die - but you know, actually, it is about choice in places. So part of that, so going back to your question, is the care in people's home, so if you were to care for
25 someone, it does create - there is a financial impact on families, and I - and this has not really been quantified.

It is there. I mean, I think Deloitte did a study for Carers Australia I think last year. They do it every couple of years, and it was in the billions
30 of dollars in terms of the savings. But for this particular issue, I think, you know, there is cost shifting that happens, and the burden lands on families. And there are lots of out of pocket costs as well for families who are caring for people at home.

35 I mean, I know I did that when I cared for my mum. You do. But it's - so it's people who can afford to do that, so again it's inequitably distributed, I suppose, so yes, I think there is an impact, but I think it's - and it's substantial, but it hasn't been quantified.

40 **DR KING:** True. Well, it is monetary, time - - -

MS CALLAGHAN: Absolutely, yes. And then it is also, you know, grief afterwards as well.

45 **DR KING:** Yes.

5 **MS CALLAGHAN:** And that - and I mean, there is different research, and our briefing paper picks up some of it, but there is research around if you have cared for someone and it has been particularly difficult for a long period of time and you're an older carer, your length of life is probably shortened by doing that. You know, so there is - you know, there is lots of impact.

10 **DR KING:** Just - okay. Because we know choice of where you would like to die changes as your death approaches.

MS CALLAGHAN: Absolutely.

15 **DR KING:** And I guess the wisdom, conventional wisdom, around that is that, well, as a person who is dying sees the burden that is then placed on their loved ones who are acting as carers, that that is one of the drivers behind, for example, maybe they should go into a specialist facility, into a hospital, whatever.

20 Has - I mean, one - do you think that is a correct view of it? And secondly, has anyone done work on, well, if you provide - again, you provide more support for the in-home care or care in a residential aged facility, maybe in-home care for the informal carers, that that would also lead to a better death and lead to less burden on the hospital system. Has
25 anyone looked sort of formally at that?

MS CALLAGHAN: Yes, I think there has been bits and pieces, and I think we mentioned some of the research in here. Yes, it has just gone what I was going to say, actually. Sorry. I think they have looked at it. But I think the
30 - particularly towards the end of life, if there can be respite offered to carers in-home, just to sleep, or, you know, that can assist and alleviate the stress.

I think there is evidence that if you are well-supported and you are well-supported both by your informal network - so if people are able to come in
35 and assess, and this is where the Compassionate Communities movement, which we support, some of comes to light, actually. Where you can - most people want to care for each other, and we never ask. We don't ask people to help us in this caring role because people might ask you twice or three times, and after the third time you say no, they stop asking and cross the
40 street so you don't have to help.

But if we were able to, I guess, mobilise that informal network that everyone has, and everybody can have a network, and then there is volunteers on top of that, people can be better supported to provide that care

in-home, before you even get into the paid bit of the formal networks that can help.

5 So I think there is quite a bit to be done within the community at the - like a community development level, I guess, around mobilising communities to care for each other. And that is some of the work that we are doing as well. It just eases the burden, relieves the stress, reduces the cost, and is overall a better experience.

10 And there is some work done by - and I'm sorry, I don't have it in front of me - but Dr Julian Able from the NHS in the UK implemented a Compassionate Communities approach in his - he's a palliative care specialist, works for a trust, but in the community with a GP trust. And they put in a community development worker that basically connected people
15 with their informal network of care, and then identified formal bits where that was required, and over a period of time they had - because people were able to be better supported at home, they had quite a significant reduction in hospital admissions within that area, and they did a control with it.

20 So it was - yes, it was for people with three or more chronic conditions, their rate of hospitalisations had reduced very significantly. So I think there is bits and pieces that it is a bit of the building blocks, so I think there is not one simple answer, and there is a whole lot. There is a kind of a bottom up from community, and then there is, you know, some levers from the top.

25 **MR INNIS:** Sure. So thank you, and thank you for the contributions you have made to the inquiry so far.

30 **MS CALLAGHAN:** That is all right.

35 **MR INNIS:** Listening to your evidence and thinking about the submissions we have received, it strikes me that we focus on the areas where people die, the locations. So the hospital, the aged care facility or the home. And that we are trying to build a system where people have more choice around those three major settings.

40 And as you say, it is a bit disconnected, and in our report we make quite a - say some strong things about government stewardship and governments needing to be stewards of human service systems, and I guess my question is, looking across those settings and thinking about someone who is steward of palliative end-of-life care in Australia, are we good enough? Is government performing that role well enough? Are there some things that governments need to do to position themselves to perform that stewardship role better?

45

5 **MS CALLAGHAN:** I don't think governments are doing a good enough job. I will have to be honest. And that is both level of - or three levels of government, local government as well. And I - but I think we are at an interesting time, because I think governments are now realising the importance of looking at end-of-life care and palliative care. You know, ten years ago maybe not, and for palliative care it is a relatively new specialist service. It is only about 20 years old or so.

10 And so I think - I think governments have come late to the plate, if you like, and now we are scrambling to try and set a model, and what you have got is many different models, and so then very many different end of life experiences for Australians. It really depends where you live, and - as to what type of care you will get at the end of your life, which is, you know, not a fair go for all.

15 So I think what can governments do? I think they are trying to look at this in a systems view, and you know, you could argue that end-of-life care doesn't fit easily within - it is hard to place it within there, so if you are looking at health or human - it is hard to actually position it somewhere, because it touches - it can touch across so much of the human services space.

20 So that is a difficulty, I suppose. I think we just have to - what I would like to see is that prioritisation, some sort of acceptance that actually end-of-life care, it is different, because you get one go at it. It is - and it needs a different prioritisation.

25 And part of that is that community awareness. We can't even spell palliative care. People don't know - you know, they think it's euthanasia or they think you want to keep people alive forever. People don't even understand what it is. So there is a huge gap in terms of health literacy around this issue. We are very reluctant to talk about death and dying, although once you find people who are kind of interested you can't shut them up, because it's kind of like an exciting thing.

30 So I think governments should support what is happening at a community grass roots level, and allow that to happen, those conversations to happen. Because I think what has happened in the past is if a community mobilises, and Australians say, "Hey, we want to have something different for our end of life," governments will listen and things will change.

35 **MR INNIS:** So I understand that, and I understand that is part of the advocacy and lobbying path - - -

40 **MS CALLAGHAN:** Yes.

MR INNIS: - - - towards a good system.

MS CALLAGHAN: Yes.

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MR INNIS: But I guess my question is, it looks like we've got lots of people responsible or at least partly responsible - - -

MS CALLAGHAN: And then no one having overall responsibility?

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MR INNIS: No one - which means no one is responsible. Is that a fair assessment or not?

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MS CALLAGHAN: It is, but it also is not a surprise because of what I said before. It touches across so many bits and pieces. So you could take an approach where you say, okay, the federal government is completely responsible for end-of-life care, as they are for aged care.

20

Now I don't think that would work, really, because, you know, four out of five deaths are from a chronic illness, where it's not a surprise where someone dies. They could benefit from palliative care and end-of-life care.

25

That is the main business of the state and territory hospitals. So I don't see how you could do that. So - - -

MR INNIS: You mentioned PHNs earlier.

MS CALLAGHAN: Yes.

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MR INNIS: Do the PHNs provide the best spot in which to do the planning and the on-the-ground stewardship?

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MS CALLAGHAN: I think so, because I think they are responsible for population-based planning, and they are - yes, they are. They are supposed to bring in those - - -

MR INNIS: And consumer protection?

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MS CALLAGHAN: Well, I think - I think those PHNs need to have things like community councils and involved in that planning. So is that what you mean?

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MR INNIS: Well, we are talking about people who are very vulnerable, both potentially financially.

MS CALLAGHAN: Yes.

5 **MR INNIS:** I am a little less worried about that, but certainly emotionally and physically, so my question is, are PHNs the right place to put the responsibility for ensuring that standards are being met?

MS CALLAGHAN: Yes. I am not - yes, I am not sure that that would be the right place.

10 **MR INNIS:** If not?

MS CALLAGHAN: I don't know, Sean.

15 **MR INNIS:** What might be?

MS CALLAGHAN: Yes. I don't know. I'd have to get back to you on that one. I - nothing comes - - -

20 **MR INNIS:** No, that's fair.

MS CALLAGHAN: - - - you know, obviously to the top of mind. I think - and why wouldn't I think the PHNs would be the right spot? Because I think they are just doing so much. Yes.

25 **MR INNIS:** I'm not suggesting. That's a genuine question.

MS CALLAGHAN: Yes. And - yes, I don't know where that would sit, but it needs to sit somewhere. Yes, I think you are right, that - yes.

30 **MR INNIS:** And so final question from me, our report hopefully makes a contribution to something that is very important, but I don't think we are pretending that it is the end of the journey. So what else might be needed? I hear the ground up story, but for something to really work the ground up has to meet something. So what should governments do?

35 **MS CALLAGHAN:** Well, I think - I think government is already looking at this at the COAG level, so I think that is really encouraging, and - because I think it is at that level that government needs to come together and set that priority around end-of-life care.

40 Yes, I think - I think it is getting agreement between states and territories and the Commonwealth to prioritise end-of-life care and look at - so the national palliative care strategy, which will be released at the end of the year, will have, for the first time in many years, KPIs. So a bit of a
45 stick for states and territories. It was a strategy that sat on a shelf since 2010

with no KPIs, no monitoring, no evaluation, so there was no need - there was no leadership by the Commonwealth.

5 I think the Commonwealth has recognised they need to provide that, and they also need to insert in their bilateral agreements some sort of performance indicators around access to services for people in the community.

10 So I think governments are coming at this now, and I think they are thinking it through carefully, is probably a way to put it. Yes. They are - what is it? Hurrying without haste or something like that, or you know, going slowly with haste, something like - you know. So I think they are seeing that it is an issue, and I think your report really assists with that. So
15 thank you for doing it, and if I can say, thank you for having - holding that round table that you did hold on end-of-life care, and I guess for listening to what was talked about in that round table, and it was so fantastic to see this report. It was great. Everyone - the sector is very pleased, so thank you.

20 **MR INNIS:** Thank you.

MS CALLAGHAN: Yes, okay, thanks.

25 **DR KING:** Thanks. The next participant is Catholic Social Services Australia. We have got Mr Zabar and Chastel.

MS DE CHASTEL: Yes, that is right, okay.

30 **DR KING:** Castel or Chastel?

MS DE CHASTEL: De Chastel.

DR KING: Chastel. I think I - - -

35 **MS DE CHASTEL:** It's very Anglicised.

DR KING: - - - mixed up your name in the first one.

40 **MS DE CHASTEL:** Yes, that is all right.

DR KING: Welcome, so again, and just apologies to the audience, I do notice that this is a rather echoey room, and whenever anyone walks 100 metres away on the wooden floorboards that you can hear it in here, so - - -

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MR ZABAR: It's charming.

MS DE CHASTEL: I wish the fireplace was in here, though.

5 **DR KING:** Yes, that would also - I wasn't going to comment on -
somebody said that Australian houses are like tents, basically. They have
insulated walls, and this is a very nice tent. If, for just the record, you would
be able to state your names and your organisation, and then just some
introductory comments.

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MR ZABAR: Cool. Joe Zabar, from Catholic Social Services Australia.

MS DE CHASTEL: Liz de Chastel, a director of social policy at Catholic
Social Services Australia.

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MR ZABAR: Well, thanks for the opportunity to present at the hearing.
I'll make a few opening remarks, which are informed by the experience of
our Catholic social service providers. Our focus will be on two issues, the
grants area and social housing, so that is where our comments will sit.

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We want to acknowledge the enormity of the task undertaken by the
commission and commend you on your draft report. It was a big job, and I
think to get as far as you did I think it needs to be acknowledged. The report
provides some very helpful analysis of key issues and some interesting
ways forward, and I think there is things there that we could take up.

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We have approached this report from the view that human services are
both a universal entitlement and a social safety net, able to be accessed by
anyone, especially those with complex needs, and we start from the position
that our human services system must prioritise the dignity of the individual
over administrative efficiency. And I think that for us is the key in all the
commentary that we are making.

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As you have seen, we have made a fairly detailed submission which
builds upon the issues that we have raised in earlier submission to this
inquiry. So I thought I would just quickly go through and highlight some
of the things that we - in relation to the grants and family and community
services, we view many of the recommendations in this area as positive,
albeit ambitious.

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While we acknowledge the importance of coordination between the
different levels of government in the identification and implementation of
family and community service programs, we also believe that proper
engagement with providers remains pivotal to the success or otherwise of
these programs.

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Where we do differ from the Commission is that we don't agree that governments should be blind to the organisational type in the provision of social services. We are not arguing that for-profits should be excluded from family and community services sector, but rather that governments consider carefully any distortive effect that for-profits can have on a monopsony market, and how that may impact on services, especially on the most vulnerable in our society.

In our initial submission to this inquiry, we raised concerns about for-profit providers in monopsony markets, noting how their operating models further fragment the service system through their pursuit of profit-yielding activities and regions.

We agree that outcome measures and outputs can be helpful indicators of user well-being and program success, and while we welcome this outcome framework, we also note pursuing it with a degree of caution, and there are two things we have raised.

The first is that the measures must be developed as part of a negotiation process, rather than simply imposed. The second is that until we have a mature and robust outcomes framework, governments should avoid moving to outcome performance payments.

We commend the Commission for its acknowledgement of the importance of relational contracting and funding flexibility in the delivery of family and community services. We believe there are some difficulties in pursuing some elements of this agenda, namely around the government-centric accountability requirements of our current ministerial and budgetary mechanisms, and to this end we have proposed that all future grant-based family and community service programs contain a flexible ancillary services fund which is available to support the funding of services which assist clients to overcome barriers which might otherwise inhibit their ability to access and succeed in the program. And we have done some detailed commentary about it in our sub.

In relation to social housing, social housing traditionally provides a housing safety net for low income and vulnerable families and individuals with complex needs. We support the Commission's view that our social housing system is broken. The shared view of CSSA members is that there is a massive under-supply of social housing stock, and that fixing the social housing system is complex and responses need to be wide-ranging.

Our key concern with the Commission's findings in this area is the underpinning assumption that the private rental market can simply be

equated to social housing. Social housing, in our view, serves a different purpose to that of the private rental market. Social housing provides vulnerable households with housing certainty that the private market cannot.

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Now, while some of the measures in this report will better support vulnerable households in the private market, for example the tenancy services, they will not overcome many of the social, institutional, financial or regulatory barriers to eligible social housing tenants.

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There are questions also as to the adequacy of the 15 per cent increase to CRA, but also the possible upward flow-on effects on rent prices. We are troubled by the prospects of funding for the increase of CRA coming at the expense of further investment in social housing infrastructure which has already been identified as inadequate.

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We would also draw the Commission's attention to our concern for existing public tenants who live in locations which have high private market rents, but who have deep connections to their community and place, and are impacted by recommendation 5.2.

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The recommendations made in relation to social housing are significant, both from a social policy and budget perspective. Accordingly, we would encourage the Commission to make available the financial modelling used to arrive to the various recommendations made with respect to social housing.

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This would provide a better understanding of how the Commission has reached its views, and offer the sector the opportunity to help further refine some of the recommendations in the report. My colleague Liz and I are happy to take any questions.

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DR KING: Thank you very much. Thank you also for - it was a very comprehensive submission, so I would like to touch on, in my comments, some of the things that you have raised, but I will not cover every area in your submission. But really to clarify some of your comments and make sure that I understand them.

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Just to start off, you started your comments on the organisational type, and recognise that you have made that point in a number of submissions, as have others, and it was put to us yesterday that perhaps we needed more clarity in what we were thinking as well in this area, in that the way the recommendation is put at the moment with a double negative in there does not make quite clear the nuancing, but is perhaps in the text clear, which is that we do not see government simply saying, "Well, everybody is equal

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putting the tender,” but rather that the government recognises different organisations have different objectives, have different capabilities, and that it is horses for courses.

5 So given that background, do you see - I guess two parts. Firstly, there are a range of organisational types which are not simply governments or NGOs. There are cooperatives, there are sole traders, there are small partnerships, there are large partnerships as well, as well as more formal corporate for-profit organisational structures.

10 So firstly, do you think there is a role for those other forms of non-government or non-government but non-profit-maximising, if I can put it that way, or nuanced objective organisations? Co-ops are the obvious example, which are acting for their members.

15 And secondly, on the actual for-profit, on the corporates, do you see that there can be situations where the profit incentives and the incentives from government actually do align, and an example that was put to us was the - not relevant for the services we are looking here, but in incarceration. It has been put to us in one of our earlier forums that in Western Australia the private for-profit operator there actually was operating far better and producing better results for the prisoners in recidivism and the government objectives than the government one.

20 So two parts to that question. Other organisational forms, what is your view on that? And do you actually see any role for the not-for-profit - for the for-profits, or do you simply say they shouldn't be in this space?

25 **MR ZABAR:** Yes, after - look, it all - I think it all goes down to what you see as human services and its purpose, right? Now, the problem that we have always had with the - sort of what I call the faux commoditisation of services is that we are trying to create a market for some purpose. And that purpose might be genuine in its desire to make it more efficient or more effective.

30 Now, there is a presumption in all of this, is that there are certain groupings that are more efficient and more effective, which will go to that second point. I think it is contestable that the private sector is any more efficient or any more effective than any other grouping. But the concern that I have always had about the private sector in the sort of traditional social services space is that we have seen the fragmentation happen because they chase yield, right? They chase an investment return.

35 **DR KING:** For-profit? The for-profit?

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MR ZABAR: For-profit, I meant, yes, sorry. I will start with part B first, then I will come to A, because A is a little bit less difficult for me to work through, because I think it is probably easier. But on that issue there, we have seen it in ageing, we have seen it in other places.

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What happens is, is that there is - people in the for-profit space have to make a return on investment, right? So that is their purpose. That is their mission. So from our perspective it's what we've seen is that, okay, so what they then do is they try to further fragment the market. And when I was working for another organisations years ago, this was quite apparent in aged care, right? Absolutely apparent.

15 What was happening is, the leafier suburbs where you could do certain things and you could get a better return, they would go in. What that meant was that the less - the more complex areas or the less commercially viable areas are left to the others.

20 Now, the problem then comes is, if you are missional based, it does not mean that you are going to run at a loss. You can't. You actually can't run at a loss. So we often used to have this cross-subsidisation arrangement.

25 So as you fragment the market, you start to split. You start to split out, and you say, "Okay, well, I will pursue this," and that means that there is less money. The second part to that, which is again, if you give - if the government gives \$100 to a for-profit to deliver a service, you know that part of that \$100 has to go back into some sort of shareholder return.

30 In our system, it is probably not quite like that, because that \$100 gets applied back into the missional purpose, which then spreads out more to the community, and I think that is the difference that I am talking about when you start having the debate around the privates - the for-profits versus the not-for-profits.

35 Going back now to your first question about is there room for groupings like mutuals, I think there is. There is. So long as it is around mission and it is around purpose and not being distracted by the profit motive. Because if they are there to provide a community purpose, well, fine. And what will happen is you will have that reinvestment and hopefully they will have some continuity of service and the like.

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So it is not that we are - and we are not actually opposed to the private sector entry. We are just saying that if you are going to create an environment that allows that to happen, just make sure that there is not a distortion that occurs by doing so. That is our message. It is not an

exclusiveness. It is just be mindful of what distortions could occur. That is the issue for us.

5 **MS DE CHASTEL:** I think some of the work we are doing in the NDIS space at the moment also highlights that our members are telling us that a lot of the for-profits are taking the high-end services where there is good returns. Some of the more complex, you know, cases that require a lot of wrap-around services, they are falling through the gaps, and our members are actually having to pick those sort of services up, so that is probably what 10 Joe is saying, that they will pick out the bits that are really good profits, but in terms of the more complex harder sort of cases they won't get involved in that so much. So a lot of our services are picking up those sort of gaps in the market at the moment.

15 Definitely in the social housing space, we would see a market for the for-profits and the not-for-profits, but as Joe said, they provide different services, and often the faith providers actually deal with very complex types of families and individuals operating in public housing or social housing as well, so yes.

20 **MR INNIS:** Thank you for that. I just want to follow up on a couple of aspects, and confirm something from our perspective. So in family and community services we were very clear we weren't creating a market. We weren't putting money in the hands of consumers, we weren't getting them 25 to buy product. So we weren't creating a market in the traditional sense.

Second thing I just want to confirm is, the model that you undertake, the service model, does include cross-subsidisation from easier, better off clients to poorer clients. I just want to confirm that's part of - - -

30 **MR ZABAR:** It's not - well, the cross-subsidisation could occur by activity, or it could occur by virtue of other funding. So for example, money from the church system. So when I speak of cross-subsidisation, it's not merely on a service stream. It could be - and it could be joining up. I mean, 35 that is one of the benefits, yes.

MR INNIS: I understand.

40 **MS DE CHASTEL:** The other aspect is the huge volunteer base as well that our members have access to, which are often used in these type of services as well.

45 **DR KING:** So one of the recommendations we do make is government be much conscious of the full cost of service delivery for the types of client that are being serviced, and pay that full cost. Would that assist your service

to provide better services to people, rather than worrying about all the money at the back end?

5 So we are saying government should meet the full cost of the needs of the clients.

10 **MR ZABAR:** The principle has to be right. I mean, yes, meet the full cost. The question will be, as we have seen with some of the areas around NDIS, where it becomes contestable is what is the full cost and what is the actual cost. And I think that has always been the difficulty in a monopsony, because at the end of the day the government will often set the price - well, in most cases of a monopsony it will.

15 So if it is setting the price, what is it using to set that price? And that is the issue. So is it using its own modelling, is it using what it thinks, is it using a unit price based on this locality? I mean, there is real complexity. You go out in the bush and there is a whole swagger of issues that come into play versus doing - - -

20 **DR KING:** As we have.

25 **MR ZABAR:** Yes. So you - so the question of - so the principle - you are right. The principle is correct. As long as it is funded, the question will be is what is that funding model that is used to determine the price? And I think that is where it becomes contestable. Most of, you know, colleagues of ours in the public service will argue that they do do their best to work it out, but you know, there are assumptions and presumptions that underpin all of that modelling, and some of that is right and some of it is less right, and so that is the question around it - but the principle, more than happy to go with that.

30 **MS DE CHASTEL:** And I think we are seeing in the NDIS space where the pricing has been set, as Joe said, through a whole lot of modelling which is not always transparent, and I think your Commission's latest report actually recommends that that be put into an independent pricing authority, to actually really make that process transparent, have better consultation with providers, to actually understand the real costs.

40 Because often in the rural and regional areas, for example, those costs are massive in terms of travel and staffing, and they are not factored into that modelling, which is often universal modelling, it is not location-specific.

So I mean, I think if the NDIS is looked at as a model, having that independent pricing, we would probably support that if it is open, transparent, and there is consultation with the sector in doing that.

5 **MR INNIS:** And just to confirm, the concern about the B question is really about for-profits coming in and effectively cherry-picking, is the language? That's the concern?

10 **MS DE CHASTEL:** Yes, that is what is happening in the NDIS as well.

MR ZABAR: And that is the fundamental concern. It is the cherry-picking, but it is the impact of that cherry-picking.

15 **MR INNIS:** Because that cherry-picking would lessen your ability to cross-subsidise?

MR ZABAR: Well, that is one of the elements, but also it further fragments the system. So if you pick up - for example, you could cherry-pick on a locality, for example, or you could cherry-pick on a service stream.

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Now, if the private sector cherry-pick a particular service stream, then the capacity to join up that service with other things might be impaired. Now, I'm not - I don't have any evidence to say that is what is happening, but that is all I am getting at. The extension is beyond just, you know, we don't get access therefore we can't cross-subsidise.

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The question that sits out there at the moment is, if you cherry-pick to the point of exclusion then it might be much harder to do the wrap-around, and I think that is one of the key issues that we have been concerned about, is how do you create wrap-around as the system becomes more fragmented?

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Because the people that need support need holistic support, not bits and pieces. Someone has got to pull it together.

35 **MR INNIS:** And I know what you mean by that. I just want to ask - - -

MS DE CHASTEL: Can I just add to that? One of the other issues, I think, and that is that we find that with for-profits often there is a much bigger scale in their services, so they can do state-based funding, for example, or even national, and some of our members are actually then having, like, subcontracting to those for-profits.

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So - and I think the danger of that model is that you lose the diversity of the type of services, and what we are finding is that place-based services

are much better positioned to actually understand the local community and the needs of the local community. So the larger-scale for-profits probably can't really perform that role as well as the smaller-scale ones. Sorry, yes.

5 **MR INNIS:** So the recommendation we have made is really directed at encouraging governments to focus much more strongly on the attributes that matter to outcomes for people. I am hearing that some of the attributes that really matter include the ability to connect services - - -

10 **MS DE CHASTEL:** Yes.

MR INNIS: - - - up, and we would agree, and that is one of the attributes we would argue government should look for, especially for vulnerable clients who have multiple needs. So it would - that - if governments could do that well, would that help?

MR ZABAR: Yes. I mean - I mean, we supported that recommendation about the sort of - the better mapping, but as we said in our submission, when that got put forward as a proposition all of a sudden we had other concerns that were coming into play. Now - well, you were around, you know what that was about. And so for me, that is the question. And that is, I think, part of the dilemma that this report has, is that there is an assumption that this could well, amongst all the various levels of government, to actually come together, and we know that that is tough.

25 And so - but the principle is absolutely spot on. That better coordination, whether it is at a government level or at a provider level, there has got to be the capacity at the provider level to do that. So that is the question, is whether it is best served there or at another level. But certainly place-based, and the work that Liz has done prior to Dropping Off The Edge and all that - all those indicators are saying place-based is the way to go, therefore locality and therefore having that system on the ground is actually the most effective way, but it is about how do you coordinate that in a way that is effective for everyone?

