

Barton Deakin Brief: Productivity Commission Preliminary Findings Report into Human Services Reform

30 September 2016

On Thursday, 22 September 2016, the Productivity Commission published the preliminary findings from “Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform” inquiry, commissioned by the Treasurer, The Hon. Scott Morrison MP in April 2016.

The purpose of the inquiry is to identify areas of the federal government’s human services portfolio such as health, education, and community services that could be reformed and improved through increased competition, contestability, and informed user choice.

Background

The Commission has been tasked with developing policy outcomes that improve on the current services within the human services sector that will generate efficiencies and ensure that such services are timely, affordable, appropriate to needs, and delivered in a cost effective manner. This was done through public consultation hearings, inviting submissions, and releasing issues papers.

The framework for assessing the suitability of services to undergo reform involves a three-step process:

1. Asking whether there is sufficient scope for changes in policy that will lead to an improvement in human services;
2. Understanding the service users, the service itself, and the supply environment, and;
3. Identifying the costs of reform to users, providers, and the government.

Key Findings of the Preliminary Report

The Commission has identified six priority areas that are suited to increased competition, contestability, and informed user choice. The Commission took into account the current state of competition, contestability, and user choice in each sector and whether outcomes could be delivered better through reforms other than changes in competition, contestability, and user choice.

The six priority areas that the Commission has identified are;

1. Social Housing Services;

The report found that of all of the social housing managed by governments, 20% are not in an acceptable condition and property underutilisation is high. Increasing funding pressures on the system and long wait times for prospective tenants have also compounded inefficiencies in the system, however limited data on ‘tenant outcomes’ constrains the government’s ability to make informed decisions about reform in the sector. The report found that community housing providers also outperform public providers on some indicators including tenant satisfaction and property maintenance. The report identifies the need to reform the supply of housing and increase housing options available for prospective



social housing tenants in order to create better social outcomes for people dependent on public housing.

2. Public Hospitals;

The report identified that contestability and user choice could place indirect pressure on hospitals to improve outcomes for patients. The report cites the use of the British model whereby patients are able to choose the hospital they attend when referred to a specialist as an effective means of encouraging greater user choice and stimulating better performance by hospitals due to public release of information on service quality. The report also identifies reform opportunities for state and territory governments to routinely renegotiate arrangements with local health networks as an effective means of increasing the contestability of services and improve service delivery as a whole.

3. Specialist Palliative Care;

Greater emphasis on user choice in palliative care arrangements is understood by the Commission to improve patient satisfaction and improve the accountability of service providers. The report identifies the need for greater data on the performance of palliative care providers and patient outcomes in order to spur innovation that would lift patient outcomes.

4. Public Dental Services;

The report identifies that one of the most salient issues in the provision of dental services is irregularity of continuing dental care particularly amongst people of low socioeconomic status which can lead to more significant and preventable health emergencies. As such the report claims that greater choice over timing and location of treatment can nudge greater usage of public dental services. The report also supports the view that bids from non-government providers could improve delivery mechanisms through greater choice and competition.

5. Services in Remote Indigenous Communities;

The report found that the current delivery of human services is insufficient for meeting the needs and preferences of Indigenous Australians living in remote communities. It suggests that place-based service models and a greater community voice in service design would lead to more responsive service delivery. The report also encourages greater government accountability for supporting the wellbeing of Indigenous Australians in remote communities in order to ensure a more effective service delivery.

6. Grant-based Family and Community Services (including alcohol and other drugs services, community-based mental health services, family support services, and out of home care, and other homelessness services).

The report encourages the Government to take a systematic approach to identifying community needs in order to select which community services are to be funded. The findings also point to the need for greater engagement with providers and users of such services at the policy design stage in order to reduce inefficiencies in the delivery stage. The report encourages the use of outcomes-based contractual arrangements in order to



incentive providers to best meet the needs of user and offer innovative solutions for service delivery.

The Productivity Commission has also strongly encouraged the use of high quality data in developing a targeted and user-orientated approach to human services delivery. Citing the effectiveness of “telehealth and telecare services” as an innovative model of service delivery, the report found that the ability to transmit an individual’s health data to remote providers in both urban and regional areas results in individual being less likely to need to physically attend a medical practice and lead to improved quality of life.

Further information

The Commission will release the final findings report in November 2016 and will accept further feedback from consultations and roundtables in regard to further opportunities for reform in particular sectors by 27 October 2016. Submissions can be lodged [here](#).

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