



# Submission to the Productivity Commission's inquiry into the National Disability Insurance Scheme (NDIS) costs.

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## **About Anglicare Australia**

Anglicare Australia is a network of 36 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered to one in 26 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and 9,000 volunteers work with over 940,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

## Introduction

Anglicare Australia welcomes the opportunity to provide feedback to the Productivity Commission on the costs associated with the NDIS and its financial sustainability. This submission is made drawing on the collective experience and expertise of the eight agencies in our network involved in the delivery of disability services including via the NDIS in six states and territories<sup>1</sup>. Collectively they service more than 12,000 people with a disability, of which over a thousand have already transitioned into the NDIS and many more are in the process of doing so. With regard to the NDIS, our member agencies' experience ranges from having been fully involved in delivering the scheme at trial sites for three years, to recent entry and providing assistance to existing clients to transition into the scheme.

We agree with the framing of the importance of financial sustainability for the NDIS provided by the Commission on page 7 of the Issues Paper, and commend the Commission for the thoroughness of the paper overall.

This inquiry comes at a critical time for the NDIS. Anglicare Australia strongly believes that the establishment of the NDIS is a major achievement. Our member agencies are already witnessing the transformative power of the scheme for participants, and finding that reconfiguring services to reflect their needs and aspirations is creating opportunities to reimagine and create better outcomes in people's lives.

At the same time the NDIS now has enough participants for the design and implementation of the scheme to be properly tested; and it is clear that like all major new policies and systems, it requires rigorous and transparent evaluation and revision to deliver on its potential and to be financially sustainable. Anglicare Australia believes there is sufficient data and service experience to show that there are structural flaws undermining the financial sustainability and hence future of the NDIS that need addressing. Our feedback here outlining these issues is provided with the explicit aim of assisting with improvements to the scheme.

Please find below our responses to the key headings in the issues paper.

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<sup>1</sup> Note that two of our agency members, EPIC Assist and Anglicare Tasmania, have also made standalone submissions to this inquiry

## **Scheme costs**

The Commission asks whether Figure 2 in the Issues Paper captures the cost drivers of the NDIS. Anglicare Australia believes that the scope of the issues captured by the cells in Figure 2 labelled 'price of supports', 'supply of service providers', 'service cost pressure', along with 'scope of supports' in particular need to be properly apprehended. The experience of Anglicare agencies delivering NDIS packages is that some aspects of these cost drivers are not being fully understood and reflected in cost structures and pricing, including their implications of current policy settings for the long-term delivery of services. These issues relate to the pricing of staff and the quality standards being applied, and the scope of support available, and are discussed substantially in the discussions under Planning Processes and Market Readiness below. Anglicare Tasmania also offers a detailed analysis of these issues in their separate submission.

## **Factors affecting plan utilisation**

One issue we wanted to highlight in this section, given the Commission's question regarding plan underutilisation, was the persistent lack of funding for support coordination in many plans. The result is a cost underestimate in the whole system, and the on-ground reality is that there is substantial unpaid work being done with NDIS participants such as pre-planning for an NDIS appointment; assisting with plan set-up including case management; and providing stop-gaps for the lack of Local Area Coordinator (LAC) capacity and processes for LACs to undertake plan set up and service connections. Anglicare believes that the lack of package funding for support coordination is contributing to plan underutilisation, and is creating hidden costs in the scheme.

Where participants are funded for support coordination, some are struggling to identify, select and link with support coordination providers. We note that at times basic administrative failures are playing a major role – for example in some jurisdictions, failure of the NDIA portal has meant that there are participants with activated plans but providers are not able to access their information to offer services. Given the support coordination function is critical to supporting clients to understand and enact their plan, delays in connection and establishment of relationships result in either delay in service purchasing and delivery; or additional unpaid work from providers (not registered or not contracted to provide support coordination) as noted above who are required to fill this gap in order to establish or maintain the service delivery relationship.

Our agencies are also seeing plans that over-fund basic services such as cleaning, but don't provide sufficient funds for more intense and specialist service needs. As a result packages may be underutilised because the types and quantum of support allowed is not appropriate. We also direct the Commission's attention to Anglicare Tasmania's experience regarding why plans are being underutilised in their separate submission.

## Scheme boundaries

By far the biggest challenge to the NDIS scheme boundaries is the incorporation of psychosocial disabilities. We direct the Commission's attention to Anglicare Australia's submission to the recent Joint Standing Committee inquiry in the provision of services under the NDIS for people with a psychosocial disability, attached.