35 **DR KING:** Can I just follow up on that, actually, two points that you made just at the end there? Firstly on the place-based, because in your submission you point out that there appears to be a trend to contracts being awarded to large organisations, contracts covering large areas. Do you see the main cost of that type of approach being that there is less of a place-based service delivery? What do you see as the cost of doing that? How does it affect service users?

40 I take it that you view that in the negative, so I guess I just wanted a bit more there, to understand.

MR ZABAR: Well, I mean, I will just - - -

MS DE CHASTEL: Yes, go first.

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MR ZABAR: The big issue for me is that it depends what's driving that decision to do it, right? And that is what we have said in our submission. If you, as a government agency, are encouraging this collaboration and cooperation just so that you have got one entry point for a contract and you outsource the management, the risk, and everything else to that lead provider, if that is your motive then we have got it all wrong.

10

That is my point. That is the key point. If, however, in doing that mechanism you are doing it because you think there is a better outcome available for the end group, that is fine too. But there are some issues that come with that model, and that is - and Liz will be able to sort of explain more, but it is - there are effectively two parts to this.

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One is that you are vulnerable to what we call the cookie model because, "Oh, it works in Ballarat, and therefore it is going to work in the Northern Territory," so they have a uniformity which then gets back to unit price et cetera.

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And the second is you might actually undermine the diversity of the sector, because place-based arrangements might be more - you know, one particular area might require a unique set of skills or unique set of contributions which a cookie-cutter model might not be able to deliver.

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So I am happy for Liz to add to that.

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MS DE CHASTEL: Yes, no, I agree with that. I mean, some of the work we did in Dropping Off The Edge showed that the communities of disadvantage were all different. So they had different indicators of disadvantage going on. They are not the same, even though there is an expectation, I think, by government that all communities of disadvantage have got the same problems. They don't.

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And I think the advantage of our type of services is that they work very closely with the community. They have been there for, you know, 30, 40 years in these communities. They know all the people in their own communities, how to, you know, as Joe said, link up with other services. They can report back to government. They are trusted in their own community. They have got those relationships.

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5 And to have an impact to change that community or to improve the lives of those people, having those sort of attributes I think is really important, which I don't think you can bring from a, you know, state-wide one service provider understanding the intricacies of those, you know, communities and regions.

10 **DR KING:** Okay. I just want to challenge part of that, because there is a slight inconsistency there, I would have thought, but I would have thought it is groups like Catholic Social Services Australia who have best understanding of who are the small organisations, the smaller groups on the ground, who can deliver place-based solutions.

MS DE CHASTEL: Yes. Yes, yes.

15 **DR KING:** I would have thought even state governments are very poorly placed - - -

MS DE CHASTEL: Yes, no, that's what I was saying, sorry, yes.

20 **DR KING:** Yes, so doesn't that then suggest that an improved way of contracting, which may also be cheaper for the government and bureaucracy - - -

25 **MS DE CHASTEL:** Yes.

DR KING: - - - but as long as there's time, as long as the funding is there, it may also be better for users, is to have larger contracts to perhaps an NGO, a not for profit such as Catholic Social Services, who then can subcontract, for want of a better word, down to the relevant organisations.

30 It is because - it is not clear to me that your - the problem you have with these contracts - I'm not sure - - -

35 **MR ZABAR:** There are -well, you may not, and that's okay. That's okay. I guess there are a couple of issues. One is that - and I will speak from my experience when I was in the UK, right? What we saw when we visited the UK three or four years ago as a delegation of not-for-profits that went there, and there was a couple of things that appeared in this report that has triggered this example.

40 So we went to see the equivalent of a premier and cabinet role there, and they said to me, "Oh, look, we are agnostic as to who provides the service." Right? That's sort of in here as well, right? And then they said, "Oh, and by the way, we have to slash our public service." You know, they were cutting by 30, 40, 50 per cent depending on which agency you were

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in. And lo and behold third party providers started coming into the mix, and then they had these what they call black box designs, which was they would come in and they would say, “Ah, it is all about outcomes.”

5 And then what happened was that these big providers won the contracts, and then they outsourced or subcontracted to the smalls, but then it went on to say, well, the smalls won’t get paid, because it is now outcomes, black box, and so all of the risk was shifted from the government to the main provider, and then all the way down - and we had an example
10 where somebody there was saying, “Look, I actually had to invest almost two years’ worth of costs before I actually turned a profit.” After two or three years, basically.

15 And so that’s the issue. And so they had a very large organisation, they outsourced, did all the right things, and that was the consequence of that example. And that is why I am a little bit nervous about it just being unsaid.

20 Now, this doesn’t mean it can’t be done, but I am just saying, that is the example that I was confronted with.

25 **MR INNIS:** Sorry. So it is a good example, and we have been quite conscious of those dynamics. In fact, it is the reason why we have gone down the path that we have gone down, which is to say the form of organisation is not what you are after, it is the delivery attributes of the organisation that you are after.

So I am not seeing, I hope, much difference in intent. It may be that your broader concerns about not-for-profits mean they should be precluded.

30 **MS DE CHASTEL:** Yes.

MR INNIS: We would respectfully not agree with that.

35 **MS DE CHASTEL:** Yes.

MR INNIS: But intent, it strikes me that what you are saying and what we intend is similar. The question for me is if there is concern that government will misinterpret what we say - - -

40 **MR ZABAR:** Yes.

MR INNIS: - - - what can we do to make that less likely?

45 **MR ZABAR:** Well, I think one of the responses I would have is to make sure that the unintended consequences are explained, so that it is clear that

that is not the intent of such a reform. And so again, one of the drivers has to be - you have used the word, you know, consumer - well, it is not consumer-centric, but it has to be person-centric rather than government-centric.

5

MR INNIS: Yes.

MR ZABAR: And I have got to say, with all due respect, shifting from government-centric to person-centric in this system is really tough. So the problem will be, even as explicit as you might be in the expression, I think the drag will be the other way, and so how it then gets implemented might still be problematic. We still might end up in the result that we don't want, which is these big for-profits coming in and basically shelling out - because that could still be the consequence, and the question for me is, is that a good outcome, both for individuals but also the sector as a whole?

15

Because at the end of the day we know that for-profits don't really enter into certain spaces, because have a look at rural/regional, you know, who is there and who is not when it comes to services. And so what we are also worried about is that, as you go for big, you will actually then squeeze out the diversity that is also important in that community service environment.

20

That is the other dimension to all that. But I - but you know, we shouldn't exclude the conversations, in my view.

25

DR KING: Can I come back to another point that you mentioned, which again, I would like just to get your views on? You mentioned - I think it was around 2015 the publishing of service delivery gaps, and that got knocked back. You mentioned that in your submission and you raised it five minutes or so ago. And I understand that that was on the basis of privacy concerns.

30

MR ZABAR: That is what the recommendation - that is what the - I think the government response used the word "privacy" as being one of the issues that limited the capacity to do that.

35

MR INNIS: Do you - would you agree that there are issues with privacy - because we've obviously recommended it in our draft, a similar mapping exercise, providing the service gaps. Do you see privacy concerns being relevant there? And if so, how do you think we should manage them? How do you think we should recast that recommendation to make it more equitable?

40

MR ZABAR: Do you have a view?

45

MS DE CHASTEL: Well, I don't think they're private, no, but I don't know how to re-do that.

MR ZABAR: I guess the real - - -

5

MR INNIS: So we should test the validity of that argument?

MR ZABAR: Well, that is what we would proceed to do, in the response. There may well be, in the nature of the data collection and analysis, because
10 of the nature of the service and the cohort it may be easier to identify units or family composition.

So there may well be some legitimate concerns. Now, whether - it all depends how far you drill down.

15

MS DE CHASTEL: That's right.

MR ZABAR: But if you're doing a place-based, you know, I mean - - -

20 **MS DE CHASTEL:** There's ways around that too.

MR ZABAR: Around that, yes.

MS DE CHASTEL: Like the ABS data gets around that with small, you
25 know, groupings.

MR ZABAR: Yes.

DR KING: Okay.

30

MS DE CHASTEL: I'm sure there's ways around that. You can do that, so - - -

MR ZABAR: Yes.

35

DR KING: ...(indistinct)...

MS DE CHASTEL: They do it all the time because of that issue.

40 **MR ZABAR:** Exactly, exactly, yes. So in principle we're very happy for that to happen. And again, we've been very supportive of those sorts of things, it's just that when this was raised once before that was the feedback we got, and it was actually - that was an interesting response to what we thought were genuine gaps that we sort of suspected, but that was the - that
45 was that time.

MS DE CHASTEL: It's probably for, like, DSS to look across other government agencies to see how they protect small-scale data, because there's precedents for that across government.

5

DR KING: I want to spend just a little bit at the end here on social housing, and one of the takeaways from your feedback and feedback from others is that we probably need some explanation around the driver of our recommended reforms. In a sense we are starting at the same point of realising that more than 50 per cent of households who are eligible for social housing are in the private rental market.

10

MS DE CHASTEL: Yes.

DR KING: It has been put to us, well, that means there should be a large investment in social housing. I'm not sure that that would be politically practical. I would hate to think what the numbers would look like there in terms of budget.

15

20 So I guess what we have tried to design is a system where we say, well, we may not be starting where we would like to be, but given where we are, how do we make the system work as best as possible for the eligible households?

20

25 And so that is why we have said, well, you know, you may or may not like the private rental market involved, but it is involved. You know, you may or may not like the fact that, you know, it's sort of a lottery, ten year waiting periods in there specifically to get into social housing, but that's where we're starting from.

25

30

 We may think private rental costs are unaffordable, but over half of the households eligible are paying these high rental costs. So I guess that is our starting point, and clearly there is concerns about the level of payment, the increase in the CRA, but one of the real things I would like to get your feedback on, and the things that you mentioned in your opening comments and in your submission, is how do we - if we are going to have the private rental market as part of social housing, preferred or not as a reality if we have that, how do we make that private rental market work for those households and those individuals?

35

40

 And I guess that is a knot we are faced to try and untie, and we would love your feedback there. You mentioned tenure. You mentioned just straight costs. You mentioned other barriers. You mentioned social barriers. So do you have a bit more - - -

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MS DE CHASTEL: Look, I think that's a really good question, and I think we acknowledge the fact that what you are saying is that there is just not enough social housing, and I think it would be good if the report actually probably went a bit further in that area, and just to say, look, we still think government should - or have a role to actually fund more social housing. And we know the federal government has got a lot of budget initiatives at the moment to try and increase that social housing. So that is great. So I think it is just having that in the mix is great.

10 With the private rental markets - and we have said it in our submission - people aren't on the same footing as they are in social housing, eligible tenants, and there is a lot of barriers there to get into rental housing, the short-term nature of it. They are open to price increases without really any debate about it. There is often these tenants need special housing, which they cannot get access to.

20 So there is a whole lot of barriers that currently exist in that area, so actually looking at how can we alleviate some of those barriers I think is one of the things that we would be recommending, and we know that some states are actually looking at their tenancy legislation to look at much more longer-term leases, you know, five year leases as opposed to six to twelve month leases, looking at, you know, giving more favourable consideration to low-income people because in tight markets they are often left on the bottom of the list, as you probably know.

25 So doing a whole lot of things around the tenancy arrangements I think is a really important step to actually look at protecting those people that are already in that market and have to stay in that market, as you rightly say.

30 The CRA increase, whilst I think - you know, I think you are on the right - we think you are on the right track by saying that it is inadequate. We would like to see a lot more understanding of how you have got to 15 per cent and if that is actually enough. We contend that it is not. We haven't done the modelling, but we know Anglicare has done - in their submission has done a lot of modelling on that which we would support and say, look, we would contest that that is actually enough.

MR INNIS: So there is a simple thing we use behind the modelling.

40 **MS DE CHASTEL:** Yes?

MR INNIS: That around 2007 rental prices started diverging from the broader CPI index - - -

45 **MS DE CHASTEL:** Yes, yes, that's right.

5 **MR INNIS:** - - - which is used to index CRA. So we've basically just taken the difference between those two points and said we've got to catch up to at least 2007.

10 **MS DE CHASTEL:** Yes. Yes, yes, look, we agree that - and it's great that you've come up with an increase. We very much support that. But is that enough? And also the danger with that increase is that those rent increases will just be passed on, and that's - it's like a company going into a mining town and giving people subsidised rents. It just - - -

15 **MR INNIS:** No, it is not. No, it is not.

MS DE CHASTEL: You know what I mean? So I think - well - - -

20 **MR INNIS:** Those two things are not the same.

MS DE CHASTEL: Well, there is a lot of people in the private rental market, so I think that has to be looked at.

25 **DR KING:** Do you see a role - we touched briefly on it in the interim report. Do you see a role for government head leasing? You know, you can do tenancy reforms, which are in a sense over the entire private sector.

MS DE CHASTEL: Yes.

30 **DR KING:** The vast majority of people in the private rental market are ineligible for social housing. An alternative is to have the government step in and say, well, you know, like, the Defence Housing is another set of housing which we still have private ownership but we have under long-term lease. Do you see that as being - - -

35 **MS DE CHASTEL:** Yes, well, that - that would certainly give them a lot more protection, possibly longer-term leases and better maintenance of properties, and possibly better quality of housing as well, so yes, I think that is a good outcome.

40 **DR KING:** And the other area we touch on is the payment of - specific payment to households that have particular needs, requirements, for work, schools, for social reasons, family reasons, to be located in a high-rent area.

MS DE CHASTEL: Yes. Yes.

45 **DR KING:** Now, again, we are fairly light on detail on that.

MS DE CHASTEL: Yes, yes.

5 **DR KING:** Are you able to fill in any of the detail from that? Do you think that would be useful? Would it work? And if so, how do you think it can work?

10 **MS DE CHASTEL:** I think that has to be done because of the - particularly in the cities, particularly where the jobs are for a lot of these people. They need to be close to public transport, to the job opportunities and education opportunities.

15 So how you set those rents is - that is problematic as well, but obviously there has to be some sort of premium, I think, for those people to be able to live in those communities. We are also concerned, and we said that in our submission, about people that already live in these high rent areas. So - and we know, you know, for example Redfern in Sydney, a lot of those people aren't there because of jobs, they're there because of their community, they've lived there, there is a lot of cultural historical links to that area. So I think we are very concerned about what this has for those existing people, not just new ones coming in.

20 **MR INNIS:** But these are people in social housing today?

25 **MS DE CHASTEL:** Or even, yes, in social housing today, yes.

MR INNIS: And the 10 year transition period that we recommend, does that help, or is that not enough?

30 **MS DE CHASTEL:** I think you have to recognise that existing tenants are there for a whole lot of reasons, and not just about jobs, so - - -

MR INNIS: So the 10 year transition is for all existing tenants.

35 **MS DE CHASTEL:** I think they should be able to stay there.

MR INNIS: Forever?

40 **MS DE CHASTEL:** Forever. If they're not there, they're on the fringes in Western Sydney, and cut off from family, friends, history.

MR INNIS: And a high needs payment couldn't recognise that?

45 **MS DE CHASTEL:** If it can be done properly, if it can be done adequately, fine, yes.

MR INNIS: Okay.

MS DE CHASTEL: Just that there's not a lot of detail about how that works, so we are a bit concerned about that.

5

MR INNIS: I understand. I understand.

MS DE CHASTEL: But if the principle is there that it's recognising that people can have a right to live in those places, not just because of jobs, I think that is our concern. They are there for a whole range of reasons, so - and they should be able to stay there. That is a basic human right, we believe, so - - -

10

DR KING: Thank you very much for attending and being here today.

15

MS DE CHASTEL: That is all right. That is all right.

MR INNIS: Thank you, guys, much appreciated.

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MS DE CHASTEL: Thank you. Good luck with it all. Thank you.

DR KING: Thank you. Now, the next organisation is Australian Healthcare and Hospitals Association. Thank you, Ms Verhoeven.

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MS VERHOEVEN: Thank you, and Dr Thurecht.

DR KING: Again, if you could formally just state your name and organisation for the transcript.

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MS VERHOEVEN: Sure. I'm Alison Verhoeven, Chief Executive of the Australian Healthcare and Hospitals Association.

DR THURECHT: My name is Dr Linc Thurecht, from the Australian Healthcare and Hospitals Association.

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DR KING: And are there opening remarks that you would like to make?

MS VERHOEVEN: Yes, thank you.

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DR KING: Thank you.

MS VERHOEVEN: So the Australian Healthcare and Hospitals Association is a national peak body for public hospitals and not for profit hospitals and other healthcare providers including the primary care sector. So primary health networks, community health services, some aged care

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providers, and also a range of academic and clinical individual members as well.

5 Our submission has focused largely on the health component of your report, so - and I'll talk a little bit to that this morning. We acknowledged in a number of submissions that we've made to you that the healthcare sector is very complex, as you would understand, with a mix of public and private service providers, public and private funding, and increasingly consumer costs associated with that. So that is part of the context in which we are speaking today.

15 We want to highlight right from the outset, too, our concerns around the information asymmetry between consumers and healthcare providers, not only in terms of the clinical attributes related to their care, but also in terms of cost.

20 So we think that places a significant emphasis on the principal agent relationship between the patient and the care provider. The complexity and the interwoven nature of the healthcare sector we think necessitates very careful policy design around reforms, and we think there is a considerable history where reforms have taken place with good intent but which have had unintended consequences that have been to the detriment of patients in particular, but also more generally the sector and the way it is organised.

25 We support the concept of well-designed reform. We support the concept of competition and choice, but we think that has to come armed with or backed up with strong government stewardship around that which is focused not only on ensuring competition and choice but on ensuring improvement in service quality, accessibility and health outcomes. So that has to come as part of that.

35 The more detailed examination of the nature of government stewardship in this draft report is welcomed. We think that has been a real development over the process of this inquiry. We remain, though, cautious about government and all governments' capacity to provide effective stewardship of the health system within the private sector in particular, because their policy levers and their capacity to actually steward the system in the private sector are limited.

40 And as an example of that, I would cite the limited control that government has been able to exert over private sector providers in terms of collection of data. So we know, for example, that private hospitals, private clinicians, have very little inclination to provide data to government in order for it to be able to design a health system which is actually focused on

outcomes. That is a real limitation, and it must be addressed, fundamental, I think, to this work.

5 In our submissions to the inquiry we propose five objectives which we think absolutely must underpin the provision of health-related services in the public sector, whether that is by government-owned agencies, or whether it is contracted out or commissioned out to the private sector, not for profit or for profit, and so those five values I would just like to reiterate again and talk a little bit about them.

10 Firstly we think the absolute goal must be to improve health outcomes for Australians, and we know that there is a particularly increasing burden of chronic disease. The ageing population ensures that this must be really a focus.

15 We think a move towards a value-based healthcare model is something that will assist in achieving better outcomes at a lower cost, and we think that should be part of the next COAG funding arrangements, moving the system forward a bit.

20 The second value is to improve quality. So all services providing publicly funded care must be accredited and must be required to report clinical quality indicators, both public and private sector. That should be a condition of a contract with a private sector provider, that they are required to report data on quality.

25 We think the third condition is that any changes should improve equity. So funding must be based on universal healthcare principles, and an increase in competition shouldn't include an increase in health inequalities. It must guard against that.

30 Fourthly, we think changes should be aimed at improving efficiency, so a funding model that is measurable by health outcome indicators, and that applies risk-adjusted funding that is determined transparently and independently using independent pricing authorities, for example, to support affordable and accessible service delivery.

35 I would also suggest that that requires also ensuring that changes support better integration of health services, and not further fragmentation, and requires a focus on ensuring, as the previous speaker talked about, ensuring that cross-subsidisation can continue in the public sector and in the not for profit sector. Because the reality is, that is how services are provided in many communities across Australia and in many bush areas.

And lastly, we would say the value around improving accountability and responsiveness, and that should apply both in the public domain as well as in the private domain, particularly around reporting of health outcome indicators that are both clinically meaningful but are also patient-centred.

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To achieve those objectives, we think there are a couple of things that need to happen. So increased competition can only really be realised with appropriate transparency, and that is transparency from both sides of the sector, public and private. You know, frankly the private sector is not particularly transparent with health data at the moment, and that is a major limitation if we are trying to increase competition choice.

10

Secondly, we think that competition can only be realised with appropriate consumer health literacy. We know that health literacy in Australia, as in most western countries, is not as good as it could be. How do we support patients to have improved health literacy? It is around ensuring that they have access to relevant and authoritative health information. It is around ensuring that clinicians and service providers have an obligation to provide and explain that information to consumers. And it is also around ensuring that the principal agent relationship is actually focused on improving informed consumer choice rather than undermining that, and that is frankly what happens at the moment.

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Health data has to be portable, and there has to be a greater focus on inter-operability. Some of the characteristics that we think you ought to be seeking are that data structures are compatible across vendor applications and use common clinical coding systems. Individual health data has to be maintained in real time, and that there have got to be appropriate safeguards in place for patient confidentiality and healthcare data to be secure, and for patients to have trust in that security.

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Fourthly, we think the varying context in which healthcare is delivered means there must be a recognition that competition settings won't always work. For example, what is feasible in urban settings may not be feasible in non-urban settings. There has to be some place-based tailoring of approaches.

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And lastly, the health sector is dominated, as you would appreciate, by fairly entrenched professional cultures and interests. Privatisation of services and greater competition should be focused on advancing consumer interests and better health outcomes, not on further enriching private health providers or on further advancing really very entrenched professional interests. I will leave it at that. Happy to have questions.

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DR KING: Thank you for that. A few areas that I would like to just clarify from your opening statement. First, slightly peripherally to this inquiry, is that issue of data, My Health Records, the move to making that an opt out rather than an opt in type of system, and the issues we have seen with that.

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Do you think that is all moving in the right direction? Is My Health Records the right vehicle? Are we getting to the right place in that space, or do you think that we are still a long way from where we should be?

10 **MS VERHOEVEN:** Look, a couple of aspects in that. I think I do - we support opt out - a move to the opt out system. We think that is useful. If you look at the experience in the UK and the US, to actually ensure that there is a sufficient cohort of patients in the system for there to be then a sufficient clinical interest in the system requires an opt out mechanism, and
15 there is data, you know, from the UK and the US, which demonstrates that.

It also requires, though, I think, moves - and this is happening at the moment, the work around interoperability, for example. Very long overdue. I don't know why this is happening in 2017. I sat in meetings, you know,
20 10 years ago where we should have been talking about this. And we were talking about it, but nothing was done.

So those - that has to happen. I think one of the issues, though, with My Health Record is it's a bit of a beast that's been constructed for maybe
25 the early 2000s, frankly, and we are still trying to retrofit it to make it work in our environment. Meanwhile, consumers have moved on, and we have our mobile phones. Many people have their data on their phones, and actually want their phones to be interoperable with, you know, the clinicians, and this is actually about patients owning their data rather than
30 clinicians or service providers owning data. I think until we shift to that mindset it is going to be really hard to actually have a valuable My Health Record.

But good indications around opt out, good indications, and we certainly
35 see some real changes in the system. So only last week, for example, Queensland Health has made available a read-only access to general practice to see hospital data.

So that is a really good step forward, so positive steps like that, I am
40 cautiously optimistic.

DR KING: Data is - sort of underpins any type of outcome measures, and so let me pick one of the areas that we looked at, which is the public dental. Now, we made recommendations, draft recommendations, focusing on

outcomes and a movement towards outcomes, which need data to underpin them.

5 Do you think the sort of recommendations we have got, for example, in public dental, do you think they are practical? Do you think that they can work? What barriers do you see that causing? One that was raised, obviously, in earlier sessions are issues of privacy. You have raised the issue of, well, ownership or rights over data. How do you see them being played out if we move to a proper outcomes basis?

10 **MS VERHOEVEN:** Okay, so moving to a proper outcomes based data approach requires actually significant investment and work, and that is a space where government should be placing some effort, in our view. I mean, the dental collection - dental data collections are a classic example of failure in my view.

20 Firstly, there is very minimal private data available. It is selectively made available to the collections at the whim or wish of private providers. There is a series of public data collected, but that is largely focused on inputs and outputs, not actually on outcomes. It is particularly not focused on patient-reported outcomes.

25 There is some work happening in some public dental services around Australia, and Victoria is one of them, where there is a significant investment in redesigning not only the data collection but actually redesigning service delivery so it is focused on outcomes, it is patient-centred and it is outcome-focused.

30 And that work is really important. That is at the cutting edge of health data redesign work, and that is happening outside of government data agencies and government collection, so happening in services, and we should be encouraging and supporting that, and investing in it, in my view.

35 Do you want to say anything else about the dental data? You know the collection a little bit better than me.

40 **DR THURECHT:** Yes. I think there is a general recognition within the health sector more broadly of the importance of moving towards an outcomes-based framework. When you talk to people about that, they often raise the problems of trying to implement it, but I think if we look to the experience with what's been done in activity-based funding there is a very real opportunity to deliberately move towards an outcomes-based framework to try and get better value for the dollars which are spent in dental health more broadly.

45

5 **MS VERHOEVEN:** Yes. I think you could also say if you looked at some of the work being done internationally - so in a couple of countries, for example in Switzerland, the Netherlands, France, there has actually been some moves to incorporate service-based outcomes data into the national health data collections. We would really like to see that happen, and for governments to actually shift their focus from collecting, you know, input and output data actually to focus on outcomes data.

10 **DR KING:** One of the - just to follow up on that, one of the issues that we have raised in the report is using that data, the outcomes framework, to come up with a risk adjusted type of payments model, for example, in dental. It has been put to us by others that that would not necessarily be practical, but it would lead to cherry-picking.

