

Disability Services Commission

Issues Paper Response to the Inquiry into Microeconomic Reform in Western Australia

Relevant questions for the issues paper are addressed below:

1. What sectors of the WA economy are likely to benefit from the implementation of microeconomic reforms?

The human services sector including the disability services, mental health, and health sector.

2. What specific reforms might improve the efficiency, productivity or flexibility of those sectors and why?

- Procurement reform following the implementation of the State Government's Delivering Community Services in Partnership (DCSP) policy has led to a range of funding and contracting arrangements available for the purchase of services from not for profit organisations. This major reform driven by the Economic Audit Committee report (2009) has delivered flexibility for not for profit organisations as well as creating choice and control for service users. This strongly reflects national disability reform.
- The Disability Services Commission (the Commission) has proactively developed and injected significant growth funds into not for profit organisations in the disability sector over the last 15 years. WA currently provides more government provided accommodation services compared to other states but is continuing to develop the not for profit sector to enable them to provide these services.
- As the demand for services grows there is a role for government acting as a facilitator of services rather than as a direct provider. This occurs through supporting and building the capacity of not for profit organisations.
- Increasing the number and type of not for profit organisations undertaking human services in WA improves choice for service users.

3. What economic and social benefits might those specific reforms have for individuals, businesses and / or the State?

The not for profit organisations play an important role in the wellbeing of our state.

- The economic benefits to the public sector in engaging not for profit organisations to provide services include:
 - consumer control and choice over funding and purchase of services is likely to increase market competition and drive high quality disability services and
 - market incentives for providers to deliver quality service products by making performance information and other standardised indicators available to the public.

- The benefits these not-for-profit organisations bring to the community extend beyond economic considerations including:
 - close connections to individuals, families and communities they serve
 - flexibility, proximity and desire to drive social change
 - an ability to harness the skills, drive and energy of countless individuals and
 - a proven track record in leveraging private and corporate support.
- The DCSP policy seeks to achieve better outcomes for Western Australians as it puts the interests of the citizens at the centre of the relationship between the public and community sectors.
 - It challenges both sectors to redefine the way they engage in planning, design and delivery of human services.

4. What economic and social costs might those specific reforms have for individuals, businesses and / or the State?

- Expanding the not for profit sector will have a long term benefit for the WA economy by:
 - increasing the job market in WA and
 - enabling infrastructure investment.
- In transitioning services from the government to the not for profit sector there may be:
 - some disruption to continuity of service provision for service users in the short term and
 - some long term relationships between government service providers and individuals may be interrupted.
- An ongoing issue for the not for profit sector is the capacity to attract and retain staff where competitive remuneration is not possible.

5. Are you aware of any additional information that may assist the ERA in assessing the efficiency of the sector in question, or the costs and benefits of the proposed reforms?

- The disability sector is undertaking great change with procurement reform, the implementation of My Way and the National Disability Insurance Scheme (NDIS). Current disability reform has some congruence with this inquiry.
- In rural and remote areas there is a lack of service providers and there is a need for service development.
- Evaluation of disability reforms in the future will provide an indicator of costs, benefits and service quality.

6. Are you aware of any examples of other jurisdictions (either in Australia or overseas) where similar reforms have been implemented? How effective were the reforms in those jurisdictions?

- Most other jurisdictions have the majority of services provided by the not for profit sector.

- Currently disability reforms are being implemented in NDIS trial sites around Australia. As it is being implemented, a number of challenges are being encountered, but the long term aim is to have services delivered by a more open market.

7. Is the ERA's proposed use of the Compensation Principle appropriate or is there a more appropriate way to evaluate the net benefit of reforms?

Yes. In human services the benefits to the individuals and achievement of individual outcomes is paramount.

8. Is the ERA's framework for prioritising reform opportunities (that is, likely benefit versus ease of implementation) appropriate?

- Yes, the Commission sees large potential benefit in moving from government provided services to the not for profit sector.
- Public sector reform will further drive this.

9. Are there alternative frameworks that would provide a superior assessment?

- Examination of a range of efficiency performance indicators for the human services not for profit sector is required.