

ACOSS Response to Productivity Commission Preliminary Findings Report

Introducing Competition and Informed User Choice
into Human Services: Identifying sectors for reform



Introduction

ACOSS welcomes this opportunity to respond to the Productivity Commission's preliminary findings report, *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform* (Preliminary Report). ACOSS is the peak body for the social service sector and a national voice for people affected by poverty and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life.

ACOSS has major reservations about pursuing reform of human services with an agenda of promoting more competition as a starting point. As is true for many areas of human service delivery, each of the six sectors identified by the Productivity Commission as priorities for reform provide services to people who are vulnerable or disadvantaged or to children. In addition, each of the sectors is defined by very constrained supply, primarily due to inadequate government funding. The risk is that the current focus on competition will obscure the lack of adequate funding for services, particularly given it is unlikely that, implemented in isolation, competition reform will address funding inadequacy or accessibility issues. It is important that both the Commission and the Government proceed with caution in this area given the high stakes and the vulnerability of users.

ACOSS' response to assumptions within the report

As noted in the Preliminary Report, the Productivity Commission has been asked to examine whether the efficiency and effectiveness of human services could be improved by introducing greater competition, contestability and informed user choice. While not providing formal definitions for these terms, the Productivity Commission makes explicit a number of assumptions on which its findings are predicated. It assumes that:

- **Informed user choice** puts users at the heart of service delivery. With some exceptions, the user of the service is best-placed to make choices about the services that match their needs and preferences. Putting this power into their hands lets individuals exercise greater control over their own lives and can generate incentives for service providers to be more responsive to users' needs.



- **Competition** between multiple service providers for the custom of users can drive innovation and efficiencies. Where competition between multiple service providers is not possible or desirable, governments can seek to mimic competitive pressures through ‘contestable arrangements’ to select providers.
- **A contestable market** with the credible threat of replacement can enable better performing service providers to expand their service offering and keep present providers on their toes.

ACOSS agrees that in all the case study areas identified by the Productivity Commission, there is room for significant improvement in the design, funding and delivery of services and we are interested in working with Government, the Productivity Commission and others to develop reform proposals, which will improve the effectiveness and efficiency of human service delivery. However, we are concerned that the sectors the Productivity Commission has identified as potential priorities for reform are largely accessed by people experiencing high levels of vulnerability or disadvantage. We also question the Productivity Commission’s assumptions about the merits of competition policy in the context of human service delivery, particularly in areas where services are intended to assist people who are vulnerable or disadvantaged. We base our concerns with these assumptions on the following grounds:

- ‘User choice’ depends on people having the information, capacity and time to make an informed choice about services. The human services context presents particular challenges in ensuring that people are able to exercise genuine choice with respect to both who provides the service and the kinds of services provided, particularly in situations of serious disadvantage or crisis.
- Competitive approaches often fail to deliver increased choice between providers or service offerings. In recent examples competition has led to a reduction in service providers (for example, mental health reform led to a reduction from 110 to 24 service providers), or a convergence of service types and flexibility towards a low-cost, low-quality model (as has happened as a result of reform to employment services), thereby actually reducing choice and flexibility. As demonstrated by the experiences in the Vocational Education and Training (VET) and employment services sectors, competition does not necessarily equate with improved service quality. In the absence of quality, user choice is meaningless.
- Competition increases the risks of highly vulnerable clients ‘falling through the cracks’ due to the onus on the individual to navigate the market, and the fact that incentives are generally insufficient to engender sustained provider engagement with service users with complex needs.