15 Do you think it is practical? What do you see are the risks of that sort of approach to get a risk-adjusted payments model? Or are we simply shooting at something that's nice in theory but impractical? I'd really like to get your feedback on that.

20 **MS VERHOEVEN:** Linc, I'm going to hand that one to you.

DR THURECHT: Well, I guess the key thing there is patient selection, and whether it can be selective, or whether it is based on some sort of catchment area or some sort of natural process there.

25 I think it is informative to look at what is happening with Healthcare Homes, where they are specifically picking a risky cohort of patients. Certainly they have needs. But to think about the kind of - in the payment model that has been flagged in the draft report, if patients can be selectively
30 treated under that payment model then there are risks to sustainability in actually achieving a broader public objective.

35 But if patients go into the model from a broader group, then you get the naturally sort of insurance effect of having a cross-section of risks, people enrolled under that model.

MS VERHOEVEN: I'm glad you highlighted the Healthcare Homes issue, actually, because I think there is actually lessons to be learned from what is happening in the US on medical homes. So the model that has been
40 put forward here is really - it is confined to a group of six - at least in the first phase, 65,000 patients who have two or more morbidities that are really high-risk patients.

45 And you know, there is a set fee associated with those in three tiers. Whereas if you look at the medical home model in the US, that is actually

5 for a practice's entire cohort of patients, including the less unwell, and there is a cross-subsidisation there which happens, and that makes that model sustainable. It actually makes the model more innovative, because it allows providers to look at alternative ways to provide services to different cohorts of patients.

10 It moves beyond - I think the model we have got here is very much thinking about a patient seeing a clinician, a specialist clinician often, for a particular purpose, a face to face encounter. In the US, in the medical homes, they are looking at emailing encounters, there are group patient encounters, there is different levels of professional interaction, so you may not always see, for example, your GP. You might see your pharmacist, you might see a physician's assistant or a nurse practitioner. There is a much more devolved model of service delivery there.

15 So I think we have tried to replicate something from the US, but trying to wrap around, you know, frankly a 20th Century - 19th Century, even, model of service delivery. We haven't actually modelled all the attributes of that system in the design of the Healthcare Home, and I think that is going to be actually at risk. That is going to cause a risk around that model, and whether or not it is successful.

20 **DR KING:** So we have got to be careful about making sure that we get that team-based sort of approach. I guess we have partly flagged it through, for example, dentist hygienists and their role, and changing their role.

25 **MS VERHOEVEN:** Absolutely, and look, if you look at some of the work being done, for example, in some of the public dental services where they are looking at tele-delivery of services. So a dental hygienist or a dental therapist in a rural community being guided through an examination by a dental practitioner who may be, you know, based in a capital city somewhere, who may give some guidance around the type of service that needs to be provided, or a referral that's needed to be provided, but doesn't actually provide the service themselves.

30 Some of those models are innovative, and public service structures are using those already, but I really think we need to actually move - it's not as simple as saying, "Okay, we'll just, you know, put this out to a competitive market environment." It is actually about changing who delivers what services, and what we focus on is important too.

35 **DR KING:** So again, one of the points I wanted to clarify from your opening remarks follows up on that. You said, you know, competition will work in some areas and not other areas, and you mentioned outside urban areas. That is obviously one of the things we pursued in our dental draft

recommendations, so a different system in the urban communities than outside.

5 Do you think - are we on the right track there? Is that something that we should look at further? Is it something that should be in other areas of health?

10 **MS VERHOEVEN:** I think we are on the right track. And look, if you look at what has happened, for example, in hospital pricing through the independent hospital pricing authority, while we have - while there has generally been a move towards activity-based funding, in order to maintain diversity of service and availability of service in rural areas we have had to maintain a system of block funding to complement that.

15 So I think right across, you know, dental and other areas of health service provision, while an activity-based funding approach is useful, looking at the particular requirements for delivery of service in rural areas is going to be really critical, because frankly people will simply miss out.

20 But that has to be - the flipside of that, I guess, too, though, is - and I did mention the value of quality. It's not just about availability of service. Part of the decision-making has to be around how we ensure quality of service delivery as well, and sometimes that relates to volume. Not always, but sometimes that relates to volume.

25 **DR KING:** Just last point of clarification. And again, this comes up from something you mentioned in your submission and something that you reiterated in your opening remarks, which is about the need for patient literacy, for user literacy.

30 One of the areas that you cover off in your submission is on end of life and the importance of awareness campaigns in end of life. How do you see those working? And are you aware of any overseas examples or other examples we can look at to sort of learn some lessons from about -
35 particularly with regards to end of life, but more generally health literacy as well?

40 **DR THURECHT:** I'm not aware of overseas examples that I can refer you to, but I guess we see it as a general health literacy issue, that dying is going to happen, and it's better that it's planned for. And more broadly, we would hope that the agenda can be moved to normalise this process.

Specific overseas examples - sorry, I can't give you any referrals.

45 **DR KING:** No, that's fine.

MS VERHOEVEN: Some of it, though, is about ensuring that we have structures in place so that conversations can actually occur meaningfully. So advance care planning is obviously part of that. One of the complexities in the system at the moment, and it is a complexity not only for patients but also for service providers and clinicians, is we have eight different pieces of legislation around the country around advanced care plans, so an advance care plan in Queensland looks quite different from one in Western Australia.

10 If Victoria moves to assisted dying legislation, it will look very, very different down there. So what do we do around that? And how do we support clinicians who might move from one state to another to actually work with patients and understand the legislation? How do we support families, not only - the carer might live in New South Wales, but the person for whom they are advocating for might be living in Tasmania. How do we support the legislation in that place?

20 So simple steps could be, you know, a focus on harmonisation of that legislation as a starting point, and that is the sort of role that governments ought to be playing. They ought to be stewarding the system so it works well for clinicians, for providers, and for patients.

DR KING: Yes. When you mention partnership in your submission between the state and federal and the territory government, that is the sort of thing you think of harmonising the legislation?

MS VERHOEVEN: Yes, absolutely. And look, I think the other area in end-of-life care is that, you know, we do have to actually empower clinicians and service providers to have conversations and encourage that as part of routine business with patients. So it is not just about the provision of clinical care, it is about the provision of care that is important to patients, so it is a shift of mindset. It is a cultural thing, maybe not solved by a Productivity Commission report. Yes.

35 **MR INNIS:** Thank you very much, guys. It is funny. We are in Canberra, and we all seem to be talking about stewardship a lot. Who would guess? Coming back to the stewardship question, though, we have talked a bit about, you know, some of these ideas are not new. They are not new. And they are generally accepted.

40 So what is missing? What is missing in the stewardship world that is not getting us from A to B?

MS VERHOEVEN: I think one of the areas is around risk and appetite for risk. So the previous speaker spoke a little bit about transfer of risk from the public sector to the private sector, and I think that is actually an area of - you know, that I would say there is some real caution around.

5

We see that in the Healthcare Homes discussion, where there are general practices that are concerned about their, for example, taxation liabilities because of a changed funding mechanism for patients. Not immediately apparent, but it is a transfer of risk to a provider that they haven't had to, you know, have at the forefront of their mind in the previous way of working.

10
15 If I look at the way that primary health networks are operating and the commissioning of services that they undertake compared to when those services might have been purchased directly via - from the Department of Health via a contract arrangement, there is a transfer of risk, not only financial risk, but it is clinical governance risk.

20 There is a whole range of risks there that are pushed out into the private sector, and which frankly don't necessarily protect the interests of patients and consumers as best they might. So government stewardship around - particularly around competition and contracting actually has to take account of risk and where that locus of risk is, and how that is going to be managed in a way that actually protects the interests of patients.

25

It is not only about protecting the interests of government dollar and spend. It is about protecting the interests of the community. And that is where I would like to see, you know, their focus.

30 **MR INNIS:** And is there anything around structures of government? And if I can ask that across the broader health/hospital regime, the dental regime, given the significance of our recommendations? And then end of life, palliative. Is there anything around the structures of government which could help?

35

DR THURECHT: To me, one of the main problems I see - we are talking about stewardship, so leadership. And we are talking about Commonwealth/state/territory relations. To the extent that progress can be made, it is all short-term progress, whereas leadership and stewardship should really be much more about longer-term objectives.

40

And we have seen examples in recent years where unilateral action by one level of government really destroys a lot of trust, and certainly doesn't speak to a long-term sustainable vision. I mean, you talked before a lot

about the importance we attach on moving towards an outcomes-based framework. That needs longer-term vision.

5 So where success has been achieved, it's been on a short-term basis, but really we need a longer-term vision and more cooperation, both sides of government and between states, territories and Commonwealth.

10 **MS VERHOEVEN:** I think one of the things in terms of structures is we do think having some independent organisations to oversight some of those complex areas of relationship between Commonwealth, states and governments and private sector would actually be beneficial. I think there has been sort of strong gains made in terms of pricing, for example, in the public sector because of the role of the Independent Hospital Pricing Authority. You know, an independent hospital funding authority or health
15 funding authority might be a next step from that, where you can actually get people together around the table without necessarily the interests of their niche as being the driving decision-maker, but interest around making decisions to the benefit of all Australians.

20 So I think, you know, there has to be some consideration around that. I also applaud, you know, the work that has been done by the national agencies like the Commission on Safety and Quality, for example, on the atlas of variation in care. I mean, that actually gives comfort to providers that it is not driven by the interests of a particular government. It is actually
25 a collective piece of work towards improving service delivery and better outcomes for patients.

30 **MR INNIS:** Terrific, and one final question, and again swirling around all of these issues. Looking at our recommendations across the areas that you are interested in, is there anything that you think we should be adding to them? Is there any area where - - -

35 **DR THURECHT:** Well, that's a big question. I guess what's happening in the private health insurance space can potentially have quite an impact on the kind of areas you've been looking at, so we wait with bated breath to see what's happening with those processes.

40 **MS VERHOEVEN:** I guess I'd probably suggest that big areas of concern for me is the growing out of pocket costs for consumers in Australia. So your report really comes from a lens of how can we improve competition and choice, but we also ought to be focusing on user costs, and that is the fastest growing area of health expenditure in Australia at the moment. It is not actually government expenditure that is growing at sort of unsustainable rates, it is user costs are growing at unsustainable rates.
45

5 There is one area that I think we have not focused on very much at all in the health debate, and that is on the provision of specialist medical services and the costs associated with that. That, I think, is driving a significant portion of health costs, and it may be something that's worth looking at.

10 Dental sits outside, frankly, the Commonwealth government's interest for most of it, and we also ought to make sure that dental - I mean, dental is really critical to our overall health and wellbeing, and we ought to make sure that that is actually part of a national focus, not just left to the states and private sector to have responsibility for. So yes.

MR INNIS: Thank you.

15 **MS VERHOEVEN:** Thank you.

DR KING: Thank you both very much.

20 **MS VERHOEVEN:** Thank you very much. Thank you.

DR KING: I think we will just take a 10 minute or so break, and grab a cuppa, and we will re-start at - I'm just trying to look at what time. Do you have an accurate time? I know my watch is fast.

25 **MR INNIS:** 10 past 11.

DR KING: Start at 10 past. Thank you.

30 **ADJOURNED AT 11.00 AM**

RESUMED AT 11.13 AM

35 **DR KING:** So the next organisation is Baptist Care Australia, so I think four chairs, four reps.

40 **MS BALZER:** That's right. It's a team approach. One of our team members still has a biscuit.

DR KING: My benefit is I will ...(indistinct)... one biscuit before starting.

45 **MR LINDER:** You didn't skimp on bickies.

DR KING: They're good bickies. They are good bickies. If you could please just state your name, organisation first, and then names just for the transcript so that you can be identified by voice, and then just give a brief five minute presentation.

5

Just as a reminder for everyone, the microphones are just for the transcript, so we were asked during coffee break if we can speak a little bit louder. Apparently we are not as soft as yesterday, but apparently we were very soft yesterday, so - thanks.

10

MS BALZER: I am from Baptist Care Australia. I am Marcia Balzer, the executive director.

15

MR LINDER: And I am from Churches Housing Incorporated, and my name is Magnus Linder. I am the executive officer.

MS LENNON: My name is Donna Lennon. I'm from Baptist Care New South Wales/ACT, and I'm a care improvement consultant for residential services.

20

MS ROBINETTE: I'm Hayley Robinette from Baptist Care Victoria, and I'm an operations manager for family community services.

DR KING: Good.

25

MS BALZER: So I'll just do a brief overview, if that's okay? So thank you very much for the opportunity to speak with you today. As you will have seen from our submission, Baptist Care Australia and Churches Housing have put forward some comments on some of those - the three reform areas where we have policy and operational expertise. So that is end-of-life care, particularly as it relates to aged care; social housing; and family and community services.

30

In general, we strongly agree with your analysis of the current approaches to human services in those three sectors. We really strongly applaud the priority you have placed on meeting the needs of service users, and turning our attention away from governments and providers and on to the people who use our human services to improve their lives.

35

There has been chronic under-funding and decades of neglect in the social housing sector. Governments have been unwilling to address and fund end of life services, particularly for our growing number of very old and very frail people.

40

5 Family and community services have been hampered by short-term approaches and poor contracting practices by government, so we really agree with your analysis there. There has also been inconsistent approaches across jurisdictions in all three of these sectors, and that has been quite marked.

10 A number of the solutions that are mentioned in the draft report could significantly improve the experience and outcomes of human services users, and we have talked about those in our submission. However, we are strongly of the view that increased competition and contestability have considerable risks, and our main concern is that those who would ultimately pay the price of poorly implemented reform, poor government stewardship and inadequate funding, will in fact be the service users, who are amongst the most vulnerable people in our society, and not the governments themselves who may have been responsible for poor implementation.

20 The status quo that we currently have is already extracting a price from service users, and we acknowledge that, and we understand - you know, and as I said, we agree with your analysis of what some of those shortcomings are. So we really applaud and support moves for reform in these three sectors.

25 However, we think that a less risky approach would be to implement smaller-scale more manageable reforms that would deliver results gradually over time without running the risk of kind of wholesale dysfunction and the impact that that might have on some of our really vulnerable people in our communities.

30 Finally, the issue of ongoing inadequate government funding for human services can't be ignored. Governments have a track record of viewing competition and contestability as a way of further reducing the funds allocated for human services, and funding could certainly be provided better value with a stronger and more consistent focus on outcomes. But if we are serious about making life better for service users, adequate funding is an essential part of the picture.

40 We would definitely want to see better - we definitely want to see better results for service users. The lower risk reforms that we are particularly keen on, and that we think could provide real value to service users, include better government funding, stronger government stewardship, stronger focus on the consumers' needs, better contracting practices along the lines you have outlined, and increasing reliance on outcome measurement for planning, delivery and evaluation of human services.

45 That's it.

DR KING: Okay, thank you. Just one point that I wanted to clarify, and then I'd like to just ask you about some areas that you cover off in your submission, and really so that I make sure that I understand them. Just the first one. On stewardship - and you raised this in your submission as well, and you raised it here, you have concerns that, in a sense - well, I would like to understand your concerns about the way that the reforms are implemented.

10 It appears that you feel that it would be more beneficial to do a more - perhaps smaller, shorter reforms, and I just want to understand that. I guess in some ways I see our role as being to say, well, here is where you want to end up, and in some areas obviously we are quite light on implementation.

15 I just want to understand. Are we actually looking at the same thing from just different perspectives? Or do we have fundamentally different views on how reform should work in this space? How do we get those benefits, witnesses? So - - -

20 **MS BALZER:** So I think - I think really what - the focus that we have taken is when you are looking at those - those really enormous reforms that you are really looking at, I think you have pointed out in many of those cases how far away that is from where we currently are.

25 And I think, you know, government services are not easy to change, and things go wrong a lot. So from our perspective, from a kind of on the ground provider perspective, we really see that - we are really worried about what the result of those, you know, things going wrong might be, and you know, while what we've got isn't great, we acknowledge that, and where we would like to go, you know, is better, but I think that it's the size of the change that is a concern for us, and how that might be implemented.

30 So for example, you know, our - Baptist Care Australia - and these guys might have some other perspectives on this question as well, but our Baptist Care Australia members who are currently involved in implementing consumer-directed care in home care for aged care, that hasn't been smooth, and it hasn't been easy, and not everybody is better off.

35 So in a sense, just in that - compared to the kind of reforms that you have then - the picture that you have painted in your draft report, that is a miniscule kind of reform, but has an enormous impact on real people's lives. So I think it is the scale that we are really - that we are most concerned about, and the other - does anyone else want to comment on that? No?

5 **MR INNIS:** So Marcia, one of the things we were quite conscious of in doing particularly the family and communities reforms and the end of life reforms was that we are on a long-term change process, and in fact for families and communities in particular we didn't think, for a whole bunch of reasons, that sort of, you know, revolutionary reform was the right path.

10 Instead we wanted to work largely within the existing system. Is that still worrying you as being too big a set of reforms to handle from a sector perspective?

15 **MS BALZER:** Hayley might have a view on this, but I'll just - I'll just make a comment if that's okay. I actually think it is about the cultural changes in governments that's the challenge, with - I noted that that did make our decision, and which of course, as you can probably gather, we agree with, in relation to family and community services, and certainly obviously there's a lot going on in reform in aged care, and you know, I think it's already been flagged that we need to do better with end-of-life care as far as funding structures and all of those things.

20 So I think that process is kind of underway. Hopefully that will actually end up where it needs to be. But I think it is about those kind of - the changes, and also in family and community services we have a mixed model. So we have different funding sources for different jurisdictions as well.

25 So most organisations that work in family and community services have some level of federal funding and some level of state funding, and if you're a national organisation, that's multiple states, so that's multiple cultural changes, that may not be consistent, given past history.

30 So I think - I understand that you've kind of accepted, you know, a smaller degree of reform than perhaps you would otherwise have done, but I still think that's still a pretty - it's still a pretty big change, given where we are, that's all.

35 So Hayley, do you have something to add there?

40 **MS ROBINETTE:** I suppose just thinking from the Victorian perspective in regards to family and children, particularly the family violence space, that when they initially - there was the move towards reform as part of Roadmap to Reform but also the Royal Commission Into Family Violence, wanting to develop the safety hubs.

45 And having so many different departments not necessarily communicating that well with each other, but the sector was communicating

well, that there actually became a number of iterations of proposed safety hubs, and it was actually the community sector saying, “We need to slow this down, because are forgetting the child in that space.” Because we were looking at amalgamating Child First, Family Services, Family Violence, which are fantastic. We’re going to support mum, we’re going to support the family. But what specifically about the child?

So I do take on, I think, that measured approach, and I suppose what we are probably seeing across the other areas, we want to make sure that it’s a measured approach as we do move forward. We see that the end goal is that greater reform, but we want to make sure that we’re not missing anyone or leaving anyone behind in that space.

DR KING: Is it mainly in family and community services, or is it across all of the areas? So to pick up - let me just pick another one. You mentioned residential aged care facilities in your opening comments. So - and we’ve got a range of reforms for end-of-life care and residential aged care facilities.

Do you see those sort of reforms as raising the same type of risks and, you know, in a sense, there being a big bang risk in terms of reforms? Or is it really in the family and communities where you are dealing with just those multiple different government stakeholders?

So just understanding, coming purely to the part of - - -

MS BALZER: Yes, so I think in aged care there is already a reform process underway. So I think that kind of we have got some - we have kind of got a consensus. We have got the Titanic moving in a direction, and hopefully the Titanic will end up where it needs to be in the long run.

I think where we are particularly concerned about vulnerable people would be family and community services and social housing in particular as well, so I think that there are a lot of those - a lot of the recommendations relating to social housing that we were quite concerned about in - and because we also - I mean, in social housing obviously you also still have that state/federal difficulty as well.

So I think - so I think that’s right. I think that we have kind of a different level of concern in the different sectors. And Magnus might be able to just talk a little bit more around the social housing if you would like - - -

DR KING: Please, yes.

MS BALZER: Yes, to talk about the concerns in the social housing sector.

5 **MR LINDER:** Yes. So I think I was encouraged to see some of your
recommendations regarding public housing, particularly in regard to seeing
state governments becoming more accountable and transparent, and in fact
being judged by the same criteria as community housing providers, and in
fact just as I was coming in I was reading a joint statement by some of my
fellow peaks, some of whom you are going to be speaking to later today,
where we have actually come out with a joint statement regarding
10 Commonwealth funding for housing and homelessness, and we are just in
the process of sending this off to our state government leaders, including
the Treasurer and the Minister for Family and Community Services, and
basically we are saying the same thing, is that, you know, greater
transparency and equal accountability for the providers of public housing
15 should be also, you know, the same as community housing providers.

I did also express a concern that the current Housing Registrar's office
is under, you know, family and community services umbrella, and so I think
that that's definitely a conflict of interest, and that would need to be perhaps
20 a more independent, you know, government body, without any, you know,
undue influence from family and community services which, you know,
now control - Housing New South Wales doesn't exist as a department
anymore, and so these sorts of things, you know, across governments there
needs to be that separation, and more than likely a re-engagement from
25 federal government to be part of that national registry system so that it is
one system, you know, and that any problems on the - you know, on that
bigger macro level are ironed out, and there is accountability that is built in.

30 I think for many of us, we feel public housing has been a very slow-
moving train wreck, with, you know, ongoing lack of investment in that,
and I suppose, you know, the changing nature of the clientele, you know,
increasingly have become the housing hospital, like the bottom of the cliff,
and so, you know - and the lack of revenue that is then generated.

35 I think there would be a lot of arguments to say that perhaps, you know,
if you are looking at productivity and increased effectiveness that perhaps,
you know, government should get out of that provision altogether and
simply hand over community housing - you know, public housing to
community housing providers.
40

MR INNIS: Thank you, Magnus. Can I ask a question about that, because
- - -

45 **MR LINDER:** Yes.

5 **MR INNIS:** - - - a number of community housing providers or peaks in that area have made a similar comment. Two questions. Question number one is, those transfers that are talked about, are they transfers of the assets? Are we taking an asset that's on the public book and putting it on a not for profit, but a private book? Question number one.

10 Question number two is, who becomes responsible for ensuring that there's enough either places or subsidies available to meet the future needs of new clients? So I can understand what people talk about, the existing client base, but tell me how that changes - would change the responsibilities for meeting new client need?

15 **MR LINDER:** So the answers are "no" and "nobody". The assets - New South Wales Treasury, particularly in this current round of 18,000 transfers to the community housing sector. The assets will remain on the New South Wales Treasury books, and they are very protective of those housing assets, and I think that, yes, it is - that is an issue in and of itself, in the sense that in the past we have seen, you know, shorter-term contracts of - for managing those assets, which have not been particularly well-received by the banking or finance sector, and therefore, you know, it has had very little value in terms of being able to leverage some of that income stream and to be able to renew or, you know, rebuild or simply to build new stock.

25 And I think that's - you know, that's the big question. How do we, you know, get more stock? How do we get more investment into the sector in a sector where, you know, we have seen a complete under-investment for so many years? And we make the comment that, you know, it's - if we want productivity, you know, one of the key factors of course is that we have got to - we have to invest first to actually get those productivity gains.

30 **DR KING:** Sorry, can I just - - -

MR LINDER: Yes?

35 **DR KING:** I just want to clarify. So the current policy isn't to change ownership.

MR LINDER: It's to change management.

40 **DR KING:** If you were running the system, would it be a preferable system to have ownership changed as well to have the management?

45 **MR LINDER:** Yes, yes. And I think there are some ground rules that can be laid in terms of how those assets are treated, and you know, to protect those assets in perpetuity as, you know, social and/or affordable housing for

those particular uses, and that even if land or buildings are bought and sold that there is, you know, a caveat that basically says that those funds are to be used for capital - new capital acquisitions, et cetera.

5 So I think there - you know, there are lots of rules that could actually be implemented to protect, you know, those assets to ensure that, you know, they remain in perpetuity, at least in dollar value, as social-slash-affordable housing.

10 **DR KING:** Can I explore that a bit more? Because - - -

MR LINDER: Yes.

15 **DR KING:** - - - social housing isn't my background, but - and the model you have put has been put to us by a number of community housing providers, and it tends to be the exact opposite of the world I come from, which is the utilities type area, which is - the big risk is when you actually pass the asset over to a non-government provider.

20 **MR LINDER:** Yes.

25 **DR KING:** Because then if you have got a lack of performance it is much harder to say, well, we no longer want you to manage this asset, gosh, you own it. It's much easier if the government retains that ownership and say, "Look, you're just not doing a good job of management, sorry, we need to replace you."

So I want to understand why that sort of logic - - -

30 **MR LINDER:** Yes. Well, I think there are two things there. One, we do have the Registrar overseeing, which is actually, you know, in terms of Community Housing Registrar, it's actually quite more onerous than even the aged care sector, in terms of, you know, the oversight and accountability within that sector.

35 And so I think that - and I think we also need to recognise that at the moment things are broken to the point where it's - you know, it's not worth maintaining. So you know, governments themselves have failed to re-invest and develop and to grow, and there are many, you know, old, ageing
40 assets that are crumbling around their ears, and they have very little program to do anything about it apart from selling off stock to actually pay for the maintenance of those assets.

45 And so what we have got to say is, well, we have already seen the failure that we are somehow worried about may happen, you know, if not

for profit - the not for profit community sector comes on board. Well, I'm just kind of saying that we're already seeing that failure anyway so, you know, the risk of doing nothing is actually a significant risk all of its own.

5 **MR INNIS:** Can I ask a question - so still swirling around social housing for a little while. So some of those dynamics are apparent to us, and in my dim dark past I was responsible for Commonwealth housing programs, including \$6 billion to spend on social housing, which in a fairly short period later we're all saying didn't do anything.

