Competition and Choice in Human Services

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Review Panel Chair
Competition Policy Review: Process

27 March 2014: Four-person Panel appointed, TOR issued for 12 month review

14 April 2014: Issues Paper released, around 350 submissions received

22 September 2014: Draft Report issued, further 650 submissions received

31 March 2015: Final Report submitted to Australian Government
Government’s response

24 November 2015: Government released response to the Review

39 of 56 recommendations accepted outright

5 recommendations accepted in part

Government remains open to a further 12
Why is competition important?

Competition ...

• delivers long-term benefits for consumers

• drives choice, efficiency and innovation

• contributes to productivity growth and higher living standards for Australians
Australia’s productivity challenge

Sources of growth in real national income per person

Percentage points contribution, annual average

Projection

- Labour utilisation
- Net foreign income
- Labour productivity
- Terms of trade
- Per capita income growth

COMPETITION POLICY REVIEW
Building on past reforms

• Hilmer Review exposed **public utilities** to competition through **deregulation** and **privatisation**

• Harper Review exposes **core government services** to competition by **separating service provision** from policy, funding and regulation

• **Public outlays** on human services are **growing fastest**
Competition principles for human services

- Promote user choice
- Separate policy, funding, regulation and service delivery
Competition principles for human services

- Commissioning should have a clear focus on outcomes
Competition principles for human services

- Encourage diversity of provision
- Encourage innovation in service delivery
Implementation

• Govt to **commission a review** from the Productivity Commission to “lay the groundwork for reform” in **human services**
  – review **past and ongoing reforms** in different **jurisdictions**
  – identify **sectors** or sub-sectors for **detailed analysis**
• Final Report recommends **sharing** results of **trials and pilots**
• **difficulties** should **not** mean reforms are **simply abandoned**
How hard will this be?

• We have made a **start**, e.g., Aged Care, VET and NDIS
  – mixed results → need for detailed analysis

• One size will **not** fit all
  – need for trials across different services and locations

• User choice will **challenge** established **cultures** of service delivery

• But **productivity** is about more than **cost efficiency**
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