- Consumer control or agency over the design and delivery of services can be more important than choice in ensuring access to high quality and effective services. This can be delivered in ways apart from competitive approaches.
- The provision of universal access to services – a core part of many areas of human services – depends on government involvement to ensure there is adequate service coverage across the community, particularly in regional and remote areas ('thin markets'). There is a real risk that the further expansion of competition policy in human services would further reduce access to critical services in already under-served communities. This is most clearly demonstrated by the chronic lack of affordable dental services in regional and remote areas, a sector which is typified by high levels of private provision (with 84% of dental services nationally provided privately) and inadequate government funding for public services.
- The primary purpose of human service delivery is to reduce social disadvantage and not to enable for-profit or not-for-profit providers to 'expand their service offering'. Systemic advocacy of social and economic policies that reduce structural inequality, which tends to be undertaken by mission-driven, not-for-profit civil society organisations, is an essential part of this. However, the experience of reform in human services to date suggests that competition tends to have a silencing and chilling effect on critical advocacy about systemic disadvantage and existing funding arrangements. The lack of an advocacy focus may lead governments to preference for-profit providers even where the service offering is poorer.
- Competition and competitive tendering processes are often burdensome for community organisations and do not respond to the reality and practice of human services work. They structure competition into relationships which ought otherwise to be collaborative. They are also not always effective at delivering the outcomes required, because they focus on risk minimisation rather than supporting innovative and contemporary service models.
- Service providers do not have an equal ability to compete – proving yourself in the marketplace is resource intensive and requires data collection, evaluation, analysis, promotion of services offered, demonstrating value etc. This may cause some organisations to withdraw from the market – for reasons not related to the quality of the service provided.
- Competitive tendering can compromise the sector's diversity and effectiveness through its tendency to advantage larger, 'preferred' and, increasingly for-profit providers, which may not be able to deliver better outcomes for people and communities.



General principles articulated in ACOSS' initial submission

In our initial submission to the Productivity Commission's Human Services inquiry, ACOSS expressed a number of concerns about the impacts of competition reform on people experiencing poverty and inequality and the community organisations that support them; and the extent to which competition may undermine core principles and preconditions for the effective and efficient delivery of human services.

In reviewing the Preliminary Report, ACOSS remains concerned that in approaching the task of human services reform, the Productivity Commission continues to ask the wrong questions in the wrong order. For ACOSS, the preliminary question is how can we improve the effectiveness of the system to deliver improved service quality, affordability, coverage, flexibility and responsiveness to local need and, as a result, people's lives? Instead, by requiring the Productivity Commission to identify what sectors within human services would benefit from the implementation or further expansion of competition policy, the Inquiry's terms of reference presuppose that competition policy is both a goal of reform as well as the optimal way to improve the effectiveness of human service delivery.

Different aspects of competition policy have been implemented over the past twenty years across various sectors within human services, from employment services, VET and child care to aged care and now in disability services. In considering both the primary objective for further reform and the most effective way to achieve it, we must look at the evidence of the impact of recent reforms and learn from these experiences. To that end, ACOSS and CHOICE have jointly commissioned research to examine the outcomes achieved as a result of the implementation of competition policy in three sectors: employment services, Vocational Education and Training (VET) and residential aged care. Preliminary findings from this research suggests that in many instances, competition policy has led to poorer outcomes for people and reduced efficiency. Common themes emerging from the research include the risk of:

- **Increasing costs for governments and consumers:** VET fees increased from an average of \$4060 in 2009 to \$14,108 in 2015, with an associated increase in the cost of student loans to government; in the aged care sector accommodation bonds charged by providers have increased from \$232,000 in 08/9 to \$381,000 in 14/15; the cost blow outs for consumers in the child care sector as a result of deregulation are also well documented. While a combination of factors, including competition policy, may have impacted on these cost increases, this experience does not support the proposition that competition will deliver reduced costs for consumers and improved affordability. Indeed, to date, the Reports have not presented a clear case in any context where service outcomes for people have been increased and service costs have been reduced.



