

Competition Policy Review Secretariat
The Treasury
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PARKES ACT 2600

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Dear Sir/Madam,

Ref: Competition Policy Review

The Victorian Alcohol and other Drug Association welcomes the opportunity to contribute to the Draft Report of the Competition Policy Review. We note that there are a number of conflicting issues with regard to getting the balance right for competition policy and respond within our remit as peak body for the Alcohol and other Drug (AOD) Sector in Victoria, with reference to competition policy and human services as well as competition policy and how it impacts on alcohol related harms.

With regard to the latter, we endorse and concur with the recommendations outlined in the 'National Alliance for Action on Alcohol' (NAAA) and the 'Foundation on Alcohol Research and Foundation', noting the entrenched harms and ongoing burden of alcohol on Australia.

We do maintain a number of concerns regarding the impact of competition policy on human services. In preparing our response, we refer to the recent recommissioning of the adult non-residential AOD treatment sector. This process has resulted in some fundamental changes to the way the AOD treatment sector does business, with new treatment models, intake and assessment system, service catchments, service providers and a new funding model. This process, which commenced in 2011, has culminated in the operationalization of the new arrangements from 1 September 2014.

Although we acknowledge that this review does not aim to examine the adequacy of funding levels, we note that many of the principles detailed in the review are reflective of consumer choice, the separation of funders, regulators and providers, diversity in providers and stimulating innovation. A paucity of funding has impacted upon the realisation of these principles, with the enduring concern of service access nullifying many of these principles.

Broadly speaking, we are supportive of the separation of regulation, purchasing of services and delivery of services. This is not currently the case in the Victorian AOD sector, with Government purchasing services and assessing agency performance. This is particularly problematic as, with the sector being recently recommissioned, the oversight of the results of the recommissioning process is undertaken by those who facilitated the process. This lack of independence can create a fertile space for the muting of dissenting views and experiences, including access issues in some areas amounting to considerable waiting times. The circumstances have only worsened since recent recommissioning.

Consumer choice has been central in the dialogue throughout the process of recommissioning but the new system does not appear to provide strongly for consumer choice. Many consumers, who may seek

treatment may be screened out, with the new screening tool directing individuals to self-help or online assistance. In such cases, individuals seeking treatment may not be in receipt of the treatment they desire. The new regional intake system now in many instances prevents individuals from attending their preferred treatment provider for assessment. Even following an assessment, they may find that they are directed to an alternate treatment provider. In some areas, individuals will be required to travel significant distances to receive AOD treatment; this is particularly evident in rural and regional areas, where there is a paucity of residential treatment options. It is evident that a number of treatment options have been underfunded which will impact on treatment access. While consumer choice may have been introduced into particular regions through the introduction of new players which theoretically provide a choice this has in many cases been done by disheveling the pre-existing service delivery system, partnerships and client pathways that were in existence.

The review notes that there is a risk that private providers, motivated through generating a profit, 'cherry picking' lower risk consumers. The use of for profit enterprises increases the risk of seeking the quickest and cheapest means of attaining the minimum standard of service. With service sectors such as AOD, where results can be difficult to measure due to the complexity of the service users and limitations in data, there can be real risks in providers applying practices which maximise profit at the expense of outcomes; this risk is amplified through the use of private providers. We note a range of difficulties that have arisen through the UK experience of recommissioning in the AOD and other human service areas.

Although the principle of facilitating the involvement of a wide range of providers in any service sector is appropriate, there is a risk that, given the limited resourcing available for each service sector, any new provider will necessitate the removal of an older provider. With regard to the recent recommissioning, there have been a number of agencies which have built a significant profile in the community which are now not funded to provide AOD treatment. The loss of these agencies can impact upon local knowledge and the breakdown of enduring relationships between agencies and service users. This, by no means, reflects on any specific new provider, but rather highlights the risks associated with the removal of long term providers who are entrenched within their local community. Furthermore, the new providers in many cases will not only need to build relationships with service providers, but also related service systems.

With many new providers needing to establish themselves in the sector, and many service users navigating the new intake and assessment system, significant service fissures are beginning to emerge. Furthermore, from the competitive process, the relationships between many service providers has, in some cases, become fractious, an unintended consequence of recommissioning the service system. It is difficult for a regulator to measure the destabilising impact of these relational issues between service providers and related service sectors.

Although the new arrangements have only been in place for just under three months, agencies are beginning to identify areas of market failure, where the demand for specific treatment types is not met by adequate capacity due to the new funding arrangements.

We note the following key principles which are outlined in the draft report and note that with regard to the recommissioning of the AOD treatment sector, there are significant challenges in meeting these principles.

A competition policy that is 'fit for purpose':

- *focuses on making markets work in the long-term interests of consumers;*
- *fosters diversity, choice and responsiveness in government services;*
- *encourages innovation, entrepreneurship and the entry of new players;*
- *promotes efficient investment in and use of infrastructure and natural resources;*

- *includes competition laws and regulations that are clear, predictable, and reliable; and*
- *secures necessary standards of access and equity.*

It would appear that, for the AOD sector, there may be some long term adverse impact from the recommissioning, in part due to limitations in service access, in rural and regional areas particular, but also for certain treatment types for which there is a limited allotment but significant demand. It is questionable whether, in the long term, there will be a benefit for consumers.

It is difficult to establish whether the new arrangements will foster innovation in service delivery. Due to the fluidity of AOD trends and treatment demands, there is a need for constant innovation on treatment types. It is difficult to determine whether the recommissioned system will provide for innovation – competition policy within the human services must facilitate and foster innovations in service delivery.

A key theme in our submission relates to access and equity. This has been an enduring challenge for AOD treatment service delivery even with the current recommissioning seeking to establish a broader choice for consumers. It is becoming apparent that the recommissioning process has not remedied this dilemma. As a general principle, for human services, access and equity must always prioritise above competition law and the key aim of human services is providing services to those in need, not fostering profit through competition.

Yours sincerely,



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