



Submission to the Draft Report of the Productivity Commission
*Inquiry into Introducing Competition and Informed User Choice
into Human Services*

July 2017



Jesuit
Social Services
Building a Just Society

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Who we are

For nearly 40 years, Jesuit Social Services has worked to build a just society by advocating for social change and promoting the health and wellbeing of disadvantaged young people, families and the community.

Jesuit Social Services works where the need is greatest and where it has the capacity, experience and skills to make the most difference. Jesuit Social Services values all persons and seeks to engage with them in a respectful way, that acknowledges their experiences and skills and gives them the opportunity to harness their full potential.

We do this by working directly to address disadvantage and by influencing hearts and minds for social change. We strengthen and build respectful, constructive relationships for:

- **Effective services** – by partnering with people most in need and those who support them to address disadvantage
- **Education** – by providing access to life-long learning and development
- **Capacity building** – by refining and evaluating our practice and sharing and partnering for greater impact
- **Advocacy** – by building awareness of injustice and advocating for social change based on grounded experience and research
- **Leadership development** – by partnering across sectors to build expertise and commitment for justice.

The promotion of **education, lifelong learning and capacity building** is fundamental to all our activity. We believe this is the most effective means of helping people to reach their potential and exercise their full citizenship. This, in turn, strengthens the broader community.

Our service delivery and advocacy focuses on the following key areas:

- **Justice and crime prevention** – people involved with the justice system
- **Mental health and wellbeing** – people with multiple and complex needs and those affected by suicide, trauma and complex bereavement
- **Settlement and community building** – recently arrived immigrants and refugees and disadvantaged communities
- **Education, training and employment** – people with barriers to sustainable employment.

Our direct services and volunteer programs are located in Victoria, New South Wales and Northern Territory. In Victoria we work with people in the justice system through our Brosnan Services supporting people exiting prison and youth justice facilities. This includes the Corrections Victoria Reintegration Program in North and West Metropolitan Melbourne (Reconnect), the African Australian Community Transition (AACT) Program, Next Steps and Perry House residential programs, the Youth Justice Community Support Service, Group Conferencing and Individual Support Program.

We also provide a range of other programs in areas such as mental health and complex needs, housing, supporting migrants and refugees through settlement services, as well as providing education and training programs through Jesuit Community College.

In NSW we work with newly arrived migrants, and in Western Sydney we deliver social enterprise and other community building initiatives that provide affordable food, training and employment opportunities. In the Northern Territory we work with Aboriginal communities providing capacity building activities.

Introduction

Jesuit Social Services welcomes the opportunity to comment on the Draft Report of the Productivity Commission's *Inquiry into introducing competition and informed user choice into human services*.

We also welcome a number of the key points and findings outlined in the Draft Report; in particular, acknowledgment of:

- The significance and impact of government stewardship on human services provision, its influence on user and community outcomes, and the identification of key areas of improvement (greater coordination, enhanced transparency and better transitions).
- The need for more certainty concerning contracts and a move to more relational approaches to contract management.
- The need to engage and empower communities in decision-making.

As we have argued in [previous submissions to this Inquiry](#), simply leaving human services provision open to traditional market conditions will not automatically deliver the expected improvements in efficiency and user outcomes that the government is seeking.

In particular, funding continues to stand as a critical issue. As highlighted in Catholic Social Services Australia's¹ submission to this Inquiry, one of the most pressing needs in social services is addressing unmet demand and the inability of the vulnerable and marginalised in our communities to access the services they need. Adequate funding of social services cannot be separated from the broader question of market reform, and will have a major bearing on the success or failure of any service subjected to the application of competition policy. Fundamentally, applying competition policy principles to a market without addressing unmet demand will do little to improve the outcomes for those most in need in our communities. Investment in a productive and efficient social services system is critical for the wellbeing of all Australians, especially those facing entrenched disadvantage.

In our previous submissions we outlined a number of guiding principles, which we believe should inform any changes to human services provision. We reiterate these principles as the Commission now seeks to outline a concrete process to achieve sustainable and effective reform.