It is apparent that the eligibility criteria for the NDIS are not clearly defined for psychosocial disability, and this is resulting in inconsistent inclusion and exclusion of prospective participants. Given how restrictively the NDIS criteria are defined with regard to mental health, it is also evident that the level of unmet need will have implications for funding intentions between the Commonwealth and State and Territory Governments. If governments proceed to move all the mental health service funding earmarked for incorporation into the NDIS as planned and don't find new money for non-NDIS mental health services, there will be a severe shortfall of these critical community-based services. This will have inevitable flow-on costs for the NDIS as people with manageable mental illnesses go without assistance and risk ending up needing more complex and expensive life-long care, than if they had been properly supported. On the other hand, if the eligibility criteria relating to psychosocial disability for the NDIS are redefined to bring more people with psychosocial disability into the scheme, it brings into question whether there is sufficient funding in the scheme to cater for the expanded need.

In terms of providing services to people with psychosocial disabilities in the NDIS, Anglicare Australia believes that there is enough evidence to show that the current unit pricing is insufficient to purchase services which can meet the needs of people with higher needs and complex psychosocial disability. This is in significant part due to the Reasonable Cost Methodology not taking into account the higher level of awards for staff working in mental health services and related quality standards.

Additionally, the current assessment and planning process does not adequately reflect the different approach required for participants with psychosocial disabilities. Firstly it doesn't recognise the significant time it takes to build rapport with some people with psychosocial disabilities, which is essential to achieve good planning outcomes, and needs to be reflected in overall scheme costs. Secondly, it doesn't recognise that the recovery model requires at times challenging a person's wishes, which is a point of friction with the consumer-directed care model that assumes 'the customer is always right'. The risk here is that some NDIS service providers will take the latter route, delivering care that will not lead to recovery but will assist in keeping provider costs down, but which in turn reflects a false saving as that person may never exit the scheme or will require more intensive support than might have been possible with best practice care. This situation reflects a potentially perverse outcome from the friction between the recovery model for mental health versus the requirement that NDIS participants demonstrate a permanent or likely to be permanent impairment.

We urge the Commission to examine the submissions to the recent Joint Standing Committee inquiry, including Anglicare Australia's, and include a response to the serious issues of scheme boundaries and cost-shifting by and between mainstream services to and from the NDIS in its report, and the detail in Anglicare Tasmania's submission to the Commission on these matters.

### **Intersection with mainstream services**

It is apparent during the implementation of the NDIS that there has been limited focus on preparing mainstream health and other systems to understand their responsibilities to NDIS participants and more broadly to people with complex disabilities and multiple health issues. Prior to the NDIS, health issues were managed within a partnership framework between NGOs and mainstream health providers, with block funding enabling such activity to be undertaken. An example of this is the development of an Epilepsy Support Plan that would enable the person to receiving the relevant supports to reduce the occurrence of seizure activity as well as reducing relevant risks through safeguarding processes. However getting such systems in place has been a slow process, and all of our agencies have experienced instances where people with a disability have been denied access mainstream health services that they need because the perception is that disability support services cover all healthcare needs.

This issue is now returning and in some instances being exacerbated by the NDIS. An example of this is a person with a disability who is in need of community nursing because of a health issue which is separate to their disability, yet health will not assist them because they have a disability, even though their NDIS package is not for nursing as this is not related to their disability.

The type of integrated support described above previously provided through block funding does not seem to be possible in the current NDIS settings, and the health system is ill-prepared to provide it. The absence of such integrated services will increase risks for people with intellectual disability particularly, who due to a range of vulnerability factors, are more likely to experience poor physical health. It will also potentially result in activity restrictions where medical support is unable to be obtained. The absence of an asthma action plan for example could restrict the ability for a participant to access swimming or attend other 'high risk' environments.

Anglicare Tasmania in their submission has also provided a number of examples relating to similar issues in the criminal justice system.

Anglicare Australia understands that the NDIA has recognised that higher priority needs to be given to increasing the integration and understanding of the NDIS with mainstream services, and that they are actioning agreed COAG principles in this area through the creation of local committees to arbitrate on a case by case basis. This is welcome and needs to be expedited, and paired with resourcing for education and training programs in mainstream services about how the NDIS intersects with their responsibilities. Such education and training must also ensure that it also includes the fact that not all people with a disability have an NDIS package, and that regardless, the fundamental rights of all individuals to care and essential services is clear.

