



Response to the Preliminary Findings of the Productivity Commission's Human Services Inquiry – November 2016

Introduction:

We refer to our June 2016 submission in response to the Issues Paper in this Inquiry. As was the case on that occasion, this submission has been prepared by four independent, not-for-profit, community service providers, based in the regional Victorian city of Shepparton.

The four providers are:

- The Bridge Youth Service: a specialist youth support provider.
- Connect GV: a major provider of disability services in the Goulburn Valley.
- FamilyCare: a major regional provider of child and family services and carer support.
- Primary Care Connect: the Goulburn Valley's community health provider.

Our regional operations bring the submitting agencies into frequent contact and there is regular overlap of our service users. In mid-2015, the agencies agreed to create a more structured collaborative framework with assistance from the Helen Macpherson Smith Trust. Since our submission in response to the Issues Paper we have formalised our relationship by signing a cooperative agreement which amongst other things, confirms that our network is referred to as Shepparton Community Share. The cooperative network does not create a separate legal entity. It does however provide guidance for working together and sharing information with an intention that we contribute to the common good of our clients and community.

All four agencies provide services to vulnerable and disadvantaged people, some of whom experience multiple and entrenched disadvantages. As with our previous submission, it is the needs of vulnerable and disadvantaged service users that were our focus in preparing the following comments.

Given the compacted timelines the Commission is working to, we will confine our response to the inclusion of **Grant-based family and community services** in the list of priority areas in which the Commission is recommending reform.

General observation:

In its references to family and community services, directly and indirectly in both the Issues Paper and Preliminary Findings, the Commission has acknowledged a variety of reasons to proceed with caution. We were therefore surprised to see this group of human services included in the list of priority areas identified for reform. The timeline that has been set for the Commission to undertake this Inquiry, with two distinct stages and a variety of intermediate steps, is extremely tight given the breadth and importance of the subject areas. It does not lend itself to exercising the caution the Commission has acknowledged is required. We urge the Commission to expand on some of these issues in the Study Report as a basis for more detailed exploration in Stage Two.

The comments to follow refer directly to issues identified in Preliminary Finding 8.1 at the end of the Chapter on Grant-based family and community services. There is some applicability to other areas identified for priority reform.

Governments could deliver a better mix of services if they took a systematic approach to identifying what the community needs.

As noted in our June submission in response to the Issues Paper, Shepparton provides an excellent case study for the challenges that can be created or exacerbated if governments do not coordinate their approaches to service delivery for vulnerable and disadvantaged people. The problems that can result are even more pronounced during periods of significant policy reform.

Shepparton has become a trial site of choice for social policy reform activities within and across governments. The reform trials have been particularly pronounced since the Commonwealth selected Shepparton as a Welfare Reform host as part of a series of Budget announcements in May 2011. It has often felt within the community that the views and needs of Shepparton have been the last considered and the least important in both the design and delivery of these trials.

The reasons offered for selecting Shepparton amongst the trial sites was the existence of pronounced and persistent disadvantage. In the years since, the identified indicators of disadvantage have barely moved and in some instances appear to have become worse.¹

We are not aware of any coordinated, independent review of the successes or failures of the package of reform activities nationally, or even in Shepparton. Evaluation work that has been conducted has instead focussed on specific programs and been dispersed amongst different reviewers – some external to government and some within. Efforts to engage with service providers and the broader community in the course of undertaking evaluations have been patchy and that continues to be the case. Some review material, for example that relating to jobless families and young people, has been referred to as justification for increasingly compliance-based reform measures, such as those represented by the current ParentsNext trial.² To our knowledge the primary evaluation material has not been released for public information and scrutiny, either in aggregate or per trial site.

At the highest level, our view would be that the current approaches of the State and Commonwealth to dealing with issues of vulnerability and disadvantage are incompatible, often working at cross purposes. The State carries responsibility for primary universal services and targeted supports for people and families in crisis, particularly through the child protection system. The Commonwealth is responsible for the national benefit support system. Benefit incomes are increasingly subject to participation rules and can be reduced or terminated if those rules are not complied with. Increasing pressure and stress for low income households is likely to create more demand for State funded services.

The issues play out in Shepparton more acutely than may be the case elsewhere precisely because our community is a welfare reform trial site. And yet as far as we are aware there is no coordinated, transparent and independent analysis being undertaken or planned. With a potential joining-up and broader roll-out of the various welfare reform activities being conducted around Australia in the years ahead, we believe that type of coordinated approach is vital and long overdue.

We urge the Commission to give due consideration to the overarching policy landscape into which any recommendations for reform might be operationalised. To that end and in the context of the Study Report which will be the next publication in this Inquiry, we suggest that the Commission consider the First Wave findings of the United Kingdom's Welfare Conditionality Research Project.³ The Welfare Conditionality project reviews the impacts of a policy approach in the UK that is more advanced than the Australian experience but where the directions are broadly compatible.

