



Public Service Research Group

Productivity Commission Submission on Reforms to Human Services

Submission to Productivity Commission on Introducing Competition and Informed Choice into Human Services by the Public Service Research Group (PSRG)

This submission is on behalf of the Public Service Research Group, University of New South Wales, Canberra.

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About the PSRG

The Public Service Research Group (PSRG) was established to partner with organisational clients to produce new insights into effective public service implementation and evaluation. We perform timely, high-quality and reliable research into public policy implementation. We bring a breadth of knowledge and a depth of experience to our work, taking an inter-disciplinary and inter-methodological approach that recognises the complexity of contexts and plurality of interests involved in any policy implementation.

Our research projects build local practice while advancing global knowledge. We enable independent practice and collaborative thinking, and provide educational activities that embed new policy and program implementation insights into practice settings. In doing so the CPSR is guided by five commitments:

- We use a recognition of the messy reality of implementation to inform our choices of different knowledge and tools to create novel insights
- We foster a holistic, system focused approach in all that we do, enabling a better understanding of the causes, rather than symptoms, of issues
- We engage in mutually beneficial relationships with partners, adopting an asset-based approach that enables the partner to achieve better outcomes and develop new capabilities
- We provide thought leadership and contribute to both local practice and global knowledge of public service delivery, implementation and evaluation
- We are professionals who deliver projects in a timely, quality and reliable manner.

Introduction

We thank you for the opportunity to provide comment on the draft report *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*. As part of our portfolio of work we have a number of research projects investigating various aspects of commissioning and stewardship within public



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services. The submission made here is based on these various research projects and the evidence we have collected nationally and internationally. Within the PSRG our focus is on the implementation of policy and the various challenges that arise when attempting to make a reality of policies and reform ambitions. Drawing on this experience we would note that while many aspects of this review are welcome in terms of their focus and direction of travel, the major challenge for governments will be in terms of their ability to implement these reforms. Several facets of what is suggested in the report are already being implemented in part in different areas of the country. The challenge for many of these experiments is in terms of the ability to deliver on these ambitions.

In the next section we make a few broad general points about the report, before focusing on commissioning family and community services and information to support patient choice and provider self-improvement.

General points

We are supportive of the idea that government should focus more centrally on users of services, although remain less convinced that the levers to do this should be through greater competition and contestability. The report notes that in the right circumstances and with careful stewardship from government, benefits of competition, choice and contestability can be realized. However, the report also notes that there are, at present, a number of limitations in terms of governments' abilities to act as system stewards. We note that this issue is not restricted to Australia. Internationally a number of different systems are grappling with this issue. We believe this indicates a real and significant need to invest in improving the capacity and capability of government agencies to act as effective stewards if these benefits are to be realized. As many of the submissions and participants illustrate, there are significant risks in driving greater levels of competition within public services, particularly for those who are most disadvantaged. Without significant investment in improving the stewardship capabilities of governments there is the potential for a number of these reforms to fail to achieve their aims and potentially have a detrimental impact on some parts of the population.

Overall these proposals suggest governments adopting a far more strategic and informed approach to their work and this is welcomed. However, we cannot underestimate the significant level of change that this will entail for both government and other key stakeholders. The change required, moreover, is not simply in terms of what government does, but involves a change to the culture of this practice. All of the evidence suggests that this takes time and involves significant investment in the capacity and capabilities of all parties involved. The report does note (pg. 67) that these reforms may involve some additional costs for government, especially in the early years of implementation. If we do not appropriately resource governments and other stakeholders to engage in this work, then the benefits identified will not be realized.



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Commissioning family and community services

The report notes that ‘many governments have endorsed ‘commissioning’ as their preferred approach to designing, delivering and improving services, and as the process through which governments implement contestability in this sector’ (pg. 202). This observation is true, although it is important to note that despite the growing popularity of this concept in Australia and internationally, we still lack a high quality evidence base that demonstrates such an approach improves outcomes for service users (1, 2). Although many of the suggestions in relation to commissioning in the report make intuitive sense, it is important to recognize that they are not supported by evidence. This does not mean that we should not embark on these reform processes, but that care needs to be taken to ensure that capacity is built to drive the reform processes and to ensure that these do not have a detrimental impact on any of the partners involved.

