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## **Beyond the Individual: Exploring the Context of Improved Outcomes in Human Services**

Anglicare Australia submission to:

*Productivity Commission's Preliminary Findings Report on Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform*

9 November 2016

*[www.anglicare.asn.au](http://www.anglicare.asn.au)*

## Anglicare Australia

Anglicare Australia is a network of 36 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered to one in 40 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 12,000 staff and almost 7,800 volunteers work with over 930,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

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## Introduction

Anglicare Australia welcomes the opportunity to respond to the September 2016 Preliminary Findings report of the Productivity Commission Inquiry into Human Services.

Our general response to this report is that it is a thoughtful and constructive investigation into the nature of a wide range of human services as they are delivered in Australia. We welcome the scrutiny applied to the ultimate responsibility of government to understand the reach and impact of the services it regulates and funds.

The report focuses on six service areas the Commission expect to benefit from increased competition, contestability and user choice. Anglicare Australia has sought comment from network member organisations on these areas in particular.

We do, however, wish to draw the Committee's attention to the importance of the broader connections influencing the delivery and the outcomes of many human services; the importance of intentionally linking clients with communities, with culture, with workforces, with families for the best possible outcomes. Promoting individual agency and choice is important to our sector, as will be demonstrated below, but we also recognise that the best choices will come from the best environment – an environment which is more than a market. Similarly social inclusion, which has always been a fundamental principle in human services, cannot be examined or measured or achieved in isolation.

### **Learning from current reforms**

Before speaking to the particular areas of service provision identified in the Preliminary Report, we would like to address the overarching questions that have arisen through the Commission's work about the impact of human services, their evaluation, and the social and economic context of their equitable and efficient delivery. Equity of access, the need for earnest and ongoing evaluation of government management of these services, and a reminder that adequate funding is needed to underpin their improvement are the common themes between these different areas of human services. These issues have also come up in areas of the human services that are currently undergoing significant reform.

One current area of fundamental reform in Human Services has been the design and the ongoing implementation of the National Disability Insurance Scheme (NDIS). The absolute strength of the NDIS approach is its focus on the agency of the person accessing disability support. Its very existence reflects the strong desire for such a scheme, and the extensive public campaign in support of it, conducted by people living with disability, members of their families and communities, and a range of associated service providers.

The rationale for the NDIS strongly echoes much of the discussion in this Report. It has been designed with agency for the person at its heart, and for flexibility and responsiveness from the services. The NDIS is strongly cast in a market setting and there are now a number of providers, of different scales and types, competing for the newly independent clients' custom.

At this stage, so early in the roll out, perhaps one should not be surprised that there are several problems and challenges for customers and providers alike. It is, however, particularly difficult at this stage to get a clear view on who will now have access to a level of support lower than they received in the past, and who is being left out altogether. [See also comments from Anglicare NT, below, under the discussion of *Human services in remote Indigenous communities*.] Equity is re-emerging as a central concern, and there is a need to identify and address this sooner rather than later in the reform process.

Another area of similar reform is in aged care and support in the home. Universal access is governed by central intake, assessment and referral processes, with the focus on consumers' directing the funding and choice of care and support. It is an immature system and it's impossible to say how well the scheme will work in the end, but it is fair to say that population groups who are most disadvantaged seem to face the biggest barriers to exercising the *agency* this approach is designed for.

Before setting out to free up and increase user choice in other areas of the human services it would seem sensible to closely evaluate both the disability and aged care reforms. There is a lot that can be learned about system design, implementation and resourcing from these two reform processes. They both introduce greater competition and enhance user choice. In the context of this enquiry it would make sense to interrogate their operations and the usefulness of the evaluation frameworks government has presumably put in place, so as to inform the changes foreshadowed to other areas of human services.

Anglicare WA also emphasise the need to thoroughly evaluate current reforms in aged care and disability in their submission, arguing that market approaches to service delivery have yet to be evaluated for how well they support clients on low incomes who are living with complex and multiple issues.

The Commission's Preliminary Findings Report acknowledges there are also clear instances of failed design and stewardship which could inform our thinking. The introduction of upfront loan funding for VET (the HELP scheme) linked with uncontrolled expansion by unaccountable training organisations is a sharp illustration. A close scrutiny of the performance of employment services in Australia over the past decade would raise some similar question about their effectiveness in delivering the outcomes for the people we understand they are meant to serve, as opposed to their success (or otherwise) as business ventures. It would help future debate on reform if the Commission were to use this Inquiry to properly investigate these flawed designs, and identify where governments (and others) failed in their scrutiny and responsibility.

### **Adequate resourcing**

Finally, while the Inquiry details the particular challenges in areas of human services such as community housing, palliative care, and services to remote Indigenous communities, the responses from Anglicare members demonstrates a fundamental issue all these areas have in common: underfunding and funding uncertainty. This greatly impacts the ability of community service providers to provide services of consistent quality to people with varying needs. As discussed above, this is a matter of equity as well as responsiveness and quality. While we understand that making

specific funding recommendations may be outside of the Commission's brief, we do hope that the Commission recognises and articulates that this is fundamental to delivering better services to all.

### **Areas for reform in scope in this response**

In the interest in engaging constructively and efficiently with the Inquiry team, this response to the preliminary findings will not re-prosecute our concerns regarding the ideas underpinning the Inquiry's terms of reference. We offer simply some thoughts and insights from Anglicare network members engaged in the specific service areas that you propose could benefit from increased competition, contestability and user choice. We are likely to incorporate higher level discussion and analysis again as we re-engage with the next stage of the Inquiry.

