

# Introducing competition and informed user choice into human services – response to preliminary findings report

*October 2016*



Bringing the light of Christ into communities



### About Churches of Christ

Churches of Christ in Queensland has a significant presence in Queensland, Victoria and Vanuatu with over 200 services in more than 100 communities, touching tens of thousands of lives each year.

We operate a range of missional and community care services to assist families, the elderly and people in need through church communities and our care services groups operated through Churches of Christ Care.



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## Summary and recommendations

Churches of Christ in Queensland welcomes the opportunity to provide feedback on the Productivity Commission's preliminary findings report examining competition and choice in human services. We broadly support the Productivity Commission's preliminary findings and our submission provides detailed feedback on:

- The role of government as a market steward
- User choice and empowerment in human services
- Mechanisms to increase choice, competition and supply in social housing
- Human services in remote Indigenous communities
- Possible areas for reform in grant-based family and community services

Churches of Christ in Queensland believes the ultimate goal of any reforms to human services must focus on enhancing choice and empowerment for consumers, while providing adequate regulation and protections that understand the vulnerability and risks inherent in the field. We believe one of the most important roles for government to play in human services is that of a regulator. This role must ensure people using human services are protected from exploitation and abuse, while also allowing enough flexibility and innovation to drive quality improvement.

Increasing choice in human services for people and communities is not simply about the services they can access or buy, but giving people choice in how services are designed and how they are delivered to meet their needs and goals. Increasing choice to drive greater productivity could involve co-design of government policies and programs, choices and goal setting within programs and place-based

community ownership and community control around service delivery.

We make the following recommendations for the Commission to consider:

- Targeting reforms to deliver stability to the social and affordable housing market so it can grow to increase opportunities for competition, choice and productivity.
- Establishing a framework for supporting the growth and sustainability of the community housing sector by transferring the management of stock, to be applied consistently across jurisdictions.
- Developing and supporting resident advisory groups across all social and community housing providers to deliver greater choice and service quality in housing services.
- Forming a long-term reform strategy to build the capacity of Aboriginal and Torres Strait Islander communities to manage human service delivery, giving communities' choice and control in the services that are designed to meet their needs and shape their future.

# 1. About us

## Children youth and families

Churches of Christ Care offers a broad range of services to children, youth and families throughout Queensland.

These services include early childhood care, family support, out-of-home care and transition to independence programs, with support provided based on the identified needs and interests of individuals, families, carers, and communities.

We work with over 2,600 young people, 800 families and 800 foster and kinship carers a year.

## Community housing

Churches of Christ Care is a leading provider of social and affordable community housing solutions for individuals and families facing housing stress and homelessness.

We are one of the most diverse providers in Queensland with expertise in:

- tenancy and property management
- housing support services
- community development and stakeholder engagement
- asset management
- affordable housing property development.

We are a registered tier one provider under the national regulatory system for community housing and have been delivering responsive housing outcomes for people and communities for over 35 years.

Managing a portfolio in excess of 1,200 properties, we are responsible for housing more than 3,000 people and providing homelessness advice and assistance to many more.

## Seniors and supported living

Churches of Christ Care provides a range of services for seniors including retirement living, home and community care, home maintenance and modifications programs,

and residential care in various locations across Queensland and Victoria. We provide care and assistance to over 12,000 people a year.

A number of these services can be co-located within one of Churches of Christ Care's innovative integrated communities, bringing together services to support the continuum of life on one campus.

All seniors and supported living services offer holistic client-focussed care and service.

# 2. Role of government in providing human services

Churches of Christ in Queensland supports the Commission's finding that government has a stewardship role in the delivery of human services.

Within this, we believe one of the most important role for government to play in human services is that of a regulator. This role must ensure people using human services are protected from exploitation and abuse, while also allowing flexibility and innovation to drive quality improvement. Regulation must act to provide safeguards and protections, not prescribe the details of how care is delivered, which can limit improvements in service quality and effectiveness.

To facilitate this, we believe that government should largely move away from direct service delivery to allow focus on the regulation and policy frameworks required to maximise positive outcomes for people using human services.

