



A submission
from
Catholic Social Services Victoria
to the Competition Policy Review in response
to its Draft Report

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November 2014



Executive Summary

The review of competition policy needs to take into account the person- and community-focus of the social services sector, so that we as a community can continue to benefit from the engagement of the sector with those who are vulnerable and disadvantaged people.

The social services sector has been built upon a rich tradition of co-operation and collaboration. This spirit of collaboration is the wellspring of on-going innovation. The services delivered by the sector to the most vulnerable in our community are outcomes of relationships between service providers and the people they serve. While competition policy may have important insights for the community sector, hasty implementation has damaged the delivery of services and affected clients and institutions alike. Competition policy should complement not replace the way in which the sector works.

There is an urgent need to evaluate the recent experience of commissioning and tendering Government services. The focus on best outcomes for all vulnerable people demands it.

Where competition policy is introduced there is also a need to allow time and resources for institutions to adjust. Governments need to develop sector adjustment policies so that the professional capability of the sector is not jeopardised by the introduction of competition policy

In the view of Catholic Social Services Victoria, governments urgently need to go beyond theory to best practice implementation. We note the problems with this year's experience of commissioning in Victoria: and there needs to be a dispassionate look at ensuring that vulnerable communities do not lose out through re-tendering, and at the pace of adjustment and best ways of enabling the sector to adapt.

Catholic Social Services Victoria

Catholic Social Services Victoria (CSSV) is the peak body in Victoria for the Catholic social services sector. Currently, there are 53 members of CSSV, organisations delivering a variety of services in the areas of disability, juvenile justice, addiction, homelessness, crisis services and family poverty to a diverse range of clients, many facing multiple disadvantage or lifelong suffering linked to childhood trauma. CSSV's views draw upon the experience of members, who may also make submissions in their own right.

The [draft report](#) by the Competition Policy Review represents an opportunity to bring evidence to the critical task of advancing the social services sector



and harnessing its resources for better outcomes for all recipients of such services.

Need to focus on Recent Evidence

CSSV notes the Review's draft recommendation that Commonwealth, State and Territory governments jointly develop a set of policy principles. We note with interest too the discussion in Chapters 10 and 11 in relation to the following concepts:

- greater choice for clients who are capable of exercising choice, but recognition that a separate approach is required for vulnerable people limited in their ability to exercise choice effectively; and
- the importance of innovation in generating better outcomes for clients and enabling cost efficiencies.

In many areas of scope for the Competition Policy Review such as competitive neutrality, competition law and economic regulation of utilities, there is a rich body of institutional experience from which to draw upon in designing practical recommendations for incremental legislative and institutional change. In the areas of competition and choice within the social services sector, the Review's Draft Report relies more heavily on the theory of commissioning rather than the (albeit thin-on-the-ground) experience in Australia.

Commonwealth and State governments hastily implemented commissioning processes hastily over the past 18 months. In some cases, commissioning meant little more than a blunt public tendering process. For other commissioning processes the outcomes are yet to be finalised and remain uncertain

We recommend that the Competition Policy Review advise governments to tread cautiously and avoid implementation with undue and dangerous haste. Where governments have responsibly allowed some industries up to 25 years or 300 months to adjust to encroaching competitive pressures, those parts of the social services sector serving the most disadvantaged in the community were given something more like 3 months to adjust to reform in mid-2014.

Governments have failed to recognise the critical role of collaboration and co-operation in the achievement of efficiencies within the sector. ¹

¹ NFP Benchmarking Project, *Benchmarking with Benefits*, a study conducted by the Nous Group, 2014. With a greater focus on competition rather than co-operation five years ago this path-breaking study might not have got off the ground.



Critical Value of Relationships between Service Providers and Clients

It is fine to expect competition in markets for goods or professional services where the relationship between service provider and client is focused on readily identifiable product or service. Indeed mature markets exist in some social services such as health and aged care where clients armed with knowledge and financial means can exercise choice responsibly.

However, the same market conditions cannot be said to apply to the delivery of services to the most disadvantaged in our community. Many disadvantaged people are unable to equip themselves with the knowledge or financial means to make optimal market choices. Moreover, some of the most disadvantaged people in our communities survive and thrive only because of long-term relationships with dedicated and expert service providers, often particular individuals. The rapid introduction of commissioning in recent times has caused the destruction of many of these relationships.

