

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

### **Introduction**

Community Mental Health Australia (CMHA) thanks the Productivity Commission for the opportunity to comment on the Study Report for the inquiry.

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 around 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.

A key issue for CMHA with any reforms that impact mental health, is how the system will respond to people with psycho-social disability to assist individuals to both reduce the disabling impacts of their illness (community-based rehabilitation including intervention, prevention and promotion) and to gain high quality disability support. This also applies to introducing competition, contestability and choice in the areas the Productivity Commission has identified in particular social housing, services in remote Indigenous communities, and grant-based family and community services (which includes mental health and homelessness services).

CMHA's submission to the Study Report will focus on the findings in relation to social housing, services in remote Indigenous communities, and grant-based family and community services (which includes mental health and homelessness services). It will also reiterate points made in the submission to the Preliminary Findings Report that both the positive and negative impacts of competition and contestability must be considered, including cases in Australia where such a policy has already been applied and the resulting impacts.

### **Competition and user choice in mental health**

CMHA would like to reiterate the points made in the submission to the Preliminary Findings Report that in considering introducing competition, contestability and choice a key consideration must be 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 fundamental question that must be addressed is does competition actually provide better services.

The Study Report recognises the high barriers to access services for people with multiple needs, and that these barriers are exacerbated by navigating a complicated service system. This is why services that

work together and not in separate silos are vital, and past examples of introducing contestability and competition have led to more disjointed services. The Productivity Commission must consider this.

As per the Preliminary Findings Report, the Study Report still does not have a clear rationale for the areas for reform it has identified, in particular remote Indigenous services. It needs to build a stronger case to justify the significant expansion of competition and contestability in human services, and that competition and contestability is an effective strategy to improve the human services sector.

Again this Study Report doesn't address the costs and impacts that have been associated with competition and contestability in social, community and human services. There needs to be an analysis of the adverse impacts of competitive processes, which is included for the sector and Productivity Commission consideration.

CMHA would once again urge the Productivity Commission to undertake an examination of previous experiences in Australia where competition was introduced. As noted in CMHA's submission to the Preliminary Findings Report, in 2013 the Victorian Government recommissioned 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. The review concluded:

‘.. since the recommissioning process, vulnerable victims who were seeking help have found it more difficult to access treatment and support because the system was harder to navigate’.<sup>1</sup>

CMHA reiterates the points made in the previous submission that people with mental health issues have complex and ongoing care needs that require the right mix of services working together. Competition and contestability can exacerbate fragmentation and service silos and hinder the achievement of more integrated and joined-up services and care. Competitive processes also create a situation where service providers compete against each other rather than collaborating.

The health and wellbeing of people with mental health issues is reliant on agencies sharing information, referring clients to specialist providers, partnering for clients benefit and collaborating to meet the full range of client needs. When agencies compete for funding or for clients, collaborative and integrated service delivery suffers. As such competition may not provide the best outcomes for people with mental health issues.

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<sup>1</sup> 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.

## **Social housing**

CMHA notes the findings in the Study Report in relation to social housing and in general agrees with the points made that 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 per the comments above, 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 states that many people who enter social housing are likely to be capable of exercising choice over their housing options. 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.

CMHA acknowledges that in some instances, introducing competition and contestability and informed user choice can improve the effectiveness of human services. However, this will not happen if you do this in areas where people don't have the capacity to make an informed decision and don't have, or are not allowed access to, someone they trust to help them to make an informed choice, such as for people who are homeless. This situation has occurred in trial sites for people with a mental illness in the NDIS.

As the mental health experience with the NDIS has demonstrated, there needs to be processes in place to allow people without a decision making capacity to have assistance; there needs to be an awareness amongst services and those assessing for services about people without this capacity; and there needs to be an awareness in any policy developed that this will impact people's willingness to access services.

## **Remote Indigenous communities**

As per the Preliminary Findings Report, CMHA still believes that the Productivity Commission's rationale for including services to remote Indigenous communities for consideration is unclear. CMHA's agrees with the Productivity Commission's comments that these areas are underserved, particularly in mental health, and that there are fragmented and complex funding arrangements which create difficulties.