The Overview of the First Wave findings notes:

The impacts of benefit sanctions are universally reported by welfare service users as profoundly negative. Routinely, sanctions had severely detrimental financial, material, emotional and health impacts on those subject to them. There was evidence of certain individuals disengaging from services or being pushed toward 'survival crime'.⁴

We do not suggest that the situation researched and reported in the UK is the same in Australia, or in Shepparton and the other welfare reform trial sites. As already noted however the directions are compatible with recent public statements confirming an intention to increase compliance sanctions in Australia.⁵

Engagement with service providers and users at the policy design stage could increase the quality and efficiency of services.

We agree with this observation and refer to the Victorian Government's response to recommendations from the Family Violence Royal Commission and the establishment of Support and Safety Hubs as an approach worth monitoring. Consistent with the significance of the issues, the Victorian Government has assigned responsibility for consultation and reform to the Department of Premier and Cabinet.

There is much to recommend the involvement of a central government agency in being the lead and providing secretariat and coordinating functions on important reforms. Government has appointed and receives advice from a group that includes people with lived experience as victim survivors and Chaired by former Australian of the Year, Rosie Battie. Extensive consultations are being conducted across a complex service support system and importantly the reform team is travelling to places in which reform activities will be operationalised to meet local needs.⁶

There is probably no such thing as a perfect approach to consultation on important and sometimes controversial social policy reforms. Finding universally applicable principles for respectful, effective communications is not necessarily difficult, if the commitment is effective engagement rather than message management.

We note two reservations:

- Our initial comments regarding potentially incompatible approaches between layers of government are equally applicable here. If governments are struggling to maintain effective communications between them, broadening discussions to include service users and providers whose experience involves contact with multiple layers of government is unlikely to solve those problems.
- There is a point at which constant reform creates confusion or even chaos. Across the wide variety of family and community services, it hard to find any area not subject to significant reform. Reforms crossing policy approaches, service system design and regulation are all current and have been for some time. Many of the reform activities have practical intersections for providers and service users but are not joined in any meaningful way. It is creating confusion for users and providers alike and the fatigue resulting from constant reform activity is working against the potential for sustained improvement.

Contract arrangements that are focused on outcomes for service users could increase the incentives for service providers to deliver services that meet people's needs and provide more scope for innovation in service delivery.

We agree there is value in developing outcome measures to complement traditional means of measuring service delivery. This is not however a new conversation. A number of sub-sectors in family and community services have been discussing outcome measures for many years. The fact those conversations are yet to produce agreed frameworks is indicative of the complexity of the undertaking and the wide variety of desirable outcomes, dependent on often multi-layered needs of service users.

It could be useful if the Commission provided some examples of previous or ongoing development work. We suspect there will be a number referred to amongst submissions.

We are less convinced the development of outcomes measures will be a driver for innovation in isolation. In our experience it is more important to have an authorising environment that encourages collaboration and innovation, including an acceptance that actions may not always produce the intended outcomes.

In respect of our own experience in developing Shepparton Community Share, the Helen Macpherson Smith Trust has commissioned Dr Lucinda Aberdeen from La Trobe University to undertake an independent evaluation. The evaluation will review the outcomes, both anticipated and unexpected, against the participant's stated intentions prior to commencement. It will also consider the nature of the relationships created and the factors required for effective collaboration.

We understand that the final report will be available in early 2017 and would be happy to seek permission from both the Trust and Dr Aberdeen to share the report with the Commission.

In the Preliminary Findings the Commission referred to the Victorian Government's Services Connect trial as a potentially positive model for interconnected and collaborative services. The trials have been conducted in two streams – initially within the Department of Health and Human Services and followed by a series of community-based trials in select locations. Each of the Shepparton Community Share agencies was involved in preparing a proposal for a community-based trial in Shepparton. The proposal was not one of those selected.

Whilst there are positives in the Services Connect approach, there have also been challenges. For example, it was not possible for the Government-based and Community-based trials to be co-designed proposals. Similarly the appointment of a new 'key worker' where existing services were already in place had the potential to create confusion and concern for clients, requiring careful explanation prior to first contact.

We understand the community-based trials of Services Connect are about to conclude.

The Commission's recognition in the Preliminary Findings that government recommissioning processes can be destructive and produce substandard outcomes was welcome.

Better use of data could help service providers and governments identify and disseminate effective practices.

Similar to outcomes measurement, reform discussions in the family and community space often touch on data. We welcome the Commission's focus on better use of data, which we assume encompasses more reliable, timely access to the best data already being collected. Our experience is that it is more difficult than it should be to access information useful in service and system design and in reviewing practice.