- **Reduced service quality, particularly where government regulation has not been robust:** For example, many VET courses are now offered 100% online with low course hours and Registered Training Organisations (RTOs) responsible for assessing eligibility for course and student performance; in the aged care sector, the decoupling of government subsidies from the number of nurses employed has led to a decline in the number of registered nurses employed in the sector, and an increase in the number of low-skilled, lower-paid staff who are asked to work outside their expertise; in employment services, expert evidence provided to ACOSS suggests that caseloads per employment coordinator have doubled in the past 20 years, with some coordinators managing up to 200 people who are unemployed.
- **Services not meeting needs:** Reforms have not ensured that employment services provide an effective pathway to employment for the most disadvantaged people; or that child care is available (or affordable) where there is a need; or improved the capacity of aged care services to meet the needs of people who require specialised care, including dementia and palliative care due to reduced numbers of suitably qualified staff, or to provide adequate service coverage in rural and remote areas (particularly in home care) because the largest providers tend to concentrate their operations in urban areas, where they can charge higher fees to higher wealth consumers.
- **Loss of service diversity and localisation:** Smaller, place-based organisations are often unable to compete with larger organisations in contestable tender processes, which can be both time and resource intensive.
- **Convergence around a similar, low cost, low quality service model, which effectively undermines the reality of choice for people accessing services:** This has been particularly evident in the employment services sector, where competition reforms implemented since 2002 have resulted in shift away from education and training towards low cost support for job seekers; and a service system that is less flexible and not innovative, regardless of whether services are delivered by not-for-profit or for-profit providers; in the aged care sector, despite providers increasing their profit margins per resident per year from \$9,224 in 2013-14 to \$10,222 in 2014-15, there is evidence that some providers spend an average of \$10.08 per resident per day on food, ration sanitary pads to three per day, limit day trips, and put residents to bed at 5pm to reduce the need for night staff.
- **Risk of predatory behaviour and misleading marketing:** The Productivity Commission is already aware of the experience within the VET sector, where the practices of unscrupulous and poorly regulated RTOs and brokers resulted in high levels of student debt being accrued for virtually worthless



qualifications, largely by students from disadvantaged backgrounds. This is a serious risk in other areas of human service delivery.

- **Poorer outcomes for users:** For example, completion rates for VET courses have fallen and employment outcomes for job-seekers through the employment services system have been consistently poor. For example under the Job Services Australia model, in 2015 only 15.7% of people who accessed employment services were in full-time employment three months after participating in the program; for people who had been unemployed for more than 36 months, the figure was just 5.3%.
- **The risks of enterprise failure are much greater than in other markets and need to be carefully managed:** Service continuity is vital, particularly for people who are vulnerable or experiencing disadvantage and rely on a service to meet their needs. We cannot simply 'leave it to the market'.
- Finally, it is very difficult to overcome **information asymmetries between consumers and services providers**, and requires significant resources to do this effectively: even when done well, power asymmetries can undermine the reality of 'choice'.

In light of these findings, ACOSS reiterates the following key principles articulated in its initial submission to the Inquiry as fundamental preconditions to human services reform:

1. **Effective human service delivery must be the primary objective for reform**
People have a right to high quality human services wherever they live and whatever their income. High quality and efficient services that respond to people's needs must be the key aim of any reform to the human services sector.
2. **Competition cannot be assumed to improve service quality**
It cannot be assumed that competition will improve the quality of service delivery or efficiency and cost-effectiveness. Any reform must be trialled and evaluated before being broadly implemented to avoid seeing the type of market failures and perverse outcomes we have seen in past attempts at competition.
3. **Universality and equity of access to essential services**
There must be universal access to essential services and avoidance of two-tiered systems of service provision based on income and other resources. ACOSS supports universal service guarantees to ensure all people in Australia have access to essential services, regardless of their income or where they live.



4. Affordability

Human services must be affordable to all who require them and free for those who cannot afford to pay.

5. User control and service flexibility to individual need should be maximised

People must have control over the services they receive to ensure that services are tailored to individual need and services are responsive to people and communities. Competition is not a precondition to increased control.

6. The uniqueness of human services must be recognised, as well as the strengths of community-based, not-for-profit providers

There must be recognition of the unique nature of human services, particularly its role in building social capital in communities across Australia. The capacity of human services to foster cooperation and collaboration, diversity in service delivery, and involvement of not-for-profit organisations should be considered a great strength and something that is nurtured. While competition is not a bad thing in and of itself, there is substantial risk that these strengths could be lost if competition policy is poorly implemented.