### 3. Understanding user choice and empowerment

Churches of Christ in Queensland believes that people and organisations delivering human services must actively empower individuals to have choice in their support and care. Reforms must:

- Appropriately understand and account for vulnerability and risk inherent in human services
- Account for individual and structural factors that influence choice and empowerment
- Allow sufficient retention of resources so organisations can cross subsidise services for more complex clients or those who need more support than is available
- Provide support and a safety net for people who cannot make their own choices
- Extend choice into how existing services are designed and delivered—particularly when resources are limited

We see enabling choice in human services as a vital aspect of increasing the control people and communities have over what happens in their lives. By building opportunities for self-determination and choice into our service delivery, we empower people to work towards their identified changes, aiming to improve physical, mental, emotional and spiritual wellbeing. We hold ourselves accountable to this principle, and demonstrate this in how

we design and deliver services that go beyond minimum quality standards.

We see the ultimate goal of any reforms to human services as focusing on enhancing choice and empowerment for consumers while providing adequate regulation and protections that understand the vulnerability and risks inherent in the human services field.

#### Vulnerability and risk in human services

We believe that any human services reforms must incorporate a strong understanding of the unique characteristics of the care transaction. These transactions are characterised by vulnerability and risk, which play out in the interactions and relationships between people receiving or purchasing care and those providing it. To some degree the risks inherent in the care relationship are mitigated by government regulation and organisational systems, but any negative outcomes are ultimately borne by the user.

People access human services when they are at a vulnerable point in their lives. They may be sick, injured, in poverty, homeless, living with a disability, cognitively impaired, or extremely socially isolated. In fact, people often experience a combination of these things when they first come to a human service organisation. In some instances, people may be mandated to access services through a court order, legislation aimed at preventing people from harming themselves, or if a child or young person is removed from the care of their family. Services are designed to move people from a point of vulnerability to independence where they no longer need support. Although, depending on a person's life circumstances and health, this is not always possible.

The vulnerability and risk within the care transaction arises from the position of relative powerlessness that people can fall into when they are in need of help and support. In many situations, people rely on

the expertise, skills and fairness of the experts, services and systems to support them. They may also rely on friends and family members to select support services on their behalf. When resources and supply of services is limited, people can become further disempowered as limited choice means they must accept whatever is available, no matter the quality or effectiveness.

Growing consumer-led movements such as consumer directed care are in part driven by a strong community reaction to this power imbalance, which has inadvertently delivered service systems that limit choice and in some instances, create institutional cultures that accept the abuse and

exploitation of people. The risk of experiencing exploitation and abuse is a potential cost to consumers of human services, and must be recognised and understood when designing safeguards for the industry.

### Factors influencing choice and empowerment

A person’s ability to be an informed and empowered consumer of human services with capacity for choice relies on a range of factors. Churches of Christ in Queensland uses the following framework for understanding factors influencing choice and empowerment in human services marketplace:

Conditions required for choice and empowerment across human services markets	
<ul style="list-style-type: none"> <li>Markets with many suppliers and multiple, flexible product offerings</li> </ul>	Structural factors
<ul style="list-style-type: none"> <li>Adequate resources to purchase or access services, either through government subsidy, organisational cross-subsidies or additional personal resources</li> </ul>	
<ul style="list-style-type: none"> <li>Access to a full range of credible information on different service types, delivery models and outcomes—this could include independent information, provider marketing and user reviews</li> </ul>	
<ul style="list-style-type: none"> <li>Cognitive ability to understand different service types, delivery models and outcomes—or a support person with this ability</li> </ul>	Individual factors
<ul style="list-style-type: none"> <li>Confidence and ability to self-advocate within service systems to ensure services are high quality and their needs are met—or have a support person with this ability</li> </ul>	

Creating a human services market capable of improving user choice must target and improve performance across all of these areas. While government reforms would, in the main, focus on the structural factors identified above, service and system design must also consider individual factors. Specifically they must consider how systems can support those who do not have support people in their lives, including those who are not of an age to make their own decisions, have limited cognitive ability or have low confidence in self-advocacy.

Attention must also be paid to structural factors that influence how resources are used to enable choice and meet service demand. Organisations, particularly charitable organisations, must be enabled to retain funds in a way that allows them to cross-subsidise services for more complex clients or those who need more support than is available. This allows existing resources to be extended in a way that provides greater access to services for people and communities. Current trends in consumer directed care which are returning residual care service funds to government are limiting capacity for this.

