

**Independent Review of Australia's Job Network
Submission to the Productivity Commission
From the Public Advocate in Victoria**

Introduction

The purpose of this brief submission is to raise some framework issues of relevance to people with disabilities in the context of the current review. The comments made are therefore broad in scope and of relevance to overall policy directions.

About the Public Advocate

The Public Advocate in Victoria is appointed by the Governor in Council for a period of seven years pursuant to the *Guardianship and Administration Act 1986 (Vic)*. The office represents the interests of people with a disability, aiming to promote their rights and dignity and to strengthen their position in society. It is a statutory office, independent of government and government services, and can highlight situations in which people with disabilities are exploited, neglected or abused.

The Public Advocate delegates his authority to his staff, who may be advocates, investigators or guardians. The office also coordinates the Community Visitors Program and the Independent Third Person Program in Victoria. Further material on the role of the office can be provided if required.

Characterising the current policy environment in Victoria and Australia

Over the past decade, social policy has been informed by the following key drivers:

- ***An increased emphasis on competition*** as the primary route to efficiency and effectiveness in service provision. It has been argued by state and federal governments that competition leads to lower cost and better quality services and will encourage, and result in, increased consumer choice;
- ***A reduced role for government in service delivery***. This is seen in the increased role of the market in the provision and allocation of resources (through privatisation, tendering processes and contracting out), the enhanced role of the private and non-government sectors in the provision of services and the restructuring of service delivery networks, most notably the purchaser/provider model;
- ***Increased targeting and selectivity in service provision*** as a consequence of refined, and narrowing, eligibility criteria for receipt of services.

These drivers would appear to be evident in labour market policies which have created the system of Job Network providers.

The impact of the policy environment on people with disabilities

It is difficult to assess, and be certain, of the impact of this policy environment on people with disabilities. Indeed, it is perhaps a feature of social policy in Australia, that, while significant attention is often paid to policy initiation, formulation and implementation, limited if any focus is given to the critical task of policy evaluation.

These policy directions and associated change may, in some instances, result in positive outcomes for people with disabilities. However the work of this office has identified a number of potentially negative consequences from the policy environment for people with disabilities which may well also be reflected in the Job Network system and which should be addressed in the current review. These are as follows:

- The lack of commitment to a systemic investigation of whether the use of competition leads to lower cost, better quality services for people with disabilities and to increased choices¹;
- Differential costs as a consequence of competition in social policy arenas, for example, the impacts in rural and regional areas, the impacts on those who are most vulnerable and who are unlikely to be seen as ‘productive’ in market terms²;

¹ The value of competition in the human services is contested, with a number of writers/researchers arguing that there needs to be modification in the application of competition theory – see Association of Metropolitan Authorities. 1990 *Contracts for Social Care: the local authority view*, London; Lewis, J., Bernstock, P., Bovell, V et al. 1996, The Purchaser/Provider Split in Social Care: Is it Working?, *Social Policy and Administration*, 30, 1, 1-19; Barnes, N & Dollery, B. 1997, An Economic Evaluation of Contracting Out and Competitive Tendering in Australian Local Government, *Urban Policy and Research*, 15, 2, 115-128; Commonwealth Department of Health and Family Services. 1998, *Family and Community Services: When is Competition the Answer?*, HFS Occasional Paper Series No.2, Canberra.

On **cost savings**, see Walsh, K. 1995, *Public Services and Market Mechanisms: Competition, Contracting and the New Public Management*, Macmillan, Basingstoke; Hodge, G. 1996, *Contracting out Government Services: A review of international evidence*, Montech, Melbourne.

On **quality**, see Parliament of the Commonwealth of Australia House of Representatives Standing Committee on Family and Community Affairs. 1998, *What Price Competition? A Report on the Competitive Tendering of Welfare Service Delivery*, Canberra; Hardy, B. & Wistow, G. 1998, *Securing Quality through Contracts? The Development of Quasi-markets for Social Care in Britain*, *Australian Journal of Public Administration*, 57, 2, 25-35.

On the issue of **choice**, see Nicholls, V. 1997, Contracting and the voluntary sector, *Critical Social Policy*, 51, 17, 101-114.

² See Productivity Commission. 1999, *Impact of Competition Policy Reforms on Rural and Regional Australia*, Draft report, Canberra, May.

- A focus on the economic in tender selection processes, that is, primacy given to issues of cost over quality and other evaluative criteria (such as cultural, environmental or local employment criteria);
- Challenges to the coordination of services and holistic outcomes for individuals, including increased fragmentation in service delivery, and administrative responses, which primarily protect an organisation's 'patch' or 'client base' rather than focusing on the needs of any individual;
- A decreased focus on organisational networking, information exchange and collaborative processes in an environment characterised by competition;
- The increased marginalisation of those with complex needs in the face of organisational responses which seek out the 'easier', more profitable and productive clients or which place a priority on a competitive tender in terms of price (that is, asking for less resources in a submission as there is limited or no demonstrated commitment to meeting the more demanding needs of some individuals). This raises the issue of the 'last resort' role of government;
- Decreased capacity for organisations to contribute to policy making and planning, or to critique government directions, as a consequence of the purchaser/provider split which separates service delivery from policy and planning tasks³;
- Lack of a thorough assessment of the capacity of government to create effective policies and to plan, in the absence of a direct service delivery role, given the established intersection between these activities;
- Deficiencies in contractual and tendering processes, including confusion in sub-contracting arrangements, which may impact on third party rights, and in the sphere of contract management⁴;
- Inadequate consideration, and lack of rigour, in determining the role of government in service delivery, as a consequence of the prevailing ideological context which has generally criticised and undermined this role, in part, through a 'public as inefficient' characterisation. The 'last resort' role of government in service delivery is one which should be a particular focus of attention.

It is important to acknowledge that a number of these negative outcomes may be exacerbated for people with disabilities by, in some instances, an increased need for security and consistency to maintain a sense of control over their lives, fewer personal

³ See Walsh, K. 1995, *Public Services and Market Mechanisms: Competition, Contracting and the New Public Management*, Macmillan, Basingstoke

⁴ See Domberger, S., Hensher, D & Wedde, S. 1993, Competitive Tendering Policies in the Public and Private Sectors, *Australian Journal of Public Administration*, 52, 4 (December), 401-411; Parliament of the Commonwealth of Australia House of Representatives Standing Committee on Family and Community Affairs. 1998, *What Price Competition? A Report on the Competitive Tendering of Welfare Service Delivery*, Canberra.

and financial resources compared to the general population and a heightened reliance on service providers to meet basic needs. (Note, for example, the significance in impact of a change in the staff who provide personal care or support to a person with a disability).

Concluding comments

The Public Advocate is of the view that it is difficult to assess the impacts of the policy framework underpinning the Job Network for people with disabilities as much work is still required to fully understand the implementation of market theory (or quasi market theory) in this area of social policy.

As such, the critical points raised in this submission are baldly, and at times provocatively, stated to encourage the review of extant research and the commissioning of further research to answer fundamental questions. Until such answers are forthcoming, it would seem to be precipitous to, for example, apply the purchaser-provider model to other areas of Commonwealth Government service delivery.

14 November 2001