7. Individual and systemic advocacy must be supported and resources

People must be enabled to exercise choice and control with the assistance of advocacy services. Systemic advocacy is essential to improving overall service delivery and policy settlements governing human service delivery and the underlying structural inequities that contribute to demand for services.

8. Reform should facilitate cooperation and responsiveness to people and communities

Cooperation between providers must be facilitated in order to respond effectively to people who access services and their communities. Community development must also be fostered. Competition in human services can work against these principles and thus fail to service communities' interests.

9. Services should be delivered cost-effectively

Human services must be cost-effective, but this does not mean they should be provided at the lowest price. Services must aim to achieve the best outcomes for the funding they receive.

10. Accountability to the community and Parliament

There must be transparency in service provision and government and the community should know what services are being provided by the non-government providers they fund, as well as their impact. Services must be accountable to Parliament and funding should have a legislative basis.



Sectors identified as priorities for reform

As noted above, ACOSS is in the process of completing independent analysis of the outcomes achieved by the introduction of competition policy in human services and will provide further views regarding the extent to which these areas are indeed suitable for enhancing competition at all, or whether an alternative process is required. For example, in the community services area, ACOSS has consistently argued that as a first priority, the Government should work collaboratively with the community to comprehensively map service needs and determine how best to meet them. Such an exercise should incorporate the specific and varied contribution of community service organisations beyond service delivery, including policy advice, representation and advocacy. In addition, we continue to argue for support for institutional capacity for the voices of Aboriginal and Torres Strait Islander communities to be heard in policy processes and national decision-making. As such, the remainder of this submission, comprises ACOSS' initial response to the Productivity Commission's preliminary findings with respect to five of the six areas identified for reform.

Social Housing

With respect to social housing, the Productivity Commission finds that introducing greater competition, contestability and user choice could improve the effectiveness of the social housing system, particularly with respect to reducing long waiting lists, addressing the underutilisation of properties, and improving property maintenance standards. The bases on which these findings include that community housing providers slightly outperform government on some indicators, including tenant satisfaction and underutilisation.

In general, the issues identified by the Productivity Commission capture some of the key challenges faced by the social housing sector but with inadequate emphasis on severely constrained supply as the context within which the market operates, a factor which inevitably constrains competition and choice. The report also fails to adequately address the impacts of tax distortions (including negative gearing and capital gains tax concessions), which further constrain the broader private rental market by driving particular types of investment behaviour that are not conducive to increasing the supply of affordable housing stock.

The Preliminary Report notes that absent other reforms, supply constraints would likely reduce any gains to tenants arising from expanded user choice. Further, it is unlikely that the expansion of competition policy in the social housing sector would, on its own, address these supply constraints, which are largely driven by inadequate government funding and tax settings that fail to incentivise investment in affordable housing, particularly in the private rental market. The role and effectiveness of Commonwealth Rent Assistance in enabling genuine consumer choice and equitably assisting people experiencing poverty and disadvantage to secure affordable, long-term housing in the private rental market must also be urgently addressed. As such,



any reform to the way in which social housing services are provided which does not address inequities within the broader housing market, inevitably runs the risk of leaving already disadvantaged tenants worse off and exacerbating inequities within the current system.

The reform directions signalled in the Preliminary Report raise complex issues with much at stake for some very vulnerable cohorts and must be approached cautiously, with a commitment to ensuring that tenants with very low incomes or high levels of disadvantage or other vulnerabilities are not worse off as a result of reforms, while delivering greater equity between tenants in the same circumstances but currently receiving different levels of subsidy (for example, very low income tenants in the private rental market compared with those in public housing). It will be important to ensure that reforms to waitlisting policies, for example, are not pursued as a distraction from the bigger issues around the lack of investment in affordable supply.