In areas where improvement in structural factors is limited, such as regional and remote communities where multiple suppliers are not present, resources are scarce or where target groups are specialist or small—increasing choice must be conceptualised beyond the notion of purchasing choice.

Where purchasing choice is not possible, choice should be exercised in how existing services are designed and delivered. This could involve co-design of government policies and programs, choices and goal setting within programs and place-based community ownership and community control around service delivery.

Increasing choice for people and communities in human services is not simply about what services they can access or buy, it is about giving people choice in how services are designed and how they are delivered to meet their needs and goals.

## 4. Social housing

Churches of Christ in Queensland supports the Commission's view that there is room for improvement in the current social housing system to increase user choice and productivity. Reforms must consider:

- Policy that provides greater certainty to the social and affordable housing market
- A consistent approach to transferring management of housing stock
- Choice-based allocation systems
- Increasing opportunities for choice and participation in decision-making in how social and affordable housing is managed.

We consider access to housing a basic human right and we view social and affordable housing as vital social infrastructure. Research and experience tells us that having a stable and affordable home empowers people to engage in education, participate in employment, manage their health and wellbeing, and contribute in a positive way to their community. The Commission notes that “access to high-quality human services, such as health and education, underpins

economic and social participation”<sup>1</sup>, we believe that access to affordable and appropriate secure housing underpins health and education.

We strongly support moving to a housing system that maintains people and choice at its centre. Taking a person-centred approach to housing that provides choice, stability and affordability means that people are more likely to live in a neighbourhood for longer and participate in and contribute to their community. This has a positive effect on the social capital and social cohesion of an area<sup>2</sup>, as well as enriching people’s lives by increasing their connections with others<sup>3</sup>.

We have actively promoted choice-based allocation systems that are common practice in the United Kingdom as part of our response to the *Working Together* discussion paper, released by the Queensland Government’s Department of Housing and Public Works as part of their Housing Strategy reform.

### Removing barriers – market instability

The social and affordable housing market in Australia is characterised by limited supply and ongoing policy uncertainty. With no long-term, coordinated approach to housing in Australia, a high level of market uncertainty limits the private investment interest needed to grow housing supply, increase supplier diversity and introduce choice. We believe that the current experience of the National Disability Insurance Scheme highlights how lack of

affordable and well located properties modified to meet the needs of people with a disability is a significant barrier to participation, let alone choice.

Developing a long-term policy vision that can deliver certainty and aligns housing service delivery and regulation across jurisdictions is imperative to delivering greater choice, competition and contestability in the housing market. Without this, states will continue to take different approaches, government subsidies to increase supply will remain uncertain, and people’s needs will continue to go unmet. The lack of policy leadership and coordination on this issue is contributing to:

- A shortfall of over 500,000 affordable and available rental dwellings for households in the lowest 40 per cent of incomes<sup>4</sup>.
- Over 100,000 people homeless on any given night, and more than 200,000 people each year seeking help from homelessness services<sup>5</sup>.

Until the undersupply of social and affordable housing is addressed to meet current shortfalls and projected demand, it is difficult to introduce choice under such restricted market conditions.

**Churches of Christ in Queensland recommends** the Commission considers reforms that recognise the role of government as a regulator, policy setter and enabler, for example through land release, in the housing environment. Reforms should seek to deliver stability to the social and affordable housing market so it can grow to

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<sup>1</sup> Productivity Commission. (2016). *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform*. Preliminary Findings Report: Canberra. p 2.

<sup>2</sup> Bridge. C., Whelan. S., Wood. G. and Yates. J. (2007). *How does housing assistance affect employment, health and social cohesion?* Australian Housing and Urban Research Institute: Sydney.

<sup>3</sup> Net Balance. (2011). *The social value of community housing in Australia*. Available at: <http://share.hscorp.ca/?multiverso=the-social-value-of-community-housing-in-australia>

<sup>4</sup> National Housing Supply Council (2012): State of Supply Report 2012.