Outcomes are much more difficult to define than in the case of many commercial or material products. In fact, the view of CSSV is that the Competition Policy Review's emphasis on the quality of outcomes almost demands preservation and increased security of relations between service providers and clients - a point completely lost in current commissioning efforts.²

Moreover, some agencies have had to scale back critically. The best professional staff naturally look around for the safest employment opportunities in a labour market in flux. The danger that good people, irreplaceable to some clients, will be lost to the sector forever is very real.

Adjustment Assistance for the Social Services Sector

There is a long tradition in industry policy as conducted by Commonwealth and State governments of ensuring the availability of financial assistance for industry adjustment where there exist externalities related to labour market dislocation or the viability of regional communities. The automotive industry, clothing, textiles and footwear, and a range of primary industries come to mind. Therefore, governments should give serious consideration to making available financial assistance to encourage responsible adjustment to new competitive paradigms in the social services sector.

² Johnson, G., Kuehnle, D., Parkinson, S., Sesa, S. & Tseng, Y. (2014) *Resolving long-term homelessness: A randomised controlled trial examining the 36 month costs, benefits and social outcomes from the Journey to Social Inclusion pilot program*. Sacred Heart Mission, St Kilda.



Urgent Need for Evaluation of Commissioning Experience

Reviews of recent experience with commissioning need to be undertaken urgently. There needs to be sufficient independence and transparency to ensure that lessons can be learned and adopted in future commissioning exercises. Governments should delay further commissioning of social services until such reviews are undertaken and their findings fully understood and been the subject of constructive dialogue between governments and the sector.

Such reviews need to take into account evidence on the experience of agencies within the sector. Some examples are set out in ATTACHMENT A to this paper.

Concluding Comment

While competition policy may have important insights for the community sector, including funding mechanisms, the sector has a long tradition of innovation, community connectedness, and value add by its capacity to harness volunteer and financial resources. The challenge for governments and the sector is how to build constructive elements of competition policy into a rich collaborative framework. The serious danger everyone must avoid is the replacement of a culture of collaboration with a market in which the complex needs of vulnerable people are met.



ATTACHMENT A

ADVERSE IMPACTS ON PROGRAMS AND AGENCIES PURSUANT TO RECOMMISSIONING OF SELECTED SOCIAL SERVICES.³

- Two **Jesuit Social Services** programs were impacted: Connexions, the state's first dual diagnosis service working exclusively with young people dealing with concurrent issues of mental illness and substance abuse and Artful Dodgers Studios, a safe space where vulnerable young people can build skills and complete training units, using music and art as the medium. The loss of Psychiatric Disability Rehabilitation and Support Services (PDRSS) funding will mean reduced access to mental health care for young people who need a 'soft entry' to services, or who need the kind of outreach and holistic support provided by Connexions.
- **St Mary's House of Welcome** is a refuge for disadvantaged people experiencing homelessness, poverty and mental health issues. St Mary's offers various programs and activities assisting people to engage in community, to feel safe and to have a point of stability in their lives. The Centre provides information, advice and referral, emergency relief, showers and meals for people in need. The programs and activities assist people to cope with life, and to develop their living skills, enabling them to participate more positively in community. The loss of PDRSS funding has significantly impacted on the capacity of St. Mary's to offer services to people with complex mental health needs.
- **McAuley Community Services for Women** provides services including crisis and longer term accommodation, employment services, social and recreational support and children's services for women and children escaping family violence as well as women who are homeless. The loss of PDRSS funding has significantly impacted on the capacity of McAuley to offer services to people with complex mental health needs.
- **Bethlehem Community** provides medium and long term accommodation and support to homeless women across Victoria. The focus is on providing a home within community, enabling the women to rebuild their lives. The funding provided through PDRSS enabled support to women living in a new development of independent living units in Thomastown.
- **CatholicCare Melbourne** lost funding for family support and counselling services in the Alcohol and Other Drug recommissioning process. The services, which focussed on the family as a powerful change agent for people with problematic substance use, did not fit easily within a service model focussed on the individual, or the changed geographical catchments
- **Centacare, Catholic Diocese of Ballarat Inc.** lost funding for its Residential Youth Program, Home –Based Residential program, Mother Child Support and Dual Diagnosis program in the recommissioning of the mental health services.

³ EXCERPT from *A response from Catholic Social Services Victoria to the Community Sector Reform Council on the 2014 recommissioning of Victorian Government services*, August 2014 http://www.css.org.au/Portals/51/Submission_SectorReformCouncil_Sept2014.pdf