We also draw the Commission's attention to the submission by EPIC Assist regarding the current limitations to the utilisation of packages for the purpose of pursuing participant's aspirations to find and keep employment. These limitations are in place because of perceived duplication of existing services. EPIC's experience points to the need for the NDIS to be configured to focus on attaining the goals of the scheme, and allowing that this might ostensibly mean permitting some cross-funding with other services to achieve far better outcomes for people with a disability.

## Planning processes

### Improving plan flexibility and outcomes

The experience of our agencies is that the planning process could be considerably improved. At present there is a lack of consistency that perhaps reflects NDIA internal methodologies and staff training and support. Put simply, some plans are over-funded (another factor in plan under-utilisation), some are under-funded, the plan review process is very slow and onerous, and there is no clear rationale for significant variance in plans for people with similar disabilities and needs.

One measure that could improve the planning process and overall outcomes is to consider moving to a global budget approach to packages. This would provide participants and providers with the necessary flexibility to determine the right mix of services, considerably lessen the need for plan reviews and empower participants to trial approaches for desired goals. By far the largest portion of most budgets has sat in core supports and cannot be used to develop capacity, address key needs and pursue goals such as employment, which as EPIC Assist demonstrates, is currently an area of services that the NDIS is providing very minimal support for. It is believed that this approach would significantly improve plan utilisation and reduce the need for plan review processes initiated by participants that have sufficient total funds allocated to them, but require a re-distribution within Support Purposes or Support Categories. Anglicare Australia members recommend the Commission review NDIA datasets on plan reviews to consider the volume of reviews which may not have been necessary if this approach was taken.

### Better utilisation of provider expertise and empowering participants

The experience of several of our agencies overall is that the current LAC model is not effective. Anglicare NSW South, Southwest and the ACT has found that families are reporting confusion and frustration with a high percentage -some 70 percent - being unhappy and asking for plan reviews. The lack of inclusion in many cases of the family and existing providers in the planning process means that existing knowledge of what has worked for supporting a participant is not being drawn upon.

Many of our agencies have experienced reluctance from the NDIA to involve sector providers in the planning stage, and believe it is a major weakness that needs to be addressed<sup>2</sup>. We appreciate the intention and purpose of keeping service providers at arms-length given the potential conflict of interest, but emphasise that the concern about service providers possibly seeking funding for themselves is obscuring the greater problem, which is ensuring that planning processes result in packages that are sufficiently funded and in the right areas to fulfil participants' needs and goals.

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<sup>2</sup> Notably our agencies in Queensland have not experienced this issue, so it is possible that it is one that has been persisting more in states with trial sites.



Service providers, due to their many years' experience (including vital rapport with scheme participants, particularly necessary for people with a psychosocial disability), are often better placed to accurately identify the scope and cost of an appropriate plan. The lack of NDIA staff with appropriate professional qualifications, particularly in the areas relating to psychosocial disability, is also clearly affecting planning processes. We urge the Commission to consider and recommend ways that service providers could assist with more effective and efficient plan scoping and determination with the NDIA through mechanisms that would not compromise the perceived and real issues relating to conflict of interest. One option could be a standardised set of dependency measures, appropriately applied by NDIA staff who are qualified to conduct the planning assessments to ensure that even if service providers are able to be partially involved in a comprehensive planning process, perceived and actual conflicts of interest are well minimised. These dependency measures would need to ensure that some differentiation in planning and price is attributed to those with psychosocial disabilities.

The ongoing issues with the NDIA portal also need urgent resolution. There is frequent feedback from participants that they cannot view their plan on the portal or are only given access to limited information, despite being informed by the NDIA that a plan is ready to be reviewed on line. This in turn means services cannot be provided as it is not clear what services customers have been approved to purchase. This becomes most frustrating for the participant and service providers who are trying to be economically efficient in an environment that will not let us accurately input booking requests. This is particularly challenging where a service provider has been providing a service for some time, and when a participants plan is reviewed (normally at the 12 month mark), the new plan cannot be seen. This means that either service providers need to cease providing services impacting the continuity of care, or risk providing services that are not actually incorporated into the new plan.