<sup>5</sup> Australian Bureau of Statistics (2012): Estimating Homelessness 2011, p5

increase opportunities for competition, choice and productivity.

### **Transferring management of housing stock—possibilities and barriers**

Churches of Christ in Queensland supports the Commission's view that transferring the management of social housing to community housing providers would increase capacity in the housing supply system. This would increase competition and deliver greater user choice. This proven policy approach also builds the scale of community housing providers, allowing them to access debt financing to increase the supply of housing to meet demand. This change would also remove the conflict of interest for government, where it is a regulator, funder, policy setter and service provider.

Regulation around management transfer must also support predictable market conditions required for accessing financing. For example, this can be done by allowing flexibility around rent setting and entering into lease agreements with a minimum term of 20 years. Within this agreement there should be no scope for returning properties to government while Community Housing Providers are meeting contractual obligations.

Transferring tenancy and property management should also allow for flexible allocations and quotas with the removal of government programs. This will allow a person-centred approach to be taken with the property being redesignated as the tenant's circumstances improve without the need to actually move to a different property. For example when a person moves from transitional housing to long term housing.

Unfortunately, current program silos prevent this approach being taken and require the tenant to physically move to a different property as they transition through the housing continuum. This lack of security is

disruptive for tenants and can undo the positive community development work that has been achieved when a tenant and their children have to relocate to another community and establish new relationships, start new schools, find new employment etc. The current program approach to housing can be even more damaging for tenants that also have other issues such as mental health.

Transferring management of housing stock would also increase productivity by harnessing the additional social value community housing providers deliver, not only improving choice, but improving service quality, effectiveness and responsiveness. Community housing providers have an explicit interest and focus on using housing as a starting point to increase social and economic wellbeing for people with low to moderate incomes. This is often done through self-funded community development approaches and proactively linking with services to support people in housing.

Unfortunately, the current social housing system is susceptible to uncertainly and frequent changes to government policy direction. This erodes confidence in the sector, which is essential to attracting private investment. To achieve successful reform of the housing market that encourages growth and productivity, the understanding of social housing as an essential human service urgently requires bi-partisan support across all levels of government. Different approaches and policy directions in each jurisdiction are generally short-term and can be radically altered following a change of government. This uncertainly is stifling the delivery of social housing to not only meet current needs but to add appropriate products and choice into the market for vulnerable people who historically have had little or no choice regarding their housing outcomes.

## Strategic and financial efficiencies delivered by community housing providers

Community housing providers have a range of financial and strategic advantages over other forms of housing. They are able to access housing for people across a broad range of mechanisms; they can lease and manage government-owned properties as well as properties owned privately and by companies. As community housing organisations grow and expand their asset base, they will also be more able to access debt financing to build and own housing that is kept affordable over time. Because of their charitable status, they are also more likely to attract capital investment from corporate and individual philanthropic donors.

Community housing providers offer substantial financial and operating efficiencies. In Western Australia, research has shown that community housing provides the following cost efficiencies:

- Providing at least 10% more properties than public housing for the same capital funding
- Receiving 56% more rental income than public housing, as community housing tenants are able to access Commonwealth Rental Assistance
- Reducing average property management costs by approximately \$1,000 per property per year
- Lowering salary costs by approximately 15% through staff salary sacrificing options<sup>6</sup>.

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<sup>6</sup> Community Housing Coalition of Western Australia as cited in Net Balance. (2011). p. 7.

<sup>7</sup> Net Balance. (2011).

## Social value delivered by community housing providers

Beyond financial efficiencies, community housing providers also deliver significant social value. In 2011, Net Balance estimated the social value provided by community housing across Australia was approximately \$665 million a year<sup>7</sup>. This includes:

- Economic benefits—greater financial flexibility for low-income households who no longer experience housing stress
- Educational benefits—better educational performance for children in community housing and increased education and training opportunities for adults, improving their employment prospects
- Health benefits—improved overall health and reduced demand for health services for previous ‘heavy users’ and people with a disability<sup>8</sup>.

Social inclusion and community cohesion benefits such as increased tenant empowerment and building support networks that foster self-reliance and independent communities were also identified as a part of this study, but their value was not calculated into the total dollar value<sup>9</sup>.