Family and Community Services

ACOSS welcomes the Preliminary Report's focus on improving the way Governments commission human services, including through better service design, greater engagement with service users and better use of data, rather than the further expansion of contestability or competition in this area. However, we would question the extent to which the reforms contemplated by the Productivity Commission comprise 'competition' or need to be pursued within this framework. For example, while ACOSS has long agreed that a shift towards funding and reporting on outcomes would be beneficial and advantageous, there is little evidence that competition policy, in any of the forms it is contemplated by the inquiry, can deliver this reform.

Despite a shared vision regarding the benefits of outcomes-based funding, there are significant complexities involved in making this shift within a human service context. This is due in large part to the fact that in this sphere outcomes are much more difficult to measure than, for example, in the business sector where profit and financial return on investment are the key indicators of success. One significant obstacle that needs to be overcome in the shift towards outcomes-based funding and reporting is short-term funding contracts which create barriers to moving towards early intervention and prevention models that are demonstrated to deliver better outcomes over the long-term.

Any shift towards outcomes-based funding and reporting will also require adequate funding for meaningful evaluation, including resourcing and supporting user-led evaluations of services and programs to ensure that they are delivering outcomes that are responsive to client and community needs. While the need for evaluation is acknowledged, underfunding often means that this important element is overlooked. More work around appropriate evaluation methods and the level of information that should be collected to enable services, funders and the community to adequately



understand a program's outcomes and its impact on community wellbeing should be the focus of reporting. Where true value can be demonstrated in the reporting task and a clear link to program delivery is established organisations are enthusiastic about undertaking this activity.

ACOSS also disagrees with the Productivity Commission's assessment that the problem to date has not been contestability itself but poor implementation of contestable approaches in the human services sector. Over the past 10 years, ACOSS has monitored closely the impacts of efforts at sector reform, including contestability and government contracting processes, on the effectiveness and sustainability of human service delivery. We have particularly focused on the impact of such reforms on the sector's capacity to adequately meet the needs of people and communities. ACOSS' work in this area suggests that to support effective outcomes for people and communities, procurement processes need to encourage innovation, trust and collaboration and flexibility. Instead, current procurement processes are often burdensome for community service organisations and do not respond to the reality of human service work. This is particularly true of competitive and open tender processes, which structure competition into relationships within the sector that ought otherwise to be collaborative and results in fragmentation across the service system and reduced capacity to respond adequately to need. Through these processes, risk management remains the prevailing approach to procurement and contract management on the part of government. As a result, current tendering practices are not always effective at delivering the outcomes required, because they focus on risk minimisation rather than supporting innovative and contemporary service models.

In addition, competitive tendering risks compromising the sector's diversity and effectiveness through its tendency to advantage larger, 'preferred' and, increasingly, for-profit service providers, which may not be able to deliver better outcomes for individuals and communities. The value of specialist local knowledge can be overlooked through these processes, and efficiency in relation to administration over emphasised. Changes to the way homelessness services are funded in NSW, which resulted in tenders being granted to large, generalist service providers and the loss of specialist services is a case in point. ACOSS describes the risk of decreased diversity of service providers in terms of the loss of 'specialist' service providers, which are often locally connected and well-placed to respond quickly and effectively to local need in a single or limited number of service areas, in favour of 'generalist' service providers that can deliver a broader range of services across multiple locations. Elsewhere, ACOSS has suggested that the value to government in purchasing services from for-profit providers may be in their capacity to focus on short term cost reductions, rather than greater effectiveness in terms of outcomes achieved.

While recognising the impact of short-term funding cycles on service quality and effectiveness, the Report fails to acknowledge the impact of chronic underfunding by



government on the effectiveness and sustainability of human service delivery. In 2010 the Productivity Commission found that governments routinely underfunded community service organisations contracted to deliver services on their behalf by 30% of the full cost of service delivery, a finding replicated and confirmed in 2014 by the WA Economic Audit Commission. Underfunding of human service delivery affects service quality and effectiveness in a number of ways, particularly by tightening access to services, which prevents people getting the help they need and reduces both service flexibility and the time workers spend with clients; reducing organisations' capacity to: pay market wages to staff, resulting in high turnover and a loss of organisational and corporate knowledge within organisations; invest adequately in professional development, training and, critically, in regular evaluation of service models and innovation; and engage in policy development and advocacy, which are critical to ensuring government policies and programs effectively address structural social and economic disadvantage.

