



Community Mental Health Australia submission to the Productivity Commission inquiry into Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform – Draft Report

Introduction

CMHA would like to thank the Productivity Commission for the opportunity to provide a submission on the inquiry into Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform – Draft Report.

CMHA is a coalition of the eight state and territory peak community mental health organisations. CMHA, through its state and territory bodies, has a direct link and contact to mental health organisations delivering services at the community level. CMHA provides a unified voice for approximately 800 community-based, non-government organisations who work with mental health consumers and carers across the nation and who are members of, or affiliated with, the various coalition members.

CMHA promotes the recovery of people living with a mental health condition so that they are contributing citizens and included in all of the economic and social aspects of their community. The organisation presents a united and representative voice for the community managed mental health sector who work every day on mental health issues and have the expertise through a specialised workforce, including a peer workforce and lived experience.

CMHA has provided submissions to the Study Report and Preliminary Findings reports, and would refer the Productivity Commission to the points raised in those submissions, which remain relevant in response to the Draft Report.

CMHA would again restate the key issue in considering introducing competition and contestability is how you continue to provide a service to people with very complex cases, who in many instances will not have a decision-making capacity. The services provided will also need to be built on relationships of trust and understanding. CMHA absolutely supports informed user choice, however, with regards to competition the fundamental question that must be addressed is does competition actually provide better services.

While there is an acknowledgment that some areas of human services won't be appropriate for competition and contestability, the Final Report still doesn't address the costs and impacts that have been associated with competition and contestability in social, community and human services. There is no analysis of the adverse impacts of competitive processes, which should be included for the sectors and Productivity Commission's considerations.

CMHA's submission to the Preliminary Findings Report noted the problems that had occurred with contestability and competition in Victoria in 2013 through recommissioning a range of mental health and alcohol and drug services using a competitive tendering model. An independent review of the process found that the number of people able to access mental health and drug and alcohol services fell

by 20% and the number of people in treatment fell dramatically. Access to services for people with mental health issues was diminished, with the most disadvantaged groups being the most impacted.¹

The introduction of a 'market-making' process with Community Care reforms in the 1990's in England found the following main lessons on the operation of the market:

1. Growth in private sector provision of state-funded social services was rapid – of state-funded home-care services in 1993 5% were provided by the private sector, by 2012 this was 89% - a 55% increase in privately funded NHS care particularly in community health.
2. Introducing competition as a means of reducing costs impacts significantly on the quality of services:
 - Competition between providers to win contracts at a lowest-cost basis had driven-down quality of care to the 'minimum quality level allowed'.
3. The drive to keep costs down through competitive market pressures had led to de-regulation & casualisation of the social care workforce:
 - Workers often receive pay below the minimum wage & many operating on 'zero hours contracts'
 - Private care in a market designed to reduce costs will respond by reducing pay, limiting training while more complexity.
4. Provider failure is an inevitable consequence of any care market, with significant implications for patients, care users & their families:
 - High rate of home care closures with 1400 closing between 2003 and 2010 often with less than 4 weeks notice, which had harmful effects on residents & families.
 - Significant consolidation in social care with 20 companies owning 30% of home care.²

It should be noted that each of the four lessons from the UK experience are all concerns that have been raised by the community managed mental health sector in relation to the National Disability Insurance Scheme (NDIS) in relation to introducing a market-based approach to delivering psychosocial support services.

Social Housing

CMHA agrees that in relation to social housing there is room for improvement; potential for a greater role for not-for-profit providers; and limited choices available for social housing tenants. However, as CMHA has stated in previous submissions, the Productivity Commission must consider how services can continue to be provided to people with highly complex cases and where people won't have a decision making capacity.

The Study Report had stated that many people who enter social housing are likely to be capable of exercising choice over their housing options, and there still seems to be this implicit assumption in the

¹ Silburn, K. (2015) Recommissioning community mental health support services and alcohol and other drugs treatment services in Victoria: Report on findings from interviews with senior personnel from both sectors, August 2015. Australian Institute for Primary Care and Ageing, La Trobe University.

² Fotaki, M et al (2013) The future of the NHS? Lessons from the market in social care in England. The Centre for Health and the Public Interest: UK.

Draft Report. It must be recognised that there will also be many people in social housing who won't be able to, particularly mental health and complex mental health cases.