This focus on communities often means that community housing providers are a very visible presence and are able to respond quickly to housing and local issues as they arise. People are also more willing to connect with community housing providers rather than government, which builds relationships that enable earlier intervention in issues that may impact tenancies. This relationship also creates opportunities for residents to volunteer with community housing organisations and engage in tenant

<sup>8</sup> Net Balance. (2011). p. 3.

<sup>9</sup> Net Balance. (2011). p. 3.

participation activities. These factors likely contribute to community housing provider's tenant satisfaction ratings, which tend to be higher than public housing<sup>10</sup>. Having housing providers that people feel comfortable approaching for help increases their access to support and improves the long-term stability of their housing. This relationship and these activities empower people living in social housing, allowing them to exercise greater choice in their housing and the decisions that affect them.

**Churches of Christ in Queensland recommends** the Commission examine a framework for supporting the growth and sustainability of the community housing sector by transferring the management of stock, to be applied consistently across jurisdictions.

### Offering people choice in housing

Churches of Christ in Queensland strongly supports the adoption of housing policies that increase opportunities for user choice, such as choice-based allocations.

In Queensland, the One Social Housing System allocates housing to people who are homeless or at risk of homelessness. This system was developed in 2006 and introduced one common housing register, common eligibility assessment and intake processes and policy structure.

Unfortunately, in its current form, the One Social Housing System can be overly complicated, with consumers often requiring significant support from housing and homelessness services to access the system. Within the current system, there is

limited capacity for people to have a sense of choice around their housing.

We support a move towards choice-based allocations, similar to the United Kingdom where concerns around unfair and overly complex allocations in social housing led to a points-based allocation system with a letting service. This was easier for people to understand and gave them more choice and involvement in selecting a new home. The research demonstrated that tenants were ready for a culture change in the way social landlords dealt with them and with prospective tenants seeking a new home. Authorities were committed to a more customer-oriented approach, and involved tenants, housing staff, councillors and local organisations in the process<sup>11</sup>.

While we support choice, greater competition and contestability, this has to be balanced to ensure that it is not cost and resource intensive, distracting from service delivery. Other options such as tenant outcomes, satisfaction levels, regulation and delivery of key performance areas, can be used to develop a contestable system. Over many years the community housing sector has built strong partnerships and alliances with other social housing providers to deliver the best outcomes possible for tenants. Competition may damage these partnerships and ultimately the quality of service delivery to tenants.

### Giving people a say in the decisions that affect them

An example of how improving user choice can drive improvements in service quality, accountability and responsiveness in social

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<sup>10</sup> Steering Committee for the Review of Government Service Provision. (2015). *Report on Government Services 2015, vol. G, Housing and homelessness*. Productivity Commission: Canberra.

<sup>11</sup> Brown. T. (2003). "Implementing a choice-based lettings system for social housing tenants". *Findings*. Joseph Rowntree Foundation: York. Available at: <https://www.jrf.org.uk/file/36808/download?token=c3P2qNO6>



housing is developing and supporting resident advisory groups.

Improving choice and achieving better social and economic outcomes relies on people having meaningful opportunities to contribute to decisions that impact their lives. This is particularly important for people who are in public and community housing. When people have a long history of renting or being in the housing and homelessness systems, they are used to having very little say about their housing. How long they can stay somewhere, how much rent they have to pay and even whether they can have a pet are things people often have little or no control over.

Creating and supporting resident advisory groups or committees in social and community housing is a powerful way of giving people back a sense of control in their housing arrangements. This approach recognises and values people's skills and resources and provides them with an opportunity to give back to their community. In their research on the social value of community housing, Net Balance found that by encouraging tenants to get involved in local housing committees, community housing builds skills and confidence that translate into enhanced participation in the wider community and the workforce<sup>12</sup>.

Churches of Christ in Queensland currently has four active Tenant Advisory Groups with more than 50 members across our

community housing services. We regularly observe positive outcomes for residents participating in these groups. These groups represent the interests of other residents, and provide important feedback and advice on our service delivery and property management practices. They are a powerful way of giving residents choice, and have driven improvements in how we deliver high quality tenant and property management services.