- What matters in any reform is the good of the people who are served. Financial savings and administrative simplicity are only a means to that end. Reforms may require more – rather than less – government expenditure.
- The more actively people and providers are involved in planning programs designed for their benefit, the better. This participation will work only if it is based in community and human relationships – not simply in impersonal, narrow processes of individual choice.
- The primacy given to the market requires constant evaluation and scrutiny. Market competition often reduces competition by creating economies of scale, the shaping of proposals to exclude care for people who require more intensive or complex support, and of treating people as customers rather than as people with needs. Those with more complex needs are often excluded as a result of cheaper wages and a less skilled workforce. Quality of relationship is not easily measured, but must be central in the selection of organisations to deliver services.
- People with multiple and complex needs required a coordinated approach and service providers in competition with one another can work against this.
- Choosing between services presumes a level of comprehension and cognitive capacity that people with high needs (e.g. Intellectual Disability /Acquired Brain Injury) may find challenging.

- In implementing reforms, government must maintain its responsibilities to people in need, and not transfer this responsibility to the market. In practice this means retaining and bolstering the resources for scrutinising bids, monitoring performance and undertaking effective evaluation – all underpinned by wisdom gained from engagement with people who are being supported.

This submission focuses on three of the identified areas for reform – human services in remote Indigenous communities, grant-based family and community services, and social housing.

Recommendations

Concerning **human services in remote Indigenous communities**, we call on Governments to:

- increase the proportion of service delivery carried out by Aboriginal community-controlled providers and local organisations.
- prioritise and invest in building local capacity (including leadership and community development) to enable ATSI people to inform planning and sustainably manage services offered to individuals and groups within their communities
- strengthen formal Indigenous representation in key governance roles and bodies which have a direct impact on decision making and priority setting in Indigenous communities.

Concerning **grant-based family and community services**, we call on Governments to:

- pursue a concerted effort to improve co-design and an integrated approach between government and service providers and service users
- introduce and strengthen mechanisms to facilitate meaningful engagement of service users in service design, planning, commissioning and evaluation.

To underpin reforms in **social housing**, we call on Governments to:

- invest in a diversity of housing options for people with multiple and complex needs (including increased public and community housing stock, head-leasing and housing first initiatives to assist people who face barriers entering the private rental market or accessing social housing; and expanding supported housing options for people who do not have adequate independent living skills and/or require supported living arrangements) and provide incentives for social housing providers to offer housing to complex and high support participants.
- immediately increase capital funds to develop new housing stock, along with investment for housing support to enable people to maintain their tenancy
- strengthen and make consistent financial incentives (such as increasing the allowance for tenancy management) across the public and social housing sectors to ensure that people with high support needs are not disadvantaged
- introduce specific housing initiatives for singles and young people with high and complex support needs (including experience of trauma)
- introduce and strengthen measures (such as eligibility criteria and safeguards/regulations) to protect social housing households, especially for vulnerable groups presenting with challenging behaviours
- leverage capital through partnerships with the for-profit sector based on innovative models across Australia, such as Common Ground and Grocon residential developments
- create more opportunities for tenants and community sector providers to have a voice and actively participate in the process of designing the social housing system and informing ongoing improvements

- strengthen incentives for the private sector to invest in social housing
- develop a Commonwealth Affordable/Social Housing strategy.

Human services in remote Indigenous communities

We note the Inquiry is seeking specific and detailed information on various aspects of current service provision in Indigenous communities and the way in which reform priorities may be pursued and implemented. Jesuit Social Services wishes to reiterate that while reform of service provision is in itself a positive and necessary undertaking, it is vital to look beyond the stated goals and intention of this Inquiry to once again acknowledge the underlying issue at the heart of Indigenous communities – empowering local communities and addressing entrenched disadvantage through place-based approaches.

Jesuit Social Services has recently signed on to the Aboriginal Peak Organisations Northern Territory (APONT) Principles which guide the development of partnership-centred approaches for non-Aboriginal organisations when engaging in the delivery of services to ATSI communities. As these guidelines highlight, it is imperative that ATSI people are empowered to deliver services in their communities. Government and non-ATSI organisations must walk alongside ATSI people to help them succeed.

As the Commission recognises, more effective services alone will not address the disadvantage in some remote Indigenous communities, and changes are needed to build local capacity and enable remote Indigenous communities to have control over the services they receive. In order to tackle entrenched disadvantage and improve outcomes from service provision, we believe efforts must be focused on two key areas, which are intrinsically linked:

1. A multi-layered, cooperative and coordinated strategy that is owned and driven by the community.
2. Place-based structures, plans and resources targeted to our most vulnerable communities to effectively break the web of disadvantage.