Anglicare Australia is a network of 36 independent local, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian belief that every individual has intrinsic value. With a joint budget of over \$1.05 billion, and a strong workforce of 12,600 staff and 7,800 volunteers, the Anglicare network contributed to more than 50 service areas in the community, catering to the specific or integrated needs of over 931,000 people and supporting them to identify pathways to participate meaningfully in society.

Anglicare members are independent organisations that provide social services in their respective communities. They choose to come together as part of the Anglicare Australia network to strengthen their response to the multiple and complex needs of people and families across Australia, to match local presence with national strength and ultimately work together for positive change in Australia.

In responding to this report, some of the network's individual member organisations have provided specific insight into the opportunities and the concerns raised by the Report, in areas of their particular interest or involvement.

## **Social Housing**

We note the Commission points in particular to the long waiting lists, the poor quality of social housing stock, and the underutilisation of existing stock consequent to low levels of investment the sector and significant disincentives to relocation. Before looking at how changes to the organisation of social housing could deliver better tenant and community outcomes it is incumbent on us to make the obvious point that most of the problems have developed because governments, at all levels, have cut back on their investment in social housing. Just as it is hard to make government funded financial counselling more effective if, at the same time, inadequate income support is driving the people using these services further and further below the poverty line, it will never be possible to make social housing respond adequately to the needs of tenants and prospective tenants while it remains fundamentally underfunded.

It may not be the remit of the Commission to champion adequate funding under the terms of reference for this Inquiry, but we would expect it more clearly argue that a real solution to the problems relating to housing supply cannot addressed – however cleverly and contestably programs

and resources are designed, commissioned and managed – if a more realistic level of public investment is not made.

AnglicareSA is a Tier 1 Community Housing Provider. It has particular insight into the links between housing security, overcoming social disadvantage, and community development; as well as the need to develop sustainable plans to grow the supply of social housing.

Comment from AnglicareSA on Social Housing

AnglicareSA is in agreement that increased competition, contestability and informed user choice could provide benefits to a proportion of residents in social housing and assist in driving quality and innovation.

We welcome the acknowledgement that housing, health and education underpins economic and social participation and believe that safe and secure housing must be addressed first before any individual or family can focus on their health or education.

Empowering our customers/tenants to make choices is the focus of AnglicareSA’s whole business model (Refer diagram below). Community Housing Providers (CHPs) like AnglicareSA not only provide housing but understand their tenants’ needs and aspirations providing tailored wrap around services and housing choices that match their current needs and future aspirations.



Pathway to Independence - AnglicareSA service model

AnglicareSA provides a variety of housing options stretching from crisis, transitional and social housing to affordable, private rental, shared equity and rent-to-buy home ownership products. Many of these products are innovative and demonstrate sound business methodology. They aim to offer tenants choice and an incentive to transition out of social housing.

AnglicareSA has many cases where tenants have entered our services in crisis accommodation and with access to support services and connections to other agencies, have – in time – entered the private home ownership market.

The Preliminary Findings Report only touches on the community development role of CHPs. In addition to a customer centred focus, CHPs tend to work at a local level and ensure they understand the communities they hold housing within. Various community development and community connection activities are undertaken by CHPs. For example AnglicareSA has

driven and funded a myriad of activities in response to neighbourhood consultation such as neighbourhood Christmas parties, neighbourhood clean-up days with hard waste collection and awards, regular cooking classes, community gardens, park or open space upgrades, and lobbying councils to improve streetscapes.

CHPs such as AnglicareSA are often well positioned to provide seamless links between safe secure housing, access to appropriate and timely wrap around services and connection to the community. Such an integrated approach can both significantly enhance tenant and family wellbeing and reduce costs to Government and society. It would make good sense for the Commission to properly consider how these broader outcomes can be factored into the design and evaluation of social housing funding agreements, noting the reference to place based initiatives in the vignette on Tasmania's Better Housing Futures in the Report.

However, the capacity of CHPs to develop these aspects of social housing is significantly constrained by the need for:

- A national strategy to use supply levers to address the mismatch of supply and demand
- An holistic government policy framework covering the whole continuum of social and affordable housing
- Consistent and efficient national regulatory framework applied to all state and community housing providers
- Adequate funding for social housing, given it cannot be provided without grant funding
- Public investment in rent and home ownership models that support transition out of social housing
- The development of loan aggregation and other investment vehicles to fund the provision of Affordable Housing for rent and purchase, which would underwrite the sustainability of Community Housing Providers.

While Anglicare SA welcomes the Commission's recognition of the benefits of meaningful choice in dwelling type and location, we need to keep in mind the circumstances of social housing tenants. Many people for whom AnglicareSA provides housing have currently limited capacity to apply for or make informed choices in that regard, as they may have poor English and literacy skills, be affected by severe trauma, drug or alcohol issues, ongoing illness or disability. Facilitating choice for all social housing tenants would require additional investment, and there is a real risk that providers would work the process to select those with the least intensive needs/issues.

Finally, looking again at the community dimensions, the notion of increased contestability or competition for social housing needs to flow on from inclusive master planning processes.

## Specialist Palliative Care

There is no doubt that across Australia people do not have equitable access to high quality specialist palliative care, nor do they have reasonable choice or agency in how and when it is delivered.

Some of these matters have come up in the context of the ongoing reforms to residential and home based aged care, discussed above. Strong arguments have been made by providers, health professionals and consumer groups that the system does not yet adequately fund access to palliative care, does not build specialist palliative care into the pathway early enough, and doesn't recognise the need for the kind of relational approach to care that would give rise the education and planning needed for older people and their families, the aged care consumers, to exercise meaningful choice.