### **Different processes for physical and psychosocial disability planning**

Planning processes for people with psychosocial disabilities are particularly concerning and illuminate unmet costs being born by service providers and carers, family and NDIS participants themselves. This is one area where attempts to streamline the assessment and planning process by relying on phone calls have caused poor planning outcomes and have shifted costs and stress onto service providers and carers. One of our agencies estimated that it was taking on average 22 hours for prospective participants and their carers to prepare for the assessment and planning process<sup>3</sup>.

They also point to unnecessary administrative burden and inefficiencies in the NDIA caused by attempts to skimp on the costs of proper assessments and initial plan preparation.

To quote from our previous submission regarding the provision of services through the NDIS for people with a psychosocial disability:

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<sup>3</sup> See AA submission to inquiry of provision of services through the NDIS for people with a psychosocial disability.

“The systemic issues with the planning process for people with psychosocial disabilities are resulting in our members’ staff regularly seeing inadequate plans, and plans that provide inappropriate services that undermine mental health recovery processes; inconsistent plans for people with similar diagnoses and needs resulting in real inequities of service provision; and a high rate of plan review. With reviews often taking months rather than the stipulated two weeks the result is people in limbo without access to services critical to their health and wellbeing.

It also has the perverse outcome of imposing significant administrative burden on the NDIA because their staff seems to be inadequately resourced to develop appropriate methodological approaches and carry out proper assessment and planning for people with a psychosocial disability. Also of concern is anecdotal evidence of an increase in plans for people with psychosocial disabilities not including Coordination of Support funding, but only support connection. This is unrealistic for services expected to provide intense resourcing to ensure support connection.”

At present, the lack of involvement in individual planning and a constant need to review and follow up on plan reviews over extended time frames has jeopardised service delivery. Most Anglicare agencies involved in the NDIS have experienced extensive review delays taking months instead of the stipulated two weeks. Many of our agencies are choosing to continue to provide service, because quite simply to cease would be, in our view, deeply unethical and contrary to our mission and values; but one of the consequences is the need to back-track over individual service delivery records to follow up with claiming process at a later time, a further increase in administrative burden and risk. The lack of developed reference packages for psychosocial disabilities for NDIA staff to refer to is also exacerbating this cycle.

Ideally the bureaucratic complexity currently in place will over time be replaced with tailored systems that more appropriately to reflect, for example, the different planning and assessment needs of participants with physical versus psychosocial disabilities, rather than attempting a ‘one size fits all’ that is actually creating, not reducing, overall scheme costs.

## **Market readiness**

There is little doubt that the instigation of the NDIS has created a period of major transition for disability service providers and the whole community sector, and that some of the issues currently impacting negatively on both the scheme and providers may well resolve as part of that transition. However we would urge against a complacency that might lead to the assumption that all issues being experienced are simply about change management and market rationalisation.

For example, in preparing for the NDIS our agencies have planned and implemented significant internal restructuring as part of moving from a block funding to fee-for-service model. This has included assessment of financial viability, significant training and support for staff and placing substantial resources into supporting and educating customers on the NDIS and best ways to

navigate this new funding system. This has had to be managed alongside ongoing expectations of block funded or partially block funded programs during the transition these services are making to the NDIS marketplace.

At a time of market volatility, uncertainty and concerns with viability going forward, there is little in the way to assist organisations. The ILC Commissioning framework was intended to address some of these issues with grants to assist organisations, however this has been cut to 0.06 percent of the NDIA budget to allow for the tender of the LAC program. The National Readiness grants have come years too late and are too small compared to what is required. For example, these grants begin in NSW in July 2018 and are for a total of \$13.1 million per year. The ACT from July 2017 has \$3 million per year for a total budget of \$132 Million.

The scope and costs associated with transitioning for readiness and participation in the NDIS market are worth understanding because it is possible that some service providers will exit the market not due to effective or fair competition but because the parameters for transition placed an inequitable burden on established providers who have used their own resources to ensure that it has happened, including ensuring ongoing support for clients even when funding for that support has not been certain.

Anglicare agencies fully understand and embrace that the NDIS creates a market, and therefore from the perspective of the NDIA and Productivity Commission the view can be taken that if some providers are able to operate the issues that we flag here may simply be reflections of internal organisational limitations. However we believe that a broader perspective should inform views on the appropriate market settings for ongoing viability and sustainability of the NDIS, rather than for example, a purist free market and reductive view, which would see the ability of just a few service providers to survive and deliver as a 'success'.