The Productivity Commission's proposed reforms include moving to a single model of financial assistance regardless of people living in social or private rental accommodation, to provide access to tenancy support in both social and private rental housing, and focusing social housing on people 'not well placed' to enter the private rental market. Often people in social housing – particularly public housing – will have complex issues to address, including mental illness, and may have been homeless prior to entering stable accommodation. Providing support to people regardless of where they live is a principle CMHA would support, however, there will be a range of people 'not well placed' to enter the private rental market including factors around mental health, disability, unemployment, domestic violence and other such factors, which creates significant instability and social housing, in particular public housing, will be the most stable and appropriate accommodation for them.

CMHA is concerned that the recommendations from the Productivity Commission appear to be moving into an area where the private market takes on the majority of social housing, and a model where all tenants pay regardless of their capacity to do so. The recommendation to charge market rent for tenants in social housing would preclude many people from being able to afford social housing and the Productivity Commission needs to be clear if this applies to all tenants or only those that can afford it – as is currently the case in most jurisdictions. It should only apply to people who are able to pay and recognise that this will fluctuate, otherwise people's housing will be at risk.

We know that many people with mental illness are not able to access private rental accommodation due to, for example, disclosing an illness and not being in stable employment, which would also apply to other people in vulnerable circumstances. If the private rental market is to be included then there will have to be guidelines and formal processes to protect people's rights. Again CMHA would emphasise that we are dealing with complex people often requiring intensive support, not people who will easily fit into market based housing.

Family and community services

In response to the Study Report, CMHA agreed with the Productivity Commission's findings that there was scope for improvements in arrangements for commissioning family and community services. In particular, having an approach to identifying community needs and prioritising services to achieve more equitable and efficient allocation of resources; and having systems of service delivery that are flexible and enable service providers to be responsive to users.

In relation to the Draft Report's recommendations, CMHA agrees with the principles set out in Recommendation 7.2 being that 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 organisational type (for-profit, not-for-profit and mutual for example)
- allow sufficient time for providers to prepare considered responses.

These points would improve how current processes are undertaken, including extending contracts. CMHA is however concerned with Recommendation 7.6 that the Australian, State and Territory

Governments should provide payments to providers for family and community services that reflect the efficient cost of service provision. A significant and central problem for the community managed mental health sector with the application of a market based approach through the NDIS, has been fitting complex psychosocial support into a price structure that provides a 'general' or efficient price, which has seen the sector not able to provide complex supports within this structure. The costs of service delivery are going to be different dependent on the individual and this will raise the same issues being experienced with the NDIS. CMHA would caution the Productivity Commission from taking this approach.

Services in remote Indigenous communities

CMHA is pleased to see the Productivity Commission in the Final Report acknowledge that effective service provision in remote Indigenous communities requires strategies that suit particular circumstances, builds local capacity and enables the communities themselves to influence the services they receive. As CMHA noted in the submission to the Study Report, the Productivity Commission would be better placed looking at how you can build the capacity of existing local services and develop an understanding of current services to then identify the gaps, and improve quality, equity, efficiency, accountability and responsiveness via this pathway.

CMHA agrees with the principles stated in the Draft Report that changes are needed to improve the effectiveness of services, build local capacity, and enable remote Indigenous communities to better influence the services they receive. However, the recommendations in the Draft Report seem to be focused on having processes for commissioning that are about increasing competition and not actually finding out first what the gaps are and then building on that through local communities.

Recommendations 8.3 and 8.4 refer to commissioning processes for human services that should have 'a strong focus on transferring skills and capacity to people and organisations in those communities', and that:

When selecting providers of human services in remote Indigenous communities, the Australian, State and Northern Territory Governments should take into account the attributes of providers that contribute to achieving the outcomes sought. This may include:

- culturally appropriate service provision (specific to the region where the service is being delivered)
- community engagement and governance (including through considering communities' feedback on provider performance)
- collaboration and coordination with existing service providers, and community bodies
- employment and training of local and/or Indigenous staff.

This is potentially little different to what already occurs with services applying for tenders in remote Indigenous communities. These recommendations could be interpreted very broadly and not ensure genuine co-design led by communities as, for example, stating community engagement and governance could be through 'considering' communities' feedback is not genuine and full collaboration.

CMHA would restate the points made in the Study Report submission that Aboriginal and Torres Strait Islander communities will use services they trust and know, and locally based and managed services provided by local people have the established local connections and knowledge of service systems and



client needs. Local service providers take their connections to the community seriously and the loss of locally owned and delivered service options can fracture supports and collaborative relationships. Collaboration should be about genuinely working with communities and local services to provide a service that is what the community needs. Currently the recommendations do not emphasise those key points and do not engender a new, genuine approach.