It would seem to be self-evident that a coherent review of the aged care reforms to date, with a particular focus on the experience of people who access, or do not access, palliative care would be a good place to start. After all, the key goals of the aged care reform are to introduce greater consumer choice: with the understanding it will drive greater agency for the aged person and their family, improved quality of care and services, and more efficient delivery.

AnglicareSA provided these further comments which go to the heart of the funding and planning issues discussed above.

### AnglicareSA comments on Palliative Care

- The Productivity Commission has correctly diagnosed there is room for improvement in the provision of palliative care services to people who are dying and their families. The Commission suggests these improvements could be in outcomes for users of palliative care and that those seeking access to high-quality care may be missing out
- The Commission successfully argues that access to specialist palliative care could be improved, however the argument that competition will deliver the improvements in access is not as convincing. The Commission's focus on outcomes and high-quality care downplays the broader issue of access to specialist palliative care generally, which is fragmented and under-resourced. Mentions of choosing, comparing and changing providers of specialist palliative care (page 102) and continuity of care (page 103) appear to be premised on availability of sufficient care options. The reality is somewhat different for people who are dying and their families. A strong advocate, usually a family member, is needed to secure services in an under-funded environment, and the advocate should preferably have a working knowledge of the health and/or aged care system. This is part of the information asymmetry the Commission identifies on page 102. As can be expected people without strong advocates, and with other forms of disadvantage do not do well in this situation.
- The Productivity Commission, like Swerissen and Duckett (2014), suggest more people would like to die at home. For the 25 per cent of older people already in receipt of Commonwealth-funded home care services (Department of Health 2015,

9), these services are insufficient to cover the medication and family support needs which arise when a person is dying. Getting approval to access Commonwealth-funded residential aged care takes an average 20 days (Department of Health 2015, 27) which is a long time for a dying person and their family. This forces the person and family into the less appropriate, and more expensive hospital system.

- In relation to options for improving access, it is widely acknowledged that health budgets at both levels of government are under significant pressure. The Commission appears to suggest on pages 96 and 97 ('Efficiency') that State Governments redistribute some of their health budgets away from hospitals and acute services into palliative care. The report does not articulate how the prospect of providing "choice" of specialist palliative care providers would encourage State Governments to redistribute health funding in this way.
- The Commission's suggestions of further exploration of private health insurance funding for community-based care (page 104) and more high-quality, consumer-oriented information (page 103) are supported. These can be pursued independently of any competition and contestability reform proposals.
- In summary, the Commission's chapter on specialist palliative care doesn't address how the introduction of competition will overcome existing issues with access to specialist palliative care in an environment of under-supply. The Commission acknowledges the introduction of greater competition, contestability and user choice may not always be the best approach to reform (page 8) but no argument is provided as to how competition would help address the existing limitations in a fragmented and under-resourced specialist palliative care system. The primary focus of governments, providers and insurers should be on addressing barriers to under-supply of services, given the growth in demand for specialist palliative care acknowledged by the Commission on pages 93-94.

### *References*

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Productivity Commission (2016) *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform*, Preliminary Findings Report, accessed from <http://www.pc.gov.au/inquiries/current/human-services/identifying-reform/preliminary-findings>

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## Human services in remote Indigenous communities

From Anglicare Australia's perspective, the Report's preliminary finding 7.1 (page 129) is hard to fault. It emphasises the importance of culture, and cultural appropriateness in regard to meeting the needs and addressing the preference of Indigenous people living in remote communities. It suggests that better coordination could help address fragmentation, that placed-based solutions and something approaching community control or at least co-design could deliver more responsive services. Finally, it makes the point that government could be made more accountable for improving the wellbeing of people living in these communities.

We all have an interest in understanding more clearly the role of government as steward of the human and cultural capital of our society, in building social value. This Inquiry looks at the place of government in funding, brokering or delivering human services through this lens. One would think that there is a sharp edge to these questions when it comes to considering the wellbeing of the First People of this land, whose ancient living culture really should underpin our national identity.

If the Productivity Commission is to take these matters further then it needs to look at the most recent instances of significant government recasting of relevant human services, namely the Northern Territory National Emergency Response (or Intervention), which began in 2007, and the creation of the Indigenous Advancement Strategy funding round in 2014, and identify if and how government failed in its stewardship. There is no shortage of information about the negative impact of those initiatives on Indigenous people in remote communities, and no shortage of Indigenous experts who could assist the Commission in that analysis.

None of the points in Preliminary Finding 7.1 above are new to the debate on how Australian government and other agencies might work with Indigenous Australians. So it appears we need to understand better how government fails to learn the lessons of the past before we start to prescribe, once again, how things might work in the future.

In 2013 Anglicare Northern Territory was one of the initial signatories to Principles for a Partnership-centred approach for NGOs working with Aboriginal and Torres Strait Islander Organisations and Communities, first developed with Aboriginal Peak Organisations Northern Territory (APO NT).

The principles are to ensure relationships - such as in the delivery of human services - with Aboriginal and Torres Strait Islander organisations and communities are respectful, build the capacity of the local people, do not compete with Aboriginal or Torres Strait Islander organisations and move towards their ownership and control wherever possible.

It would be very helpful if the Commission were to look at the efficacy of a principled approach such as this as the starting point for reshaping the mechanisms for delivering human services in remote Indigenous communities.

