



# ASU Submission

## Human Services: Reforms to Human Services – Issues Paper

Productivity Commission Inquiry

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## Introduction

The Australian Services Union (ASU) is the largest union of workers in the social and community services sector. Our members predominantly work in non-government, not-for-profit organisations that support people experiencing or at the risk of experiencing crisis, disadvantage, social dislocation or marginalisation.

The ASU has previously made submissions to both the *Productivity Commission's Introducing Competition to and Informed User Choice into Human Services: Identifying Sectors for Reform* (September 2016) and the *Productivity Commission's Issues Paper – Human Services: Identifying Sectors for Reform – Preliminary findings report* (October 2016). This will be our third submission.

The Commission is now seeking submissions on ways to introduce greater competition, contestability and user choice into the six priority areas. This submission does not seek to address each question raised by the Productivity Commission in the Issues Paper. Rather, it focuses only on the proposed reforms to government-commissioned family and community services.

At the outset, we reiterate our view that this sector is not suited to the introduction of greater competition, contestability and user choice.

## The limits of “competition, contestability and user choice” in the area of family and community services

As we have set out in our previous submissions, government-commissioned family and community services are not suited to the introduction of greater competition, contestability and user choice. We are concerned about the impact such changes would have on services provided to some of the most vulnerable Australians. In particular we have the following concerns:

- It is inappropriate for profit-driven organisations to obtain taxpayer funding to deliver essential government services to vulnerable Australians and make profits from this work.
- Greater competition could lead to some service providers contracting or withdrawing from the market, or changing the way they deliver services.
- Competition, contestability and user choice risks bidding down the cost of service delivery and will lead to a reduction in the quality of services.
- Not-for-profit, community-based organisations are best placed to provide family and community services – they are community connected and driven and responsive to community need.
- Introducing greater contestability can require providers to focus too much attention on tender applications rather than supporting the vulnerable people they have been employed to care for.
- Individualised funding can actually lead to less choice for users, as it reduces government funding for smaller specialised providers and promotes the growth of large homogenous providers.
- A one-size-fits-all approach favours larger services, and does not take into account the diversity in size, philosophy, service models and target groups among community services.
- Competitive tendering for social and community services is inefficient, expensive and results in less diversity of service provision.
- We seek minimum 5 year funding contracts for providers, as the current short-term funding model has deleterious effect on service providers capacity to plan for and provide community services.
- We are concerned about the potential impacts of proposed changes to the funding model of community services on the community services workforce. In order to ensure the best quality services are delivered to the people who need them, the workforce must be supported so it can attract and retain skilled professional workers. This means there must be secure jobs, and decent working conditions.

- User choice models of service delivery lead to 'on-demand' workforces employed on insecure and fixed-term employment contracts.
- Casualisation of the workforce will see organisational memory and know-how among staff being lost as more and more jobs are outsourced.

### Short-term funding arrangements

One of the major challenges for government-commissioned family and community service providers are the short-term funding arrangements under which they operate. Contracts are generally awarded for a maximum of 3 years (sometimes less). Short-term funding arrangements generate uncertainty, make it difficult to retain staff, are inconsistent with the goal of developing effective long-term solutions to complex problems and are a barrier to long-term planning and workforce development.

This was acknowledged by the Productivity Commission in its Study Report of November 2016 which identified there are several flaws in provider selection processes and contract management. One being short time frames for tender processes and the other "is the length of funding agreements, which generally run for three years or less".<sup>1</sup>

The Productivity Commission also identified that "the length of contracts affects providers' ability to deliver and invest in services to improve outcomes for users. Commissioning processes need to balance contestability with the funding stability needed for investment in workforce capacity and fixed assets"<sup>2</sup>

The ASU strongly supports minimum 5 year funding contracts for family and community services. Presently, organisations have little incentive to invest in training and skill development or create career opportunities for their staff as they have little certainty about future funding. This model hampers innovation, and the trial of new strategies and approaches.