While community housing providers are required to develop and support these groups through the National Regulatory System for Community Housing Providers, stakeholder engagement and community development approaches are natural areas of service delivery for the community housing sector in line with their mission and objectives. This approach is generally not consistent with government-run social housing that is largely unregulated and is not driven by the mission of the organisation, the volunteer Board elected to drive this mission and the charitable and public benevolent objectives of being a community housing provider.

**Churches of Christ in Queensland recommends** all social and community housing providers develop and support resident advisory groups, to deliver greater choice and service quality in housing services.

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<sup>12</sup> Net Balance. (2011). p. 48.

## Tenant Advisory Group

Churches of Christ Care and more than 30 housing residents officially launched the first Tenant Advisory Group early in 2014.



The Tenant Advisory Group is a consultative group comprised of residents from various regions and housing programs. It is a forum for Churches of Christ Care to consult on key issues affecting tenants.

The most recent client satisfaction survey revealed that 20 per cent of residents want to get more involved in the service and the Tenant Advisory Group provides another mechanism for residents to give feedback and have a say on proposed changes or issues that affect them.

The launch of the Tenant Advisory Group is an important step forward. What better way to ensure we are providing client-focussed services than to have residents involved in planning how we do it?

It is important to ensure we remain connected with residents as our service grows and to do this, we must involve them in the planning and improvement processes.

This exciting community development initiative is a partnership effort between our Housing Services teams, our community chaplains and community housing residents. It provides opportunities for residents to engage with others, strengthen their community, and empower them with a collective voice to address issues that impact on their daily lives. This will inevitably lead to stronger, more cohesive communities.

The Tenant Advisory Group meets four times a year and alternates between regional group meetings and central full member meetings. Members also worked together to develop a Code of Conduct, which guides how members work together and engage with the service in the spirit of positive collaboration.

Tenant Advisory Group achievements:

- Resident-managed notice boards installed in unit complexes.
- Bin cleaning contracts implemented across all unit complexes.
- Key safe installation program for 50 residents.
- Development of a Social Club Resource Kit.
- Revision of Tenant News (resident newsletter).
- Full review of resident documents, including:
  - ✓ Feedback, Complaints and Appeals Brochure
  - ✓ Rent and Eligibility Information Sheet
  - ✓ Repairs and Maintenance Information Sheet
  - ✓ Maintenance Request Form
  - ✓ Repairs and Maintenance Survey
  - ✓ Rubbish Bins Information Sheet.

## 5. Human services in remote Indigenous communities

Churches of Christ in Queensland supports the Commission's preliminary findings around human services in remote Indigenous communities, particularly around increasing place-based service models and community voice in service design.

We also believe that policy mechanisms to build community management and ownership of services is vital to improving choice and empowerment in Aboriginal and Torres Strait Islander communities. However, empowering communities also requires building local capacity to run and sustain human service delivery.

Reforms in this area must consider:

- Long-term funding arrangements
- Flexible contracting arrangements that support community engagement activities
- Ability to reallocate funding between programs and departments so services are not disjointed and have the resources required to genuinely engage with communities and deliver responses in remote locations
- Policy to be co-designed in a third space—outside of government and the existing services sector.

Community development approaches are essential to empowering communities so they have choice and ownership over

services that meet their needs and determine their future. These approaches are incremental and take time, but they play an important role in bringing social and economic uplift to individuals and communities. Our experience working with Aboriginal and Torres Strait Islander communities using a community development approach has seen a number of community-led responses to significant social issues.

By participating in community development activities with local leaders we are confident meaningful change can take place within Aboriginal and Torres Strait Islander communities. By increasing capacity to own and deliver services in this way, their quality and effectiveness will be improved. The benefits for the community include increased stability and empowerment, and the ability to respond to needs locally in a culturally safe and appropriate way.

The time required to take the necessary community development approach to policy development, service design and delivery is significant. But the case for doing so is compelling as evidence points to the efficacy of this approach. Despite the timeframes required, this is achievable if a staged, long-term reform process is undertaken.

**Churches of Christ in Queensland recommends** developing a long-term reform strategy to build the capacity of Aboriginal and Torres Strait Islander communities to manage human service delivery so they have choice and control in the services that are designed to meet their needs and shape their future.