As mentioned above, some of the specific challenges faced by the NDIS relate to cost of access to remote communities. Without labouring the point, it seems reasonable to remind the Commission that before forming a view on how to improve the purchasing and delivery of human services for people living in remote communities, it would make sense to learn as much as possible from the ongoing roll out of existing reforms.

Finally, you will find as an appendix a short paper by Terry Cleary, the Executive Manager of Community Care & Access at Anglicare NT, which introduces Jon Altman's concept of the "Hybrid Economy" which is an intersection of the state funded economy, the market economy and the "customary" economy. (Sustainable Development Options on Aboriginal land; The Hybrid Economy in the Twenty First Century", 2001). Altman argues that the most productive linkages occur where these realms intersect. In the Appendix below, Cleary points out the usefulness of applying Altman's model to the economy and circumstances of remote Indigenous communities particularly in regard to the delivery of human services.

Anglicare NT is involved in the roll out of the NDIS in East Arnhem. In his comments Cleary uses the challenges this throws up to illustrate the complexity of human service delivery to remote, culturally specific, communities and the need for place based solutions.

Anglicare NT comments on human delivery to remote Indigenous communities:

Anglicare NT is a long term provider of services to older people and people with a disability in East Arnhem.

Currently, Anglicare NT is preparing for the rollout of the National Disability Insurance Scheme (NDIS) in East Arnhem from 1 January, 2017. At the same time that these reforms are being instigated, similar consumer directed reforms are taking place in the aged care sector with increasing choice offered to recipients of consumer directed aged care packages from 27 February, 2016.

As an agency we are fully supportive of such "consumer directed" reforms, yet we have many concerns about how these reforms will eventuate in East Arnhem.

In relation to the NDIS we are unsure if we will be able to continue to provide quality services at the "price" set by the NDIS in this and other very remote and remote locations.

We do not believe that the true costs of providing services in remote locations has been adequately addressed. It is not appropriate to just set a "remote price" by adding an arbitrary percentage loading to a rate that is barely adequate for southern states. The "consumer directed" reforms are based on the need for market development so that consumers have a range of services to choose from.

Even as one of the largest service organisations in the Northern Territory, Anglicare NT struggles to provide services in East Arnhem. Besides the difficulty of employing staff at lower rates than what is offered to government workers, we constantly struggle in relation to infrastructure, be it in accessing offices for workers, let alone staff housing or program delivery sites.

We are also concerned that the “market” approach will see interstate or international agencies fly in and provide services at a cheaper price, but only last a year or so and then head back “south”.

There is a real danger that a “market approach” will not keep long term service providers like Anglicare NT in East Arnhem. If service providers are to have a choice, we would propose that the “market” needs to be “managed” in remote communities whereby there is a level playing field and an additional subsidy paid to make such services viable.

Jon Altman, through his “hybrid economy” model, proposes that we need to recognize that remote communities are about an interplay between the market, state and culture. He suggests that for remote communities to flourish, there is a need to break away from the “shackles of the very dominant market mentality”. We recommend the Commission give consideration to the work of Altman and others in their understanding of the need to grow the “hybrid economies” of remote communities in Australia today.

The Productivity Commission has recognised that there is no quick fix. Whilst there is a hope that reforms like the NDIS will bring about jobs for local Indigenous people, it is apparent that these reforms are being implemented in an uncoordinated and rushed manner with many strategies not fully considered.

It is apparent too that the consumer directed service delivery models that have been developed to bring about significant change to the service delivery system in southern states will have limited applicability in remote areas for many reasons.

There is clearly a need for an adequately funded place based approach that brings together the different service delivery needs. The challenge facing Governments responsible for implementing these significant reforms is to do so in a coordinated and responsive manner that is respectful of culture. Clearly this will require a high degree of flexibility and coordination, recognizing that the applicability of “national” models is indeed questionable.

Government has recognised that there is a strong likelihood of “market failure” in locations where there are “thin or non-existent markets”. But rather than approaching these locations with a true community development approach, Government continues to see the world through a “market economy” lens, failing to recognize the need for a broader and more flexible perspective that truly considers locality and culture. The result, in the end, is likely to be not so much market failure but failure of the “consumer directed” reforms!

[Anglicare NT has also endorsed the Commission’s preliminary finding 7.1]

This analysis of the recent policy changes, the success of Aboriginal controlled health organisations, and principles for a partnership-centred approach for NGOs, leads us to believe that it is cultural understanding, rather than competition and contestability, that is missing from the government’s approach to service design and delivery.

In discussing Grant Based Family and Community Services, below, we point to the ill-judged impact of a broad brush approach to inviting tenders and program proposals, as we saw through 2014 and 2015. The impact of such an approach for remote Indigenous communities was perhaps even greater. There were several organisations that would have been well suited to running a component of the Financial Capability Hubs but were neither set up nor interested in delivering that service outside the places where they were based. As a result a number of fly-in-fly-out services deliver nominally evidence based programs which are not embedded in their communities, and there has been a further loss of local capacity. Speaking to this point, Anglicare WA describes the “disastrous consequences” of outsourcing human services to providers with little knowledge of local situations. They argue that the long-term, relational work required in the human services is best undertaken by those embedded in the local community.

In moving to the next stage of this inquiry the Commission might like to take a close look at the Stronger Communities for Children projects: they are Indigenous led and link individual health and educational outcomes with community capacity building. Just as helpfully, we would point to Intensive Families Support Services which are intended to build in community support and local staff training. Many of the priorities implied by Preliminary Finding 7.1 are being wrestled with here, and local culturally informed evaluation of these projects (as they have worked to date) could be a good staging point for the Commission's recommendations.