It is acknowledged on pg. 206 that there may not be significant scope for users to choose between these forms of providers within most family and community services. We believe that this is correct and underlines the importance of government conceiving of contestability in terms of quality of services and acceptability to users. The report goes on to argue on pg. 210 that ‘people must have choice about services and providers as much as possible’. We would contest this point. Some of our previous research suggests that what individuals and families most want is high quality services that are delivered in an appropriate and timely way (3). We believe that this should be the primary priority for family and community services, not necessarily the provision of choice across providers.

It is noted that one of the current challenges is governments being ‘risk averse’ in selection processes and contract management (pg. 209). While not disagreeing with this sentiment, we believe that more work is needed to understand why this is the case. Governments are not simply risk averse because this is a preferred way of operating, but because they are subject to particular accountability pressures that shapes this behavior. Without better understanding these issues it will be difficult to change these practices.

Actuarial/investment approaches to the targeting of scarce resources is highlighted as having significant utility on pg. 213. The suggestion is that welfare dependence can be reduced and self-sufficiency enhanced if resource allocation decisions can be prioritized and targeted effectively. We welcome investment in early intervention and support services, but believe there are some inherent risks in conceptualizing individuals and families as economic future liabilities. There is a danger that this strips away notions of citizenship, agency, and self-determination from individuals and views them only in terms of economic actors.



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DRAFT RECOMMENDATION 7.1

The Australian, State and Territory Governments should work together to develop and publish:

- Data-driven maps of existing family and community services
- Analysis of the characteristics and needs of the service user population to assist with system and program design and targeting
- Service plans to address the needs of people experiencing hardship

We welcome this recommendation and believe it is important that we have a better understanding of the existing services and how this maps against the needs of the service user population. We would stress that it is crucial in mapping the needs of the service user population that effective community engagement is undertaken and that this is given sufficient time to be effective. As the report notes, Primary Health Networks (PHN) have undertaken similar approaches in recent months, but over incredibly short timescales. This meant that substantive community engagement was not able to be undertaken and the majority of the needs assessment was therefore underpinned by analysis of secondary data (e.g. census, epidemiological data). What this means is that many PHNs have struggled to garner a clear and comprehensive sense of user needs.

DRAFT RECOMMENDATION 7.2

The Australian, State and Territory Governments should adjust provider selection processes in family and community services to reflect the importance of achieving outcomes for service users. Governments should

- Design selection criteria that focus on the ability of service providers to improve outcomes for service users
- Not discriminate on the basis of organizational type (for-profit, not-for-profit and mutual for example)
- Allow sufficient time for providers to prepare considered responses (including the development of integrated bids across related services)

We are broadly supportive of this recommendation and the idea that provider selection should be based on ability to meet user needs. As the report notes, one of the strengths of not-for-profit organisations is that they typically reinvest their profits to create additional value for particular groups or communities. As such, we believe procurement processes should take this additional value into account in generating a



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clear sense of the total value that providers accrue to the system. In addition to allowing for sufficient time for providers to prepare considered responses, governments may wish to consider investing in capacity building approaches that assist and advise smaller organizations on the variety of different potential arrangements that exist to facilitate collaborative working arrangements (4).

DRAFT RECOMMENDATION 7.3

The Australian, State and Territory Governments should prioritize the development of user-focused outcome measures for family and community services – indicators of wellbeing of people who use those services – and apply them consistently across all family and community services.

Governments should also identify outputs from family and community services that can be used as proxies for outcomes or measures of progress toward achieving outcomes.

In developing outcome measures and outputs, governments should define the indicators broadly so they can be used in provider selection, performance management and provider, program and system-level evaluations across the full range of family and community services.

We are supportive of this recommendation, although would note that this will involve a significant investment in the capacity and capability of public servants and broader partners to engage in these kinds of activities and also in accompanying data systems. We would also encourage some explicit acknowledgement being made in terms of the purpose of outcomes measurement so that all stakeholders are clear about why outcomes are being measured and what will happen to any data generated.