## **Provider readiness**

### ***The Reasonable Cost Methodology (RCM)***

The core issues regarding provider readiness come back to the RCM and price caps set by the NDIA. Anglicare agencies contend that there are serious flaws in the calculation of the RCM resulting in pricing for services at a level that is ultimately financially unsustainable. While these are now under review, our concern is that the fundamental assumptions may not be properly reviewed, and that it is particularly important in relation to the expansion of the NDIS to incorporate mental health services. It also has severe ramifications for market readiness, particularly with regard to the required workforce expansion, which we detail further below.

We direct the Commission's attention to the attached paper examining the assumptions and flaws in the RCM prepared by Samaritans, and endorsed by the Anglicare agencies from their diverse and extensive experience in NDIS delivery, all of whom have undertaken or are in the process of considerable internal restructuring and innovation as part of continuing to deliver disability services. It shows that the four fundamental assumptions in the RCM regarding

supervisory staff ratios; corporate overheads; staff utilisation excluding holidays, and return for investment, are fundamentally flawed.

The attached paper systematically works through these issues, and shows that the assumptions made do not reflect the reality of delivering NDIS services. A recalculation of the RCM based on appropriate corrections of these methodological assumptions, and diligent correction based on identified efficiencies that could be gained, demonstrates that the total cost of service provision rises to \$46.73, 12 percent more than the 'efficient price'.

Further, as our discussion regarding the NDIS scheme boundaries demonstrates, the current RCM does not take into account the incorporation of mental health services, where staff qualifications and supervisory functions, and national quality standards across the sector operate at higher awards. As one of our agencies commented, "The system is designed with low level personal care as the basis for the pricing and consequently the higher skill and responsibility levels for staff who need to care for those with [psychosocial] disabilities is essentially ignored".

We strongly urge the Commission to examine this paper in detail and respond. Anglicare agencies find it difficult to envisage the NDIS ultimately being a success if this fundamental issue is not addressed. The RCM is the bedrock against which service providers determine their ability to operate in the market; a key determinant of the quality of work and career prospects for the workforce; and most fundamentally, the driver of the quality of care NDIS participants will receive.

### *Travel and transport costs*

Anglicare agencies, whether working in urban or rural environments, have all identified that travel costs are significantly underestimated or ignored in the NDIS RCM, and it is particularly deficient for the delivery of rural and remote services. This is a 'bread and butter' consideration that the NDIS must more comprehensively respond to, especially with regard to 'thin markets', as the Commission identifies. The Samaritans provide this insight regarding travel costs:

"Even in Newcastle and Lake Macquarie, transport networks are less than ideal and not adequately accessible to client cohorts with psychosocial disabilities. Where transport funding is provided it is inadequate. Because transport provisions are paid directly to participants we are finding that our participants / and or families are faced with large transport bills at the end of each month. This issue is limiting the choice and control over options for supports and activities particularly where participants live outside the CBD and in more rural and remote locations."

In addition providers are limited by the travel business rules in the NDIA including the limitation of only claiming up to 20 minutes of travel time to reach a participant for personal care and community access supports. This will continue to shape the service areas covered by providers and will particularly impact thin markets like rural and remote areas which have geographically spread and often small populations.

### ***Support coordination***

The lack of support coordination also needs to be addressed, as currently service providers are picking up this cost. As one Anglicare agency explained to us:

“The lack of support coordination funding is very real. Our experience is that (unfunded) first line supervisors are picking up the cost of the gap in providing effort to induct clients into service delivery systems where client and family expectations have been quite different to NDIA planning outcomes.

These first line supervisors spend a considerable proportion of their time attempting to resolve issues with NDIA where planning processes and coordination of supports have been insufficient to encompass meaningful service bookings and following up with rejected claims because of that inadequacy.

In addition, we have responded by employing staff to undertake the coordination of supports role. The funding level for that role is inadequate and in the current financial year our first small steps have shown a deficit of \$70,000 Year To Date in February and a likely first year deficit of \$120,000.”

### ***Marketization, not for profits and the impacts on collaborative service delivery***

Anglicare agencies are deeply committed to disability services and the promise of the NDIS given our shared mission and values. If Anglicare agencies, with considerable sector experience and commitment across all aspects of disability and community service provision covering the diversity of localities in Australia, cannot make the current prices of support work, we believe few others will be able to in the long-term, and this may result in a volatile market with significant provider churn.