10 So the question for me, and I guess the issue that - one of the issues that caused us to say, actually a better system would be place the financial support in the hands of the tenant, was that we seem to be stuck in this housing game between the public housing and the community housing providers where we are not seeing stock generation.

15 And we thought it would be potentially a fairer system if people - and there are many more people eligible for social housing technically sitting outside the system in private rentals than inside the system - it would be fairer and quicker to give the money to them and unlock the choice they have.

20 I agree, there is a reasonable question about how much financial support is needed. I understand that, and the high needs payment was intended to allow state governments to have some flexibility in providing appropriate levels of support, but I am just - I guess my big question is, given the history, why do we think a supply-driven solution is going to start effectively addressing the inequities that exist between people who happen to be in social housing today and people who are eligible who are not in social housing today?

25 **MR LINDER:** I think it is - we need to take into account the relationship between the private market of housing, which of course particularly in Sydney and Melbourne has seen, you know, tremendous growth, over 70 per cent in Sydney, 70 per cent price increase in five years with 13 per cent wages growth in that five years, and so that is a significant dilemma.

30 And I think looking at purely supply of housing as an answer to, you know, the cost of housing, I think is a gamble for government if you were to invest in it, because a lot of that money that you could be putting into that private market could be gobbled up and see prices rise commensurately with whatever money it is that you're putting in.

35 And so - and this has been our message to the New South Wales state government that actually, you know, the supply which they laud, you know,

they have had record supply, and I agree, it is part of the answer, but in that year of record supply that we have just seen, we have also seen 13.5 per cent increase in price of housing and land.

5 And so, you know, we are part of a global economy. We also have billions of dollars of federal taxation incentives which actually makes this market not purely one of supply and demand. There are a lot of other influencing factors, and not all of them even within this nation. There are many, you know, global factors that are influencing it, and so it becomes a
10 very, very complicated market.

 And I think that there is a danger of trying to meld the two together. What we need more than anything in places like Sydney and Melbourne is actually supply of long-term affordable rental housing, you know, housing
15 that is set aside for longer-term rental.

 And so simply having more and more supply, supply, supply, you know, has not dampened the enthusiasm of investors and others to pour their money and to see both prices and rents actually skyrocket.

20 **DR KING:** Can I follow up on that? Because I think we are not far apart in terms of our starting points on my reading your submission and what you just said there, in that our starting point was more than 50 per cent of the eligible households for social housing were in private rental accommodation, and when you come to that starting point you say, well,
25 the problem is not necessarily build more social housing, but that - which is unlikely to occur. The problem is to try and make the private rental market that the individuals and households are already in work for them, and I think that is what I just heard you pretty much say in slightly different
30 terms.

 We mentioned things like head leasing and the potential for longer lease, the potential for government to stand between the private owner, renter, landlord, I should say, and the renter. Would you be in favour of
35 those sort of reforms or innovations? If not, why not? And what other reforms would you see to be able to get over this problem?

MR LINDER: Yes. Yes. I think a genuine reform that I would love to see is a reform that basically takes long-term rental housing to try and view
40 it as a separate market, in a sense, from the short-term capital gain driven investor market with, you know, a lot of very small individual investors with multiple properties all, you know, different cities across Australia, to, you know, is it possible to actually create a long-term rental market here built on longer term investors, larger investors, institutional investors, that
45 will be happy to see, okay, if we can get a more guaranteed regular return

for the next 20 years we are going to be happy, rather than a short-term capital gain with lots of, you know, ups and downs that it may or may not happen, and places, you know, at the moment, you know, a lot of people are getting worried because of the state of - you know, the parlous state of what may happen in the future, and so people are realising that, wow, even a few percentage points in interest rate may see a lot of people in trouble.

And so, you know, what would happen if we actually said, “Okay, what if we try and create a market that kind of locks in this as a long-term investment vehicle that is there for rental housing?” And you put that, you know, investment that you are talking about for the consumers, and you direct that investment towards these longer-term much more stable, you know, investment vehicles, stable for both those long-term institutional investors that can actually say, “Yes, we can - you know, with some government backing and support to create” - you know, especially if it’s new, obviously need some government guarantee or support around that investment vehicle to say, yes, we can see that, you know, you are going to get the desired percentage return, you know, and it’s going to be based a lot more on cash flow, rather than on a capital gain projection on those properties.

Because by the time that investment is done, perhaps it’s time to rebuild those properties anyway.

DR KING: Just to clarify, so you see that as a solution for social housing, and/or for more general rental affordability?

MR LINDER: And affordable, yes, yes. I think general rental affordability for - you know, because I think, you know, the pressure that we are seeing at the bottom, you know, and as the church sector we are very concerned about the most vulnerable people that are getting crunched at the bottom, but it would be very remiss of us not to realise that the reason that they are getting crunched is because everyone above them are also kind of getting crunched, and so we need answers actually across the level, and so I would say that, you know, workers on low incomes, and even up to - you know, in Sydney and Melbourne, even workers on moderate incomes, you know, you can be earning six figures in your household income and still can’t even contemplate purchasing a house now because you’re already paying rent, and there’s just no discretionary income left.

And so, you know, I think we do need to think seriously about the impacts of those sorts of things on the broader economy.

DR KING: You mentioned Melbourne and Sydney before, and I do get worried that - Melbourne and Sydney is a big part of the country, but it is less than 50 per cent of the population still.

5 **MR LINDER:** Yes.

DR KING: I do get a little bit worried that we let Melbourne and Sydney drive policy for the rest of the nation. So if you said - ignore Melbourne and Sydney. Let's look at, you know, Brisbane where property prices
10 simply haven't increased by nearly the same extent that they have in Melbourne and Sydney; Perth, where they have dropped; Adelaide, where they have been flat for years; Hobart, where they have been flat until very recently.

15 Is it really in some ways we need a different solution for Melbourne and Sydney? So would the sort of approach that we're looking at, where we're saying, well, recognise the private market, try and treat equitably between social housing and those people who can't get into social housing but are eligible and are in the private market, would that work in a sense
20 outside those two high rental systems? Are we letting the tail wag the dog here on social housing?

MR LINDER: I'm not an expert on the other capital cities, but I can certainly say that regional New South Wales and regional Victoria both
25 really suffer the same problems as Sydney and Melbourne, largely because, you know, of reduced income levels, and so there is actually a huge under-supply of affordable rental housing right up and down the coast of New South Wales, and many of the regional hubs in Victoria as well, it becomes very difficult for people on low and moderate, you know, incomes to have
30 an affordable and secure place to live.

DR KING: I'll have to move off housing, so - - -

MR INNIS: So one more on housing, I guess. At the heart of our
35 recommendations is a view that where you can empower choice, you should. And I guess it applies in housing, but applies across all of the areas we've looked at in this inquiry, and I just wanted to get your views about how important that is for the people that you do focus on, accepting that choice is not right for everyone? We all know that we have people who are
40 not in a position to make good choices for themselves, but when we are talking about the broad sweep of social housing, we are talking about a lot of people. Would more choice make them better off?

MS BALZER: I might just answer in general, and you can go for the
45 specific on the housing stuff, if you want to? Okay. So the answer is yes,

we do think user choice is a great thing, and you know, it is really important for people who use human services across the board to have as much choice and control over what they do and how people address their problems as they can.

5

I think unfortunately with the systems that we set up to do that, often that means that the more - what we have - this is just anecdotal, so I don't have any data to back this up, but anecdotally what we are seeing in disability and aged care home services is that those who have more advantage and support already get more choice, those who have less support and advantage get less choice, because - often because providers are saying, "I choose not to service you."

So unfortunately - and that would then be - you could see it could be easily translated into complex disadvantage as well. So complex needs, where you have got multiple needs, kind of need to be cross-subsidised, and if the, you know, individual user-based system doesn't allow for that or doesn't provide an incentive for that then it's those people with the most needs who kind of can drop off.

20

So I realise that's not the intention of the system, but that seems to be somehow how it happens at the moment with the systems that we're currently - the new systems that we're currently, you know, rolling out. So I guess that's our concern, because obviously, you know, we want us to be focusing on the needs of the service users. That's - you know, that's kind of a core thing that you do when you're involved in human services, or it should be. It's about them, it's not about us.

25

But the systems that we try to set up to do that on a macro level, somehow there seem to be some cracks in it. So I guess that's a complicated answer to your question, but particularly in relation to social housing, Magnus might have a few more comments.

30

MR LINDER: Yes, I'd just comment that two third of public housing tenants are either pensioners or disabled in some way, and so you know, I think choice can be empowering to lots of people, but for them, for many of them, they cry out for stability and certainty, and you know, a sense of security and safety, and being able to belong within a community with their existing relationships without have that threatened, that is perhaps more important to those people.

40

I think that level of choice can be really, really helpful for people that are, you know, a single mum that, you know, perhaps has escaped domestic violence getting back on her feet with a child, you know, and being given an opportunity to make choices and to actually move to an area where she

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feels safe, to a place where it provides opportunities for the needs of her child or children for, you know, an area where she might be able to get that study.

5 And she then becomes, you know, the driver of her own destiny, rather than being stuck in whatever unit of housing that she's been allocated. I think that would be tremendous for her, but I think too that, you know, for some people that they just want to be left alone and have certainty and security.

10

So I think there's not one answer that I see to that question.

DR KING: Just wary of time. There were a couple of things that we wanted to follow up from your submission, but it might be best - I'll flag them and then perhaps we can come back to you. Just you mention that Bapt Care has developed organisation-wide approaches to outcomes measurement in your submission, and we'd like to understand a little bit more about that. I'm not that far ahead, I'm sure Sean's watch is slow.

20 You also mentioned examples of effective regional planning in Victoria, and I'd like to understand that a little bit more. One that I would like to follow up now, though, is for talking about aged care facilities, and you made a comment in the submission, I think it's along the lines of that these facilities more resemble a hospice than a home, and I wanted just to understand that a little bit more, and what the implications are of that, and how does that then fit in with our approach to end of life, which is in a sense saying, well, your residential aged care facility is your home at the end of your life, and so you should be accessing the same sorts of services.

30 So just would like to understand that a bit more, and make sure we haven't gone off on a tangent which isn't in line with reality.

MS BALZER: So I might just make something general, and then I'll pass over to Donna. So that comment there came from the reference that is there, which is an editorial, so it's not a peer review, but it's putting it out there and talking about this change in the make-up of people entering residential care and, of course, how close they are to their end of life, much closer than they used to be, and with many more complex healthcare needs.

40 And so I just lifted the title of that paper and said, you know, is it - do we need to think of it more like a hospice than a home? So the traditional view is if you're in a residential aged care that is your home, and you're dying at home.

45 **DR KING:** Yes.

5 **MS BALZER:** That's how it's been looked at in the past, but we've got this change underway, and so that editorial asks that question, do we now need to revisit what residential aged care is? And of course, you know, the implications of that change in the people going into residential care we have talked about a little bit in our submission, but of course that changes the whole - - -

10 **DR KING:** Dynamic.

MS BALZER: - - - dynamic of what residential aged care is all about. So that's where that sort of general comment came from, and that sort of seems to be how people are trying to get their head around this issue.

15 **MR INNIS:** But that's your practical experience on the ground? That you're seeing a distinct change in the clients coming through? Partly because the policy is, as I think it should be, that people who want to live at home should be supported to do so. And I guess we are interested in, you know, do our recommendations around end of life start to support that way of thinking, which seems to us to be what's happening?

20 **MS LENNON:** We certainly have people coming in much closer to their end of life than we have previously, and I guess in terms of delivering quality care to those people and choice about how they want to die, we need to get up to speed fairly quickly with what their needs are in a very short space of time, whereas previously we might have had somebody for two and a half years, so we could actually have those advance care discussions, you know, and we knew the residents well.

25 Particularly for people with dementia, we could know what their cues were for pain and those sort of things. So where we are moving to is a more rapid service, I suppose, in terms of palliative and end-of-life care delivery, and we haven't seen any changes from a funding perspective that actually acknowledges that.

30 So we have got palliative care as a factor in ACFI, which is a dependency-based system, but that is really a points-based system where if the resident is already at the maximum level of dependency there is no additional funding on top of that, so you know, that kind of reduces our capacity to be really flexible and, you know, deliver a breadth of care that those people deserve.

35 **DR KING:** I guess, just to back up Sean's question though, then our draft recommendations, are they in the right direction? Or in a sense - because the way we've done it is we've sort of said, well, community palliative,

residential aged care should be on the same - members' hospitals, need for coordination. I just want to check that we're on the right track there and we shouldn't be saying, well, at home, residential aged care, different model again, hospitals if model but need coordination. I just want to make sure we're - grouping those two together is working?

MS LENNON: Yes, I think in terms of discussion around funding, perhaps, you know - I mean, we know that ACFI, there is a proposal reviewing ACFI at the moment, so there is a little bit of fluid space there where that acknowledgement could be made that in fact everybody who comes into aged care is palliative end of life at some stage. So that could be built into that structure there.

And I think in terms of monitoring the outcomes, again, we have got the draft quality framework in a fluid state at the moment, and again there is opportunities in there to say, well, look, if palliative care and end-of-life care is actually our core business, then there is capacity to have some good structure and some good monitoring.

DR KING: Sean, did you have anything else on that?

MR INNIS: No, nothing else, thank you very much for the whole - the evidence you've given, and thank you for that last bit.

DR KING: Yes, thank you very much.

MR LINDER: Thank you.

MS BALZER: Thank you.

DR KING: The next participant is the New South Wales Federation of Housing Associations and Community Housing Industry Association.

MR INNIS: I can't see them. Nobody's seen them. Which - - -

DR KING: So we could give Peta a call? I have their numbers.

MR INNIS: Yes, do you want to just - do you have numbers? Yes, just give them a call in case there's been a - - -

DR KING: Because they'll be coming from away, so there might be a flights issue.

MR INNIS: Yes.

DR KING: All right, thank you for joining us. Just for your information, the microphones are just for the transcript, rather than for amplification, so if you can project your voice. We keep getting told off because we're far too soft to engage in a conversation.

5

If you could please just introduce yourselves and your organisation for the transcript, and then if you would like to give some opening comments?

MS WINZAR: Thank you. Good morning. I am Peta Winzar, the CEO of the Community Housing Industry Association.

MS HAYHURST: And I'm Wendy Hayhurst, CEO of New South Wales Federation of Housing Associations.

DR KING: And would you like to make a - just a five minute presentation to get started, or - - -

MS HAYHURST: I'll just give a very short synopsis of our submission. So we have made the submission on behalf of eight organisations that represent community housing providers across Australia, and the first thing I would say, we support the principle of putting users at the heart of the services, at the heart of housing.

And - but what we would say, and what the strong point that we want to make and have made throughout the submission is that one of the key reasons for absence of choice at the moment is the chronic under-investment in social and affordable housing, which the Productivity Commission recognised, but which I think, or which we think, unless that is addressed then it will be very difficult to increase choice significantly.

30

I just really want to highlight one example in New South Wales, where social housing at the moment is 4.5 per cent of housing. At current rates, looking at what is projected in terms of new supply to meet increasing number of households, but also looking at what's actually planned in terms of social and affordable housing, in 20 years that will go down to 1.4 per cent of all housing in New South Wales unless something is done.

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We also want to emphasise that choice can be improved by increasing tenants' voice as well, and we argue strongly in our submission that at the moment tenants are really unable to exercise much influence over services, over whether their properties are transferred, and there is certainly considerable scope to increase that level of engagement that tenants can have.

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5 The extension of choice simply to mean that people can change their landlord is often not perhaps the most effective or cost-effective way for many low-income people. It's a bit of, like, a final bullet, I think. We want to see increasing their voice. Many tenants also may be unable to access the rental market, the private rental market, very easily. We highlight the needs of Aboriginal people in particular and the prejudice that exists and the lack of culturally appropriate properties there.

10 We feel that many of the recommendations have merit. We support the level playing field for tenants in different sectors. We do think that there is considerable work to be done to model the impacts of the proposed changes on rental affordability on the allocation of resources between states, to ensure that people do not lose out and there are not perverse consequences as a result.

15 We also think there needs to be more attention paid to the difference between enhanced tenancy management and tenancy supports. We feel that some of the choice elements where perhaps it is perceived that tenants get a worse deal in the private rent sector may be more to do with the rent - the landlord model than the actual availability of services.

20 So we think community housing providers, as a matter of routine, provide a lot of that enhanced tenancy management. We also feel that the recommendations and the proposals need to be tested in a wider context. We are advocating for an affordable housing strategy for Australia, and these recommendations should be looked at to make sure that they fit very well into what we hope is an increasing supply of social and affordable housing. Thanks.

30 **DR KING:** Thank you very much for that. I would like to start just by touching on a few things that comes out of your submission and out of the comments that you just made. And from your submission, I think we are not too far off in terms of starting point, which is the recognition of the chronic under-investment in social housing, the fact that the number of eligible households simply is significantly above the number that can access social housing, and yes, in the best of all possible worlds it would be lovely to have the government build more social housing, but I'm not sure either of us see that happening any time soon, certainly not in current budget environments.

40 So we are dealing with a system where the eligible population, more than half of it, is in private rental accommodation. So starting at that point, and you also, like us, say, well, there needs to be equity across the system, which is perhaps lacking at the moment.

45

5 So I want to actually - so I guess our approach to that is to then say, well, how can we then make the private rental market work better for those eligible households who are in that market anyway? And you mentioned a couple of things. You mentioned the issues of access and prejudice, just - social issues, not just monetary issues but social issues. You know, you are on government support and you are looked on by the private rental market as not the most desirable tenant, whether - you know, I don't want to make a judgement on that, but these things happen.

10 Do you have any suggestions or ways that that can be improved? How should we be thinking about reforming that interface between the household eligible for social housing and that private rental market to make it work better for - primarily for the users, but if we could make it work better for everyone, fantastic. Any thoughts on that?

15 **MS WINZAR:** Can I pick up, to start? Your paper actually begins that discussion when it notes the tenancy law reform which the Commonwealth budget indicated it would do some work on with the state and territory governments. I think that is a very important direction to take, particularly in terms of security of tenure for people who might currently seek social housing for that reason.

20 The issue about the other dimensions of market failure which most often arise are disability access is problematic, and there are few incentives for private landlords to invest in premises which are accessible for people with disabilities. Even though a wide doorway is just as useful for a pram as it is for a wheelchair, for some reason, you know, it hasn't taken off.

25 So it's on that side. Likewise, there are some very large families in Australia. Most Australian families are quite small, but some families have a lot of difficulty finding houses large enough in the private rental market.

30 Some of those are Indigenous families, but by no means all, and I think again providing some better signals to the private rental market about what the demand for particular forms of housing is might be helpful there.

35 The other useful thing which can be done, and I think some states do this to varying degrees, are bridging programs which can take people from, for example, a refugee family which doesn't have references, finds it difficult to access the private rental market, head leasing arrangements by a state government can, for a short-term period, can suffice to give them a record of achievement, which they can then use to move into more mainstream housing. So it's those sort of strategies. But Wendy, you might have some other suggestions too?

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5 **MS HAYHURST:** I mean, it can be difficult. If we think in high-cost markets where a private landlord has a choice of people, then we make the point, and I think it is quite difficult to overcome, that if they have the choice between someone they perceive as a problem and a difficulty and someone who they don't think will be that case, they will take the latter.

10 So I think it is almost you have to think potentially of incentivising those private landlords or providing maybe in terms of, you know, some direction of other government policies that would encourage people to consider those tenants.

15 But I think it is extremely difficult. I don't want to undermine it. I mean, I think what Peta said about various programs is true, but I still think those operate in certain markets, not the most accessible for people who are wanting jobs, and I think it is - there's a point - I'm losing that point now, so I'll come back to it.

DR KING: Peta did mention head-leasing.

20 **MS HAYHURST:** Yes, head-leasing arrangements I think are very useful where - we have got a number of those programs operating in New South Wales, which is where landlords head-lease their properties to community housing providers, to registered community housing providers, and the services and the management reside up there. And certainly there is scope
25 to extend those.

30 **DR KING:** Okay. The access, getting in the door in the private rental market is one issue. The other side that you touched on very briefly was the payment, the high costs of rent, particularly in Melbourne and Sydney, and one of the things I would like to explore is, is this a Melbourne/Sydney problem as opposed to other parts of Australia? Because it is really Melbourne/Sydney that have seen the shoot-up of the rents.

35 But also, you know, in some ways the benefit of a draft is that we can say, well, we can see that we could fix that through some sort of high-cost payment, by some sort of variation run through state governments who are able to say, okay, you have a need, whether it's work, school, family connections, community connections, to be in this area. This is a higher rent area, therefore you can be eligible for some additional assistance.
40

45 So the second part is, would you support that approach? And if so, how - we obviously haven't gone into significant details on implementation. If you support it, how would you see it being implemented? If you wouldn't support it, why wouldn't you support it? So I guess two separate issues I'd like just to touch on.

MS HAYHURST: The first thing I'd say is that it isn't just a Sydney and Melbourne problem.

5 **DR KING:** Okay.

MS HAYHURST: Wollongong is the third most least-affordable place, so it is rippling out. Someone described it yesterday as a tsunami of people moving outside Sydney and Melbourne, so it is a much wider problem than I think is actually acknowledged.

10
15 The second thing is I think in principle having an additional payment for high needs tenants, if you like, is not something - is something that we would support. The devil is in the detail of that, and I think I will come back again to being very careful to just - or they - or all social housing tenants. I have said this in a hearing before, as requiring additional support, as being - because a lot of the people in social and affordable housing, the support they require is not because they're in there, it's because they're old or disabled.

20 **DR KING:** Yes.

MS HAYHURST: And those supports should be available to anyone now, and it's perhaps just a brokerage that means that they are more likely to get them in public and social housing. So that is the second thing. So defining what this high payment is for and being assured that people don't just lose that at the drop of the hat - you can see people getting into rent arrears if it is very difficult to get the assessment process once you're allocated being withdrawn for various reasons.

30
So I think the devil is in the detail of that, but in principle I think a higher payment to cover someone who requires specialist support is useful.

MR INNIS: So when you say "specialist support", does that mean service support, or does that mean financial support to live in a particular area?

MS HAYHURST: I think it could be either. It could be either, depending on the market there.

40 **MR INNIS:** So one of the things we've done is we've sought to reasonably carefully separate financial support from service support, and in fact probably implicitly we are saying that we are seeing, for some of the reasons that you have already articulated, more effort needs to go into tailoring the service support for people.

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5 **MS WINZAR:** I think it is a bit of a tangled sort of set of arguments, Sean. I mean, you know, there will be some tenants who need additional support, and that needs to be funded as a separate bucket of activity. Going to the first question, which is, “How do you respond to particular affordability pressures in high cost markets, be they ongoing or be it temporary pressure,” is quite an interesting question.

10 I don’t know that we would have the answer to that. We were having a bit of a debate outside about, you know, well what’s the story, the pros and cons around regional rent setting, which is essentially the same set of questions.

15 And the difficulty is that if you’re in a high cost market you’re closer to services, employment opportunities. Transport costs are probably less. If you’re out west of New South Wales, you’ve probably got a much lower accommodation cost, unless you’re in a mining town, but you’ve got much higher transport costs. So how do you balance all of these competing things?

20 And to simply look at just the cost of housing is perhaps not quite the right approach. Which is not to say that there shouldn’t be something done about additional payment to improve affordability in high cost markets, but what form that might take, I don’t know that we’re equipped to give you the answer.

25 **MS HAYHURST:** And just to add to that, energy costs as well.

MS WINZAR: Energy is significant, yes.

30 **MS HAYHURST:** Yes.

DR KING: Okay. Just on - I want to change topics a bit, so have you got any - would you like to follow up on that? I’m going to move on to consumer voice.

35 **MR INNIS:** No, we can swap. We can swap.

40 **DR KING:** Okay. In your submission you refer to consumer voice and tenants having more of a say in housing decisions, and you raise that briefly in introductory remarks. I guess our approach to that has been through the choice-based letting within the social housing sector. So I guess is that something that you see as addressing consumer voice? Do you see other roles or other ways that consumer voice can be expressed in social housing delivery?

45

I'd just like to get some more details on that and understand it a bit better.

5 **MS HAYHURST:** It's very limited. The amount that tenants are engaged by landlords is very limited here. So choice-based lettings is one element, and we support that, subject to feasibility. The other ways that we think are very crucial are firstly transfers. Tenants don't have a voice, a very effective voice, in transfers, and where they do it tends to be to, as an individual, not transfer, which isn't probably the best way.

10 So we're advocating that tenants should be given a choice in whether or not to have a different landlord in the landlord choice. The second area - there is very little information published at the moment about landlord performance. We'll be upfront: there's nothing published really about public housing in any detail in any accessible fashion, and there's very limited information published about community housing, and there's nothing published about the private sector. So how, at the moment, a tenant could make, you know, a sort of comparison? So that is another area that needs to be looked at.

20 And then there's a whole question. I'm from the UK. Tenants there - and it varies from landlord to landlord - have a right to be consulted about the services that they receive. Here it's very limited. The expectations are very low. And I think you can express dissatisfaction with a service through different ways and not just by, as I say, having to exercise the ability to move somewhere else and disrupt your child's schooling or move away from the other services.

30 We are actually piloting, or hopefully we will be piloting the method where tenants can actually inspect the services that community housing providers deliver and have a role in assessing what they are like on the ground, because we are also conscious that performance indicators say very little and they often don't - are not consistent with what tenants say.

35 So all of those ideas. I mean, even the idea that we have spoken about before with you, which is where tenants or potential tenants are taken through more intensively an application process for housing which looks at the broad range of opportunities, and points out to them the variety of things that there may be on offer.

40 I still say without more social and affordable housing out there, there are limits. There are real limits. And the ability for people to move on from social housing when you've got that missing middle, where you don't have that affordable housing option, I am actually very optimistic that something

will have to be done in Australia, because the economic consequences of not providing that accommodation will start to hit.