In addition, short-term funding can mean that essential services that have been made available to a particular community are withdrawn once project funding ceases. This is not ideal given the lengths social and community services go to in establishing trust, building relationships and meeting new community expectations.

Short term contracts require organisations to have a short term vision. The goal of government funded programs and services should be the capacity to work to timelines that allow real change to be both measured and achieved.

### Flexibility in government funding for human services

The ASU supports greater flexibility in the terms of funding contracts. Flexibility would allow providers to develop and test new innovative and ongoing approaches to service delivery.

Current funding arrangements are often too rigid. Services should be focussed on identifying the support and strategies required to deliver outcomes for the people they support, rather than merely delivering particular outputs that may not actually deliver the relevant outcomes. Accordingly, the ASU strongly supports outcome driven funding contracts.

Community service employees bring immense knowledge, expertise, organisational memory, and lessons learnt from the long term commitment to an issue, client group or local community. Local community services are best placed to work with the people they support to develop the approaches that will deliver particular outcomes for those people and their community.

<sup>1</sup> Productivity Commission Study Report, *Introducing Competition and Informed User Choice into Human Services*, November 2016, p. 42 [online] Accessed at: <http://www.pc.gov.au/inquiries/current/human-services/identifying-reform/report/human-services-identifying-reform.pdf>

<sup>2</sup> Ibid, p. 167

**What our members say:** A CEO of a large regional community based organisation, which delivers out-of-home care and other programs, says: *‘Out of home care relies heavily on the relationships that we build up with other community based organisations. Local community services are best placed to understand their local communities and know how to respond to local needs, initiate and innovate.’*

### Coordination across service providers

Service integration and collaboration are key principles that facilitate early identification, improved referral and support of clients.

The risk of unnecessary or unjustified duplication is best addressed through coordination with other service providers and the creation of mechanisms for information sharing and collaboration.<sup>3</sup> Indeed, collaboration and case management conference between local services already regularly occurs.

However, government funding of services needs to reflect the true cost of delivery. In order to enhance collaboration between services in relation to people that they support, funding needs to allow the time for such collaboration to occur.

Further, this kind of collaboration is best enabled where services can genuinely collaborate in a non-competitive environment. This allows sharing of resources, best practice and innovative service development.

**What our members say:** Nikki, coordinator of Liverpool Women’s Resources Centre says: *‘What I have seen is the breakdown of cooperation and support that used to exist. Services are now competing for what was always a very small pot of funds for women’s refuge and support services. What makes things worse now is that instead of working together to share what few resources were available, workers are now competing for funds – so they compete for everything and don’t share at all. This has been a devastating change to workers in this sector and of course it impacts very badly on our clients.’*

### Assessment of community needs

The PC identified in their Study Report of November 2016 there is currently no overarching system for identifying community needs and the outcomes that can be achieved by family and community services.<sup>4</sup>

Co-design was flagged as an option for governments to engage with communities to better understand their needs and take them into account in decision making.<sup>5</sup> And in “some cases responsiveness to community needs could extend to community involvement in decisions and a role for community-led organisations”.<sup>6</sup>

We are of the strong view that community based services are the best placed to understand the needs of their community. Any approach and recommendations in relation to ways of determining community need should involve working with local service providers.

### Further Consultation or Hearings

Finally, ASU members seek the opportunity to be directly consulted by this inquiry, either through consultation roundtables or hearings before the Commissioners.

<sup>3</sup> Victoria Legal Aid Submission, *Submission to the Access to Justice Review* [online] Accessed at: <https://www.legalaid.vic.gov.au/about-us/strategic-advocacy-and-law-reform/access-to-justice-review> Productivity Commission Study Report, *Introducing Competition and Informed User Choice into Human Services*, November 2016, p. 41 [online] Accessed at: <http://www.pc.gov.au/inquiries/current/human-services/identifying-reform/report/human-services-identifying-reform.pdf>

<sup>5</sup> Ibid, p. 151

<sup>6</sup> Ibid, p. 151