## Grant Based Family and Community Services

Much of the investigation in this section reflects the generally disrespectful way that NGO service providers are treated by government and, perhaps more importantly, political processes. The ongoing rollover of homelessness program funding year after year, with no long term or even medium term planning certainty, has counterproductive impacts on the organisations and individuals delivering services and – most importantly – on the people who use the services, people experiencing homelessness themselves.

More destructive perhaps, was the fanciful notion of throwing the whole mix of family and community services into the air; based on an assumption that a rigorous, dispassionate assessment of competing proposals would result in more efficient service delivery and better outcomes for the people. Instead, of course, we've seen hardship at level of workforce and service users, the fragmentation of a number of strong partnerships, the loss of intellectual and social capital, and a deep distrust of the very ideas of competition and contestability, which are so central to this Inquiry. The subsequent loss and disruption of services to end users was distressing and a highly inefficient use of government funding.

The Commission would be aware of the extensive work that the Department of Social Services has since embarked on in order to put in place more respectful, effective, collaborative and thoughtful service commissioning and grant making processes. But public servants serve, and are directed by, government ministers. It would be helpful then if the Productivity Commission used its economic and analytical credibility to reinforce the point that short term politically driven social service funding is a recipe for failure.

In responding to the specific discussion of Family and Community Service areas in the report, there ought to be some key principles up front to frame the subsequent discussion of innovation, outcomes and effectiveness. Needless to say, it is ethical/moral principles, rather than market principles, that guide our work in this sector.

### **Roles of Government: addressing equity, not equality**

In supporting this submission, Anglicare Tasmania questioned the use of the term "market steward" and pointed to government's responsibility to be actively involved in the commissioning, rather than simply choosing and funding, human services. It linked that process with the obligation to ensure the most vulnerable members of society are not further disadvantaged by increased competition and contestability. It also reminded us to understand equity as a more sophisticated proposition than one of simply ensuring people have equal access to a service on the same terms.

Anglicare Tasmania recommends that the concept of equity is broadened from the PC's current definition to cover equity of access and outcome – i.e. ensuring everyone can access services and services meeting the needs of all consumers. So the 'product' here is meeting consumer need, not the service delivered.

We can take that discussion further to suggest that the "fair go" (or commitment to equity) that we might imagine informs our human services relates to people's very different capabilities, and the support they might need if they are to reach them.

The reforms of aged care and disability support might both be helpful here. Setting the bar for equity as equity of access and outcomes, as is now occurring in the aged care sector in an attempt to tie it into an outcomes framework. The NDIS by design starts with a capability approach. It would seem that everyone involved in these two reports is clear that in terms of meeting these goals, we haven't got there yet. But that perhaps is why looking closely at them now, and at how they are being evaluated, would be so useful.

Anglicare Tasmania points out that transactional services that are designed to meet simple or one off needs may be suitable for introducing a market for services, where other conditions (such as equity and responsiveness) are already met.

But they further highlight that, for services that address complex needs, the relationship is not just 'transactional.' Services that meet complex needs are difficult to unpack as a series of 'transactions'. If we accept that we are trying to achieve equity of access and outcome for consumers, then there are two ways we can increase contestability without relying on a market:

- Ensuring there are no service gaps to meet consumers' needs in services / areas that are less financially viable, and;
- Recognising that services need to consistently develop innovative ways to ensure consumers with specialist and complex needs can access services easily and on an informed basis. This needs stimulation and resources from a Government as the creator of public value, in addition to their role as 'market shepherd'.

Anglicare Tasmania also addressed the specific issue of the fragmentation of service delivery as raised in the report:

“We agree that service fragmentation can be an impediment to quality, efficiency, equity of access and responsiveness within family and community services, particularly for consumers with complex needs (p.132). We want to flag that integrated service models, like that which Anglicare Tasmania has introduced, are designed to be effective in meeting such needs. But, again, the cost of implementing such innovation and the nature of organising and addressing complex does not necessarily fit well with marketising services.”

### **Addressing complex needs in regional and rural areas: challenges for Family and Community Services in Tasmania**

Additionally, Anglicare Tasmania has echoed the points made by Anglicare NT about the inappropriateness of relying on a market to improve services for people living in rural and remote areas. They emphasised that rural and remote regions of Tasmania are not suitable for markets, particularly to meet complex needs, because of the challenges the size and distribution of the population presents.

### **Outcomes for families and communities**

The Report rightly explores the commissioning process in some detail. Of interest to us are the outcomes that services or programs would be commissioned to deliver. The Commission acknowledges the externalities such as community connection and enhanced social capital that some not-for-profit providers can deliver, but argues these benefits should not at come at the cost of improving outcomes for individuals and families. It suggests that the delivery of social capital and community benefits does not depend on adopting one kind of funding model.

The point we are making is that these benefits are neither accidental nor a bonus. Much of the work across the Anglicare network - from a strategic policy level to the front line services – is based on an inherent understanding and valuing of the interconnectedness of individuals, communities and broader society. Focusing only on the care and service outcomes for individuals runs the risk of constructing them simply as care recipients or consumers.

## Conclusion: A bigger picture

Anglicare Australia looks to the notion of co-production where the service users and their friends and families help to determine the outcomes, and are a part of their delivery. As put by Anglicare WA: “the challenges of life are best met together, by networks of friends and neighbours, of colleagues and communities”.