5 **DR KING:** Can I - sorry. Can I follow up on that, because we've taken a slightly different approach on the services side in our report, essentially separating out the tenancy services or tenancy management services from the other services, the other support services, in large part because we have the inequities in the system that if you happen to be in community housing, for example, you're getting a different level of support services than if you
10 were in the private rental markets, we have said.

 So our approach has been to say, well, that has to then be separated and provided across all eligible households. I guess one, I would like to check if you were in favour of that or don't think that's the way to go. Secondly,
15 if - under that sort of model, do you see that sort of the choice that you were mentioning just before, that choice of, well, what are the services, would that still be relevant, or - I guess I see it as being separate then.

 And just thirdly, you did mention tenancy management services and
20 the different models, the landlord models, and I would like to understand that - sorry, three things at once.

MS HAYHURST: Yes. I will try and split them up, shall I? I will start with the last one. I think you need to recognise - and I would say even in
25 public housing - that public housing, community housing, view tenancy management very differently than a real estate agent.

 It is a different model. You know, I have experienced both. So in our DNA - and I say in public housing as well - there is an assumption that there
30 are certain services that are standard for the rent that's paid. So it's not about the amount of rent that we get from people. It is in our DNA to do more.

DR KING: Can you give us some examples, please?
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MS HAYHURST: So if, for example, someone is rent arrears, there is a standard which is quite high. It isn't, or shouldn't be, straight to the Tribunal. There is - there are interviews, income maximisation. I am
40 talking about the base standards, which is what we are here to actually promote amongst the sector. I'm talking about community engagement.

 So if you're going to do something you talk to people before you do it, whether it's renovation of whatever, and provide community facilities. Those things are part of our tenure. That's what distinguishes. That's why

we're regulated to make sure we do all of those things. We have a role to broker support services.

5 Now, I'm not distinguishing ourselves from public housing. I don't think they do it as well as we do, but on the other hand, they have that in their DNA as well. Now, I'm not criticising real estate agents, but that is not the clientele that they normally deliver to, so they don't provide that. They have a different motivation.

10 So I don't - and I don't think any of us disagree that for more specialist tenant support services, whether it's mental health or something like that, that should be completely separated. But that enhanced tenancy management is there already. It's there in public housing, it's there in community housing, and yes, it's more expensive, but it's built in there, into a model.

20 So the separation we see is in the more personalised services that a small proportion of people will require, say whether it is mental health, whether it is short-term, a transition from homelessness, specialist homelessness services providers to help someone sustain their tenancy. But not those mainstream - and we have given some examples of where we think that is part of what we deliver already.

25 **DR KING:** Yes, okay, thank you.

MR INNIS: Is there any reason, either through a head-leasing model or another way, that government can't on behalf of clients seek that extra service level from the private market?

30 **MS WINZAR:** No. There's not. But it does need a lot of clarity about what we are actually seeking to provide.

MR INNIS: What it is, yes.

35 **MS WINZAR:** So you know, I mean, my landlord hopefully, if I ring up with a complaint, eventually will fix the broken something or other, but they do little more than that and collect the rent and check up every six months that I'm doing the right thing. That is the vanilla model.

40 **MR INNIS:** Yes.

45 **MS WINZAR:** Now, Wendy's description of social housing tenancy management has got that extra depth to it, but I think you can probably define it separately from more intensive and personalised support services to sustain tenancies, or to deal with - well, in the same way that NDIS has

separated out their, you know, accommodation and support services, for example, or aged care is in the process of doing.

5 So no, there is no reason why you can't do it in private rental too.

DR KING: Is it - yes, so - - -

MS WINZAR: But you have to be prepared to pay for it.

10 **DR KING:** Sure.

MS HAYHURST: And the landlord has got to be prepared to take that tenant.

15 **DR KING:** Well, following up, just your response there - - -

MS WINZAR: Yes.

20 **DR KING:** Some of it sounds like just improving the rental market, per se, getting the private rental market working better for everybody, so yes, so that you have got proper processes, proper procedures in place if someone falls into rent arrears, for example, rather than, you know - that tenants' rights are made clear if there is going to be work done on the premises and so on.

25 So is it really a social housing issue, or is it a general - is there anything extra for a social housing tenant, recognising they may face additional barriers to getting in?

30 **MR INNIS:** Can I just add to Stephen just a fraction, because we are very conscious that the pool of people from which social housing has drawn, they are not sitting in never-never land waiting for a place. They are actually in the private rental market now, so they are in that market. So the question is, you know, should we spend more of our effort focusing on making that more appropriate?

35 **MS WINZAR:** Let me try that first, Wendy, and then I'll throw it to you. I think that if you look at that global set, and then you look separately at who's providing services, I mean, social housing is just one part of the rental market. It's also providing one part of the social support market, if I can put it like that.

40 So a homeless service, you know, probably has a really good prospect of finding a house for someone through a community housing provider, or perhaps public housing, in some markets. But in most, because of the

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shortage, they will be using the private sector, and they will be supporting that tenant to maintain a private rental tenancy, in the same way that they might do that either in partnership with the community housing provider or a community housing provider themselves might be doing that.

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So you know, I don't see that there's - - -

MS HAYHURST: I think where you have a head-lease scheme you have got some hope of doing that. I think what we haven't really touched on, and which I was forgetting to say earlier, is the very big difference between the private sector and the social housing sector, which is tenure security. And I think without that being tackled, it makes it very hard.

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MR INNIS: And your advice to us is that we should tackle that in our report?

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MS HAYHURST: Yes, that's right.

MS WINZAR: Absolutely. Absolutely.

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MS HAYHURST: Yes.

DR KING: Sean?

MR INNIS: Another question that is always very difficult in that housing world is the responsibilities across governments. So in designing the recommendations around Commonwealth rent assistance, and then the high needs payment, we deliberately left rent assistance as a Commonwealth responsibility that was set across the country, and the high needs payment was a state responsibility so that it could respond to local circumstance, noting that states vary across their geography, and part of our reasoning for that was actually states - the Commonwealth holds some levers on housing affordability, but the states hold some fairly significant levers, and it was aligning that responsibility and accountability and, in a sense, if you have got high house prices, you have got high stamp duty revenues flowing through, so there was a link there.

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Long-winded way of saying, is that a sensible balance, I guess, between the levels of government on that structure?

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MS HAYHURST: I would say - I mean, government to come in as well, the design is going to be incredibly important here, isn't it?

MR INNIS: Yes.

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5 **MS HAYHURST:** And I suppose I'm listening, the first thing that - my reaction will be when you separate out payment, is how tenants access that, how eligibility is assessed, and the synchronisation of that. I mean, one of the worries of any separation of payment is how coordinated it is, isn't it, getting access to the Commonwealth rent assistance and then having to wait a considerable time to have the eligibility for higher payments sorted.

10 So I think the design of that - I understand the motivation of the separation, and I don't think any of us have any difficulty with that.

15 **MS WINZAR:** Yes, certainly. Balancing the incentives to optimise revenue from stamp duties against supporting affordable rental I think is a very sensible approach to take. How it's delivered is a moot point. Whether or not there's some magic way you can bundle it on top of rent assistance, or whether or not it is delivered separately through state government, but you know, I think those questions of design can be considered. Technology might be the help there, mightn't it?

20 **MR INNIS:** And another question which - broadly in the housing world, I get a sense that unless everything is fixed nothing is fixed. So I hear what you have said about housing supply, and I note that it is broader than social housing. I think you were very deliberate in using affordable and social housing in language.

25 My question is, accepting that there are a wide range of things that need to be done in the housing world, do you wait for the positive reform, to the extent that the Commission is recommending positive reforms, and that people have views, but to the extent that we're recommending positive reforms, explain to me why those reforms should wait?

30 Because the people are where they are now.

35 **MS HAYHURST:** I don't think we're saying wait. What we're saying is, as part of the next stage - because you yourself say in the submission - sorry, in your report that you haven't done the full modelling. That is a year now where there is a new agreement between the Commonwealth and the states been negotiated. Your work should feed into that, so we are not talking about waiting to solve a problem, we are talking about making the process one, and not being separate.

40 **MR INNIS:** Okay, so it is connecting into the process was really your advice to us?

45 **MS HAYHURST:** Yes, exactly. Yes, exactly, yes.

MR INNIS: Yes, thank you.

DR KING: Coordinating in amongst policy advisors.

5 **MS HAYHURST:** Coordinating, yes.

DR KING: Goodness. But that means we have to take account of our own recommendations. Oh, gosh. Thank you very much for your participation today. Thank you very much.

10 **MS HAYHURST:** Thank you.

MS WINZAR: Thank you.

15 **DR KING:** And we will break for lunch now. Look, if we can come back in about an hour. Say 1.40, let's aim to restart then. Thank you.

ADJOURNED AT 12.35 PM

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RESUMED AT 1.37 PM

25 **DR KING:** Let me recommence the hearings after lunch. This was mentioned earlier, but for those of you who were not in the room, at the conclusion of today's scheduled participants, I will ask if anyone else would like to briefly appear at this hearing. Please speak with our one of our team if you would like to do that. Just a reminder before we start again, the
30 microphones are just for the transcript not for sound amplification, so we need to keep our voices up. This as much reminding Sean and myself as someone else.

35 Finally, I would like to welcome the representatives from St Vincent de Paul Society National Council. If you wouldn't mind just stating names and restating the organisation just for the transcript.

DR FALZON: John Falzon, St Vincent de Paul Society.

40 **MS DOBSON:** Corinne Dobson from St Vincent de Paul Society, and I'm the National Policy Officer.

DR KING: Would you like to start by making a five-minute presentation or so?
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DR FALZON: Certainly, thank you. I would like to commence by acknowledging that we are talking on land that always was and always will be Aboriginal land. I would like to pay my respects to Elders past and present.

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The St Vincent de Paul Society welcomes this opportunity to provide our insights into this process. We would like to begin by saying that whilst we do not have a position that categorically opposes the operation of the market or competition and contestability in all domains, our starting point is to say that our understanding of human services is that they are primarily a universal entitlement and a social safety net.

We are deeply concerned by the opening premise of this inquiry - the fact that we need to begin by looking at where competition would better fit into the provision of human services, and even providing the assumption that it is up to those who question this presupposition to demonstrate why competition shouldn't be a primary focus point.

It is quite interesting to talk about choice as a fundamental criterion in the delivery of human services, and I would like to just make a couple of comments about that. First of all, we would, in our experience as an organisation - and we certainly don't pretend expertise in the detail of how best to deliver human services or the best models for society to adopt - but what we do have expertise in is seeing people at the other end who bear the daily brunt of inequality in Australian society, in prosperous Australia.

We like to look at things from a social and a structural perspective rather than individual consumers, so we deeply question the very notion that one should begin from that premise of each person is an individual consumer in a marketplace. Inequality is the problem; the market is not the answer. The market might be an excellent allocatory mechanism for providing an array of choices, particularly in the area of discretionary spending, however, it has been disastrous as far as being a guarantor of access to essential goods and services in a society such as ours.

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One of the interesting things about choice is that this treatment of choice fails to begin with the question as to why people, a growing number of people, are in a position where they need to access the social and human services that are under review here. So to give an example, I was speaking with a person experiencing homelessness in Melbourne a couple of months ago and she was a young woman, probably in her 30s, and she was getting angrier and angrier as people walked past her on the street. As I had a chat with her, she said something very eloquent that I think is important for this inquiry to here. She said, "You know, I didn't choose this life,"

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5 So it really struck home to me that we're talking about choices with a
group of people, various groups of people, who in most cases do not choose
to be in the position where they are needing to access, for instance, social
security benefits and, indeed, social housing or family and community
services. So we would like to at that very high level - this may or may not
seem useful to you, and we acknowledge that the Commission has already
acknowledged some shortcomings in areas of service delivery and problems
in the way governments manage contracts and relations with service
providers and we certainly commend you for the detailed consideration of
10 the consequences of market reforms and acknowledges the instances where
increased competition and contestability is not appropriate - we reject that
starting point of this inquiry - namely, the premise that more competition
and contestability is needed in human services.

15 We reject that individualistic and transactional approach. Again, it
completely misses an approach which can circumvent the need for
individuals to access services when, for instance, you take a community
development approach, when instead of asking about so-called inequities in
the provision of housing support - again, something that we reject quite
20 vigorously - asking why in a prosperous country like ours has housing
ceased to be a human right and become a speculative sport? Why are people
in the position they are in, particularly at that very tight end of the private
rental market.

25 Part of our concern is also the Commission's sector-blind approach
which treats the idea of for-profit and not-for-profit sectors, that their
organisational type is irrelevant. Again, this sector-blind approach is
something we strongly disagree with. We believe that where there is a profit
motive, it is going to completely - and has already - change the complexion
30 of the way in which services are provided. And what is the end solution we
want? Is it to maintain competition between providers, a so-called array of
choices for people who have not chosen the life that has been thrust upon
them due to historical and structural circumstances, or is our primary and
fundamental purpose to create a more just, equitable and compassionate
35 society built on a new understanding of the politics of caring?

40 You think about caring in general; it is very interesting that the caring
professions and that vast amount of unpaid caring work is profoundly
devalued in a capitalist society. Much of it is carried out by women in both
the professional and unpaid areas, and this, in itself, is an indication of a
gendered approach. But that overall approach which devalues caring has
flowed into the provision of human services. These are the sorts of
questions that we would like to begin with.

45 **DR KING:** Thank you. I would like to clarify something or get

clarification on a few of the points that you have got there. So you seem to put markets and choice together, and I'm not sure why. We all make choices every day. We make many choices that have nothing to do with the market. Why do you mix those two together? Why isn't choice just something that is completely separate from the market? It may be exercised through a market, but choice is something much more fundamental, surely?

DR FALZON: Individual choice might be, but, again, this is dependent on a very market-based view of society and of the individual that focuses on individual choice as being something that is a given. The truth is, in our experience, people are unable to make choices when those choices are constrained due to economic circumstances. It's not much of a choice, for instance, for a sole parent that we are assisting to say, "Do I make sure that there's food on the table or do I pay the rent? Do I allow my child to go on a school excursion, or do I buy a birthday cake for them?" So these are choices.

DR KING: I understand.

DR FALZON: But this market, it is one thing to have a market-based economy, but this leads - and you are displaying it quite fascinatingly in your line of questioning, if I may say so - to a market-based way of thinking about society as a whole and about individual behaviour. So we would start from the position of yes, we make certain choices within constrained conditions. We are interested in those conditions. We are interested in creating a society where the choices people make are valid choices that are choices between two different forms of being able to lead fulfilling lives rather than deeply constrained choices where, depending on how much money you have in your bank account, you have an array of choices and for others there are very, very few choices.

DR KING: With respect, it seems to me that you're confusing choice and you seem to be stating that for some reason because we're interested in an individual's ability to choose and the choices made by individuals that somehow means that we're favouring the market, and I just don't understand that. As a matter of fundamental principles of individual behaviour, choice can be exercised through a market, but when you choose a partner for your life, I assume that wasn't a market transaction. When you interact with your children, I assume you make choices, but I would be horrified if that's a market transaction. So if you're suggesting that individual choice is somehow necessarily tied to a market, with all due respect, I think you're just wrong.

DR FALZON: I'd be delighted to know that this inquiry actually interested in ensuring the quality and standard that is appropriate of the provision of

human services to those people in need, but I urge the inquiry to begin with the starting point not of choice - because I think this is quite a furphy to begin with the notion of choice - rather, we need to begin with the notion of need, social need, as an overarching context for individual need.

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What choice, as I understand it - and I may be wrong in my reading of what the inquiry is leaning towards - in this context is very much tied to the notion of competition. In a neo-liberal framework, competition is that crucial and, in one political economist's terms, that most valuable feature of capitalism. Through the process of competition it becomes possible to discern who and what is valuable.

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Our position is deeply questioning and critical of beginning from that premise of where and how best do we introduce competition as a corollary of choice. The example you gave of my interactions with my children, yes, I do choose how I interact with my children. If, however, that choice was linked to competition whereby one child needed to compete with another child for my attentions or that I needed to compete with my partner for my children's attentions, I think that becomes a profoundly flawed manifestation of human relationality.

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DR KING: Just on that, you've made a number of claims about our inquiry and about our work. Can you point to parts of our draft report where we have tied choice and said that competition somehow necessarily is linked to choice as you claim? Because I can point to parts where we say that they are not linked and, in fact, to recommendations which are explicitly different. I would be very interested to know why you seem to be misunderstanding our report this way.

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DR FALZON: The report refers to the onus being on those seeking to remove choice to justify why.

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DR KING: I agree with that. Sorry, just on that, would you say that individuals shouldn't have choice and, if they don't have choice - - -

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DR FALZON: No, not at all.

DR KING: - - - who should be choosing for them?

DR FALZON: No, not at all. But then in the next paragraph where you've spoken about choice, it has become the preamble to then saying this is why we need to put focus on users through greater competition and contestability.

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DR KING: Where appropriate.

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DR FALZON: Well - - -

DR KING: I think if you'll read that you'll see it says "where appropriate".

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DR FALZON: Yes, I know it says "where appropriate", but where saying it is an appropriate starting point. We seem to be going around in circles here because rather than addressing the concerns that we have raised - which is where are the questions regarding the structural underpinnings of inequality and poverty in Australia - we are having a philosophical discussion about choice, which I'm more than happy to entertain, however, I am interested in an engagement on whether competition and contestability is the best means of safeguarding access, equitable access, to those essential services to reduce inequality and poverty in Australia.

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MR INNIS: I might jump in for a second. So you posed a question, and our answer in the report is clearly - not always.

DR FALZON: I beg your pardon, say again.

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MR INNIS: Our answer in the report is clearly - not always. That competition is simply a means to an end, and if it's not the right means, you choose a different means.

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DR FALZON: And our question is: why are we beginning with a question of why - - -

MR INNIS: I might finish. Sorry, if I may, I might finish. So our starting point was to assess the effectiveness of services. And the effectiveness of services was all about the impact on the people in need, the people for whom the services are delivered. And competition does not appear in our list of issues to be considered. What I'd like to do, though, is jump beyond this discussion. What I'm keen to understand is which areas of our recommendations would you suggest the Commission change given your concerns about what you see as the premise of the report. I don't think we'd accept that is, in fact, the way we went about the report, but leaving that to one side, where are the changes that you would make to our recommendations?

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MS DOBSON: Perhaps if I can sort of say one area I think which illustrates the different approach that we're taking to some of these issues would be around some of the recommendations in relation to social housing. So I think one of the recommendations that is made is around removing the difference between people who are in social housing and have their rents pegged at a level that reflects your ability to pay compared to people, say,

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who are in the private rental market and access Commonwealth rent assistance. There are some other measures within that chapter that refer to things, for example, such as opening up contestability for the provision of social housing as a means of providing more choice.

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Now I commend the Productivity Commission for identifying that the housing system is broken and for identifying that there are fundamental issues there and we need to take a different approach to what we have taken. But, again - and I think this relates to some of the issues that we were referring to - the approach that's taken and recommended is about removing that inequity, so-called inequity, between people who are in the social housing system and people in the private rental market, and there's kind of some questions that we need to be asking before we get to that point. Again, it goes perhaps to the approach we're taking in relation to asking about and looking at some of those structural issues that are giving rise to those inequities.

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There are some areas in those chapters that relate to social housing that really miss some fundamental things that concern Vinnies and other organisations in this space. Critically, issues around the undersupply of affordable housing and some of the factors that are driving undersupply as well. I think if we just go to addressing the issues that you identify with some of the recommendations that are there in the report, we have real concerns that rather than addressing those inequities, there's a real risk of actually compounding them, particularly for people who are in social housing, the most vulnerable and on the lowest incomes competing effectively in a market. We recognise that you've recommended the increase to Commonwealth rent assistance, and we agree it is - and I think everyone agrees - woefully inadequate. So there is some merit in that sort of recognition of that. Whether that would be enough to address the disparity between what people can currently afford to pay and what they need to pay is another question. I think there'd need to be more modelling and consideration around that.

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But those chapters and some of the concerns that we have with that I think go to some of those overarching concerns that we have with the approach that's taken. I do want to give credit, too. Our focus is on the social housing and family and community services. We do recognise and we commend the Commission for the focus on family and community services that you acknowledge there is that scenario where the introduction of more competition is not appropriate, and we agree with that.

We don't agree with all the recommendations that are there; we think there are some perhaps good recommendations, but, again it is sort of a bit of a default position where it is a bit of a case of putting the cart before the

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horse, I think, in how we approach it.

5 **MR INNIS:** Very happy to talk about the whole report. But given we were talking about housing, what struck us about housing and the reason that we have formed the assessment that the system was broken was one of equity, that the small number of people in social housing looked to be living in similar financial circumstances to a large number of people outside social housing, and I think we'd probably agree that's not an equitable situation.

10 **MS DOBSON:** Well, - - -

MR INNIS: The question - - -

15 **MS DOBSON:** - - - partly due to decades of underinvestment in social housing.

DR KING: For whatever reason.

20 **MR INNIS:** The question then becomes how do you address that. I think that sounds to be where we're starting to diverge, that you would see the appropriate response to be the provision of additional housing with an income-based rent proposal, and what we have developed is a recommendation that says actually provide the funding to the person to give them more choice. You may or may not agree it's appropriate for people to
25 choose the housing they live in. That's a call for you to make.

DR FALZON: Well - - -

30 **MR INNIS:** But the question for me, the thing I'm concerned about is questioning the premise for the reform path because where we started from was very much that we've got a system that is not equitable and - - -

DR FALZON: Could I just ask where it's not equitable in your view?

35 **MR INNIS:** We've got people eligible for social housing - - -

DR KING: More than half of the people eligible for social housing are living in the private rental market now. Not using social housing at all and are subject to the various vagaries of the market that you seem to be against.
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MS DOBSON: Well, so you're proposing that increasing Commonwealth rent assistance and putting people on to that will deliver more choice.

45 **MR INNIS:** And a high needs - - -

MS DOBSON: - - - in a market where there is gross undersupply. Choice is illusory if you don't have the actual affordable housing to choose from.

5 **DR KING:** Can I understand, then, your position, you would prefer that people who are eligible for social housing who are aren't able to access social housing - recognising that is more than 50 per cent who are eligible - they should not receive any change in circumstances until more social housing is built?

10 **MS DOBSON:** Absolutely not, and I don't think - - -

DR KING: Then what would you like done?

15 **MS DOBSON:** We have been fairly clear on our housing policy.

DR KING: That's fine. Then what would you like done in between times?

20 **MS DOBSON:** Well, one thing I would say, too, in our approach to this - and we have always argued for a comprehensive policy response. So we're not going to just pick out particular measures. No one measure - and we would concede that - is going to address this issue. It's a very complex issue and it needs to be addressed on a number of fronts. One area, for example, that we have consistently argued for is around some of the tax concessions that distort the market. We thoroughly agree that we need to be looking at that private rental market and addressing the issues within that. That doesn't

25 preclude us expanding the - - -

MR INNIS: So would security of tenure be one of those things?

30 **MS DOBSON:** - - - social housing stock that we have and addressing those other measures in tandem. We recognise that there's no overnight solution to this. We acknowledge that there is no single policy response. But we do also think you need to be very careful, for example, if your focus is increasing - we've seen the government do a number of things in the area

35 of trying to improve housing affordability where they've increased the spending to provide some supplementary payment or something to people. As I said, we certainly agree that income inadequacy is an issue and Commonwealth rent assistance needs to be increased.

40 But if you are increasing that payment without looking at issues of supply in a very tight market, there is a risk that you're just going to simply inflate prices as well. So we need to be looking at this issue as a system and not just a particular policy measure like that. I think that we don't see in that chapter in the recommendations that comprehensive approach that we

45 advocate.

5 **DR FALZON:** I'm interested in your question on tenure, too. Could I just say for the record that your line of questioning, to first of all pose the question to us in the words, "You don't seem to care about" - - -

MR INNIS: I didn't use those words.

DR FALZON: - - - "people allowing to choose" - - -

10 **MR INNIS:** No, I did not use those words.

DR KING: Sorry, as chair, let me just interject. Please do not say somebody has said words that they have not said.

15 **DR FALZON:** Okay - - -

MS DOBSON: But you implied that we have said - - -

20 **DR KING:** No, can you please state for the transcript if you believe Mr Innis said those words or not. This is a public hearing, there is a public formal transcript. If you state things on that transcript which are not correct, they go on to the public record.

25 **DR FALZON:** Well, they'll be listed on the transcript, exactly what was said, and you used words to the effect of, you know, "Do you care about people having the choice where they live?" Let the transcript decide what was there. I'm happy to accept whatever is in the transcript, but I didn't imagine the mischievous intent of those terms, and I'm happy for that to be on the transcript, too, because I find it highly offensive that we would be

30 even entertaining this premise of pitting against each other people who are suffering in the private rental market against those who need to access a social housing system which, as my colleague has said, has been greatly denuded.

35 By all means, I completely accept that we need to support people who do not have current access to social housing, and we are completely open to the suggestion of increasing assistance. We have also stated that that will not provide a sufficient long-term and sustainable solution to the inadequacy and unaffordability of housing for low income families.

40 But to suggest that the inequity lies between people who are on low incomes needing Commonwealth rent assistance in the private market versus those in social housing is a deeply offensive suggestion. This is like suggesting that aged pensioners should be pitted against Newstart recipients

45 and that if Newstart recipients get an increase then aged pensioners are

going to pay for price or vice versa.