Based on this body of work, ACOSS argue that competition and contestability are not pre-requisites for the effective commissioning of human services by government and that there is clear evidence that the introduction of contestability into family and community services has contributed to reduced effectiveness. As such, we would also question the Report's finding that 'measures to ... introduce greater competition between service providers could create incentives for providers to improve services in some areas', particularly in light of the lack of specific evidence to support this claim.

Finally, across all jurisdictions, the community sector has expressed a level of reform fatigue, caused in large part by the relentless pace and volume of State, Territory and Commonwealth reforms in recent years, which also impact organisations' capacity to focus on their core purpose: delivering effective services and outcomes for people and communities.

Human Services in Remote Aboriginal Communities

ACOSS agrees with the Productivity Commission's assessment that current arrangements for purchasing and delivering human services are not fully meeting the needs and preferences of Aboriginal and Torres Strait Islander people in remote communities and that improving quality, cultural appropriateness and service co-ordination, implementing place-based service models and implementing stable policy settings and clear lines of responsibility are all important factors in achieving better outcomes.

However, beyond referring to the ideas developed in the family and community services section discussed above, the Preliminary Report makes no clear argument as to how competition policy might contribute to achieving these outcomes in remote service delivery. As such, ACOSS again questions whether the reform contemplated



by the Productivity Commission comprises 'competition' or needs to be pursued within this framework. Indeed, competitive and contestable arrangements are already in place in remote Aboriginal communities, where they are typified by sporadic service delivery and a lack of capacity to deliver the full range of services required to meet need, due in part to inadequate levels of funding and in part to high rates of staff turnover in a largely fly-in-fly-out workforce and an associated lack of local knowledge and relationships. The limitations of competition policy to deliver outcomes in 'thin' markets are particularly evident in human service delivery in remote Aboriginal and Torres Strait communities, including the exploitation of the lack of competition by service providers, which manifests in inflated prices and poor service quality. As highlighted in our initial submission to the Inquiry, where there are none or few government providers, market failure poses another challenge that could have considerable negative impacts on people in remote Aboriginal and Torres Strait Islander communities.

In approaching the task of improving service effectiveness and outcomes for remote (and non-remote) Aboriginal and Torres Strait Islander people and communities, ACOSS' starting point is that self-determination, co-design and community control of service delivery must be fundamental and defining principles. As such, it is critical that governments continue to directly support local, community-controlled service delivery in remote Aboriginal and Torres Strait Islander communities. Where there is a role for non-Indigenous organisations to play in service delivery in remote Aboriginal and Torres Strait Islander Communities, under the principles articulated this must necessarily be a complementary and supportive role, as described in the [Principles for a Partnership-centred approach for non-government organisations \(NGOs\) working with Aboriginal and Torres Strait Islander Organisations and Communities](#), which ACOSS developed with Aboriginal-controlled organisations and others in the community sector to guide the development of a partnership-centred approach between Aboriginal and Torres Strait Islander and mainstream NGOs in tendering for program funds and engaging in the delivery of services or development initiatives in Aboriginal and Torres Strait Islander Communities. Instead, to date competitive tendering processes have resulted in local, community-controlled organisations with proven track records in delivering outcomes for people and communities losing service tenders to larger organisations that can deliver economies of scale, but lack the local knowledge, relationships and responsiveness to effectively identify or address communities' needs.

Finally, it is unlikely that the expansion of competition policy or the reform of current contestability arrangements will be effective in isolation to address the underlying disadvantage inequality already experienced by Aboriginal and Torres Strait Islander peoples (whether they live in urban, regional or remote communities). This inequality extends beyond equity of access to services, demanding a more comprehensive approach to achieving equality of outcomes than simply ensuring access to services.