Measures to support user choice and introduce greater competition between service providers could create incentives for providers to improve services in some areas.

Like other not-for-profit contributors to the Inquiry, we strongly support the concept of choice for service users. There are however situations in which requiring choice would be unhelpful and could exacerbate the challenges that vulnerable or disadvantaged clients who access our services face. The Commission has acknowledged choice will not be appropriate in all circumstances. We would welcome more detail. For example, are there any frameworks that have been developed to identify circumstances in which insisting on choice would be inappropriate? Or is the Commission intending to develop guidance on this question?

We also submit that the ability to exercise choice in the type of service and provider does not automatically require the creation of a competitive service environment. For example a client may greatly appreciate and benefit from being directly involved in the design and delivery of their particular service option. That is not the same as being required to find, select from a range of providers and negotiate the terms of service delivery.

We welcome the Commission's acknowledgement a standard rule requiring the creation of competitive markets could do harm but encourage greater detail on what the harm might be and how it is avoided. From communications with other agencies and in particular peak bodies who are providing responses to the Preliminary Findings, we understand that the Commission's attention has been drawn to problems created in the roll-out of the Big Society policy approach in the United Kingdom.⁷

We understand that the application of commercial tender rules which invited 'any willing provider' without recognising the particular value of a vibrant and diverse community sector has done considerable harm. It would be useful for this experience to be referenced in the Study Report, along with any lessons on how such outcomes can be avoided in Australia.

Similarly the Commission has noted in both the Issues Paper and the Preliminary Findings that care should be taken not to crowd out the benefits of volunteers and the contributions of a diversity of smaller community based providers. There is material that seeks to capture and quantify the contribution of volunteers generally and in specific sectors, such as care relationships.⁸ Our view would be this material significantly underestimates the value and importance of informal volunteering and philanthropy, particularly in rural and regional communities. We urge the Commission to provide guidance on how these contributions will be recognised and given appropriate priority.

Finally and as already noted above, the Commission's concerns about the problems associated with poorly designed or conducted recommissioning processes are welcome. They do however appear at odds with comments relating to increased choice and competition. In our experience choice and competition often feature in the rationale for recommissioning processes that have caused significant disruption to services for vulnerable and disadvantaged people.⁹

In our view it is not necessary to require a direct link between the quality and compliance of service provision and competition and contestability. The former can be achieved without insisting on the latter.

Conclusion:

We appreciate the opportunity to comment on the Preliminary Findings and look forward to details about Stage Two when they are available. If the Commission were interested in coming to Shepparton to conduct a roundtable, we would be happy to participate and to assist in promoting the event amongst interested stakeholders.

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Endnotes

¹ For example, we note that Shepparton was included in the list of 40 most disadvantaged postcodes in the 2015 release of *Dropping off the Edge*, a publication that has tracked locational disadvantage for a number of years. Shepparton had not previously featured in that list. The reference for the publication is Vinson, T; Rawsthorne, M; Beavis, A and Ericson M; *Dropping off the edge: the distribution of disadvantage in Australia*; Jesuit Social Services/Catholic Social Services; Richmond Victoria; 2015

² Release material for the ParentsNext trial made reference to earlier trials – Helping Young Parents and Supporting Jobless Families. Only high-level summaries of the internal evaluations were provided, for example as can be seen in the ParentsNext Grant Guidelines

https://docs.employment.gov.au/system/files/doc/other/grant_guidelines_for_parentsnext.pdf (page 2).

³ The full name of the project is *Welfare Conditionality: Sanctions, Support and Behaviour Change*. Information about its work can be located at <http://www.welfareconditionality.ac.uk/>

⁴ The First Wave Overview of *Welfare Conditionality: Sanctions, Support and Behaviour Change* can be accessed via this link: <http://www.welfareconditionality.ac.uk/wp-content/uploads/2016/05/WelCond-findings-Overview-May16.pdf> The quote is taken from page 1 of the Overview.

⁵ For example, The Hon Alan Tudge MP, Minister for Human Services; *Welfare Reform: Reducing dependency and setting higher expectations*; Speech to the Sydney Institute; 24 October 2016.

⁶ More information on follow-up work can be found via this link <http://www.vic.gov.au/familyviolenceresponse/the-response.html>

⁷ For example, we understand that submissions from Family and Relationship Services Australia and the Centre for Excellence in Child and Family Welfare will both make reference to research and writing relating to the Big Society reforms.

⁸ For example, Carers Australia commissioned research by Deloitte Access Economics in 2015 which estimated the replacement value of informal care giving in Australia to be \$60.3 Billion.

⁹ We note Recommendation 2 of the Senate Community Affairs References Committee Inquiry into the Impact on service quality, efficiency and sustainability of recent Commonwealth community services tendering processes by the Department of Social Services, released in September 2015.