Engaging and empowering communities

As the Draft Report states, effective service provision in remote Indigenous communities requires long-term strategies that are developed to suit the circumstances and meet the needs of each community, and are developed in partnership with and owned by that community. The community voice must be central in determining outcomes, and communities must be involved across all stages of the commissioning cycle. Most importantly, effective service provision must be based on the development of strong relationships that are built through sustained, consistent partnerships over long periods of time between the community, service providers and government. Relationship-building also strengthens the capacity of service providers and government to work effectively with a community, by learning from them about their culture, language and knowledge of their people.

The most effective mechanism for improving the responsiveness of services and effectiveness of outcomes is to increase the involvement of, and control by, communities and locally-based organisations in the planning, coordination and provision of services. This involves standing alongside ATSI communities to help them make the best decisions for their community.

Jesuit Social Services would like to note that walking alongside community to strengthen their self-determination in the design, delivery and evaluation of human services may not always see human services

delivered in the most efficient way in the short term. Rather, time must be taken to grow the capacity of people in the local community so that in the long term they have the autonomy and skills to manage human services.

An example of a promising model of this nature is the Stronger Communities For Children initiative. Jesuit Social Services has been walking alongside the Santa Teresa and the Plenty Highway communities in Central Australia to deliver this place-based, long-term and evaluated program. While the model has some limitations and there is still more to learn, the early signs are encouraging in the progress with these communities.

We note the Commission has not developed specific recommendations concerning greater community engagement, but may do so in its final report. In terms of practical ways to empower communities, we call on Governments to:

- increase the proportion of service delivery carried out by Aboriginal community-controlled providers and local organisations.
- prioritise and invest in building local capacity (including leadership and community development) to enable ATSI people to inform planning and sustainably manage services offered to individuals and groups within their communities
- strengthen formal Indigenous representation in key governance roles and bodies which have a direct impact on decision making and priority setting in Indigenous communities.

Further detail about these approaches can be found in our previous submission to the Issues Paper.

Grant-based family and community services

The commissioning and delivery of human services must be underpinned by sector coordination, collaborative co-design and planning, robust government contracting and compliance processes and a commitment to evaluating and understanding community need.

Fostering collaboration and co-design

We agree with the Commission's findings that poorly designed contracting and contestability arrangements hinder the ability of providers to deliver outcomes for users, and that many users – particularly those with complex needs – interact with a range of often poorly-coordinated services. In this context we believe reform must focus on ensuring greater collaborative co-design and an integrated approach between government and service providers, one which aims to improve sector coordination, reduce fragmentation, and improve planning and design.

The transition to an integrated and collaborative approach to delivering services must occur at two levels: the strategic policy domain and the practical delivery of services. At the strategic policy level this has begun to take shape to varying degrees through increased co-design, but in order for it to be successful it must become ingrained and systematic in how the sector works. It needs to be a deliberate re-orientation led by government. Market principles have very little, if anything, to do with this aspect of reform. Increased competition and contestability may introduce more service providers, but it will not organically initiate or embed improved sector coordination or co-design. Increased coordination and co-design must be intentionally driven by an official promotion by government of the involvement of service providers at the strategic policy level in such areas as policy development, design and evaluation (in addition to their

traditional service delivery role). It must target cohorts and communities in greatest need – not just based on financial expediency.

Critically, both governments and agencies need to commit to empowering service users in the planning, design and delivery of services. This should occur through direct and indirect avenues of consultation, feedback and representation at key forums. As the ultimate recipients of services, users should be consulted on the needs and drivers of a particular service in their community, as well as the mix of intervention strategies that respond to this need.

Limits of current contract and funding arrangements

Low funding levels – along with limited and inflexible contract terms – create uncertainty for not-for-profit providers, stifle innovation within the sector, and hinder service provision and outcomes. **We agree that longer contract terms, with appropriate monitoring and safeguards, would provide more certainty for providers and service users, result in more reasonable timeframes for tendering and help reduce the burden created by the cycle of reapplying for funding.**

We do note, however, that adequate levels of funding are crucial to ensuring genuine choice (as major issues arise where resources are not available to provide genuine choices for service users²), and diverse funding streams are required to avoid disruption to users should a service or program cease or be wound back due to funding pressures.

