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**Productivity Commission public inquiry into the increased application of competition, contestability and informed user choice to human services**

Dear Mr King

In this letter Anglicare Australia is responding to this Inquiry and the recently released issues paper “Identifying sectors for reform” at the level of principles. We argue the terms of reference for this inquiry misconceives the purpose of providing human services in a country with an advanced consumer economy such as Australia, and that the case has not been made to investigate the further provision of human services through the operation of a contestable market.

We appreciate that the Inquiry has a number of stages still to go, and offer to work with Anglicare network member organisations and staff, to provide more detailed responses to any specific recommendations regarding competition and consumer choice if they emerge through the Inquiry.

**Anglicare Australia**

Anglicare Australia is a network of over 40 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian belief that every individual has intrinsic value. Our services are delivered to one in 40 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 12,000 staff and almost 7,800 volunteers work with over 930,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia, informed by research and the practical experience of the Anglicare Australia network”.

## **The value of human services**

Anglicare Australia takes as its starting point for the provision of human services a commitment to providing the essential support, and the opportunity to flourish, for all members of our society. Any delivery system for these services must focus on those broad outcomes.

We cannot look at the way we would like services to evolve, be designed and delivered without paying regard to the needs they address.

Nor, in this investigation, can we ignore the economic trends that are shaping the demand for these services:

- there is a growing inequity and inequality in Australian society
- the basic level of income support, the bottom line of Australia's safety net, is completely inadequate
- a secure home is permanently out of reach for a growing number of people
- the school system is failing disadvantaged communities and
- life expectancy is lowest and health outcomes are worst for people who are poorest.

In terms of principles then, our focus on the delivery of human services must start from an understanding and a commitment to address these inequities. We must also recognise that these inequities are growing as a result of the operations, or the "collateral damage" of a market approach to human services and social support.

And so to start an exploration about the future of human service delivery without identifying the purpose of those services – which must be to improve the wellbeing of those most in need – is to start in the wrong place.

There is a well-known joke about a drunken man looking for a coin under the streetlight. In fact he had dropped it elsewhere in the dark, but he was looking under the streetlight because it was lighter there.

Suggesting we use a contestable market in order to make the delivery of human services more effective and responsive runs a similar risk. It might be steering us away from the outcome we ought to aim for simply because it is easier to think in terms of market efficiency. And market efficiency is almost always only understood in terms of cost. The complexity and interconnectedness – for individuals, community, and the whole of society – of many human services has proved to be too challenging for market economics to properly assess.

## **The consumer**

One of the other key concepts invoked in this paper is that of the consumer. The consumer is given a lot of status and assumed power in this analysis because she or he can choose where their favour, or funding, is delivered.



There are a number of problems in thinking about human services this way. In the first instance consumers do not shape the product they consume. They simply choose between them.

The best human services are the result of co-production. They may be a part of a community endeavour or an individual relationship between the person at the heart of the service and service providers. Defining that person simply as a consumer actually takes away any expectation that they will be a partner in the design and delivery of the service. That is both disempowering and unimaginative.

Such a retail approach to consumption also works against more expansive notions of collaboration between community organisations, service providers and public institutions. We are asking the service user to select from a menu of products that may or may not build on other community or social connections; feed into the ongoing wellbeing of other people; or add to or detract from the greater good of the wider society.

The consumerist discourse gives no value to the consumer of services other than as an income stream for the service provider. It might appear to be a convenient way of evaluating the allocation of resources but it's a step in the wrong direction for a society where the human services we deliver are – or ought to be – part of a larger, shared, social project which values the people using *as highly* it does those producing the services.

Many Anglicare member organisations are looking more closely at the power of a relational approach to caring for and working with people in their communities, rather than one that is in essence transactional. That is perhaps to be expected from faith-based agencies. Such an approach is a counter balance to the dehumanising construction of service users as consumers. However, they have arrived at this perspective primarily because it is a way to focus on the high quality, and the transformational possibilities, that such services offer.

## Individual needs

The focus on individual need and capacity, which the Inquiry's terms of reference capture, is something that rings true across this whole field of endeavour. People do need to know that as individuals they are recognised, that they can connect, that they can exert influence and control over how they interact with and access the services they need. But Anglicare Australia questions the assumption that this can be delivered through a market. A consumer shapes the product only in as much as the product shapes her or him.

One of the presumptions in this Inquiry's terms of reference is that consumer choice enhances autonomy and respect. Across the Anglicare network we are coming to the view that it is, rather, the quality of the relationships, and that the notion of agency within those relationships is often more useful than that of choice.

While seeking to address these questions at a high level, Anglicare Australia acknowledges that it is not a simple black and white issue. The increased consumer choice in aged and disability care is associated with many positive outcomes. Providers in the Anglicare



network, for example, have had to change and develop their work and communication systems in order to seek out and pay attention to customer experience. While framing the service user simply as a consumer is problematic, the focus on the individual and their experience of the care and support they receive cannot be undervalued. The change in culture that this shift requires is at times profound although whether this requires a business imperative to bring it on is an open question.

It is also worth making the point – distant though it might seem to the focus of the Productivity Commission – that compassion underpins our commitment to providing the human services that can give an opportunity to all of us to flourish as active members of our society. And while the contract of consumer economics might assure people of essential services it can never require compassion from those providing the care or support.