## 6. Grant-based family and community services

Churches of Christ in Queensland supports the Commission's finding that improvements in how governments select, fund, monitor and evaluate providers of family and community services could improve outcomes for service users.

Reforms in this area must shift towards an investment approach that:

- Purchases outcomes without prescribing service delivery
- Improves efficiency and effectiveness
- Encourages flexible service delivery and innovation
- Allows organisations and government regulators to participate in service design as partners
- Delivers mechanisms for collaborative approaches to address complex social problems.

Most grant-based family and community services target children, young people, adults and families who are experiencing disadvantage, often with multiple vulnerabilities occurring at once. This sector is characterised by limited resources, and while there are a number of suppliers, product and service offerings can be limited and inflexible due to constraints in how they are funded and monitored.

We have identified a range of ways choice and empowerment could be improved across the commissioning cycle. As an increase of resources available for consumers to purchase services is unlikely, alternative mechanisms for increasing user choice must be considered.

### Service design—developing outcome performance frameworks

Churches of Christ in Queensland supports the move to outcomes-based contracting and reporting, as it is aligned to the core purposes of service delivery and can add significant value to how we analyse and improve services. We also recognise that there needs to be a balance between how outcomes frameworks and output reporting are used for contracting and commissioning. As both contribute to an understanding of service delivery and efficacy.

To date, work on moving to outcomes contracting in family and community services has also shown little progress towards genuinely linking payments to outcomes. This should be examined further, as while there is a very reasonable expectation that we use outcomes data to continually improve our service delivery, this is not currently linked to a financial incentive. There have however been three social benefit bonds announced in Queensland, including one that will be delivered by Churches of Christ in Queensland. We anticipate that there will be good lessons learned in this process that will inform a shift to payment for outcomes in the family and communities space over time.

### Selecting providers and contracting

The process government uses to select providers of family and community services has been designed to create a quasi-market where competition and contestability drives improvements in service quality and effectiveness. Churches of Christ in Queensland welcomes competition and contestability when they are able to act as driving forces for improvement in our service models, quality and effectiveness as this leads to improved outcomes for people using human services. Where we have concerns regarding current commissioning processes aimed at increasing competition is where they act to limit collaborative responses to complex social issues.

There is evidence that competitive market approaches to social services only suit certain community needs and target groups. These approaches are not useful when working with communities with complex needs or addressing significant social problems such as poverty or addressing disadvantage in Indigenous communities. Achieving change in these areas requires longer-term, holistic and cooperative approaches across a broad range of systems<sup>13 14 15</sup>. These concerns have driven arguments for increasing collaborative practice across the not-for-profit sector, which have been reflected in government commissioning processes in Queensland over the past five years. This argument for practice change arises from the at times destructive consequences of marketisation on a sector that has historically valued collaborative approaches and practice<sup>16 17 18</sup>.<sup>19</sup> These outcomes have challenged the belief that a more competitive market leads to more effective and efficient social outcomes<sup>20</sup>.

### Reporting requirements and service flexibility

Wherever possible, Churches of Christ in Queensland seeks to hold contracting and reporting arrangements with government that provide flexibility to respond to changing community needs. When delivering grant-based services, we have found that the ability to create flexibility depends on

government's ability to accept changes in performance areas in one program stream for another and to move financial resources between programs. When we have worked with government to do this, we have encountered a number of barriers, just within a single government department.

We have not attempted realigning government investment to meet community need between government departments in one jurisdiction, nor have we attempted this between other levels of government. The difficulties in moving government investment between local, state and federal bodies has significant implications for how the service system can flexibly adapt to meet changing consumer needs and offer appropriate choice in design and delivery. This is particularly important when considering how place-based responses to families and communities with complex needs are designed and developed.

Reforms that create flexibility and responsiveness in these contracting arrangements would deliver significant productivity improvements, as substantial time is spent by both government and providers trying to adapt contracting arrangements to meet community need.

<sup>13</sup> Bush, R. (1992). Survival of the Nonprofit Spirit in a For-Profit World. *Nonprofit and voluntary sector quarterly*, 21(4), 391-410.

<sup>14</sup> Dart, R. (2004). Being "business-like" in a nonprofit organization: A grounded and inductive typology. *Nonprofit and voluntary sector quarterly*, 33(2).