Public Hospitals

The Productivity Commission's findings with respect to improving outcomes within the public hospital sector focus on the introduction of greater user choice and contestability to improve outcomes for public hospital patients. ACOSS agrees that there is room to improve the effectiveness and efficiency of the health system in Australia to ensure its sustainability in the face of an ageing population and the growing burden of chronic disease. In its annual submissions to the Federal Budget process, ACOSS has consistently identified areas of wasteful expenditure in the health system (including for example the private health insurance rebate), the redirected savings from which would improve equity and access to health services, particularly for disadvantaged members of the community.

In the first instance, in Australia people are already able to exercise choice with respect to public hospitals. However most choose to access the one closest to them based on accessibility and convenience, a fact which renders unclear the grounds for the Report's assertion that greater user choice could disproportionately benefit disadvantaged groups that up until now have had fewer choices than other people. However, as noted by the Australian Hospitals and Healthcare Alliance (AHHA) in its submission, the introduction of competition in the provision of public hospital services by private providers raises a larger set of issues than simply providing more consumer choice. For example, there is a risk that private providers would likely be unwilling to take on complex cases due to the associated financial and clinical risks, with the result that the burden of these risks – and the associated implications for service 'outcomes' – would fall exclusively on the public system.

The report provides little evidence that supports a conclusion that increased competition would effectively address the existing, significant supply and demand problems across the public hospital network, which currently manifests in long waiting lists and waiting times for services. Once again, funding inadequacy, the lack of certainty about the quantum of Commonwealth Government funding for public hospitals beyond 2020, and the associated pressure on public hospitals to ration resources are of the major factors impacting on patient care, quality and wait times, not the absence of choice.

In addition, contestable processes to replace hospital management teams are already in place: their further expansion falls within the remit of state and territory governments, who are responsible for the provision of public hospital services within the federation. However, as with other areas of human service delivery, the costs to providers and to government associated with tendering processes and contract management ought to be born in mind when contemplating such reforms.

Finally, while ACOSS agrees that wider availability of consumer-oriented health information and hospital performance indicators would be beneficial to health service consumers, we echo AHHA's caution against a one-size-fits-all approach to providing health information to consumers. We would similarly highlight the



importance of contextual issues, including the socio-economic and health status of people within the catchment area, which may affect the capacity of different hospitals to achieve average levels of performance.

Public Dental Services

While noting that 84% of dental services are already provided by the private sector in Australia, the Preliminary Report suggests that the introduction of greater competition, contestability and user choice could provide consumers with greater control over when and where they receive services and improve service responsiveness to individual need. ACOSS has long advocated for improved access to oral health care services in Australia, particularly for people living with low incomes. More than one in three people delay or avoid dental treatment because they cannot afford it, and waiting lists for public dental services range from 9 months to 3 years (depending on location), with people in rural and remote areas generally subject to longer waiting times due to lack of services. People with particularly poor oral health and least likely to be able to access proper care and treatment include people on lower than average incomes, people living in rural and remote areas, Aboriginal and Torres Strait Islander people, aged care facility residents, people with disabilities, young adults on income support payments and sole parents (and their children). For example:

- 27.9% of adults with lower household income (up to \$20,000) experience severe impact on quality of life due to oral health conditions compared with 7.5% of adults with higher household income (over \$80,000);
- The adult Aboriginal and Torres Strait Islander population has 2.3 times more untreated tooth decay than non-Indigenous people; and
- Public dental patients are more likely than other people in Australia to have dental decay.

Because dental services are not part of universal health care in Australia, the majority of unmet demand arises from a combination the high cost of dental services in the private market and inadequate funding for publicly provided services, eligibility for which is restricted to people on low incomes (specifically those who hold Commonwealth Health Care Cards), which results in long waiting times. As noted above, low availability of even private dental services in regional and remote areas also contributes to high levels of unmet demand across the system. As such, addressing accessibility and affordability of services must be the priority for reform in public dental services: the Productivity Commission's focus on 'user choice' in this context is misplaced. In addition, it is unlikely that, on its own, the expansion of competition in public dental services would address affordability issues and service availability at the local level.