

Human Services: Identifying sectors for reform Productivity Commission Issues Paper

Background

The Productivity Commission is undertaking an inquiry into Australia's human services with a focus on innovative ways to improve outcomes through introducing the principles of competition and informed user choice whilst maintaining or improving quality of services.

In its 2010 review, the Productivity Commission observed: NFP activities may generate benefits that go beyond the recipients of services and the direct impact of their outcomes. For example, involving families and the local community in the delivery of disability services can generate broader community benefits (spill overs) such as greater understanding and acceptance of all people with disabilities thereby enhancing social inclusion.

And

Inadequate contracting processes adversely affect the efficiency and effectiveness of delivery of services by NFPs on behalf of governments. These include overly prescriptive requirements, increased micro management, requirements to return surplus funds, and inappropriately short-term contracts. Substantial reform of the ways in which governments engage with and contract NFPs is urgently needed.

About McAuley Community Services for Women

McAuley Community Services for Women (McAuley) is a ministry of the Institute of the Sisters of Mercy of Australia and Papua New Guinea.

McAuley accommodates and supports women and children who are experiencing chronic disadvantage through the impact of family violence and homelessness. We work towards the prevention of further incidents of family violence and risk of homelessness and support women who are subject to homelessness through a number of key programs. In 2015 we supported 1,000 women and children through our wrap-around accommodation and support. We have access to around 28 houses (80-bed capacity) for temporary or transitional housing before women, (single or with children), exit either into public housing, private rental accommodation or to return home.

McAuley Care is a twenty- four hour crisis service for women and their accompanying children who are experiencing family violence. The program provides women with safe accommodation, and practical, legal and emotional support. McAuley Care encompasses five refuges as an extension of the service, which enables us to provide longer-term support for those who need it.

McAuley House supports women who are homeless or at risk of homelessness and who are living with chronic mental illness. McAuley House provides safety and security in a community environment where women can develop the skills and capabilities required to live independently.

In general

The guest for efficiency in the human services sector should not be code for cost cutting. Whilst the drive for better outcomes and value for money is welcomed, the introduction of competition into human services may not be the best way to achieve this result. There are a number of areas which are of immediate concern to us. These include:

Attitudes matter

Measuring and changing attitudes to violence against women is recognised as an important way of informing prevention activities, as attitudes reflect and reinforce social norms. Attitudes influence community expectations of what is acceptable behaviour, which in turn influences individual behaviour. Community attitudes also influence how people respond to violence, and whether or not they seek help.

McAuley is aware, through its employer program Engage to Change, and community engagement work, that most people understand that family violence exists and that it is 'bad'; however, equally, there is a high level of ignorance of what family violence actually is; how it manifests; the true impact on the community and its connection with homelessness and mental health. Organisations which work with people experiencing family violence develop a specialist knowledge that is essential to effectively support people who experience and perpetrate family violence and to educate the wider community.

Family violence is preventable because the use of violence is a choice. The greatest reduction to the current high rate of violence toward women will come when the groundswell of community attitudes turns against the cultural acceptance of violence against women (similar to the introduction of seat belts).

Specialist knowledge

When New South Wales recently recommissioned family violence services, in a move towards more generic service provision, homelessness services took over family violence refuges and sought to apply their usual method of operation of evicting tenants who did not pay rent. This generic service was missing the specialist knowledge of the gendered nature of family violence, including knowledge of the risk factors associated with leaving a violent relationship and the fact that women were also often the victims of financial abuse. Eviction at that point was counterproductive and costly to the individual and taxpayers.

The reality is that the qualifications, skills and ability of people to deliver services are vital. For example, in mental health and homelessness, a person with lesser qualifications, (the model now being adopted through NDIS), may be able to deliver a service at a lower price, but those staff may neither have the skills nor qualifications to safely address the complex care needs of clients. We note that this issue is not covered in the Issues Paper.

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Family Violence

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Homelessness

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Cultural sensitive practices, including Indigenous Australia

All service providers should be culturally sensitive to the community they work with and their needs. In the case of women escaping family violence, this includes culturally sensitive support before seeking an intervention order, and once the intervention order is given, the woman needs to be supported to feel safe.

There is already insufficient housing and help available to women in emergency situations. More refuges are needed along with a reassessment of how refuges are used and help to provide support. CALD communities in particular are not comfortable sharing houses with multiple families. Lack of refuge housing and appropriate support results in women returning to the abusive situation rather than seeking help.

Our experience, as a specialist family violence and homelessness accommodation and support provider, suggests that the user will walk away from support if it is not delivered appropriately. Cheaper is not always the most efficacious approach.

Collaboration or Competition?