However, past experiences of introducing competition and contestability have generally led to more 'fly-in, fly-out' services provided by large providers without connections to communities or a commitment to continue providing a service to a community. Aboriginal and Torres Strait Islander communities will use services they trust and know – generally those provided by local councils or Aboriginal Community Controlled Health Organisations (ACCHOs). In rural areas there is often one or a small number of service providers, who are locally based and managed services provided by local people with 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.

The Productivity Commission would be better placed looking at how you can build the capacity of ACCHOs and locals services and developing an understanding of current services to then identify the gaps, and improving quality, equity, efficiency, accountability and responsiveness via this pathway.

The Study Report discusses having genuine 'co-design' with Aboriginal and Torres Strait Islander communities and CMHA would support this. However, as CMHA noted in its submission to the Preliminary Findings Report, this should be about genuinely working with communities and through ACCHO's and Aboriginal Medical Services to provide a service that is what the community needs.

One of the key points made in the Study Report is that for some services and settings, direct government provision of services will be the best way to provide a service, and that introducing competition, contestability and choice shouldn't preclude government service provision. As CMHA pointed out in the submission to the Preliminary Findings Report, there are many services in the Northern Territory provided through the Northern Territory Government Health Clinics, and often they are best placed to provide these services. It is encouraging to see the Productivity Commission recognise this as a key point and this must remain a consideration, particularly for remote settings.

#### **Grant-based family and community services**

CMHA agrees with the Productivity Commission's findings that there is 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.

CMHA would however reiterate the point made in the submission to the Preliminary Findings Report, that if there is reform applied in this sector and there are changes to the way services are commissioned by government, that it's not only based on government's taking a 'stronger stewardship role', but about developing a framework in partnership and collaboration with the sector and their representatives. It should also be about the Government's own performance and evaluating that accordingly. Genuine reform will not be the outcome if this does not occur.

CMHA is pleased to see the Productivity Commission acknowledge that service provider collaboration is an effective approach to reducing service fragmentation, and improving service quality, responsiveness and efficiency. As per CMHA's comments regarding past experiences of introducing competition, the Study Report includes commentary from other submissions regarding competition for contracts undermining collaboration. Again CMHA would urge the Productivity Commission to listen to the feedback being provided by the social services sector on the past and current impacts of competition and include a proper analysis of this in their considerations.

## Conclusion

CMHA would like to reinforce that the central consideration in introducing competition, contestability and choice in human service provision must be does this actually provide better services. The Productivity Commission states that introducing these concepts can improve the effectiveness of services and drive innovation. However, in making such statements, there must be an acknowledgment and a thorough analysis of instances where competition has not led to better services, including the Victorian example provided by CMHA in this and the submission to the Preliminary Findings Report.

As per the Preliminary Findings Report, the Study Report still does not have a clear rationale for the areas for reform it has identified, in particular remote Indigenous services. It needs to build a stronger case to justify the significant expansion of competition and contestability in human services, and that competition and contestability is an effective strategy to improve the human services sector.

CMHA reiterates the points made in the Preliminary Findings Report submission that people with mental health issues have complex and ongoing care needs that require the right mix of services working together. Competition and contestability can exacerbate fragmentation and service silos and hinder the achievement of more integrated and joined-up services and care.

The Study Report still doesn't address the costs and impacts that have been associated with competition and contestability in social, community and human services. There needs to be an analysis of the adverse impacts of competitive processes, which is included for sector and Productivity Commission consideration. CMHA would urge the Productivity Commission to listen to the feedback being provided by the social services sector on the past and current impacts of competition and include a proper analysis of this in their considerations.

The other main points from this submission are:

- The Study Report states that many people who enter social housing are likely to be capable of exercising choice over their housing options – 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.
- CMHA still believes that the Productivity Commission's rationale for including services to remote Indigenous communities for consideration is unclear. The Productivity Commission would be better placed looking at how you can build the capacity of ACCHOs and locals services and developing an understanding of current services to then identify the gaps, and improving quality, equity, efficiency, accountability and responsiveness via this pathway.
- With regards to grant-based family and community services, if there is reform applied in this sector and there are changes to the way services are commissioned by government, that it should be about developing a framework in partnership and collaboration with the sector and their representatives. This includes the Government's own performance and evaluating that accordingly.