By way of example, an Anglicare Tasmania program delivering home care to the aged offers trained personal care workers in the morning and evening and home support through the middle of the day. Many of the home support workers are single parents entering the workforce more or less for the first time. The older customer has a very real role in supporting those people into work, and guiding them in developing their skills. It's quite possible to build outcomes into the program design, but it would require incorporating social capital and community benefit into an overarching outcomes framework.

Many of the best community services are really place based solutions to local problems, and the history of good place based solutions is they come from community goal setting - say creating employment, keeping children safe, or valuing different cultures - as well as enlisting and being led by local leaders. A report released this year by the New Zealand Council of Christian Social Services details of the value and importance of these sorts of harder-to-measure outcomes.

So the hope of being able to create a contestable environment for family and community services in the expectation that they will deliver better outcomes for the people involved really depends on what is intended. In the context of inadequate income, unaffordable housing, and unattainable work, most of these programs or services are small in the scheme of things. If we want to see what they do achieve, and how well they do so, then we need to look at their collective impact. And start to sew a larger set of social and community outcomes in with the advantages of cost containment and user choice.

Anglicare Australia looks forward to the next stage of this inquiry, particularly in the context of a rich and growing discussion of the kind of outcomes we are aiming for with our human services, and how they are evaluated.

-END-

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## APPENDIX

### **Anglicare NT's response to the Productivity Commission's Preliminary Finding Report, *"Introducing Competition and Informed User Choice into Human Services. Identifying Sectors for Reform"***

#### **Anglicare NT and East Arnhem**

Anglicare NT is a long term provider of services to older people and people with a disability in East Arnhem. Indeed we are one of the few providers of services to older people and people with a disability in the East Arnhem region.

Currently, Anglicare NT is preparing for the rollout of the National Disability Insurance Scheme (NDIS) in East Arnhem from 1 January, 2017.

At the same time that these reforms are being instigated, similar consumer directed reforms are taking place in the aged care sector with increasing choice offered to recipients of consumer directed aged care packages from 27 February, 2016.

As an agency we are fully supportive of such "consumer directed" reforms, yet we have many concerns about how these reforms will eventuate in East Arnhem.

In relation to the NDIS we are unsure if we will be able to continue to provide quality services at the "price" set by the NDIS.

We do not believe that the true costs of providing services in remote locations have been adequately addressed. It is not appropriate to just set a "remote price" by adding an arbitrary percentage loading to a rate that is barely adequate for southern states. The "consumer directed" reforms are based on the need for market development so that consumers have a range of services to choose from.

Even as one of the largest service organisations in the Northern Territory, Anglicare NT struggles to provide services in East Arnhem. Besides the difficulty of employing staff at lower rates than what is offered to government workers, we constantly struggle in relation to infrastructure, be it in accessing offices for workers, let alone staff housing.

We are also concerned that the "market" approach will see interstate or international agencies fly in and provide services at a cheaper price, but only last a year or so and then head back "south".

There is a real danger that a "market approach" will not keep long term service providers like Anglicare NT in East Arnhem. If service providers are to have a choice, we would propose that the "market" needs to be "managed" in remote communities whereby there is a level playing field and an additional subsidy paid to make such services viable.

Jon Altman, through his "hybrid economy" model, proposes that we need to recognize that remote communities are about an interplay between the market, state and culture. He suggests that for remote communities to flourish, there is a need to break away from the "shackles of the very dominant market mentality".

The authors of the Productivity Commission Report, *“Introducing Competition and Informed User Choice into Human Services”* come to a similar finding:

The nature of service provision and the characteristics of users mean that the service models that work in other parts of the country will not necessarily work in remote Indigenous communities. For example, **introducing greater competition, when there are at best one of two providers, is unlikely to be the most effective model for improving service outcomes for users.** This also suggests that governments may need to be more flexible in their approach to service models and providers, to allow for better ways of working and achieving governments’ intended outcomes. (p.126)

The Productivity Commission has recognised that there is no quick fix. Whilst there is a hope that reforms like the NDIS will bring about jobs for local Indigenous people, it is apparent that these reforms are being implemented in an uncoordinated and rushed manner with many strategies not fully considered.

It is apparent too that the consumer directed service delivery models that have been developed to bring about significant change to the service delivery system in southern states will have limited applicability in remote areas for many reasons.

There is clearly a need for an adequately funded place based approach that brings together the different service delivery needs.

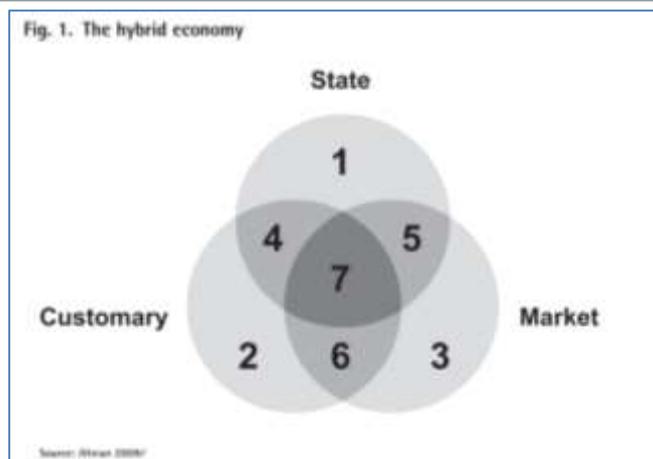
Anglicare NT supports the preliminary findings of the Productivity Commission Report, *“Introducing Competition and Informed User Choice into Human Services”*.