Solving family violence requires the collaboration of many different parts of the system: support for victims; housing; police; the legal system; courts and the medical system. Competition usually encourages protecting industry 'secrets' to retain a competitive edge. Competition is also often equated to large scale delivering lowest cost. Neither of these attributes encourages collaboration which is what is going to achieve the long-term aims of solving family violence, (and with it, 25% of homelessness) and saving billions of dollars annually.

Funding - Short-term

As noted by the Royal Commission into Family Violence, homelessness funding (through the National Partnership Agreement on Homelessness) and family violence funding is generally allocated on a short-term basis, and inhibits effective responses to family violence.

Funding uncertainty means that services divert limited time and staff resources to chasing funding through tenders and philanthropy. Programs are often short-term and project-based with insufficient time for proper evaluation or the capacity of successful programs to be continued, frustrating and demoralising both clients and workers. The uncertainty associated with short-term funding inhibits recruitment and retention of staff, makes it difficult to build relationships with clients over time, and affects planning for the future.

We believe that funding arrangements and contracts need to be carefully considered – they are not included in the Issues Paper at all. Get the funding and contractual arrangements correct, and the desired efficiencies will come.

Funding - Piecemeal vs Full investment

Funding 'pieces' of the solution, for example, individualised packages for women who have experience family violence can only fix pieces of the problem. Australia needs to invest in full and comprehensive strategies, such as the federally funded Reconnect program, which demonstrated a reduction in youth homelessness. A similar comprehensive strategy should apply to ensuring women and children are able to remain home safely after their experience of family violence — no one private provider can supply each of the components of a comprehensive system because it is reliant on complimentary parts such as the legal system.

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Procurement and Innovation

McAuley's government contracts are for very specific activities and do not promote innovation or new approaches to meeting needs. Where we want to 'risk take' or innovate, we seek funds from the philanthropic sector, vis our award-winning Court Support 4 Kids program. This more flexible funding actually drives efficiencies, we have discovered, because it allows us to correct, evaluate and learn as the program processes rather than become stuck in bureaucratic red tape.

McAuley believes that there is scope to improve efficiencies around contracts, and is aware of effective examples in the UK where innovation is promoted "by moving away from over-specified services and asking providers and people using services to come up with ideas and activities to meet the outcomes" ('Commissioning for outcomes and co-production', new economics foundation)

This is especially the case with contracts between governments and the community welfare sector. What gets measured and why from the perspective of efficiency is often at odds. A NFP will consider the contract not only from a financially 'do-able' perspective but also what the contract may bring to its mission and to the people it supports. Further the pressure for timing to fit in with budget cycles usually does not coincide with the continuity of needs, and thus the user suffers. The push to fund large-scale projects, rather than smaller, more localised programs, may well mean more efficiency for government and, we argue, the opportunity for choice for the user can become limited.

NDIS

The NDIS represents a departure from the usual "final price faced by users" because people with disabilities will be active in making choices and will also have a budget. However, this has to be balanced against the cost for the human service sector to deliver the NDIS against a backdrop of mental health recommissioning, lack of funding and increased bureaucracy. It is too early to say whether the NDIS approach will be more 'efficient' as a delivery mechanism or more 'effective' for the user.

Anecdotal evidence from trial sites suggests the model works well for people with disabilities that are strongly supported by family members who act as vocal advocates for their loved ones. Not so the case for people experiencing mental illness or homeless who are estranged from family members and who are isolated and unwell.

Choice

'Consumer' choice only exists if there are decent things to choose between. McAuley provides housing and support to women and children who have experienced family violence. Of the hundreds who come to our service each year, only 2% of women are able to return to their home safely. This is because the system is still not coordinated or responsive enough to ensure their safety. Therefore we know that women (consumers) have the 'choice' of moving into temporary housing or back with a violent offender.

In addition, the Australian housing market – complete with public and private operators – is unable to deliver a solution to this need for housing.

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Empowered Clients

We argue that the majority of services for people living with a mental illness, who are homelessness or who have fled family violence, are vulnerable and do not have the characteristics for competition.

For a woman or child who is homeless, for whatever reason, user choice in terms of knowing where to go and being able to readily access information is not likely to be possible due to the nature of the living conditions.

Consumers are not empowered if they don't have the capacity to exercise their 'choice' by purchasing from or changing service provider; this means having a living income with which they can 'purchase' choice.

Approximately 30% of women that McAuley supports have no income at all and are not even eligible for generic homelessness services because they are unable to pay even the most basic rent.

McAuley believes that the needs of the women and children either escaping family violence, at risk of or actually homeless and with mental health issues are the main consideration in all its programs. Would increased competition deliver on the desired outcome of an improved service? We suspect not.