DRAFT RECOMMENDATION 7.4

The Australian, State and Territory Governments should improve systems for identifying the characteristics of service delivery models, service providers, programs and systems that are associated with achieving outcomes for the people who use family and community services. To achieve this, governments should

- Monitor the performance of providers of family and community services in achieving outcomes for service users
- Evaluate service providers, programs and systems in ways that are commensurate with their size and complexity
- Proactively support the sharing of data between governments and departments,



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consistent with the Commission's inquiry report *Data Availability and Use*

- Release de-identified data on family and community services to service providers and researchers
- Develop processes to disseminate the lessons of evaluations to governments and service providers.

Again, we are broadly supportive of this recommendation, although would note the significant challenge involved to support these types of reforms. We would also note a word of caution in terms of releasing de-identified data to service providers and researchers. Although we welcome this initiative, some areas of family and community services are highly sensitive so care will need to be taken to ensure that the data is truly de-identified and that individuals and families cannot be identified from this.

DRAFT RECOMMENDATION 7.5

The Australian, State and Territory Governments should set the length of family and community services contracts to allow adequate time for service providers to establish their operations, have a period of stability in service delivery and for handover before the conclusion of the contract (when a new provider is selected).

To achieve this the Australian, State and Territory Governments should

- Increase default contract lengths for family and community services to seven years
- Allow exceptions to be made, such as for program trials which could have shorter contract lengths
- Provide justification for any contracts that differ from the standard term
- Ensure contracts contain adequate safeguards to allow government to remove providers in any cases of service failure.

We are supportive of this recommendation and believe it will provide greater stability to some parts of the sector. However, for this to be effective there must be strong stewardship to ensure that there is a clear sense of the performance and effectiveness of the provider, so that any issues can be addressed in advance of a situation of service failure arising.

DRAFT RECOMMENDATION 7.6



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The Australian, State and Territory Governments should provide payments to providers for family and community services that reflect the efficient cost of service provision.

One of the challenges we face in relation to family and community services, as the report notes, is that we do not have an accurate picture of the 'true' cost of a number of these services. For many years a number of governments have actively under-funded community services, knowing that not-for-profits will make ends meet and manage to deliver the services somehow. It is therefore important that we do get a picture of the actual costs of services. However, we do not believe that commissioning decisions should only be driven by concerns relating to efficiency, but to quality outcomes. The focus should be on the value created in terms of individual and/or community outcomes and not simply efficiency.

DRAFT RECOMMENDATION 7.7

The Australian, State and Territory Governments should:

- Train staff to increase their capacity to implement outcomes-based approaches to commissioning and relational approaches to contract management
- Trial relational approaches to contract management in family and community services.

We support this recommendation although note the importance of government working collaboratively with providers to ensure that this is driven in an effective way. This will need a significant investment in the capacity and capability of many of the organizations involved and as the literature demonstrates, developing relational approaches requires significant time to be effective. In many places this will require more than 12-24 months to build to a point of maturity.

Information to support patient choice and provider self-improvement

We remain to be convinced that the introduction of greater patient choice will lead to more patient-centred provision of public hospital services and improve patient wellbeing. The international evidence suggests that although patient choice is an important consideration, it is only one part of the picture in terms of improving the quality and safety of health systems.

However, the recommendations that associate this initiative relating to the provision of information to support patient choice and provider self-improvement is highly welcomed. As the report notes, at present there is very little data available to compare providers. For improvement initiatives or for researchers seeking to compare performance across providers there is also very little publically available



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data in contrast to a number of other comparable countries. It is likely that publicly releasing data held by different governments will lead to improved performance through the ability to identify variance in performance levels. Indeed, the quality improvement literature (5, 6) demonstrates that public reporting of data can drive improvement activities. However, to do this it is important that data is up to date, complete and comparable. It is likely that significant work will need to be done to ensure that the data released is accurate and comparable across institutions. Much of the existing data that is collected by different levels of government is typically more concerned with financial indicators and other process issues than it is in terms of the quality of services that patients receive and the outcomes delivered. A significant investment will be required to ensure that this data set is useful to those seeking to make use of it.

A further important consideration in making sure this data is used by patients will be in terms of how this is presented. Significant effort will need to be invested in making sure that such data is accessible and patients are able to understand this and garner the types of information that they require from this.



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