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## Case example—contracting and reporting frameworks that allow for flexible service delivery

In one town centre in Queensland we operate foster and kinship care, residential care, supported independent living and assessment and intervention services. All of these programs have a target number of places and a single referral source—the Department of Communities, Child Safety and Disability Services. Sometimes, the need for foster care places is higher than residential care places, and at other times the need for supported independent living places is higher than the need for residential care places. This means there are times when our performance outputs are low and we may generate surpluses in one area, while exceeding our outputs and budgeted costs in another. Currently our performance and financial reporting is done for each discrete program, with limited opportunity to examine and report against the services being provided in the region as a whole.

If we were able to move to a single contract with a single funding schedule for services in that area, we would have more freedom to tailor our service mix to meet community needs. This would also reduce our reporting time, as we would only have to input data for one area, instead of inputting data for four individual programs within one area. This would also reduce the time spent responding to non-compliances when our output levels vary based on community need. While we have been able to work with regional offices in the past to get flexibility around moving funding between programs, we have never been able to have this formalised into a single service agreement.

We are committed to working with our regional offices to find solutions within our contracting and reporting frameworks that allow for flexible, place-based service delivery. However, the appetite to experiment with contracts and reporting to enhance flexibility is not consistent across all regions or between regions and central office. This variability reflects differing attitudes towards contracts, flexibility and risk across departmental offices—both across regions, and between regions and central office. In some instances, work done at a regional level to build flexible arrangements has been stalled by inconsistent advice across regions or by central office not allowing changes to contracting arrangements.

### Performance benchmarking

Churches of Christ in Queensland supports any steps to provide regular program level performance metrics based on the data submitted by organisations. Releasing this data would allow us to benchmark our effectiveness and efficiency against other like organisations and support us to plan our services. Transparency around program performance also provides a broader opportunity to engage service providers in open discussions on the effectiveness of the service system.

When public performance data is outcomes focused, it can also support an environment

of reflective and collegial competition—prompting services to work together to improve performance where it might be lagging or identifying structural barriers that may be limiting the effectiveness of an intervention.

We do have concerns around how increasing competition and contestability across grant-based services may impact the willingness of organisations to share data and information publically. The need to balance intellectual property rights and sharing practice approaches to improve outcomes for people must be considered as

moves are made to increase contestability in family and community services.

Further work must also be done around safeguarding intellectual property rights of organisations, as government contracts frequently claim these from service providers.

### Retaining surpluses

Government's frequently hold a policy of reclaiming surpluses from service providers or withholding these amounts from their next payments. In Queensland, we are generally able to roll forward surpluses up to the equivalent of one month's funding plus \$5,000, but anything over this requires us to undergo a negotiation process every quarter. This process carries no guarantees that we will be able to carry funds over or apply them to another activity that would enhance our service delivery.

While reporting on surpluses adds value for government, the processes to decide if they can be carried over or handed back are time consuming and act as a disincentive for improving service efficiency and effectiveness. This also limits the resources available to engage in research, innovation and other activities to improve service outcomes.

Churches of Christ in Queensland believes the government should work with a provider and agree on a price for service delivery, and not require organisations to report on and return operating surpluses. If, as a purchaser, the government is not satisfied with the quality or outcomes of the services being provided, this should trigger a renegotiation.

Government policy around the treatment of surpluses reflects a tendency of some parts of government to treat community service providers as an extension of government, rather than independent organisations contracted to provide a service or product. The practice of reclaiming surpluses is not applied when the government contracts

private companies to provide infrastructure or services, and should not be applied to human service providers.

## 7. Concluding comments

There are a number of opportunities to improve productivity in human services, while also increasing choice and empowerment.

In some areas, such as social housing, choice and empowerment can be improved through structural changes that allow other providers to manage housing and increase choice over properties.

In areas such as grant-based family and community services, there is scope to improve productivity and choice through changes in government practice that encourage co-design and contract flexibility.

Churches of Christ in Queensland looks forward to the next phase of the Commission's inquiry and further contributing to reforms seeking to actively empower people to have choice around their support and care, while providing appropriate safeguards.