



**Early Childhood Australia**

A voice for young children

**OUR  
VISION:  
EVERY  
YOUNG  
CHILD IS  
THRIVING  
AND  
LEARNING**

# Inquiry into Introducing Competition and Informed User Choice into Human Services—response to preliminary findings report

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*Productivity Commission*

*Early Childhood Australia*

## *About us:*

Early Childhood Australia (ECA) is the national peak early childhood advocacy organisation, acting in the interests of young children, their families and those in the early childhood sector. ECA advocates for quality in education and care as well as social justice and equity for children from birth to eight years. We have a federated structure with branches in each state and territory. In 2013, ECA celebrated 75 years of continuous service to the Australian community.

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**Patron** His Excellency General the Honourable Sir Peter Cosgrove AK MC (Retd), Governor-General of the Commonwealth of Australia



Early Childhood Australia (ECA) welcomes the Productivity Commission's draft report on Introducing Competition and Informed User Choice into Human Services. The PC has examined a number of areas of human services where it has analysed the potential for reform to deliver improvements. One of the fields the Commission has targeted is grant-based family and community services, an area in which ECA operates. ECA agrees that the Governments' objective in reforming the delivery of human services should be to improve outcomes for users. As the preliminary report notes, "maximising community welfare from the provision of human services does not depend on adopting one type of model" (p. 35). In the area of family and community services, the Commission in its preliminary report identifies scope to address flawed commissioning processes (p. 27).

For the last seven years, ECA has participated in developing and delivering KidsMatter Early Childhood, which aims to improve capacity of early childhood services to respond to the mental health needs of children. Over this period, ECA has worked in partnership with several other community organisations to deliver this program. ECA offers its experience with KidsMatter as an opportunity to consider how the commissioning and ongoing operation of services can be improved.

## Case Study – KidsMatter Early Childhood

### The program

KidsMatter Early Childhood began with a pilot project jointly supported by the Commonwealth and Beyond Blue in the period 2009-2011. Since that time, it has been a service delivered under Commonwealth grant managed by Beyond Blue in partnership with Australian Psychological Society.

The KidsMatter Early Childhood initiative aims to deliver the following key outcomes:

- improve capacity of early childhood services to respond to the mental health needs of children
- improve childhood mental health and wellbeing, reduce mental health problems amongst children and achieve greater support for children experiencing mental health difficulties and their families
- improve networks and working relationships between early childhood services and health/community services
- build the evidence-base with respect to settings-based approaches in order to address child mental health and wellbeing.

The role of ECA involves building community capacity to support early childhood mental health and establishing pathways for early childhood services to begin participating and then progressing through KidsMatter Early Childhood professional learning.

### KidsMatter as a case study of commissioning and contracting

The KM program has been a great success, and evaluations have showed its capacity to improve children's mental health services and outcomes. The lessons we identify below



should be understood as being made in the context of a good working relationship with the administering agency, and the delivery of strong program with which ECA is proud to be associated.

There are five areas in which ECA believes the KidsMatter (KM) program provides lessons about good practice. These relate to contract periods; contract terms; the role of evaluation; administration skills in agencies; and the importance of stability and predictability.

- **Short contracts** may create some flexibility for government, but they create numerous problems and risks for government, service providers and users.
  - In the short history (2012-present) of KM as a program, it has been administered under a contract that has had six extensions or variations, including two of only six months. It has also experienced reductions in funding over subsequent contract variations that were not subject to a clear transition path.
  - Short contracts make capital investment less economically efficient, sub-contracts more expensive, staff recruitment less attractive, and staff retention more difficult.
  - Short contracts require a higher degree of administration and reconciliation – they present diseconomies of scale.
  - ECA found that effective demonstration of deliverables for KM could take longer than individual contract or funding periods. This was a suboptimal outcome for government in terms of accountability, and for ECA and consumers in terms of planning and delivery.
  - Contract periods should reflect set-up and lead times; time needed to produce meaningful measurement of outcomes; incentive of organisations to invest in building quality services; ensuring stability that supports good recruitment and retention of staff. Depending on the service, contract periods of three to seven years could be appropriate. Services that require greater capital investment, include pilot phases or significant upscaling; or require relatively specialist or highly-trained staff, should have longer contract periods.
- ECA supports commissioning of contracts that are **flexible and with an outcomes focus**.
  - Contracts that specify things like mode of service delivery, or numbers of services to be delivered can limit innovation, or prevent the contracted organisations from responding to opportunities to deliver a better service that arise during the contract period.
  - ECA has had opportunities to recruit more services to take up KM but is prevented from doing so by maximum numbers specified in its contract. ECA acknowledges that it is important not to spread a program too thinly, but believes an outcome-based measure would help ensure that would be the case, without creating specific constraints.



- **Integrating evaluation** from the outset of new services can be effective...
  - A high-quality evaluation was built into the KM pilot design. This was an important motivator to the partners, knowing that there would be way to determine the impact they were having, and to improve service design as results were available.
  - ECA would have liked to see evaluation built into the ongoing program, but it was not included. This limits the ability of both government and service deliverers to know effects of improvements or amendments to the service model.
- ...and it should come with a **pathway** forward if the evaluation is positive.
  - ECA is pleased that the successful pilot has resulted in an enduring program.
  - The transition between pilot and program could have been smoother.
  - Transition should include a stable plan for how providers will be selected.
- Government **agencies need administration skills** consistent with the contracting model that they are using.
  - ECA recognises that agencies may be required by government decisions to step into roles with which they may not be familiar.
  - There were stages in the early years of KM where both administering agency and contracting partners struggled to ensure effective coordination between organisations receiving funding.
  - At two points during KM delivery, ECA drew on its own financial reserves to ensure continuity in services, following delays in the signing or administering of contracts. Had ECA not taken that step, staff would have had to be terminated and services withdrawn without alternatives in place.
- Government processes that are **stable and predictable** provide for orderly planning and administration and reduce costs to all stakeholders.
  - At one point there was a plan to put the KM head contract to tender, then a change to directly appointing one organisation. ECA was comfortable with either option, but switching between models made for greater administration and uncertainty within ECA.
  - Recently there have been multiple delays (now extending over nearly two years) in making a decision about the longer term future of KM. This has created increased administration and uncertainty for the delivering organisations; it is limiting scope for expansion of the program; it also puts sustainable staffing at risk.