5 If you really want to look at the entirety of our market-based economy -
again, I note your little quip there that these people are in the market that we
seem to be against. We simply noted the efficiencies in some areas of the
market and the gross inadequacy of the market in providing access to
essential services, such as housing. I think this is borne out by the evidence.
If we're serious about addressing those, we need to look at the entire system.
As my colleague has said, we need to look at the tax concession treatment
10 of certain players in the marketplace in the housing market. We need to
look at that the quantum of assistance of government subsidisation to people
who do not need it precisely in the housing market via some of the tax
concessions that have been mentioned and other subsidies. We completely
reject this - - -

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MS DOBSON: Can I also say - - -

MR INNIS: Can I ask a question?

20 **MS DOBSON:** Can I just sort of say because you did sort of say - and it
was in a bit of a tone that was a bit sceptical, are we seriously saying that
people in the private rental market, that we don't support more support for
them? And I just want to really stress that our organisation has
consistently - we have a whole raft of policies that look at people precisely
25 in that situation as well. And one important point to remember in relation
to these particular recommendations is we are talking across different levels
of government, which adds considerable complexity, but we have provided
a whole range of policy recommendations and have consistently advocated
for things as well at state and territory level, for example, making sure that
30 we are opening up supply of affordable housing, which includes social but
also affordable housing for people in the private rental market and
mechanisms to achieve that.

35 So I just want to really be clear that in questioning the approach that
you've taken, it's completely wrong to say that we're happy with the
inequities - and they are inequities - that people in the private rental market
face. They are fundamental inequities are not because they're competing
with people who have the advantages of social housing; they are broader
inequities about the housing market more broadly and concerns that we have
40 about - and John alluded to this - some of the tax concessions which add to
the distortions in that market. So I think that, now, I just want to be clear
about that's our approach.

45 **MR INNIS:** Thank you for that. And very happy with the word "inequity",
and, indeed, as I explained, that was the reason why we felt the market was

broken. Not happy with the term “pitted against one another”, because that is not the way the Commission sees what’s happening nor what our recommendation is designed to do.

5 **DR FALZON:** Could I just clarify: when you say - - -

DR KING: One second, please. Please let Mr Innis finish his statement.

10 **MR INNIS:** You say that part of the game is about the supply, and I think our report does point to that. Fundamental recommendations on supply are outside our terms of reference, but we would agree that our recommendations for social housing need to be set in a broader context of housing, and there’s a lot of debate around that at the moment. But I think
15 what would be good is to talk about the recommendations that are within our terms of reference that we have made and where you would see them being improved. That would be very helpful.

DR FALZON: Could I just clarify: when you said you’re happy with the word “inequity”, what’s the inequity between?
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MR INNIS: We’ve got people in very similar circumstances receiving very different levels of government support.

DR FALZON: Right. So your idea of inequity is an inequity between low income households in the private market and low income households in social housing, is that correct?
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MR INNIS: That is - am I describing that as “the” inequity in society? No.

30 **DR FALZON:** No.

MR INNIS: It is inequitable.

DR FALZON: So this is an inequity in the context of this inquiry, is that what you’re saying?
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DR KING: It is an inequity in definition - that if two people in similar circumstances are treated differently by government - - -

40 **MS DOBSON:** True, but looking at broader inequity - - -

DR KING: - - - that is an inequity - - -

MS DOBSON: - - - in the housing market. Now, if we take that to - - -
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DR KING: Sorry, because the transcript doesn't pick up the shaking of heads. So Dr Falzon - - -

DR FALZON: Shook head, yes.

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DR KING: So you disagree with that, so you do not believe that it's an inequity?

DR FALZON: Look, I just find it absolutely unconscionable that an inequity between two low income groups should be the focus of this inquiry. It just blows my mind when we look at the inequities in the housing market and in our market-based society as a whole - which I'm very happy to discuss - that this should be the focus between two groups that are suffering the effects of a housing market that is simply unable to provide housing certainty - the right to housing is a human right - to a large chunk of our population. And to drive a wedge between these two groups, as I say, I just find it a very unusual place.

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MS DOBSON: Can I - - -

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MR INNIS: We're not seeking to drive a wedge between any members of our society.

MS DOBSON: I understand that may not be your intent, no. We accept that. That's not your intention, but I think that it is, and if we are talking inequities - and I can see that you're saying that this is not the only inequity, but that's a critical issue. What we're looking at is the housing market that is deeply inequitable. I'm talking about the private rental market. We're just looking at the private rental market. It is deeply inequitable.

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So even if you provided the 15 per cent increase that you're proposing, now if we go to, for example, looking at the recent Anglicare rental affordability snapshot, okay, we put that 15 per cent increase in. How much more private rental accommodation will people be able to access? Very little, according to Anglicare. And if you look at some other, I think, analysis that's been undertaken by AHURI - which I can't remember what the acronym stands for - but you know who I mean for the purposes of the transcript. By zeroing in on that inequity and ignoring the broader inequities in the housing market, the consequence of this approach would be to throw potentially hundreds of thousands of people who will be moved off social housing into a very severe situation. They wouldn't be able to afford the rents.

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MR INNIS: So - - -

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MS DOBSON: So the notion of choice, if we had a market where private rentals weren't so exorbitant, if we had a completely different situation in our housing market, then, you know, we might take a different approach to what you're proposing, but it's not dealing with the realities that we have.
5 So that's, I think, where we're concerned about. Zeroing in on that inequity between people who have social housing and people on very low incomes in the private rental market is really missing the fundamental inequities that we really need to be tackling. It is not going to address it.

10 We would be very concerned about what would be the outcomes for those people who are currently on social housing should these recommendations be agreed to.

MR INNIS: I might explain our recommendations. As they stand, they are
15 draft recommendations.

MS DOBSON: Yes.

MR INNIS: And the purpose of this process is for us to learn and improve
20 our recommendations. Two things: one is the CRA changes were part of - not all of - what we recommended happen in terms of support.

MS DOBSON: Sure.

25 **MR INNIS:** We also recommend that state governments be responsible for assessing and providing high needs payments to people who require additional financial support. We also recommend very significant changes to the assessment process for service support and an ability for those services to be provided across wherever people live.

30 Like you, we share a concern about those who are in the market now in the social housing system now and we recommend that their conditions be protected for at least 10 years. So I understand and I think we do share many of the same concerns. We probably differ on what some of the solutions
35 might be, but we've sought to ensure that both people in the system today are protected as well as ensured that we have a more adequate and more equally provided level of assistance into the future that is in the context of there being some issues with particular markets in Australia. I don't know think the housing market in some areas of Australia is anywhere near as bad
40 as Sydney and Melbourne, for example. But, clearly, Sydney and Melbourne are of deep concern at present.

45 So I just wanted to explain, and I don't think that some of the things you said - we're far apart on at least where we see some of the issues, and it's certainly not about one group against the other; it's about ensuring that

people in similar circumstances do get similar support from government.

DR KING: Similar and appropriate and adequate.

5 **DR FALZON:** Well, is that outcome that we're are interested in.

DR KING: Sure.

10 **DR FALZON:** And whether it's 10 years or one year, to talk about the effective ripping up of social housing as we know it by tying rents to the market rather than to incomes, we have very grave concerns that this would, indeed, not lead to a more equitable solution by any measure but one that would actually increase homelessness and housing stress. This is what we see at the coal face. We're not coming from an ideological position; we're
15 coming from a position of experience and an enormous sense of sadness that good people are unable to enjoy the choice to live in a place that they can call home - not a choice between two different types of homes but just to choose to be able to live in a place that they can call home.

20 I'm glad you do care about adequacy, but our concern is that by beginning with that assumption that choice needs to be the primary motivator, then we're going to have a very long road before we get to adequacy - in fact, we're more likely to be moving in the opposite direction.

25 **MR INNIS:** Thank you. Can I ask, on the income's based rents, would you expand that to a larger group of people and, if so, how would you go about that? Who would get an income-based rent and who would not?

30 **DR FALZON:** Well, if you're talking in terms of expanding the stock of social housing, then this is something that we would be profoundly in support of and would welcome that as a recommendation of this inquiry. That would be wonderful. That's the traditional way in which rents have been tied to incomes - through that vehicle of social housing. So we'd be very, very supportive of that.

35 We feel that this is something that as real incomes decline for people on social security benefits and at the low end of the labour market, noting that there is certainly a rising percentage of people who are in insecure, often precarious work conditions - and, of course, you can't look at housing
40 without looking at income and employment - noting that, it would be enormously helpful to secure people's right and access to housing to be able to tie rent to income where those circumstances require it. So, thank you, that would be a wonderful suggestion.

45 **MR INNIS:** My question is: to whom would you give that? Is there a

stopping point or should that spread?

5 **DR KING:** Would you see an income-based rent approach being preferable to the current CRA approach, for example, for those who are eligible but are unable to access social housing?

DR FALZON: You'd like to ...(indistinct)... to this.

10 **MS DOBSON:** I think I'd need to give more consideration to that. It's complex to think how that applies in the private rental market. I mean, look, I do think whilst we do disagree with the approach taken to removing the so-called inequities as you see it between social housing and those in low incomes in the private rental market, we certainly do support increasing Commonwealth rent assistance and increasing the support for those on low incomes in the private rental market.

20 I think one thing that I would say in relation to - and I'm not quite sure how you arrived at the 15 per cent figure that you've recommended, but I think there would need to be more careful modelling and consideration given to that. We don't know exactly what the level should be, but certainly based on the evidence - and I know you have Anglicare following this and they can perhaps elaborate on that with their rental affordability snapshot, certainly if you look at that, and, as I said earlier, look at a 15 per cent increase, that's not going to be enough to bridge that gap between what private rents are and what people have the capacity to pay.

25 **MR INNIS:** Recalling that we do recommend another payment for people who have particular need.

30 **MS DOBSON:** Yes. Look, I think there may be some merit in that, but, again, we'd probably need to give more consideration as to how state and territory governments would administer that.

35 **MR INNIS:** Sure, I understand.

MS DOBSON: We know in this area of policy that there are always complexities. I can anticipate that would be a very complex path to go down. That said, many things I think in this particular area are. But just exactly how that would work and how we get consistency as well, they would be some key concerns we have.

40 **DR FALZON:** But we'd certainly welcome the notion that people who are currently eligible for social housing being able to access the benefits of social housing through an income-based rent formula. I think that would take enormous pressure off those households. And at the moment the people

that we're assisting, housing costs are what eats away at their meagre incomes, whether they're in that precarious end of the labour market or on social security benefits.

5 **DR KING:** I'm going to break my own rule because unfortunately we are out of time, but I did want to follow that up with one more question: are you being supportive of our recommendations that those who are eligible for social housing but are in the private rental market because they're not able to access social housing also receive the same support services that
10 currently are only available for social housing recipients?

MS DOBSON: Yes.

15 **DR KING:** So you'd be - - -

DR FALZON: As long as it is not at the expense now or in the future of the current level of support that people in social housing are getting.

20 **DR KING:** Thank you very much.

MR INNIS: Thank you both.

25 Our next participant is Professor Dickinson. Would you be able to state your name - I understand you're appearing in your own right, as it were - just formally for the transcript.

30 **DR DICKINSON:** Helen Dickinson, I'm an Associate Professor at the Public Service Research Group at the University of New South Wales in Canberra.

DR KING: Thank you. Do you have an opening statement you would like to make?

35 **DR DICKINSON:** Yes, I guess, as you've seen in the submission, we're reflecting on these reforms in relation to the research that we do both nationally and internationally, particularly in the field of commissioning and stewardship and looking at that across family and community services. I guess looking at that, we're broadly supportive of a number of the recommendations, although cautious in the sense that, as with all things
40 devil is in the detail around some of this stuff and is really in the implementation of this to make it a reality.

45 So we welcome things like the focus being on users and thinking about public services in a far more strategic and kind of planned way across different service areas and talk about that as a way of driving change. But

the report also notes a number of the challenges with how stewardship is currently operated in Australia, and that's reflected internationally in literature as well. There isn't a vast amount of evidence of where people have got this really, really right. There are pockets of it around the place, and this suggests that it's a really difficult thing to do and that there's a huge amount of capacity and capability that needs to be developed within not just public agencies but also the stakeholders who are working with this within these services to make sure that it operates as effectively as possible. So this isn't just about how you design a system; it's about how you skill people up to operate that system and operate within it.

DR KING: Thank you. I'd like to follow up on a couple of areas that you touched on in your submissions. Hopefully we've reflected some back in our discussion on stewardship in the report. One is that you notice the natural risk aversion of government and the effect that that has on the way the governments commission services, the way that governments manage services. In our stewardship discussion we've noted that risk aversion and problems that can create. I'm just wondering, what ways do you see to reduce that risk aversion? Is it a case of improved data, improved accountability systems within government? Are there other ways that we can help government micro manage less, for want of a better word?

DR DICKINSON: It's a challenge, isn't it? There's nothing just inherent within individuals that make them risk averse, but there's a culture of practice. I guess taking a wider perspective around that, we'd say that's not just because of the ways that individuals act within those organisations; it's also because of the pressures that people come under from politics and from communities who want to have particular notions of accountability.

The challenge is when something happens, the first thing that the public and the media often ask for is who was accountable, who is to blame in terms of this, where is the vertical chain of accountability around that. So there's an expectation that that is there but also that we are managing these kind of outcomes where we give providers freedom and flexibility to operate within some of that. That's a really nuanced kind of challenging area to operate within and not one that we often give people the kind of freedom and flexibility to do some of that sort of stuff.

I've been doing quite a lot of work with some of the recent experience with primary health networks. I did some work with a bunch around the country recently. Their experience sometimes as they attempt to kind of contract for outcomes is going through a very expansive processes and really doing a lot of work to get to this and then they get to the legal department who say, "Hang on a minute, no, you can't get this through." So there are some practical things around contracting mechanisms and

commercialisation skills in that sort of sense that needs some work. But it's also a cultural issue and it's what we want government to be like and how we incentivise that to be. What we often want in communities is a very strong vertical sense of accountability that actually sometimes is at odds with what we're suggesting about outcomes and those sorts of things.

A lot of that doesn't mean you can't do it and I think the report talks about this. It's on notions of relationality and trust. Those things take inordinate amounts of time to build up, particularly if you have a recent history that has not always been positive. For some providers that will be the case. And that trust is really quick to break often and it's difficult to get back. So it takes a long time to shift towards those sorts of systems.

MR INNIS: Can I ask a question: what I guess I'm hearing is that hard to recommend and hard to do but some patience and some tolerance is required to make these things work well because the trust and relationships have to be built over time between provider and client but also between provider and funder and ultimate steward as well as the person who's accountable.

Do our recommendations make that easier? Do they make that harder? Is there something we should add to our recommendations to better enable particularly governments to have that patience and tolerance that I think you're saying is needed?

DR DICKINSON: That's a difficult thing to do, isn't it, in any sort of space and to have that. The thing that we would know is the real issue is how this capability and capacity is going to be built while we operate systems as usual as well. So essentially we're saying we need to deliver what we have at the moment and yet fundamentally at the same time reform culture and practice around a lot of this sort of thing. One of the challenges, I guess - I am particularly talking about the family community services chapter, which is one that we mostly focus on in the submission - is a lot of recommendations are over the space of a couple of years and really to drive those is going to take a lot longer than that to do.

I guess our big question is what are the recommendations about how governments can build some of that capacity to do both their own stewardship role and help partners build capacity to be able to engage in that as well.

DR KING: Can I put that back to you: what suggestions or recommendations or examples should we be looking at to be able to bulk out put more detail into those recommendations to make them more implementable to enable that change? You can't stop the world and change culture and start again, so we're changing culture, we're changing

approaches at the same time as keeping the system moving. Any examples from overseas from the academic literature or from practice literature overseas that we should be looking at? Where should we be looking?

5 **DR DICKINSON:** So a key question we get asked quite a lot, particularly from organisations who are looking to embed a stewardship or commissioning-type approach is if we're going to do that, what are the competencies and capacity that need to reside within the organisation, what skills do we actually need in the first place to start to get to grips with this.

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That's a really tricky question, particularly in a context where, if you've entirely moved away from service provision how you are able to design and inform and to oversee a system where you don't have skin in the game is a huge kind of challenge and needs thinking about engagement in different sorts of ways. So I think the engagement skills are a really critical part of that sort of process.

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This is something we did quite a lot of work with health organisations in England a few years ago with primary care trusts as they were first established and became commissioning-only organisations in the health space. The same question was asked: well, what skills and capacities do we need, and there was an approach, a framework, developed out of some of that work, the world class commissioning competence framework, that actually starts to get to grips with what are some of the sorts of things you might want to think about in terms of roles of your organisation.

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This stuff is inherently difficult and takes time to build and so that makes it a really difficult thing to write recommendations about. I appreciate that. And you go too far in being too specific and it doesn't fit every situation and every sort of circumstance; you pull back and you're less specific and then the charge could be there's not sufficient guidance there to help us with some of that. The report is there and there is an acknowledgment in a wholesale way the big change that is needed and the time it will take to do that. But there are examples around the place where people are doing parts of this already that we can learn from.

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MR INNIS: One of the things we've noticed is that governments are, as you say, starting to put a lot more effort into their commissioning capability, if you like. So, for example, New South Wales now has a commissioning unit in their Treasury department. Is that something or that sort of model something that you think is (a), useful and (b), maybe/should be suggested to other jurisdictions?

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DR DICKINSON: I think there's a definite need for some resource and some capacity building around that. I've worked with the CCU in New

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5 South Wales a bit and they've got some really great kind of policy framework guidance and practice guidance in a broad sort of way. Again, the question in the line agencies there now is, "Okay, well, what else can be done?" This is broad background stuff, what else can be done to build capacity? I think with a program like this there is a need for some focus of effort and supports for people as they get to grips with this.

10 There are huge tensions with where that lies and I know as the discussions were happening where CCU should reside there were debates about whether Treasury was the best place for that to be and what the implications of that would be in terms of power relations between different agencies. I think that's a difficult decision to make.

15 But I think resources like that are helpful, but that's not the only kind of model of doing that. There are a couple of examples internationally of where other models have been taken.

20 **MR INNIS:** Can I take the opportunity to ask some specific questions about our recommendations?

DR DICKINSON: Sure.

25 **MR INNIS:** In the broader families and community space, we recommend longer default contracts, much more certainty about when tenders would take place, longer time periods upfront so that people can organise more comprehensive and collaborative bids, a longer period at the end of a contract to allow better handovers. Are they positives? Are they things that you would say we should take forward, noting that you've said that, actually, this is a harder gig to implement than a naïve reader would have at first blush?

35 **DR DICKINSON:** If you're look in the research literature, all of those things are pointed as being issues particularly for community sector partners in partnering. If you do look overseas, there's 20 years of commissioning experience in England and there was a select committee investigation into the relationships between community organisations and government bodies. All of those things were raised as being issues there as well here. So kind of more certainty and more ability to engage with those is a good thing.

40 That will not necessarily mean that organisations will definitely be able to engage with that, and you acknowledge some of that as well. Occasionally there will be a need for some capacity building both in the ability to bid for some of those but in educating around different potential provider models as well. So there's a bunch of different pulls at the same time whereby as a government agency, if you're contracting with a high

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number of different providers, it can be very difficult to actively manage those contracts. I know in a lot of your recommendations they are about how can governments be more engaged in managing these contracts in a productive way so that we can assure accountability and levels of performance.

The reality is, if you have loads of those contracts, it is very difficult within the staff size that you have to be able to actively manage those. So the pressure comes - and you talk about that in the report - for organisations to be asked to merge or work together. And a merger is one version of how you can do that. There's a bunch of other kind of arrangements that you can enter into as well, but, again, sometimes there isn't a huge amount of knowledge about the different opportunities there and the different trade-offs involved in those sorts of models and how they run together. So, again, engaging in capacities building around those exercises could be a really helpful opportunity for the sector as well.

DR KING: Can I just follow up on that?

DR DICKINSON: Yes.

DR KING: Because I guess we see our recommendations as pushing the boundaries either further with the engagement going on during the contracting process. We've used the term "relational contract".

DR DICKINSON: Yes.

DR KING: Partly reflecting that both in family and community services and remote Indigenous, we're looking at significantly longer contracts, and we can see some benefits there. But that does make the ongoing management of those contracts much more difficult, as you've noted. I guess what I would be interested in is are we pushing too far then too fast? Are there steps or interim steps that we really should be focusing on in our next stage, if we're going to have longer contracts, more relational contracting approaches, interest steps that we really need to include to make sure that they're picked up as part of our recommendations? Are we going the right direction or would you say, "Look, it's just not going to work, guys"?

DR DICKINSON: The challenge is, of course, you're making recommendations about a bunch of services in different policy areas, different physically geographic areas and with really different kinds of histories. As you say, it is impossible to jump directly from a context where you may have had historically problematic kind of relationships, maybe there have been issues in recent recontracting processes - which there have

been in a number of areas around the country, particularly around family and community services - that have often been processed to deliberately destabilise the sector and that's led to some challenges in terms of relationships. It is very difficult. It's impossible to jump from that bit
5 directly into now we're going to go into relational contracting and we're all going to play together nicely.

As you say, it's an evolution of that, and different parts are going to be more ready to go to that sooner than others. There is a tendency - academics
10 probably are worse in terms of doing this than other people - of saying, "Well, you moved from this, we had this rather adversarial notion of contracting into now we've decided we're going to do relational contracting and everybody's going to do it." The reality is, it doesn't happen that way and there are steps between that of being ready to different points of that.
15 That is the challenge in building the capacity and capability. Even if you think of one agency, different parts of that are going to be in really different places and some will be more ready to go that that sort of system than others. So how you recognise that nuance and manage for it is a real challenge. As I say, there are bits of this, bits of effective commissioning, effective
20 stewardship, that go on in bits of pockets around the place already, but there are other bits that are really far away from that. So how you shift at the same time.

MR INNIS: You said something then that was very interesting. You used
25 the words "intentionally destabilising" - forgive me if I've got that wrong.

DR DICKINSON: No, that is correct.

MR INNIS: One of the things that we wrestle with is our recommendations
30 are designed to create stronger partnerships between funders, stewards and deliverers for the benefit of the user. But at the end of the day, there's also recognition that the money is taxpayers' money and periodically we think to ensure that taxpayers are getting appropriate value, there should be some level of contest for the best proposals to spend that money.
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I'm just interested in understanding whether you think the providers in the commissioning world hold that same view - that ultimately there is that decision, that's a difficult decision, about value for money?

DR DICKINSON: I guess the challenge is around when we talk about
40 contestability is what we're talking about being contested. When I go around the country, there are very different versions of it where some people see contestability is if you've got two or more providers who are going to bid on a contract, so what you need to do is make sure you've got at least
45 that because then you've got contestability, or whether you think it's about

contestability in terms of quality of service so, therefore, it might not be problematic if you have one provider in an area provided you think there's a degree of contestability in terms of the services that you're delivering.

5 There's a detailed explanation of the meaning of "contestability" in the report there, but I think more broadly we need to have a sense of what we mean by contestability and how you do think about value for money. We did some work when I was previously at the University of Melbourne at the Melbourne School of Government for the Community Sector Reform
10 Council in Victoria trying to kind of work with them to think about how you value different sorts of outcomes that are delivered by community organisations. This came about because there'd been a couple of recontracting processes where some providers thought that they hadn't been handled well and that the full value of organisations hadn't been taken into
15 consideration.

 I guess this is the challenge, particularly when you talk about the recommendations around efficiency and making sure that there's the most efficient use of resources. Can you talk about that in terms of full value that
20 organisations produce? Often we talk about how can we make community sector organisations more efficient and behave more like private sector providers, for example, who are often seen to have kind of better management processes and being more efficient around that. I guess the argument from the other side, though, is if you've got not-for-profit
25 organisations who are investing their profits back into the delivery of public value, how do you capture some of that benefit and make sure you take account of it in those commissioning processes, particularly in the context where I think it's probably true that, you know, a lot of historical contracts are delivered in family and community services by community
30 organisations and we've kind of deliberately underfunded for a number of years on the basis that we know that they'll make it work somehow.

DR KING: They'll get the money from elsewhere from donations.

35 **DR DICKINSON:** Yes, and we don't know what the kind of true cost is around those. So I guess the challenge is I'm all for thinking about contestability and making sure that we use resources in the best, most appropriate way, but to do that we've got to make sure we've got a way of being clear what the outcomes are that are being delivered and what
40 outcomes we want to be delivered. I think some of the tensions often exist in that kind of lack of clarity around what better outcomes for a particular group are and you have a bunch of stakeholders who are working who all think they're delivering better outcomes but maybe have a slightly different version of what that actually is.

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5 **MR INNIS:** Indeed. And one of the things that you've mentioned that we have sought to address in our recommendations is you can see that governments sometimes do not fund the full cost of delivering a service appropriately to a client group. We certainly sought to address that through our recommendations, accepting that there's a challenge in translating that easily to fruition.

10 I also wonder whether we always take into account the other support that's provided through the system for community not-for-profit organisations through the tax system et cetera and how that plays into the game, whether service delivery, service contracting, is the best way to necessarily support and fund that broader purpose.

15 **DR DICKINSON:** This is the challenge. As you well know, all of the intention and the talk about thinking about users, thinking about full costing or thinking in the more strategic way, absolutely intuitively makes sense, but they are actually really, really complicated things once you start to kind of get to grips with that. So how we develop that capacity is a big challenge.

20 **DR KING:** Just one final question from me: as you've noted, it can be comparing apples with oranges when you, say, have not-for-profit versus a for-profit with different ways of providing a service. How do you compare the value of volunteers or cross-subsidy versus perhaps an organisation that has very strong incentives to keep costs low but may have different quality outcomes, how do you compare those. I guess the approach we've taken, which seems to have been a little bit controversial in our report is to say in a sense the government needs to upfront think about different organisational types, different incentives and objectives of those different organisations and not simply say at the start, "Well, we favour one group versus another group all the time," but to think on a much more nuanced basis, so it may actual be that they say for-profits would be appropriate to provide GP services and in this other area cooperatives and not-for-profits might be better. Have you got any thoughts on that sort of approach, because is it a different approach and it has clearly upset some people in the industry who think, no, we should never allow certain organisational types to be considered. What are your thoughts?