Governments also need to stabilise the policy settings in which decisions are made and funding is allocated in a move to create continuity and a long-term economic commitment to achieving outcomes through service provision. This, coupled with greater flexibility in terms of compliance and contractual conditions, will help foster innovation and diversity of service options over time. Of course, innovation and contractual flexibility need to be framed within a context of minimum standards and an overarching outcomes framework, which in turn needs to be set and maintained. Collaboration and co-design must underpin this approach at a strategic level.

Monitoring and evaluation framework

Understanding and evaluating community need, including monitoring how current services provision is performing, is strongly supported by Jesuit Social Services. We have a tradition and commitment to evidence-based program delivery, having built up significant capabilities and expertise in this area over time. A strong evidence-base should form the basis of any policy or sector planning.

While government is well placed to lead on the development of a monitoring and evaluation framework, it should form part of co-design mechanisms so that providers have input into the design of any systematic framework. It is vital that any enforced reporting requirements do not add another layer of time and labour-intensive activity for service providers, who may need to allocate significant human and financial resources. This may impact the actual task of providing adequate services. Informal program and outcomes feedback should be considered just as useful as any systematic mechanisms, and should increasingly occur through greater interaction between government and service providers. In this regard, **the adoption of more 'relational' approaches to contract management is a recommendation we endorse.**

We welcome the Commission’s statement that the people who use the services should be at the centre of every commissioning decision — needs assessment, service system design, provider selection, contracting, monitoring and evaluation. Meaningful consultation with people with a lived experience of engaging with human services can make a vital difference to the responsiveness of these services, and provide critical insight into how to design for successful outcomes.

We call on Governments to:

- Pursue a concerted effort to improve co-design and an integrated approach between government and service providers and service users
- Introduce and strengthen mechanisms to facilitate meaningful engagement of service users in service design, planning, commissioning and evaluation.

Maintaining diversity and choice of service providers

We are concerned that the Commission recommends Governments should not discriminate on the basis of organisational type. Genuine choice is dependent on the level of control accorded to service users by both government and/or service providers and the availability of the right service types to meet users’ needs. We know from experience that real choice is often enhanced more by a smaller set of diverse service options than a nominal choice among ‘cookie cutter’ services. In an environment of increasing competition, strong performers that are small but directly tailored to the needs of the distinct groups they serve, are at risk of being pushed out by larger organisations with better brand recognition. This reduces diversity and thereby choice.

Social housing

The availability of safe, secure and stable housing is a major issue for many in our community, but particularly for people with mental illness, alcohol and drug problems, and other complex needs. The majority of social housing tenants are some of the most disadvantaged in the community, and market failure has arisen when other human services have been privatised, leading to people with complex needs falling through the cracks³.

Evidence⁴ confirms that there is a serious undersupply of social housing and affordable housing in Australia – the latest census data shows overall rates of social housing declined from 5.0% in 2006 to 4.2% in 2016 – and the high costs of housing as a proportion of household income is leading to household stress and in many cases homelessness and poverty. In this context it is critical that any reforms are accompanied by significant investment in – and maintenance of – housing stock.

Addressing the needs of vulnerable groups

We welcome the recommendation to separate the funding and commissioning of tenancy support services from tenancy management services, and ensure that tenants renting in the private market have the same access to tenancy support as those in social housing. This will help ensure that support is driven by a therapeutic and not tenancy management approach. We note, however, that this must be met by an increase in funding to address the support needs of tenants, many of whom have multiple and complex needs.

Lacking independent living skills can be a barrier to maintaining stable accommodation. For example, many young people leaving care, or young people leaving the justice system, have not yet developed the independent living skills necessary for stable accommodation. For this cohort, transitional, supported housing, with case support and after-hours workers, is central to a pathway to stable, independent living. Without intensive support to access and sustain appropriate forms of housing, those who secure accommodation will be unable to sustain it, many of these people will continue to experience homelessness or housing stress, and will have contact with other acute services in the community.

