



## Council of Social Service of New South Wales

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NCP Inquiry  
Productivity Commission  
PO Box 80  
Belconnen ACT 2616

Dear Sir/Ms

I am writing on behalf of the Council of Social Service of NSW (NCOSS) in relation to this Inquiry. NCOSS is the peak body for the not for profit human services sector in NSW and works with its members, on behalf of disadvantaged people and communities, to achieve greater social justice.

I understand that our sister peak national body, the Australian Council of Social Service (ACOSS) will be making a detailed submission to this Inquiry. Accordingly, I would like to make the following brief comments for consideration by the Commission:

### **(i) coverage of National Competition Policy**

In recent years, through the reviews of Commonwealth and State legislation, NCP has been applied to some significant areas of economic activity whose products or services can be seen to impact negatively on the social well-being of the general community, and disadvantaged groups in particular. These areas include liquor retail and gambling.

NCOSS has been concerned that the full scale application of NCP in these instances is beyond the original intent of the Agreement entered into by Governments in 1995.

Whilst we appreciate that anti competitive business behaviour should be reduced as much as possible to give consumers greater choice, quality and possibly affordability and to facilitate greater economic activity and hence wealth and job creation, the significant social harm which international and Australian evidence suggests is caused through greater access to liquor retail outlets and gambling facilities, should place these economic activities beyond the strict application of NCP.

NCOSS believes that the existing public interest test in NCP is not robust enough to ensure that the social impacts and the public interest are effectively addressed in these instances.

In NSW, for example, recent changes to liquor retail legislation will mean that new applicants for licences will have to fulfill a new social impact assessment regime. However, existing holders of liquor retail licences (some 3500 hotel, liquor stores etc) will not have to indicate, through a licence renewal process, how their operations will positively or negatively impact on the health and well being of the local communities in which they trade and into which they introduce new products and services over time.

## **(ii) utilities reforms, consumer protection and community service obligations**

NCOSS recognises the significant difficulties inherent in balancing the economic, social and environmental outcomes of major reform to the range of energy, water, telecommunications and other utilities, which has been taking place since the early 1990s in many jurisdictions.

We also note the varying ownership models of utilities that have developed during this period in the different States and Territories and at the Commonwealth level.

In NSW, the operation of the Independent pricing and Regulatory Tribunal (IPART) and the Energy and Water Industry Ombudsman (EWON) has assisted the development and implementation of positive consumer protection practices across the affected utilities.

Recent pricing decisions by IPART, however, have harmed lower income and other disadvantaged residential consumers due to the scale of the increases (2-3 times CPI) and the cumulative effect of above inflation level price increases in many essential goods and services, which households on fixed incomes or low wages cannot readily meet.

Community Services Obligations (CSOs) policies in NSW utilities tend to focus on pensioner concessions on energy and water bills and “one-off” emergency type assistance for households facing disconnection or serious hardship. These CSOs, like many other concessions regimes, are inconsistent and do not explicitly target other people on very low fixed incomes and the growing number of working poor.

Emergency assistance through voucher type schemes, delivered by front line community organisations, vary in their application and effectiveness.

At a system wide level, little practical progress has yet been made on developing options for low income households to become effective participants in energy and water conservation and thus contribute to demand management strategies. Unfortunately, the use of price signals remains the priority tool at present, which unfairly discriminates against lower income households, especially those that have large numbers of household occupants.

NCOSS believes that significant work remains to be completed before we achieve an effective and equitable means of delivering the benefits of NCP types reforms to low income and disadvantaged utilities consumers.

## **(iii) market reforms in the funding and provision of human services**

As the Commission’s Issues Paper indicates at Box 5, there are now a myriad of market based mechanisms , generally introduced by Governments, which feature in the funding and provision of human services across Australia. In the late 1990s, these changes were often confused or disguised as being part of the NCP Agreements, which all jurisdictions signed up to in 1995.

It is very difficult to provide strong evidence about the positive or negative effects of these types of reforms, as a whole, on Australian human services to date.

NCOSS, like many other key advocates in the human services arena, remains wary of the continuing claims for the attributes of such reforms because:

- they are sometimes confused and contradictory in their design and introduction;
- Government agencies frequently introduce such reforms with little or no consultation with the non government human services organisations that they will fundamentally affect;
- there are examples, such as the Job Network at the Commonwealth level, or community care in Victoria during the 19990s, where outcomes for the end users of services were markedly worse than before;
- they often mean a significant growth in compliance costs for funded NGOs (and the Government agencies managing them);
- they can discriminate against smaller not for profit community organisations, which face major difficulties in competing on price with larger or Statewide-national NGOs and which have limited capacities to successfully engage in complex tender processes; and
- they may lead to a significant boost in the concentration of ownership by a small number of larger organisations of non government sector human services in Australia, which may ironically result in less dynamic and effective and lower quality service provision and poorer results for users.

However, NCOSS does support appropriate reforms in the funding and provision of human services which:

- add value to the effectiveness and efficiencies of existing NGO providers;
- ensure that small NGOs continue to have a key service delivery and community development role in local communities;
- effectively deliver greater resources to locations of highest social and community need;
- adequately fund the real costs of service provision and community development;
- implement reduced compliance costs whilst focusing on a improved level of appropriate accountability and transparency of both Government funders and funded NGOs; and
- which harness the “back office” capacities of larger NGOs and the potential of networked smaller NGOs to deliver greater organisational viability.

Some elements of market based reforms are part of NCOSS’s preferred approach to improving the adequacy and effectiveness of human services.

I hope that these brief comments are of interest and assistance to you.

Yours sincerely

Gary Moore  
Director