For example, in areas such as homelessness or family violence, user choice in terms of knowing where to go and being able to readily access information is unlikely to be possible because of the nature of the living conditions. Approaches adopted for other areas, such as aged care, would not be applicable in the homelessness and other areas of the housing sector

Unscrupulous private providers

Similar to our point about the need for specialist knowledge in areas such as family violence and the market failure in housing is a general note about private operators taking advantage of 'consumers' who had limited choice, egg: The article 'Having housing made everything else possible': Affordable, safe and stable housing for women survivors of violence', (http://qsw.sagepub.com/content/early/2013/09/1473325013503003) – found that private rental landlords tried to take advantage of women's urgent housing situation by requiring additional fees.

Market Failure – Housing

The provision of Human Services can not be left to the private market – the greatest demonstration of this is the spectacular failure of the housing market to provide enough housing to Australians. The Federal Governments own Economics Reference Committee Report, 'Out of reach? The Australian housing affordability challenge' "underscores the importance of affordable, secure and suitable housing as a vital determinant of wellbeing" and found "that currently Australia's housing market is not meeting the needs of all Australians", (Executive Summary)

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Human Services are being unjustly blamed for failure which is due to structural issues outside of their control. The Compass Report 'Toward a National Housing Strategy' which outlines the structural factors contributing to homelessness and which impact on the choices individuals are able to make.

"The primary approach of this document is to address the failures in other aspects of the Housing market because resolving key housing system structural failures will bear most Fruit in combating homelessness." (page 18 section 7.3)

and again,

"The patterns of homelessness have not remained static and traditional regional areas of high levels of homelessness have shown some improvement whilst urban areas are experiencing higher levels. These changes can largely be attributed to structural factors. Our descriptive analysis of the role that housing market, labour market and income, and demographic factors may play in explaining homelessness in Australia revealed that structural factors do seem to be important. We found that populations of regions that have lower rents, more public housing, smaller rent to income ratios, higher unemployment and a larger share of Indigenous persons are more vulnerable to homelessness (Wood et al, 2014)." (page 18 section 3.7)

and finally, the level of government subsidy of housing is not going to the most disadvantaged citizens,

"The level of subsidy is not only seen as iniquitous but also inefficient. Subsidies cost Treasury significant funds, do not increase supply, and introduce inflationary pressure into the housing market. Subsidies cost Treasury significant funds, do not increase supply, and introduce inflationary pressure into the housing market" (Page 10 section 3.1)

Market Failure - Employment Services

McAuley has experience in delivering effective employment services for women who were experiencing homelessness and family violence, (defined by lower costs and employment outcomes).

We found that women who seek the assistance of the Commonwealth jobs services, hoping to gain employment and financial independence were commonly placed in temporary or unstable employment and often found themselves back on Centrelink benefits after 26 weeks. Of those who voluntarily sought assistance from employment services, many were actively discouraged from participating because some staff perceived them to be "too hard to place" or requiring a level of assistance that the jobs services were unable to provide.

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Homelessness

We found that our Individualised Placement and Support model differs significantly from the current JobActive (JA), model that has limitations for women facing multiple and complex barriers to employment, for example:

- JA case workers have large case loads 1:200 and are unable to provide intensive individualised or creative assistance
- Clients are forced to participate and there are penalties for non compliance
- Employment agencies are funded based on outcomes and are therefore more motivated to assist clients who attract greater funding i.e. not voluntary participants such as women on parenting payments
- JA does not provide outreach, practical support such as transport, or holistic support to address client's barriers to employment or advocacy.
- JA is reluctant to work with voluntary participants who have multiple barriers to employment as it takes longer to achieve an outcome, and therefore outcome based payments

Jobactive had a placement rate of 49% in 2012.

Market Failure - Privatisation of TAFE education

TAFE courses, per unit, are now more expensive than university courses, per unit. Further entrenching young people in poverty. Since privatisation the Victorian Government has had to set up a new investigations unit (at what cost?), to: "conduct targeted and detailed investigations into unscrupulous training providers to restore student and industry confidence to the sector". This unit will examine:

- Inappropriate low quality short course delivery
- The quality of the course delivery from training providers
- The suitability of a qualification for students and whether it leads to a job
- The marketing practices of training providers
- Suspected fraud and refer to relevant authorities

The Government website on this subject says that "since July 2015, 57 registered training providers have been identified for investigation, 15 training contracts have been terminated and \$40 million earmarked for recovery."

"The 2015 Training Market Report has revealed training providers who had their contract cancelled or who did not receive a 2016 contract, accounted for half of the total decline in course enrolments last year." http://www.education.vic.gov.au/about/news/archive/Pages/newunit.aspx

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Cumulative Impact of User Pays

McAuley sees women pushed into homelessness as a result of these cumulative financial pressures – resulting in more costs at the tertiary end of service provision and a vicious circle of push back by government into further privatisation.