Investment is needed in housing and support packages that aim to stabilise housing and build social inclusion. Our research and experience have shown that secure and stable accommodation, coupled with assistance to sustain housing and build capabilities, can enable people with complex needs to maintain their housing and more productively participate in the community.⁵

To meet the varying needs of society's most vulnerable people, a diversity of housing options is critical. Options include transitional, supported living arrangements such as residential programs, lead tenant housing, step down models, and approaches that support individuals' entry into the private housing market through housing first models and head-leasing.^a

To underpin any reforms in social housing, we call on Governments to invest in a diversity of housing options for people with multiple and complex needs including:

- increased public and community housing stock
- head-leasing and housing first initiatives to assist people who face barriers entering the private rental market or accessing social housing
- expanding supported housing options for people who do not have adequate independent living skills and/or require supported living arrangements
- incentives for social housing providers to offer housing to complex and high support

In addition, we note the following:

- There is no recognition of declining public housing stock – the Commission's recommendations will do nothing to address this trend.
- The recommendations suggest redirecting government money to rental subsidies rather than investing in increasing the supply of affordable housing.
- Private market tenants are not on an equal footing with social housing tenants in terms of securing leases, lease tenure, standard of housing, rental increases, etc.
- Subsidised rents from CRA could have an unintended impact of increasing rents in communities.
- A 15 per cent increase in CRA is not enough, a reality compounded by low welfare payments.
- Very few social housing providers accommodate individuals or families with complex needs because their financial modelling (based on incentives in current policy settings) do not cater for people on low incomes. In this context we must introduce or strengthen incentives for public and social housing agencies to provide housing for people with multiple and complex needs. While some social housing providers have a weighting/allowance for more intensive tenancy

^a **Lead tenant** is an out-of-home care placement option providing medium-term accommodation and support to young people aged 16-18 years, who have been placed away from the care of their families by Child Protection (Source: DHHS, Victorian Government). **Head-leasing** occurs when a social housing provider leases a property from a landlord in the private rental market and then subleases it to a person requiring housing assistance. Based on the understanding that housing is a right, the **Housing First model** secures housing as a first step to addressing social issues. It is similar to a head-leasing arrangement, however the individual has no requirement to engage in support services and the housing is permanent.

management to assist people with challenging behaviour, there remains a lack of resources to manage this group (e.g. support to respond to anti-social behaviour, negotiate with other providers, etc.).

- Long term and ongoing support is required to enable community participation for people with complex needs. For this group social participation is achievable, however economic participation may not be, and therefore movement out of social or public housing is in some cases not attainable. Even so, increased social participation (underpinned by stable provision of social housing and support) has broader benefits in terms of reducing the impacts on the service system (such as less contact with the criminal justice system, emergency departments or mental health services).

We call on Governments to:

- Immediately increase capital funds to develop new housing stock, along with investment for housing support to enable people to maintain their tenancy
- Strengthen and make consistent financial incentives (such as increasing the allowance for tenancy management) across the public and social housing sectors to ensure that people with high support needs are not disadvantaged
- Introduce specific housing initiatives for singles and young people with high and complex support needs (including experience of trauma)
- Introduce and strengthen measures (such as eligibility criteria and safeguards/regulations) to protect social housing households, especially for vulnerable groups presenting with challenging behaviours
- Leverage capital through partnerships with the for-profit sector based on innovative models across Australia, such as Common Ground and Grocon residential developments
- Create more opportunities for tenants and community sector providers to have a voice and actively participate in the process of designing the social housing system and informing ongoing improvements
- Strengthen incentives for the private sector to invest in social housing
- Develop a Commonwealth Affordable/Social Housing strategy.

¹ http://www.pc.gov.au/_data/assets/pdf_file/0009/204957/sub226-human-services-identifying-reform.pdf

² Davidson, P. (2011). Did 'Work First' Work? The Role of Employment Assistance Programs in Reducing Long-Term Unemployment in Australia (1990-2008). *Australian Bulletin of Labour*, 51-96.

³ Catholic Social Services Australia submission to the Productivity Commission's 2016 Inquiry, *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform*, Preliminary Findings Report.

⁴ See for example: Anglicare Rental Affordability Snapshot 2016 <http://www.anglicare.asn.au/research-reports/the-rental-affordability-snapshot>, accessed 20th October 2016.

⁵ Johnson, G, Kuehnle, D, Parkinson, S & Tseng, Y 2012, *Meeting the Challenge? Transitions Out of Long-Term Homelessness. A Randomised Control Trial Examining the 24 Month Costs, Benefits and Social Outcomes From the Journey to Social Inclusion Pilot Program*, Sacred Heart Mission, St Kilda. Available at: https://www.sacredheartmission.org/sites/default/files/publication-documents/Meeting_the_challenge_J2SI.pdf.