



Peak body for independent disability advocacy in Victoria

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Submission to Productivity Commission

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Human Services: Identifying Sectors for Reform

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Introduction

Disability Advocacy Victoria is a member funded peak body for independent advocacy organisations in Victoria.

Given its limited resources Disability Advocacy Victoria is only in a position to provide a brief overview of its response to the issues paper.

Context:

Based on the Harper Review findings¹, it was recommended that *'each Australian government should adopt choice and competition principles in the domain of human services'*. Further, Treasurer Morrison is focused on finding innovative methods to improve the efficiency and cost effectiveness of human services ostensibly leading to a high quality service provision that is affordable for Australians.

The Productivity Commission ("PC") Issue Paper attempts to create the basis for this reform.

Disability Advocacy Victoria is concerned the following is not considered by the PC.

1. Lack of extensive literature review

There is a lack of a quality and balanced literature review that informs the stance of the Productivity Commission Issues Paper. No consideration is given to more recent research from America referring to 'Behaviour Economics' which looks at the impact of economic decisions on the psychological, emotional and cognitive effects on vulnerable individuals. A further important issue that should be considered is the impact of a market driven approach when working with vulnerable clients. There is substantial evidence that vulnerable clients are worse off under this approach, and in fact are taken advantage of and exploited. The PC has not adequately considered the failings of competition policy in the human service sector, and the lessons learned from those failures.

We have seen the impact of this approach with the tendering of education courses within Victoria. The costs of courses rose 4 times more than local TAFE courses. There were no regulations and testing of outcomes for students, leaving them without an acceptable qualification, and in worse cases, the inability to complete their training due to colleges disappearing. This has resulted in class actions against college owners.

2. Assumption that market driven approaches leads to cost effectiveness in quality human services

¹ The Competition Policy Review 2014 <http://competitionpolicyreview.gov.au/final-report/>

Overall the Issues Paper seems to focus inappropriately on budget restraints instead of the chronic underfunding of the sector which impacts on efficiencies. There is no clear link between increased competition and true user choice, which is the stated objective of the Issues Paper. The PC needs to look at what circumstance and conditions we need to provide for improved efficiency, effectiveness and outcomes for vulnerable individuals which will lead to true user choice.

Competition and tendering does not necessarily lead to quality reform. The human sector does realise that it needs to become more efficient and effective, but would question the assumption that competition in and of itself would lead to the required outcomes for organisations or the end recipients of services. Historically we have seen competition not being compatible with equity of access for vulnerable individuals, and in actual fact we have seen evidence of the avoidance of clients with complex needs in order to obtain quick financial returns.

Another area that has failed to show the quality improvement hoped for is direct care services. As the Department of Health and Human Services in Victoria has slowly abrogated its accommodation and care services into the private sector, there are now many private organisations that provide accommodation and personal care. While the mantra of clients “voting with their feet” is good in theory, in the main we have an increased number of direct care services with similar levels of competence, and the desire to make a profit being more important than ensuring highly skilled and trained staff who are able to work effectively with the most complex clients.

3. The voice of the Community Sector equally heard

The issues raised by the Competition Policy Review, if adopted, will result in a range of private and public submissions to the PC. It is essential that smaller community organisations, who are already working within existing communities, do not have their voice silenced. . The skills and expertise found within small organisations must be valued and considered equally.

Contestability can have a negative impact within the human service area through:

- Reducing diversity;
- Loss of expertise, experience and personalised support provided by experienced staff; and
- Reduced ability to hear the user choice experience.

Consideration should be given to the impact of constant re-tendering of human services on the faith, trust and involvement in the service system from vulnerable clients. The uncertainty in employment for experienced staff impacts on their dedication and commitment to the field, and can lead to regular changeover which disrupts services to clients. Service continuity and professional relationships between clients and staff are lost.

Constant re-tendering does not lead to innovation within the sector, as resources are taken away from providing services to respond to tenders. If a new approach to funding of human services is implemented it should be comprehensively piloted and evaluated before large scale implementation so that hard data can be gathered and outcomes fully understood. Consideration must be given by the PC as to the realignment of reform if such a pilot indicates that the model does not achieve anticipated and desired outcomes.

Perhaps it does not need to be said, but the priority in terms of input and feedback into new human services systems must prioritise input from people with disabilities - the receivers of such services.

4. Long term cost of cuts to human services sector

When the Newman government in Queensland closed the Barrett Centre (the State's only long-term residential mental health facility for adolescents at risk of suicide) in January 2014, it promised other services would fill the breach. A \$9.5-million inquiry has since uncovered government documents warning of potential deaths if the centre was closed, and of the need for alternative care options. Within eight months, three former patients were dead.

It is important for any government working in human services to consider the most important principle of testing the market and defining what is being purchased, and for what outcome. Short term budgetary solutions can lead to outcomes that range from being substandard to tragic.

Disability Advocacy Victoria recommends the careful testing of the assumptions behind this new approach in human services. In fact we submit that some of the fundamental assumptions behind the Issues Paper have no evidence of success in this sector. Re-establishing the service system once it has been dismantled is impossible as many of the community links have been dismantled and lost.