40 **DR DICKINSON:** We went through a decade or so ago reform in the health service in England around this more agnostic approach to who are providers of those services. It's a slightly strange debate anyway staying agnostic about who's providing those, because the majority of them are GPs who are small businesses but don't get understood as such.

45 I guess my position on this is there is no ability to say all private sector organisations one way or public sector organisations are another or

community organisations are another way. That is not something that exists, and the literature bears that out. In fact, the literature suggests that actually what's really important here is the size of your organisation. A larger community organisation, the more it is incentivised to behave more like a big corporation and the things that go with it. I don't think you can say in a wholesale way all organisations behave in particular ways.

I guess my worry about having a really expanded role for private sector organisations before the capacity and capability of the public sector is there to contract for those is that that stewardship function doesn't operate as effectively as it might. You talk in the report - there's a phrase - to the extent of the benefits of choice and competition and contestability, and these benefits can be fully realised when we've got an effective system of stewardship in operation and then make the point that actually that doesn't exist in many places as it currently is. So I guess the concern is that if you move to that without being able to do this other stuff.

As an example of this, I was talking to some people recently who were - as it's public here I won't talk about the specific policy context - contracting particular sorts of services looking at the coverage in a national sort of way. "So what we've realised is they'll be a lot of people wanting to bid for these services in metro areas where there are a lot of people and a lot of competition for them but we're going to really struggle to get these delivered in more rural, remote areas and we think our only option is to step in as government and to provide them there." When we were talking to them, "Well, if that's your entire market, across that area, then will you be happy with the system where you allow people to come in and make a large amount of profit in the areas that are profitable but then you're going to invest money into the others where you can't do that?"

The market management skill is not that you're there yet to do that. So I think until there's a better handle on some of that then one of the potential - if we know that one of the potential dangers of private providers is that they may do some of that, then, know, government sets the rules of the game around this. No kind of one way is the ideal way to do that. So thinking about what the potential risks of this at the outset and how you mitigate for that is a really important thing.

Hospital funding and funding through DRGs is other example of activity-based funding. Should we be surprised if we have things that we read about in the media episodes of where surgeons are doing more procedures than are clinically necessary in operating rooms because they can put that on to the DRG and that provides them more money. The surgeons when you talk to them will say, "Well, we need to do that to operate our service in an effective way. That's how we have to pull our

5 funding in.” Not often a great outcome for the person who’s on the table, but, then again, we know that activity-based funding systems incentivise that sort of behaviour. And we also know that a surgeon in an operating room is the one who’s the charge and who’s leading that sort of team where there are a few challenges again. So we need to think in a more sophisticated way. If that’s what we’re being incentivised to do, how do we guard against the worst effects of that.

10 So this is back to the capacity/capability thing. If we’re going to go down that route and have more competition and have more contestability in the ways that you’ve talked about, have more consumer choice, can we ensure that we have the stewardship skills to make sure that happens.

15 **MR INNIS:** So as a summary, I think what you’re saying to us is we need think very carefully about recommending to government the capability side and emphasising that as part of the reforms we’re doing across all of the areas that we’re doing? Is that a fair summary?

20 **DR DICKINSON:** Yes.

MR INNIS: Thank you.

25 **DR DICKINSON:** And some of the building around that and recognising the time and the costs involved in that. There is a sentence at one point in the report that does say there may be some additional costs associated with that. I think especially in the first couple of years there are going to be significant investments that will need to be made.

30 **MR INNIS:** Thank you.

DR KING: Thank you very much.

35 The next organisation is Anglicare Australia. If you wouldn’t mind stating your full names and organisations for the transcript.

MS EBSWORTH: Imogen Ebsworth, Director of Policy and Research for Anglicare Australia.

40 **MR MANDERSON:** Roland Manderson, Deputy Director for Anglicare Australia.

DR KING: Would you like to make an initial statement?

45 **MS EBSWORTH:** We would.

MR MANDERSON: A little team effort.

MS EBSWORTH: Yes. I guess first we want to acknowledge that we're meeting on the land of the Ngunnawal people and pay our respects to Elders past and present. Thank you very much for the opportunity to engage with you on this.

I guess from our point of view the way we would put it - we like literary references - is the draft paper for us is a bit of a tale of two outcomes. We are really heartened and really happy with the direction of the recommendations in family and community services and Indigenous remote services as areas that obviously Anglicare is engaged with, not so much with social housing, and I'm going to let Rol speak to that.

I guess the two comments I'd like to make in regard to your recommendations around family and community services and Indigenous services is to take what's not a Zen Buddhist saying that everyone thinks it is, which is leap and the net will appear. I guess what we feel is that your recommendations are enormously valuable in moving the conversation in Australia really forward on the delivery of these services. Just listening to the dialogue you were having with the associate professor, there's a lot I would agree with. What I think we're looking for is two things: one, to take it a little bit further and explicitly acknowledge, as you have, but actually conceptualise it in our recommendations that human services deliver more than just individual outcomes and that commissioning processes should actually explicitly look to measure that and to commission for it.

Then as a result, we are a little bit hung up, you probably noticed, on the concept of intelligent commissioning. But that's not because we think it's the only way, but it's more that we can look directly to the UK at a Westminster government system that's got 20 years of experience of trying to bring in institutional frameworks to deliver the kind of things you're recommending. So I guess we're looking for that intelligence to be built into your recommendations because it does two things we think are really valuable: one, it helps us to have a framework for which all participants in the human service delivery can actually look to the institutional and regulatory forms that we need and the information we need and the training and capacity; and, secondly, it takes what I guess we've always been talking to you quite a bit about and saying don't think of user choice, think of user empowerment and agency, and particularly that concept of co-design and co-production and look at the example of intelligent commissioning in the UK and how they're trying to do that.

It's got an awful lot of correlation, I have to say, as the lucky bunny in

the office who works on the NDIS with what we're trying to do with the NDIS. We're trying to actually go quite a lot beyond user choice and control with the NDIS; we're trying to empower people and give them aspiration in their lives. There's no reason why we can't think that way about what we're
5 doing in human services. But we honestly think the language of user choice is too impoverished to encapsulate that.

There's an interesting bit in your report where you kind of say, "Well, if we can't have user choice, you could have co-design and at least give
10 people's preferences some airing." We're saying, one, why not both, and, two, we think that actually co-production and co-design go much beyond just giving you, if you like, the brochure effect of consumer choice of where you go for your services and actually say, "Well, what outcomes do you want," the person who is receiving these services, and "How can we support
15 you to get them and what role can you play in delivering them, which is fundamentally empowering." I'll hand to Rol now for the bad bit.

MR MANDERSON: So you won't be surprised with our position on this because we've extensively about it. So I guess you know in our view, part
20 of the reason I really wanted to come and talk is because I think that the Productivity Commission is in a really important position in that it's analysis is considered fairly carefully by all sides of the political fence. As you know, we see the recommendation to move to market rent across the board with an increase in CRA as actually genuinely dangerous. We think
25 it's a recipe that will increase poverty and rental stress for at least 850,000 Australians, and we also think there is no shortage of people or interest groups who would view the notion of cutting back on security of tenure and allowing the market to find a solution to be a good thing. So our fear is that in coming out with these propositions people will grab hold of the part of it
30 that supports their view to their ends or to their enthusiasm or to their ideology and the human consequences will be for the people who we work with substantial and immediately visible.

We have yet to see any evidence that suggests these changes would
35 make any appreciable difference to the number of properties available and affordable to people receiving Commonwealth rent assistance. So when we ran through, as you know, the figures against the information that we have, we found that maybe two more properties might be affordable to a couple on Newstart if we increased CRA by 15 per cent.

40
We point again, as so many others have done, with the actual failure of the housing market to meet the needs on low incomes in Australia. We understand the brief of this inquiry, but we remind you that you still could and should acknowledge the market failure that you're seeking to address
45 with these possible reforms to the social housing system. Given it's the very

same people who the market has failed who are likely to find themselves back in the market if part or a whole of those recommendations are just picked up and run with by government.

5 So we understand there's been no modelling done on the impact of these changes. I could be wrong, and I would be interested to hear that, but, as far as I understand it, you haven't actually done an analysis and a modelling of what impact it will have on all of those people and the markets of the 15 per cent increase to the CRA and the shift towards market rent.

10 We'd also like to fly the flag here for stronger tenant rights. The private rental market does not have real security of tenure, quality of housing guaranteed, energy efficiency, scope for modifications et cetera. So to have as a kind of a semi throwaway, "Yes, we should improve a bit security of
15 tenure," doesn't go anywhere near close enough to talking about what tenant rights would need to be to even imagine that the private housing market in Australia, even if it was restructured completely, would come close to providing any degree of secure, appropriate, affordable housing for people living on inadequate incomes, which is essentially what we've got, with the
20 hundreds of thousands of people who live on inadequate incomes in this country who are deliberately put on inadequate incomes in this country.

 Similarly, we can have no confidence that people living a disability and people who are ageing and growing more frail can hope for the private rental
25 market to meet their needs. It will not do that. We can maybe put some requirements in place to make it respond a bit more to their needs, but I don't know how we get to a market which wants to meet those needs if we're just talking about a private market.

30 I had a brief conversation at the Melbourne Economic and Social Output Conference last week, as you might know, I was there. I spoke to Commissioner Richard Spencer who was on the panel with me, and he said that while the Commission maybe couldn't prescribe all the solutions to the housing problems of Australia, which I'm referring to here, maybe what you
35 were doing was suggesting at least some improvements. I'd say we dispute that. I'd say, in fact, that you are suggesting damage and a further unpicking of any kind of broad social commitment to ensuring that everybody has a right to a home. To recommend greater housing insecurity and market rental for everyone living on grossly inadequate incomes is to generate increasing
40 disadvantage and housing inequity across Australia.

DR KING: Thank you for that. Perhaps if I could start by clarifying a few things. I suspect we'll spend a fair bit of time on social housing, so I won't start there.

45

MS EBSWORTH: I suspect you're right.

5 **DR KING:** You mentioned the intelligent commissioning and user empowerment. I think that's actually a fantastic term. I really like that term - not the one used in the terms of reference, unfortunately.

MS EBSWORTH: Yes.

10 **MR INNIS:** While Steven's collecting his thoughts, when we use "choice", I think words, words, words. When we use "choice" we certainly are intending to mean the agency and the empowerment that comes with choice.

MS EBSWORTH: Yes.

15 **MR INNIS:** So I think in our minds as a Commission we're trying to capture through that word probably something that's closer to your mind. And I appreciate different people read words differently. I'm interested in your take on the UK experience. So when I look at the UK, I see they've done a lot of things and in a few areas we are certainly following them. I'm
20 not necessarily seeing this 20 years of experience resulting in markedly better social outcomes than we're achieving in Australia. Context really matters. I understand the UK is living in a somewhat difficult context. But I'm not seeing something that would say just buy that because they're definitely better.

25 **MS EBSWORTH:** Look, I would agree. I think the devil is in the detail. I think what I see as different in the UK - and I had the privilege of a one-month study tour in 2014 looking at a few things - was, first of all, the context of austerity is incredibly loud and confusing in the UK. I think one
30 of the reasons we don't see the outcomes that we would like that will be commensurate is, bluntly, because they've defunded an incredible amount of their human services.

35 I went and met with councils. Councils in England, as you probably know, rely up to 90 per cent for their funding on the central government, and they lost over 80 per cent of it in some cases. So they were in the process of doing things like selling off all their community housing assets at the same time trying to use a process that would allow the social value of that asset to be retained.

40 I agree; we're not trying to say here's an off-the-shelf model that you can just pick up and whack into Australia and it will work, because nothing works like that. I think what we could learn from them is perhaps what your former witness was talking about, which is about building the training and
45 capacity and the institutional frameworks to support intelligent

commissioning. That's where I think they're a long way ahead of us. How they've implemented it is a whole other question, I guess, but you can see the UK government until not that long ago, used to have an entire office of the third sector that was entirely devoted to working out how to leverage the best social value from what we refer to as not-for-profit or the third sector, a community sector. Scotland's retained it in what could be seen as an ongoing argument about Brexit.

They have invested in a social return on investment methodology and actually tried to apply it across the place and actually see what that tells their commissioners about leveraging value from their services. If I can perhaps flip it the other way around and talk to you about what I can see value in, I had the misfortune to be involved both at the political level and the personal level in the green loans debacle, if you remember that program. What probably most people remember is the department getting slapped pretty hard by the audit office and ending up with I think it was nearly 20 breaches of the Financial Management Act, which is some kind of awful record.

What I remember about it was it was designed to introduce energy efficiency into people's homes, particularly people on low income, but actually just kind of anyone who needed or wanted it. And what happened was that despite the fact that absolutely no thought was put into this element of that program, the people who started training to deliver those services were frequently people on low incomes themselves, people with disability who could see a job they could do that was small scale but would actually deliver a sufficient return and could make a meaningful difference to their lives, single mums.

So when that program collapsed there was this enormous unintended consequence of about 5,000 people - and I know this because I was part of the process of documenting it for parliament - of which a significant percentage had not been in the workforce for some time and had taken what little savings they had or had taken a loan and had gone to a training agency specifically to get into this program. So you had this entire other social value from green loans that was lost and was never even measured and was never even intended.

The difference I can see with the UK is because they have invested time into thinking about intelligent commissioning - and this point we keep talking to you about - and the actual value of return of an investment in human services that's beyond just that particular user or that particular group, is they would have recognised potentially the value of that program and gone looking to commission it in such a way to capture some of that value. We're not doing that in Australia that I can see, or, where it's happening, it's because of largely mission-based organisations seeing

opportunities and taking them.

5 Within our own network I can see that at the moment playing out with the NDIS there's this nasty nexus of trying to talk to the NDIA about the pricing structure and how to get that right and show that they're reforming and they're actually trying to deliver in a market and also looking at the staff who are being paid too little unless they actually choose to pay more, and then further looking at the possibility of actually employing people with a disability and that conundrum that's going on.

10 You can see the opportunities here, but I think in the UK what's different is there is an explicit intentionality from government to try and capture all the value of the services they're commissioning and to build institutional frameworks that allow them. We do not do that.

15 **MR INNIS:** Can I ask a question about our recommendations? One of them is to better match what government pays for a service and what that service is intending to do so actually pay for the full value rather than relying on implicit intra-organisational essentially cross-subsidisation. Does that help with those sorts of issues, because it starts a discussion about what is the value?

20 **MS EBSWORTH:** I think so, and I think also your recommendation around longer contracts helps with that as well. As an ex-bureaucrat I can't think of the number of times I've seen government programs really finally starting to deliver but, "Oh, no, it's year 3," and there's a change in government or, "We need to save something that's an election promise, and we'll just quietly gut that thing."

30 I think just alone that part of your recommendation helps remove some of the political tension in delivering good services and actually allows for policy iteration, including within contracts. That's missing at the moment. It's very difficult to get.

35 I think your other part about trying to actually properly value what's being funded and then understand what you're getting, yes, is equally valuable. But I would agree, again, with your previous speaker about the need for cultural change. It is a really big one, and it's very hard for bureaucrats to get that space otherwise. The culture of risk aversion is just

40 massively increased by political time cycles.

45 **DR KING:** Can I take you back to something you mentioned in your opening comments, which was the importance of community outcomes and measuring those outcomes. I note that you discussed that previously. I guess my wonder or my issue is how do we actually make that practical?

How do we measure the community outcomes? How do we feed that in to the process? It's hard enough to measure individual outcomes.

MS EBSWORTH: Yes.

5

DR KING: How do we measure community outcomes in a way that is practical, can be used in a contract or can be used in a relationship?

10 **MS EBSWORTH:** Look, it's a very fair question, because the danger is strange activity-based outcome measures that lead to really perverse outcomes. I honestly don't have any of the answers - like no-one - by a long shot, and I want to be cheeky and say, you're an economist, right.

15 **MR INNIS:** And he is.

DR KING: In theory, of course.

20 **MS EBSWORTH:** I think perhaps this is where the social return on investment has partly come out in the UK from third sector scrambling to show their real value bluntly with an austerity environment and show that they actually go beyond what they're numerically paid for.

25 There is one example I found in Australia just recently, and I only just had a chance to start reading about it but it really interested me. The Prime Minister and Cabinet actually commissioned a social investment return analysis of Indigenous protected areas to try and capture community value there. So I guess what it says to me is that there's a body of literature and methodology developing around this. How far it's got I think is up for robust criticism and discussion. But I think a lot of Australian innovation
30 often comes best from taking what people start with and then riffing off it, and maybe this is an area where need to look at.

35 I think also, finally, what I would add to that is the Commission's recommendations particularly around training and capacity for government are vital, not least because there's been a hollowing out in government of those skills because they've been outsourcing a lot of the services, there's not been seen a need to keep people within who actually understand how to measure or to deliver or to monitor. That's a real problem. If we don't build up that training and capacity, the government then can't be confident
40 enough in admitting that it's learning. It's very hard to admit that you're learning when you don't actually have any of the expertise in house to know what you're measuring.

45 I think, yes, things like the social return on investment are worth looking at. Whether they've got all the examples, I'm not sure, but I do note

that in the UK one of the reasons they are continuing with it is it can also be scaled up through economic modelling, which then gives us something to pull apart.

5 **MR MANDERSON:** There's a couple of Australian examples. Out-of-home care in New South Wales developed an integrated outcomes framework. I was talking at the conference and there was integrated outcomes framework for out-of-home care in New South Wales. So they're looking there about impacts on family, impacts on community and a whole
10 lot of things, not just looking at what's happening to the young person and are they staying safe where they are and are they going to school. It actually tries to zone in on all those other things.

15 I think it's probably also worth - I know it's not the answer to everything - but the Communities for Children program which began back in the 90s or the early 2000s under John Howard, which builds in some governance of community organisations as well as lead agencies who are funded to deliver outcomes for children and their communities do some interesting work on that front. I know that Professor Ross Homel is doing
20 some work on collective impact and trying to work with those organisations to develop some projects over time to start to build that kind of measurement process which actually reaches beyond the programs but works toward the next iteration programs for community.

25 So I think there are things that are happening in Australia. It is not like we are just talking in imagination; we just do not have enough things in place really to be able to kind of know and institutionalise them.

30 **MR INNIS:** I can see a tension ultimately between primary objective and secondary benefit.

MS EBSWORTH: Yes.

35 **MR INNIS:** And absolutely you want to consider it all together. But when you start the practical process of governments making priorities and allocating funding, there's got to be a primary objective. I just want to test - and I am testing - you would agree that you've got to start with a primary objective?

40 **MS EBSWORTH:** Yes.

MR INNIS: Communities for Children is a good example where there's a primary objective.

45 **MR MANDERSON:** Even the primary objective is quite broad there.

That's the interesting thing.

MR INNIS: I understand that. Out-of-home care probably has tighter objectives. I guess I'm confirming that you've got to start somewhere.

5

MR MANDERSON: I think it's a bit about language, too. So we talk about independence and I got Anglicare Sydney pulled me up a few years ago and said, "We don't pin all our flags on independence so much, Roland, we use interdependence, because we actually think that the value for the human being" - if we get back down to the individual - "is their connectedness with other people, and the value for those other people is their connectedness with that person." Your capacity to do things isn't dependant on what you can do yourself necessarily. It might be dependent on how you work with others. So even when we get right down to the primary purpose, the language we use will make a difference in terms of how we see it.

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MR INNIS: Again, a words thing - independence sitting in government probably means a slightly different thing to independence in - - -

20

MR MANDERSON: Well, it may and it may not, depending on who's making the call at the time I think.

MS EBSWORTH: Yes, to come back to your question, I agree. You've got to have a primary outcome you are trying to commission. I think as your recommendations have shown, one of the issues we're facing is that governments are an awful long way from understanding precisely what their primary outcomes are they're trying achieve. If you're worried about confusing them now, I am too.

25

30

But I think more specifically - I hate common sense tests, but there is a slight element of that. One of the examples, I used to live in Tassie. There used to be a service for people with intellectual disability that gave them jobs that delivered the local resource and recycling tip shop where you go and stuff that shouldn't have been chucked on the tip has been rescued and cleaned and you can purchase it, and it was great. It gave people local employment. They got to interact with everybody. It was really positive. They delivered it effectively and cost effectively, and the local government put it out to tender and a large for-profit came in and said, "Well, we can deliver across all three tips for cheaper," and so they got it. And community uproar ensued, and, quite rightly, because it was like, "But you had a perfectly good thing going. It was cost-efficient, and it was delivering employment outcomes, and out of that it was making all these other families happy because they had somewhere for their kid with intellectual disability to go."

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5 I'm not really even trying to have a subtle whack at a for-profit; I'm just saying that there is a certain common sense element. The primary objective of that was to run the tip shops effectively. They just were getting a beautiful value-add. Why would you throw that out or not measure it?

DR KING: In some ways, our remote Indigenous recommendations, smarter contracts, think about more than just the money.

10 **MS EBSWORTH:** Yes.

DR KING: We're trying to capture some of that.

15 **MS EBSWORTH:** And I think the other thing that's really interesting, you talk quite rightly a lot about the need for better collaboration in government and between government. And it seems to me that one of the ways to make that happen is to actually try and capture the values beyond primary objective because then departments are kind of forced to talk to each other a bit more.

20 Just to finish on an anecdote, one of our key people in Anglicare NT was talking to me about how he'd just been to a seminar on the NDIS and he kept asking them if they had recognised the fact and were doing anything about the fact that he was going to one provider for aged care, and it's the same providers in the community but there's been no formal effort by
25 government to try and link up those providers and think about more cohesive services, even though there's a lot of similarity. The answer of the chief bureaucrat to him was, "No, still not doing it. Can you keep asking that question because then I can force someone to do something about it."

30 **MR INNIS:** In our own way, our focus on outcomes, whilst starting at the individual, is partly designed to do that.

35 **MS EBSWORTH:** Yes.

MR INNIS: Because services do - - -

MS EBSWORTH: That's right, exactly.

40 **MR INNIS:** It's probably time for us to move on to the less friendly discussion.

45 **DR KING:** Yes, social housing. What I'd like to do, let me give you the 2-minute why we got to where we did so that you understand. Then I'd really like to work through what we see as the three key areas, one which is

income-based versus market-based CRA-style rent. One is the interaction with the private market and the third one is the high-need payment or the high-cost payment and how that's done.

5 **MR INNIS:** Could I just clarify something?

DR KING: Please.

10 **MR INNIS:** Roland, you've mentioned the rental stress of 850,000 Australians. I just want to understand that. We've got roughly 400,000 people in social housing.

MR MANDERSON: We've got 850,000 people in social housing. The AIHW figures.

15 **MR INNIS:** Okay.

MR MANDERSON: So that's 309,000 households.

20 **MR INNIS:** Okay, so it's households versus - - -

MR MANDERSON: Children.

25 **MR INNIS:** And dependants and others, okay. Our recommendations say that those people should be protected for at least 10 years, that their circumstances would not change.

MR MANDERSON: Yeah, that's your - - -

30 **MR INNIS:** For at least that 10-year period our recommendations involve an increase in support for those who are currently outside - - -

MR MANDERSON: Yes, I appreciate the outside, yes.

35 **MR INNIS:** And our recommendations certainly start with CRA but include a state-based high needs housing payment, which is designed to allow and provide responsibility for state governments to respond to their local circumstances by providing additional support to the people who need it within their jurisdiction. I just want to make sure that - - -

40 **DR KING:** It's all the bits fitting together.

45 **MR INNIS:** It's the 850,000 people will be in rental stress. I now understand that it's every person living in those properties. But I just wanted to reinforce nothing in our recommendations results in someone

being less well off than they are today.

5 **MR MANDERSON:** So I guess I'd say to that - and I understand that exactly - one, you make recommendations that give or take actions and they're not necessarily exactly linked to the prescription of how you think they should happen. So what you're doing is you are saying it's okay to go to the market, it's okay to get rid of the link between income and housing. So, yes, if the government didn't make the rule, just go straight out on to the market tomorrow, it wouldn't happen tomorrow, but, eventually, you know, 10 my view is you add up the numbers, that's the quantum eventually of greater rental stress that's being created by stepping away from the link between an income proportion of rent. And that's because, I believe, that the housing market has failed and there is not a housing market there. There's not a supply of housing that's affordable for people on low incomes, even with 15 15 per cent increase.

20 I appreciate the thing about the state notion and, again, you know, I have enormous doubts that, one, the states would do it in the way that you would want and, two, that they would do in the places that those people necessarily live because the value of the properties are so much et cetera, et cetera. So I think that it is kind of like, yes, I was talking with what I see as the implications rather than the recommendations, but I'm absolutely convinced that those are the implications.

25 **DR KING:** So if I can come in, because that's really good. I guess, begin, our starting point, even ignoring the 10-year part, the state governments, of course, get the higher rent, the market-based rent. The CRA is increased and it would go to social housing. So the state government is getting an extra pool of money from this which, if they so chose, they could just say, 30 "Well, we're just putting that back to social housing." That's our definition of high cost. If they did that, then in perpetuity no-one would be worse off because all you're doing is transferring money from left and right to the right hand. Of course, they can be more subtle than that and hopefully we would want them to be more subtle. Your fear, if I have got it right, on that 35 high needs payment is the next time an austerity push, to take your words, comes in - - -

40 **MR MANDERSON:** I think state governments are dealing with austerity pushes non-stop at the moment anyway, so I think there's a whole revenue problem going on across Australia's political world. So I don't think - I would argue that there's not enough money in the system to pay for all of the services that we need. I can't see - - -

45 **DR KING:** Definitely not.