There is a fundamental weakness in the assumption that a contestable market will provide appropriate high quality services to individuals in an efficient and accountable manner. It is that the individual needs are individual. Our needs as humans are strongly connected to meaning something to others. They are as much about caring for others as they are about being cared for ourselves. At the simplest level they are about being connected.

There is another joke that is appropriate to this discussion. A traveller asks a farmer how to get to a distant town. The farmer suggests one set of directions and then changes her mind. She half suggests another, but stops. “No” she says “if you want to go there, you wouldn’t start from here.”

## **Lessons from existing markets**

In the first instance we should bear in mind the key observation from the Harper Competition Review (which laid the groundwork for this Inquiry) that a market in human service requires equal access to the full range of contestable high quality services. Anglicare Australia sees no evidence that such a market in human services exists.

We draw attention to the newly emerging market in Consumer Directed Home Care (for the aged) and point to evidence that it serves those with good English language skills, cognition, affluence and community support much better than it does those with fewer of these “mainstream” resources. We are already investing in an approach which, by definition, will need rigorous intervention to ensure it supports those who most need support.

It is also useful to reflect briefly on the erosion of the Victorian community based care and support system as a result of the move towards a national, seamless, consistent market in Home Support and Care. The loss of community connectedness, and the splintering of social supports is creating great distress across the state. While the impact at this stage is perhaps more evident to local government and service providers than it is to the new consumers, this will become clear to them in the next few years.

The creation of a closed market in human services, under limited funding, has a particular edge. There are many difficulties emerging in the establishment of the National Disability Insurance Scheme (NDIS). In the context of this discussion, it is clear that the flexibility and



agency which the scheme offers participants will come – to some degree – at the expense of those who will not be eligible for it. In other words, creating a market designed to respond to the specific needs of people living with disability is problematic if it is constrained by inadequate funding and too narrow a focus.

It is important also to consider the role of informal family carers in this debate. The care and support people give to their family, friends and loved ones is incalculable. It truly underwrites our capacity to be an inclusive society, to the tune of \$60 billion dollars a year. The marketisation of human services in aged and disability care is robbing carers of respite and support for themselves. They can find themselves in the undesirable position of making complex decisions on care, and funding decisions that are hard to understand, all of which may come at their own expense.

Finally, one of the more profound consequences of the current market approach to the provision of human services seems to be, in effect, devaluing or eroding the basis of how paid work is valued. Driving down the cost of supply and competing on price as well as quality guarantees that either the least affluent and resilient consumers will miss out, as suggested above, or ensuring the workers they rely on need to perform a role of invented care and compassion whilst relying on insecure low paid work.

Anglicare Australia recommends that the Productivity Commission evaluate the existing “marketised” human services now before recommending any further movement down that path. The evaluation needs to be of

- the social and collective impact of these developments
- the wellbeing of service users
- the impact on people employed in these services
- efficiency in terms of government expenditure and
- viability of service providers.

## **The role of innovation and entrepreneurship**

Anglicare Australia’s response to the issues paper released by the Commission is both brief and broad. That is because it doesn’t appear that a high level analysis of the impact of this framing has been properly conducted; and that many benefits of a competitive marketised approach to service delivery are simply assumed.

That is not to say we are arguing against the adoption of materials, products, services and ideas created and developed on the business environment. Many elements of human service delivery can be (and are) open to businesses that operate in transparent contestable markets: HR systems, evaluation and quality assurance tools, ICT in general, transport, facility design and construction, the provision of consumables. It is an extensive list. It would be useful to investigate where markets in obvious areas such as this have not been established, or have not worked effectively.

There are also many areas of human endeavour where entrepreneurship and creativity provide energy and impetus for innovation which are not strictly contestable markets.



Artists, for example, while highly competitive and innovative, commonly work in partnership and collaboration with public institutions, community organisations, businesses and each other, all the while connecting with a general public. Similarly, social organisations such as the Earthworker Cooperative (where workers, small business people and members of the general public are funding the creation of low carbon work opportunities in Victoria's Latrobe Valley) demonstrate that better models of economic efficiency might arise when participants are focussed on a greater purpose or social good. These then are areas we would expect government to attend to and encourage.

There are ongoing concerns regarding the management of competitive tendering and other market mechanisms that government has pursued in funding community services in recent years. In many cases they have undermined the kind of inter-agency and cross-community collaboration and partnerships that can best make a positive collective impact.

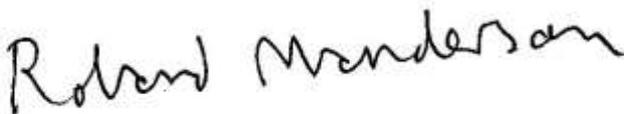
It would be neglectful of the Commission not to consider that criticism, as it looks for the potential to expand market-based competition in the delivery of human services.

## **In Conclusion**

The Anglicare network members are active in all areas relating to human services, and their delivery across Australia. We would be very happy to bring some of the key experts and people who use the services together to look at particular areas of interest to the Commission, if that would help in your work.

We look forward to responding in some more detail, drawing on that same range of inputs, to the next stage of this Inquiry.

Yours sincerely



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Simons, Kimberley & McColl Jones *Adjusting to Consumer Directed Care* The experience of Brotherhood of St Laurence community aged care service users, Brotherhood of St Laurence 2016