As more services face privatisation and elements of 'user pays' are introduced, the cumulative impact effects individuals capacity to choose service provision or to maintain their own standard of living without reliance on the welfare sector.

The above mentioned Compass Report says, "Many families are vulnerable to losing their accommodation because of poverty. In these households, the main income earner is either outside of the labour market or long-term unemployed. Other households face the risk of homelessness because of an unexpected financial crisis that results in mounting debt." (Section 1 page 1)

Further evidence can be found in a Tasmanian report on the cost of living, 'A Cost of Living Strategy for Tasmania', October 2011), which discusses the "gradual erosion of the value of the 'social wage' from a low base and exacerbated by regressive user pays polices", which, it says, are linked to government policies. In the report, Tasmanians make the points that:

- Costs are increasing at a greater rate than income for many essential services
- More and more individuals and families feel pushed to the edge and sometimes into crisis and behaviours that lower health, education and economic participation rates.
- No one seems to take responsibility or care about the daily struggles of increasing costs of living for low income households.

Specific to the Issues Paper

The Commission welcomes participants' views on how best to improve performance data and information in the human services sector.

What data is currently collected and making it available is currently an agreement between state and territory governments and the Commonwealth. As has been noted by the Royal Commission into Family Violence and the Council for Australian Governments, data sharing and availability needs to happen more effectively than is currently happening.

McAuley has several points to make: firstly, within its family violence service alone, it has to provide three sets of data collection to various government bodies. This is certainly not an efficient process and one that needs to be improved and changed; secondly, it is already difficult, especially in mental health and homelessness, to have accurate data available that will drive service development and innovation.

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For specific human services, the Commission is seeking information on the nature of service transactions based on these characteristics:

- The nature of the relationship between the service user and the provider
- Whether the service is used on a one-off, emergency or ongoing basis
- Whether the service can be provided remotely
- The extent to which services to an individual can be unbundled
- Whether there is a strong case for the provider to supply multiple services to an individual with complex needs.

The relationship between the user and the services are vital in family violence, homeless and mental health services. Building a relationship of trust is crucial particularly in highly emotional situations and with vulnerable people. While there may be plenty of advice available through both private and NFP services about medical financial and legal help but delivered in isolation from emotional support is unlikely to deliver positive outcomes for the person requiring immediate and longer-term support.

We note that the issues paper provides the example of an outreach model of service delivery in relation to homelessness and the desirability of having the same provider address other areas such as health. McAuley provides several outreach services, including Skills for Life and social connections to ensure that women who once were homelessness, who have been through the McAuley homeless program and who are now living in the community remain connected. This includes providing respite accommodation and support. In this area a relationship of trust is important.

Our McAuley Works employment program not only places women in jobs but also provides support to both the user and the employer to ensure the woman remains employed and the employer understands why she may need 'leave' or take time off to handle family violence matters. In the McAuley Works example, at the end of the 2013/14 financial year, we received a total of 201 referrals. From those;

- 134 women had found jobs
- 90 of those women were still in long-term sustainable employment
- 88 women had accessed vocational education and training programs
- 45 women were no longer receiving Cent relink payments.

= Equating to \$1million in public savings.

These gains highlight the importance of building a relationship based on trust, and show how specialist expertise which both users (woman and employer) can be drawn upon for a win-win situation. The issues paper examples highlight why our services would not be appropriate or applicable to competition. The users could choose to work with Centrelink or other employment services but without the same degree of service provision, understanding or success rate.

Further, supply does not mean that cheaper means better. The reality is that the qualifications, skills and ability of people to deliver services is crucial. In mental health family violence and homelessness, someone with lesser qualifications may be able to deliver a service at a lower price, but they may not have the skills and qualifications to address the complex care needs of clients. The issues paper does not consider this attribute.

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We do not agree with the term 'barriers' being used to describe professional qualifications in the issues paper. Professional qualifications are critical to ensure that the services are delivered by people with appropriate skills to highly vulnerable people.

We also note that the costs to service users should include a consideration of services that have not previously attracted a cost and what could happen if a cost is applied. We believe this would have a disproportionate impact on vulnerable users.

The Commission is seeking feedback on whether the factors presented in figure 2 reflect those that should be considered when identifying human services best suited to the increased application of competition, contestability and informed user choice.

Outcomes should be a standalone setting under the policy settings to achieve best outcomes. This is because of the type of outcomes measured being central to whether something is appropriate for competition.

Under User Characteristics, the issues of access are crucial, and should include ability to access.

Under Supply Characteristics, the question of is it an area likely to attract competition should be included.

Under cost to users, there should be additional questions including what does attract a cost now and what would be the impact if there is a cost.

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