As a human service provider in a remote community of northern Australia, we recommend the Commission give consideration to the work of Altman and others in their understanding of the need to grow the “hybrid economies” of remote communities in Australia today.

This response is specifically related to Chapter Seven of the Productivity Commission Report, entitled *“Human Services in Remote Indigenous Communities”*.

### **Altman’s “hybrid economy”**

Jon Altman’s “hybrid economy” model advocates that the best path to sustainable development for the remote communities lies between a combination of the state, market and customary practice. The schema is represented by a Venn diagram of three intersecting circles: the state funded economy, the market economy and the “customary” economy. Altman argues that the most productive linkages occur where these realms intersect.



From Russell, S. (2011) 'The Hybrid Economy Topic Guide' Centre for Aboriginal Economic Policy Research, The Australian National University, Canberra

In his 2001 paper, *"Sustainable Development Options on Aboriginal land; The Hybrid Economy in the Twenty First Century"*, Altman suggests that much of the discourse in relation to "development" on Aboriginal land is based on the false question: "how can development based on market engagement be delivered to communities that are remote?" He suggests that we need to break from the shackles of the very dominant market mentality that continues to pervade mainstream thinking. Indeed he questions the notion that the only type of economy worth the name is the market economy.

Altman argues that a reliance on the state in these communities can be explained by the relative absence of commercially viable enterprises. "The market (or the private sector) is at best small, at worst non-existent, and consequently the state looms relatively large as provider of welfare and services".

Altman states that the fundamental development dilemma faced by most Indigenous communities located on Aboriginal land is how to grow the hybrid economy. He argues that a diversity of approaches is needed to assess sustainability, "be it in the market, state or customary sectors, or any combination thereof".

### **Consumer Directed service reforms in East Arnhem**

As noted above, Anglicare NT is currently preparing for the rollout of the National Disability Insurance Scheme (NDIS) in East Arnhem from 1 January, 2017 and consumer directed reforms in the age care sector from 27 February, 2016.

The Productivity Commission Report makes specific reference to the NDIS Barkly Trial and some of the specific issues that were encountered in relation to language and the need to provide information that was tailored to the needs of those accessing support (Box 7.1; p 125) and also notes that reforms introducing greater user choice are underway in disability services and aged care and are important sources for this inquiry (p. 122).

### **Informed User Choice**

Both the NDIS and the aged care reforms are being promoted as a “consumer choice” market driven approach.

But as the Productivity Commission Report notes,

Often there is little if any choice over who provides services, or over the services themselves, for people living in remote Indigenous communities. Nor is competition between service providers commonplace, even where multiple service providers deliver services to a community. (p. 121-2)

And in order to be effective at achieving intended outcomes:

...human services must be responsive to the needs of users, and to the needs of the communities they operate in. In remote communities decisions around service delivery, such as who receives services, when and where, are too often made by government and service providers with little opportunity for informed user choice or community voice. (p. 127)

This is a real issue for the people of East Arnhem. As Altman (2001) noted,

“... there is a tendency to define communities as Indigenous, all but the smallest have powerful non-Indigenous sectors. Management of most remote communities is in the hands of non-Indigenous people who not only have a pivotal role in the market and state sectors of the economy, but who define how the markets will operate and articulate with the customary sector”. (p.3)

Indeed the Commission’s Report suggests that:

“The history of Indigenous Australian’s interaction with services can also have significant effects on service provision. Some Indigenous Australians living in remote communities may have never had a choice about the services they receive. Some might prefer not to exercise user choice, and others might need extra support if greater choice were to be introduced”. (p.125)

### **Quality Service Delivery in Remote Locations**

The Productivity Commission Report is correct in relation to the situation in many remote communities in relation to quality service delivery.

- Current arrangements for purchasing and delivering human services are not fully meeting the needs and preferences of Indigenous Australians living in remote communities. (p.121)
- Inadequate access to high quality human services is one factor that drives poor outcomes among Indigenous Australians living in remote communities. (p.122)

The Report notes that services in remote communities are often uncoordinated across different funding sources:

Responsibility for service provision is split across governments and departments, and funding is delivered through numerous programs. Service providers face many challenges with the way services are funded, such as uncertainty of funding streams and large administrative burden.

Problems arise from lack of coordination across services, including duplication in some areas, gaps in others, and unclear lines of responsibility across and within governments for identifying and achieving outcomes for people who are receiving the services. The end result can be inconsistent and intermittent service delivery to remote communities, undermining the welfare of the people living in these communities. Examples of fragmentation, duplication and inefficiency abound. (p. 121)

We see this at this time in relation to the reforms taking place in services to older people and people with a disability. Both reforms are about competition and informed user choice funded by the Commonwealth Government but not in any coordinated manner at all. Two sets of “Toyotas” will drive out and back to the same community to set up and establish the competitive service system.

### **The Cost of Service Delivery in Remote Communities**

As identified by the Productivity Commission, the cost of service delivery is one of the reasons for the lack of quality services in remote communities:

- The cost of providing services in remote Australia can be several times the cost in urban areas. Service providers also face barriers such as difficulty accessing infrastructure, and recruiting and retaining staff (p.119)
- Infrastructure in remote communities is limited and there is a high demand on its use... many remote communities are not accessible by road for many months of the year due to location and whether conditions – meaning that expensive charter planes are required for face to face service delivery for a smaller number of clients (p.120)

The Productivity Commission argues that there is also a cost if services aren't provided:

“The reality of remote Australia is that not all services can be delivered everywhere. As a consequence, people often need to travel to receive quality services.” (p.123)

The Report quotes the Banskott Report (2003) which stated that in the Northern Territory,

“There is a hidden cost burden in taking people to services rather than services to people. There are very stark and obvious examples of this type of cost burden when people in need of care are taken to urban centres for treatment. In many cases they are followed by extended family, stays become indeterminate and associated with the added social costs of homelessness, alcohol and drug abuse and at the same time there is a negative impact on the community from which they come.” (p.123)

This is still a real issue for the Territory today. So many people from remote communities are brought to Darwin for health reasons and then languish in inappropriate service settings, wanting and waiting to return home to country.