MR MANDERSON: I would say that state investment in social housing has been inadequate over the past many years. Their ownership of public housing has diminished. The cost of public housing per unit of human being has gone up because of that. So if it was framed in a different way, I would
5 have much more sympathy for the argument, if I understood that you were saying that those factors - the problem of the market, the lack of the revenue, the disinvestment of the past years - are all things that need to be addressed in a strategy to deal with it. Then I would be much more interested in looking at carefully at what are the mechanisms we can make to make all these
10 things work together. But it seems to me very clearly that that's not the environment we're living in. Like I say, my fear is you are talking into an environment which is not sympathetic to that kind of prioritising that needs to happen if we want everyone to have the right to a home.

DR KING: That really is right, then. I guess we're saying we take on board all of that and say we are where we are and how can we make things better for the people trapped in the system?

MR MANDERSON: I think the very first thing we should do is
20 acknowledge that the market has failed and there has been insufficient investment. That would give those of us who could be your advocates for a change in policy a reason to believe that there was a point in advocating on track with you. I'm not convinced, but without that there, you know, all you're saying is that - I won't say what I imagine you're saying. I just don't
25 think that that's helpful without setting it up in that way.

DR KING: That's very useful, because an initial push back has been by people saying, "We need more social housing." And, I guess our response has been, well, that hasn't been built in the past. We can say that, but it's
30 not going to do - - -

MR MANDERSON: Well, you should say that, and you must say that. Like I say, people listen to what the Productivity Commission says. If you don't say that, you're saying it's okay.
35

MR INNIS: We're conscious a little bit, and I'm particularly conscious, that not so long ago the federal government invested \$6 billion in the creation of new social housing, and yet six years later, seven years later, that investment is not showing up as making any difference from the evidence
40 that's been presented.

MR MANDERSON: Well, you know, I think one of the things that is clear in the NAHA announcement's budget is the argument which we absolutely support to say all governments have to be accountable. It's not one
45 government. It's not cost shifting; all governments have to be accountable

for increasing the supply of social housing.

5 And the other thing I just come back to in terms of - and I absolutely agree with the argument to say that the way it works at the moment, people who are in social housing and have some security of tenure are advantaged over those who are equally or almost as equally disenfranchised and disadvantaged but who don't have access to that housing. I would say just because some people are missing one leg, it is not a reason to chop the leg off everybody else so they're equal.

10

DR KING: We understand that.

15 **MR MANDERSON:** To me, the argument that to make the system more equitable everyone needs to be on that, we must get rid of the link between a proportion of income - I do believe we must get rid of it, I just made my point. To get rid of the link between proportion of income and rent because then we'll all be equal is ridiculous.

20 **DR KING:** Can I stick on that point, because that's one of the key things. You'll see in the report that we discuss - the trouble is we see so many different versions and background papers and so on, I'm pretty sure it's in the report. We had an internal debate on do we move down the income base or proportion of rent base and which is the better system. Our starting point was, well let's just look at each of them and let's see which one works the best.

25

30 Our problem with going down the proportion of income approach is where that's been used particularly in areas like the US in some of the states, what happens is when you have the private market involved - so we wanted to make sure that, again, we didn't have one system on social housing and then a worse system for those who can't get into social housing. So if the private rental market went out on to a proportion of income, we've seen in the US that that creates very nice incentives from the perspective of landlords because, of course, you're paying a percentage of your income which is fixed up to a rent cap, you don't pay any of the extra rent, so, surprise, surprise, all the properties that were available for social housing, or low income families, essentially, who were receiving this payment or have this right end up being just below the cap. So all the government does is transfer great big wads of money to private landlords. That was a key argument by saying, well, that's not going to work in the private sector if you then in the public sector - it's just transferring the money to the government and the state government can then transfer the money back.

40

45 **MR MANDERSON:** I wonder what would happen if there was so much social and public housing that it really was a buffer to the market and so that

there wasn't quite the advantage or the capacity of the private market to essentially charge - there's not a lot of competition. So that might change the whole mix if you actually - - -

5 **DR KING:** And I actually would like to come to that next, but, again but given the world we've got, there is inadequate public housing, so that was one of the arguments.

10 **MR MANDERSON:** We are trying to grow the supply of community housing. There are some things in the budget that you guys talk about. But it's going to take a long time.

DR KING: Yes.

15 **MR MANDERSON:** And there are a whole lot of drivers of government policy that, if changed over time would - there are a lot of things. I don't want to wish for the property market collapse completely because I think we have an economy based on people having wealth. But, you know, we should at least acknowledge that that wealth has created a system which has
20 created this division.

MS EBSWORTH: Sorry, it's just when you pick up and read your draft report and you start with palliative care and there's a massive unmet need, we need to invest in it with public money, and then you turn to social
25 housing and it's like, the market has failed, we should give the market more money to solve this problem. I mean, I'm being a bit simplistic, but that's the dichotomy that really first strikes you reading the report.

30 On that, as you said, we wouldn't disagree that there's been a fundament failure for public housing to be built. That is a really large problem. But is it so ridiculous to addressing the social housing system that you might say to government, "Gosh, perhaps you could stop incentivising people to have massive investment portfolios and you could take that money and you could quite rapidly, if you can't build it, purchase housing for social
35 housing." That is just not happening, and yet most of the analysis says it's not a lack of housing stock in Australia; it's who has got it and who can access it.

40 **DR KING:** Empty housing and tax incentives for negative gearing.

MS EBSWORTH: Huge things going on, exactly.

DR KING: I agree.

45 **MS EBSWORTH:** I appreciate your brief wasn't to tackle the whole lot,

and perhaps you sort of sat and cursed a lot that you couldn't, because you could make a more substantive - but even within your terms of reference, even with palliative care where your terms of reference was about competition and contestability, you certainly had the space to say, "Well, actually, what's missing is enough service." In social housing, what's missing is enough access to affordable housing. That's what's missing. So we're kind of looking going, therefore, why the dichotomy in approach? I guess it's particularly inexplicable when you look at the conditions of renting in Australia. I'm a well-paid middle-class woman, and I'll probably still not move - having moved to Canberra - because my landlord's ace, right. Even though the house is not entirely - do you know what I mean?

DR KING: Yes.

MS EBSWORTH: If you are - - -

DR KING: It's hard to rent.

MS EBSWORTH: The recent report showing that 83 per cent of people have no fixed lease, that 50 per cent felt discriminated against, particularly if they're on low income and on disability, how can you possibly think that that framework is going to help people on low income. If you look at accepted poverty lines without the housing cost, basically our housing market we've got two things going on: people don't have enough money and the housing market's bloody out of control. So even a little bit of CRA is not going to address this and in this place you have no security of tenure and you'll be discriminated against.

DR KING: One more point and then I'll pass over to you.

MS EBSWORTH: I'm just genuinely lost.

DR KING: We're sort of largely in agreement. It's the solutions that we're going to - - -

MS EBSWORTH: Yes.

DR KING: I mean, we mention - again, this is a draft report, because we want feedback.

MS EBSWORTH: Yes.

DR KING: So we mention head leasing, but we don't push it too hard. One of the ways to get over both the problems is inadequate social housing, well, there's not inadequate number of dwellings out there.

MS EBSWORTH: No.

DR KING: We've just got to get them in.

5

MS EBSWORTH: Yes.

DR KING: The private rental market isn't working for private renters, so, you know, it will work far less for people who are on government benefits. They're at the bottom of the list. So, again, one of the ways is government coming in head leasing and actually saying, "Well, we will act as the intermediary." Rather than having to build more dwellings, which is going to take a long time and a lot of money and, quite frankly, I think has very little likelihood of occurring - it's certainly not going to solve it in the next 20 years - let's take the dwellings that are out there in the private market, let the government act as an intermediary and say, "Let's take head leases on private properties. We deal with the landlords out there. We then use those as social housing." Is that a way - there's a rental relationship still - you're renting but formally through the government - is that head leasing a way of sort of breaking this? It's sort of trying to cut that Gordian knot.

MS EBSWORTH: Yes, maybe they should rent to buy. Sorry, but - - -

DR KING: That could be right, yes.

25

MS EBSWORTH: Because it's put to a lot of people on low incomes is that they rent to buy in social housing. I wonder if government should try it with head leasing. I don't know. I'm looking at Roland to see if he's going to kill me.

30

DR KING: Even without rent to buy, is that a way of - - -

MR MANDERSON: It seems to be wrestling with the problem. And that's fantastic. It's really about flying the flag to say this is the dimension of the problem, we need to wrestle with it. Just to come back to the rhetorical point we made before, before you move on to your next bit, Sean - I won't keep you waiting too long - the issue to do with capital gains tax and negative gearing, you know, the Labor Party - just to be completely political about it - the Labor Party is flying that and that's been great for the public debate, but they're not saying they're going to put the money into housing.

40

The coalition is saying, "No, we can't do that because we're not in the market, we're trying to solve the housing problem in a different way." Pretty well everyone I know other than people who have got a direct investment in property - and that includes superannuation, it includes banks, it includes

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5 accountants, it includes economists, it includes people in our sector - would say that's a problem which should go. If the Productivity Commission said that should go but, for goodness sake, put that money into housing, you would move the whole debate another giant step in the direction towards providing over time greater supply of affordable housing for people on low incomes in Australia. You can do it. You have that power in your hands by simply saying something which is a little bit contentious in that way but doing it in a way to say it's actually about solving the housing problem; it's not about just putting more revenue in the back pocket of the government.

10 **MR INNIS:** So hearing your recommendation to the Commission, we will, as always, think carefully about our terms of reference and think carefully about the powers the Commission does have.

15 **MR MANDERSON:** Of course.

20 **MR INNIS:** I want to reflect back before I go on. Reflecting back, as a number of participants have said, we probably have not explained the context of our recommendations deeply enough because there are things happening outside our recommendations that are very important determinants of the ultimate outcome. And I think what you're talking about in terms of the broader housing market and the supply of affordable housing - and I distinguish affordable housing from pure public and social housing, they are different things.

25 **MR MANDERSON:** Good, yes.

MS EBSWORTH: They are.

30 **MR INNIS:** We are talking about housing that is available and affordable to low income people.

MR MANDERSON: That's right.

35 **MR INNIS:** I do want to come back to partly the other things that are involved about supporting the people we are really talking about. Again, our starting point was we looked at the system as a whole. We said about a strong a thing as you can say about social housing - which is it's broken.

40 **MS EBSWORTH:** Yes.

45 **MR INNIS:** Part of the reason we said it was broken is that we've got all of those people, as you acknowledge, outside the system on exactly the same incomes. They are not on different incomes; they're on the same incomes as people inside the system. At an absolute practical level, I cannot see the

number of dwellings being built. If we're relying on the government to build dwellings, even with a bit of extra support, we just can't see that happening in any practical sense. So \$6 billion bought 20,000 dwellings about as cheaply as you could get. We had an estimate yesterday that
5 200,000 are needed in New South Wales alone. So other people can do the math.

What we did think we could do was make sure that there was a system that did two things: one, evened up for the new people - not the existing
10 people because we're grandfathering them - evened up the level of support so we're delivering a little bit more equity in the system, put a bit of heat on state governments for those who benefit from high housing prices through their revenue to support the people who are affected by those house prices through high needs payments, but clearly also focus beyond the price issue
15 to the other support that people need to be able to hold a tenancy, be it in the private market or be it in social housing.

MR MANDERSON: That's right.

MR INNIS: We were focused on a few things. One was security of tenure. So we've got an awful lot of people who others have argued that, actually, it's not necessarily price that's their biggest concern; it's the security of
20 tenure. That's their biggest concern. I just want to reflect that to get a reaction. Should we focus a bit more about security of tenure issues in the private sector and what the private offering is?
25

Secondly, in the world we're trying to head towards - that real focus on a proper assessment of not just the dollar needs upfront but actually the support needs - is that heading the system in the right direction so that
30 support is available no matter where they end up?

MS EBSWORTH: So I think to take your first part, yes, I think you need to focus much more on tenancy rights. Even if we put aside disagreeing with you on where we find the housing for people and how we do it, tenancy
35 rights in Australia massively lag behind most of the OECD in terms of what you get. They're not even rights based particularly well. The fact that you can be summarily evicted with 60 days' notice in most states in Australia for no reason - you don't have to give a reason, you can just be evicted in 60 days. We could give you examples from services on the north coast of
40 New South Wales where children have had to go into foster care because their parents cannot find accommodation sufficiently quickly after being summarily evicted with no reason given. It's that bad.

That's the extreme of it, but it's bad for everybody. So, yes, it needs
45 huge reform in that area. If you wanted to look at a niche area - just coming

back to your question of head leasing that comes to mind - it would be perhaps the 45,000 estimated people with a disability who are not going to get any assistance through the NDIS for their housing needs. If you look at the NDIS, as you may know, it says that if they're going to pay for modifications for your house if you're a person with a disability, you have to be able to show value for money and that you've got the willingness of your landlord if you're renting. You don't have to be much of an expert to put those two things together and see it's rarely going to happen.

So if you wanted to explore whether head leasing could be particularly useful as a way of expanding social housing, perhaps that's one group that is significant and significantly disadvantaged that you could look at.

MR MANDERSON: Aged care also.

MS EBSWORTH: Yes, Roland knows way more about aged care than me. You can find cohorts of population with very particular needs that you can see it's in everybody's interest if they had security of tenure through government assistance that then they could get the modifications they need and the housing they need for their lives and a significant proportion of unmet need.

I guess the other thing I want to put back to you in terms of if you're going to look at - I totally take your point about the fact that there is this huge swathe of people outside the social housing and that we're not going to see houses built necessarily in time, so what is the public intervention. I guess I'm curious that you went for CRA and not, like, the base rates because CRA is pretty small and it's meant to be a supplement and it's broken. The reason that it's kind of broken - and youth allowance gives you a really good example - is that what we got from DSS is that CRA was kind of meant to kick in at about 20 per cent, ironically, proportionately of your income. So you can't get away from proportional income. But what's happened is that youth allowance particularly has fallen so far behind you now don't get it until you're at 27 per cent, which is just below rental stress. And then what you get is the same as everybody else, but you're still lower than everybody else so you're still stuffed. Which is why our rental affordability snapshot finds that even if you're in Whyalla where everything has collapsed, including the housing market, you still can't afford to rent as a young person. It's that bad.

So why CRA and not talk to government about the fact that they haven't raised income payments for people for over 20 years and they're so massively out of step even the business community wants it fixed? Why CRA? Maybe CRA should go and we should actually pay people what it costs to live, including housing in Australia. That's just, I guess, a thought

I would put back to you. If you really want to look at making people, if you like, portable within the system with sufficient funds to get what they need in terms of human shelter, perhaps that's the place to look.

5 **MR MANDERSON:** And the other question that you raised was the one about tenancy support services or human support services for people so they can sustain their tenancy. Absolutely we agree. Other than the big picture ones which I've kind of flown the flag for as extremely as I could, I think those other things we were really heartened to see that stuff. Exactly, the
10 tenancy support, choice-based letting, if there could be enough housing that was available, then choice-based letting makes lots of sense. And in cases where there is more, because supply around the world there are systems set up where you can actually put yourself on a list and make choices, but you do need the supply there, but absolutely choice-based letting is another
15 example. There's a whole lot of things there when you pull that apart.

 And we did raise some questions about a kind of philosophical division between if you own a property or you're a tenancy manager or the service provider they should all be separate. And I guess we would say that like a
20 lot of these things, many circumstances are different to many other circumstances and depending on where you are and who the communities are and what the place is and what the supports are, then maybe it does make sense and maybe it doesn't, but certainly you need to be cautious about how you bundle up the support and how you are funding different services. We
25 agree with that, but we wouldn't have a hard and fast rule.

DR KING: Thank you very much.

MS EBSWORTH: Thanks for that.

30 **MR MANDERSON:** Really appreciate the opportunity.

DR KING: Thank you.

35 Ladies and gentlemen, that concludes today's scheduled proceedings. For the record, is there anyone else who wants to appear today before the Commission? If you can come down here and state your name and if you represent an organisation, state your organisation for the record, otherwise in a personal capacity.

40 **DR HEATON:** Dr Adam Heaton. I can represent the views of FRSA - Family and Relationship Services Australia. We put up two submissions, one to the preliminary findings report and secondly to the most recent draft report.

45

I've got a couple of thoughts. As you've seen, I've been here all day - I've probably eaten half the biscuits out the back there. FRSA represents organisations that do deliver family and relationship services, so anything from family violence responses through to child protection through to family mediation when there's a conflict et cetera, et cetera. There's quite a few different services. We are just one part of family and community services.

So just the fact that we deliver all these different services and we are only one aspect of the family and community services sector, which is chapter 7 of the report, kind of indicate the degree of range of kind of services that you guys have had to tackle, and I appreciate the complexity of where your heads at, even right now at the end of a very long day, trying to consider all these kinds of things. I do note, though, that about 80 per cent of the discussion today has been around the social housing area.

My focus is, again, on chapter 7 - the family and community services recommendations. I've noticed that during the day you've wanted specific feedback on the recommendations, so I've jumped to the chase. I've got four responses here that I would like to go through based on four of the recommendations that you have put forward.

First of all is the remuneration of efficient service delivery. I think that the term "efficient" needs to be unpacked and defined a little bit more clearly because family relationship services are very complex, but we are dealing with very complex family needs. What you mean exactly by "efficient remuneration", it needs to be fair and reasonable based on trying to deliver a holistic wrap-around service for the clients that we do try to meet the needs of.

So maybe a bit of a definition around calculation or what maybe the intention is. It's too much information. I realise that it's already a 420-page or something draft report. It can't be an 800-page report, so in response to a few of these recommendations, I really do believe that part of your bigger or overarching recommendation to the minister probably needs to be that in going forward with any of the recommendations, let alone more than a few of them - because they are pretty big recommendations, as we've heard a few times today - that there does have to be clear consultation and negotiation with the sectors involved, realising that there are numerous sectors that do overlap, even in just the delivery of one particular service program. That takes time to do, so I really think that there does need to be a very clear overarching recommendation to the minister moving forward. So the first one's about the efficient service delivery and exactly what that does mean and trying to work out the definition and the calculation of how that would play out does need to have that consultation and negotiation.

5 Number two is the relational approaches to contract management. That is a new term that wasn't in the preliminary findings report, and I realise it's not new to service delivery, but it is new to our sector. Again, I think it does need to be defined and that does need to come through consultation and careful listening and negotiation with the sectors involved.

10 The third one is to not discriminate between for-profits and not-for-profits. We have heard that a couple of times today as well. I do believe that you do need to discriminate against for-profit and not-for-profits because there are very different outcomes and purposes of both. One is trying to make a profit and the other one is trying to get a social value. I heard your questioning before - I think in the last session - about what is social value, like, how can it be defined. I'm happy to share a couple of documents out of session regarding how it can be measured, how it can be maybe understood as part of the mix, because I think it does need to be part of the government's decision-making processes in deciding who gets funding.

20 I do think that there is a risk - which takes me through to the next point - about seven-year contracts, great, it's fantastic. I don't think anybody would dispute that. But there does need to be checks and balances along the way to make sure that someone is delivering. Again, that has to be spelt out. It does need consultation, negotiation. So it's always going back to that. And I do really think that that has to be flagged. Whatever you come up with in your final recommendations and your final report, you are not going to have all the answers, and you know that. But that does need to be communicated clearly to the ministers upstairs, in particular, to Scott Morrison.

30 So then the other part of that is that if a for-profit is funded and they're not really delivering needs to vulnerable people because their bigger concern is making a profit and it's easier to make a profit in not meeting the complex needs of a vulnerable person, which is a very real risk and is already the case quite prevalently, then there does need to be those regular checks and balances. But, at the moment, there's no recognition of what that could look like. I don't blame you - again, it's a big thing. It does need that consultation and negotiation again with the sector. And I do really encourage you to put that forward clearly.

40 The last thing I wanted to recognise, I think, is also an overarching recommendation to the minister - the need to give fair and reasonable reimbursement to organisations involved in the delivery of these recommendations and the further scoping of them through the consultation.

45 We know that the government tries not to spend much money, but,

unfortunately, I think there does need to be money attached in this process, but also in the reimbursement or the remuneration of the delivery of new approaches. Again, what is meant by “efficient” and what really should be fair and reasonable toward meeting the holistic needs of complex families in reaching out for a number of different services across different sectors is really quite important.

So, again, really, really tricky, but I really do believe that that, I think, is your biggest challenge in moving forward and wrapping up your report - in putting forward to the minister that you do kind of make these complexities, the nuances, of the sectors involved, in recommending that there is that consultation and negotiation with our providers, because you’re not going to get all the answers before you do make these final recommendations going forward. So thank you.

DR KING: Thank you.

DR HEATON: Any questions?

DR KING: In a sense, you’ve touched on a number of things there that we have been thinking about. So I don’t think I’ve got any questions. I guess, just to reflect back, we are thinking of these things. Internally on the seven-year contract and the checks and balances, we have been using the term “big red button”. There needs to be a big red button that can be pressed if a contract isn’t working. So, yes, I think we probably can’t put “big red button” in there - we know what it means but nobody else would.

I take on board your point about “efficient” and one of the bits of learning, I guess, I’ve had as part of this process is that whilst I think within the PC we understand that “efficient” means think about the services, think about the outcomes that you want, make sure you’re capturing the relevant outcomes, make sure that you’re getting an appropriate remuneration to the party, that you’re identifying it, that you’re not saying, “Well, look we’ll underpay you because we want you to cross-subsidise,” that needs to be made clearer. I think a lot of people see “efficient” as, for some reason being cost minimising or least cost or something like that. I can understand that some people have that view, but that’s certainly not what we mean.

DR HEATON: Sure.

MR INNIS: But it does mean that an organisation with very high costs to deliver the same quality would not necessarily get all of those costs met. And I think that’s the balance we’re seeking to achieve. We would like organisations to deliver effectively and well with appropriate quality, but inefficiency shouldn’t be rewarded.

DR KING: Yes.

5 **MR INNIS:** So working around that in terms of how we explain the concept.

10 **DR HEATON:** Yes, I think it is in the wording. And from that there could be the potential to fund a for-profit because they don't require as much funds and they've got their own capital. So the value for money kind of aspects are maybe part of the discussion as well. But, then again, is that for-profit organisation really there to meet the needs of each and every vulnerable person in the community? So there's those kind of nuances and aspects of criterion in your selections in moving forward in who does get funded and how much toward providing sufficient funds for delivering a service.

15 **DR KING:** In another context, we've actually used the term "best practice" rather than "efficient".

20 **DR HEATON:** Yes.

DR KING: Just to try and get across the idea that it's broader than just cost, but it also includes a cost element. We don't want to be wasting funds that could be used to help other people.

25 **DR HEATON:** Yes.

30 **DR KING:** Just on the organisational type, whilst taking on board your concerns about for-profits, two feedbacks on that. What we've been trying to get across - clearly we need to recheck our wording because it hasn't been as clear as it should be - that it's government taking into account different incentives of different organisations, not that it simply is blind to those different incentives, but that is part of the decision-making process.

35 **DR HEATON:** Actually, the first time I read the recommendation, it didn't really jump out at me as being a big issue. You're just not wanting to discriminate, you're wanting to consider all the aspects of each application that you do receive, or each potential service provider. But then a few others in the sector identified that, you know, if there's no discrimination, then it could mean et cetera, et cetera, just as much funding or favour is given to
40 for-profit organisations and hence it can have a dire effect on the number and the quality of service delivery from not-for-profit organisations. Again, it's in the detail, I think.

45 **DR KING:** In other parts of the human services sector, such as health, provision is actually dominated by small for-profit sole traders who seem to

do very good jobs. So, again, I think it's making sure we've got horses for courses.

5 **MR INNIS:** Thank you for your patience and your useful contribution. We are certainly going to look at making sure that we're clear in what we mean, if not always pleasing in what we mean.

10 **DR HEATON:** Really quickly, the other thing was that somebody made the comment before - and there was a bit of discussion around this - that these are very big recommendations if you're implementing all of them. So maybe part of what you put forward as well as is the fact that it is very selective in what is being put forward and again, with that consultation and negotiation in moving forward and choosing a few, like progressing them and then seeing - because obviously all the recommendations kind of impact
15 the next.

MR INNIS: So we will go away and think about implementation. But we're also a little caught that there are very few opportunities for a truly independent look at delivery systems, particularly delivery systems as
20 important as these.

DR HEATON: Yes.

25 **MR INNIS:** I would certainly be reluctant not to make full recommendations to government on the basis that they might be a bit awkward to implement if people rush. Instead, I think what I'd certainly do is articulate the full recommendations, but then talk about the nuances over time.

30 **DR HEATON:** Yes.

MR INNIS: For what that's worth.

35 **DR HEATON:** Yes, so clear communication to the sectors involved that this will be the process in moving forward or at least some parameters regarding the approaches.

40 **MR INNIS:** As others have noted, we're either going to assume that governments act in good faith or we assume that governments act in bad faith. We will be assuming that governments act in good faith.

DR HEATON: Yes.

45 **DR KING:** I think the other point on that is, as you will have seen during the day, there were some parties who would like us to be much more

expansive in terms of what we include. We are guided by our terms of reference as well as just straight practicality. We could make lots of recommendations in lots of areas, but I'm not sure that would be helpful.

5 **DR HEATON:** Sure. Thank you.

DR KING: Thank you.

10 Thank you, ladies and gentlemen. I now adjourn these proceedings, and the Commission will resume on Thursday in Melbourne. Thank you.

ADJOURNED AT 4.04 PM

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