## The Cost of Culture

Just as Altman has argued, the Commission also recognizes that “culture” is a key consideration in the development and cost of a service delivery economy.

The need to provide culturally appropriate services can also present a challenge, particularly to providers that are not experienced in remote communities. Indigenous Australians tend to relocate more frequently than other Australians, which can lead to significant variability in the level and nature of demand for services in communities and can be challenging for providers to respond to. For example services may need to be coordinated between different remote locations and less remote locations to ensure continuity of provision to people who are mobile. ... Kinship is a key reason for mobility in remote communities and the need to travel to access services also contributes. (p. 125-6)

## Conclusions

The Productivity Commission concludes that:

The nature of service provision and the characteristics of users mean that the service models that work in other parts of the county will not necessarily work in remote Indigenous communities. For example, **introducing greater competition, when there are at best one of two providers, is unlikely to be the most effective model for improving service outcomes for users.** This also suggests that governments may need to be more flexible in their approach to service models and providers, to allow for better ways of working and achieving governments’ intended outcomes. (p.126)

The Productivity Commission Report also has it right when it suggests that:

- Examples of a quick fix are unrealistic. More promising, given their issues with current service delivery arrangements used by governments, is the scope to improve outcomes over the long term through better design and implementation of policies to purchase services in remote Indigenous communities. Outcomes should be defined holistically, rather than being narrow and program driven. Better service provision could involve better coordination, place based service models, increased community voice in service design and delivery, and stable policy settings. (p.126)
- Services that are designed around the complex and interrelated needs of Indigenous Australians living in remote communities are generally more likely to be effective at achieving outcomes than those that are not. ... A review of the evidence for greater coordination in service delivery to remote communities found that “coordinating services can reduce complexity, enhance service quality and provide a foundation to deliver achievable outcomes to users”... The characteristics of remote communities mean that service models involving bundling of services might deliver benefits over standalone services. (p.126)
- Placed based service models, which take into account the circumstances and preference of communities, may be more suitable for remote Indigenous communities (p. 127)

## Provider of Last Resort

The Productivity Commission Report notes that:

Remote communities, due to their isolation and size, cannot support multiple service providers, or in some cases even a single provider. Risks to service users from poor service quality and provider failure can be particularly high as switching is not generally possible due to a lack of user choice and alternative providers. In some cases government may need to act as provider of last resort to ensure delivery of services. (p. 125)

The rollout of the NDIS in the Northern Territory is defined by the “Bilateral Agreement between the Commonwealth and the Northern Territory for the transition of an NDIS” signed on 5 May 2016.

Schedule K of the “Bilateral Agreement” addresses the “*Arrangements for provider of last resort services during transition*”. The Territory is the only jurisdiction with a schedule for provider of last resort.

This document recognizes that the

...comparatively high costs of establishing and delivering services in small communities and the lack of economies of scale to provide human services, there is a significant risk of service failure where there are thin or non-existent markets, including limited supply and very low demand for services.

Given this situation, both the Commonwealth and Northern Territory Governments have recognized the need to develop a framework for ‘provider of last resort’ service arrangements to “mitigate service delivery risks” and to “ensure that eligible participants are able to access the reasonable and necessary supports identified in their approved plans, even in remote communities or where there have been consistently thin or non-existent markets”.

It is proposed that this framework will identify:

- a. situations or circumstances where provider of last resort services are required (including insufficient market supply, and provider failure);
- b. objective assessment of when market interventions are required;
- c. market development activities to mitigate the need for providers of last resort;
- d. scope and scale (including support types, participant cohorts, and areas/communities) of provider of last resort arrangements; and
- e. governance mechanisms to support provider of last resort arrangements

Government has recognised that there is a strong likelihood of “market failure” in locations where there are “thin or non-existent markets”. But rather than approaching these locations with a true community development approach, Government continues to see the world through a “market economy” lens, failing to recognize the need for a broader and more flexible perspective that truly considers locality and culture. The result, in the end, is likely to be not so much market failure but failure of the “consumer directed” reforms!

## The Way Forward

The Productivity Commission has got it right in its preliminary findings. The report concludes that current arrangements for purchasing and delivering human services are not fully meeting the needs and preferences of Indigenous Australians living in remote communities.

The Report suggests that:

- Improving the quality of services and providing services in a more culturally appropriate way could improve outcomes for Indigenous Australians living in remote communities.
- Better coordination of services to address people's needs could overcome some of the problems that arise from service fragmentation.
- Place-based service models and greater community voice in service design and delivery could lead to services that are more responsive to the needs of people in these communities.
- More stable policy settings and clear lines of responsibility could increase governments' accountability for improving the wellbeing of Indigenous Australians living in remote communities.

The challenge facing Governments responsible for implementing these significant reforms is to do so in a coordinated and responsive manner that is respectful of culture. Clearly this will require a high degree of flexibility and coordination, recognizing that the applicability of "national" models is indeed questionable.

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7/11/2016

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