Moreover, in working with other service providers we know that our experience is not unique. This is a sector-wide concern, and is particularly affecting the ability of providers to commit to holistic service provision options, with instead the pressure being to ‘pick a few things you can do for that price and stick just to them’. The result of this ultimately may well be a significant withdrawal of providers from the NDIS, the loss of collaboration and cooperative capacity between service providers, and fragmentation of package offerings and delivery.

In the meantime, the injection of funds into disability services through the NDIS has seen an explosion in the number of new providers, with some adverse consequences. There has been notable and significant move away from collaborative efforts that involve addressing more complex situations and ensuring quality outcomes are achieved with customers. The risk with the introduction of unit costing and the increasing number of service providers (eg in SA it was 170 pre-NDIS and now around 500) places a focus on outputs and not outcomes. This is reinforced by NDIA’s shift away from goals and goal achievement to more of a focus on reasonable levels of support.

While competition is seen as healthy in a business market this is a human services market, which is focused on providing quality, person-centred services for participants. In this environment providers are already beginning to 'cherry pick' (high worth packages with little risk and complexity). This has the potential, as already demonstrated in the past with people with high and complex needs, that they have little to no choice of service provider as the market environment would be high risk and little return.

In the most basic philosophy of the NDIS, service delivery was to be 'of a participants choice', large or small, encouraging friends, community members, community groups and so on to assist with service provision. In states where the NDIS is more mature, this has already been lost with many providers now wishing to de-register because the prices do not cover service delivery.

Therefore there are dual challenges with different temporal aspects: the explosion of new providers is undermining necessary and effective collaboration in the delivery of services and driving harmful competition for high dollar package participants and behaviour such as staff poaching; yet in the long-term if the market costs are ultimately configured such that only large providers can survive, the cost will be market diversity and genuine choice for participants, and the risk of morphing back to simply variations on the past models of service delivery that the NDIS explicitly exists to replace.

The effect of an output rather than outcomes focus also limits the effectiveness of services, particularly for people who need diverse supports. Services that do not recognise an outcomes approach create support gaps that place vulnerable participants at significant risk. For example, participants with exceptional needs requiring multiple supports risk experiencing disability support that is siloed and not effectively integrated with other required supports to achieve meaningful outcomes. This approach does not adequately recognise where a person's disability impacts on their capacity to sustain a positive lifestyle, and issues, such as the involvement of criminal justice systems, or homelessness, also impact on a person's disability.

### **Implications for workforce readiness**

Anglicare Australia strongly believes that the NDIS should be utilised as an opportunity to create a vibrant, stable and properly remunerated workforce, and further, one that explicitly supports people with a disability into employment wherever possible. However to achieve this will take significant revision of the current market settings.

The Commission is correct to ask questions regarding the perception that disability and care support services are poorly valued. Prior to the NDIS the workforce already faces significant challenges with much of the work casualised and demanding flexibility of availability, while simultaneously being remunerated at very low awards. It is commonplace for disability sector workers on lower skill levels to be working more than one job because of these factors, and to face very real challenges themselves in maintaining a decent standard of living, as a piece in the



online independent journalist site New Matilda, recently illustrated<sup>4</sup>. There is growing evidence that Australia's minimum wage is significantly out of step with the cost of living and needs to rise, with flow-on rises to the awards currently used to benchmark the RCM and for disability services more broadly. The question then becomes – has the NDIS been built on the assumption of cheap labour, and what does this mean for its financial sustainability?

It is hard to avoid that conclusion when the NDIA has set the RCM so low that it accords workers the most minimal skills, supervision and opportunity for career development and progression, and at a level that explicitly excludes recognition that the incorporation of mental health and other specialist services necessitates higher level awards and specialist skills.

It is therefore difficult to envisage service providers being able to recruit sufficient staff if the RCM is not revisited, and no thought is given through the costing of the scheme to workforce career progression and providing the conditions to support meaningful work. People are typically attracted to the disability and care sector through a strong set of internal values that motivate them to want to work with those less advantaged, and to do meaningful work that services their community. Such work needs to be contextualised in a financial model that allows staff to spend sufficient time with clients for mutual benefit, is costed to allow staff to be flexible in meeting client needs, allows for proper training and skills development, and provides financial recognition for the intensive emotional and physical commitment and skills required for such care work. It should also provide for sufficient career progression opportunities linked to a far more realistic appraisal of the need for service coordination and supervision, program development and dynamic training and skills development.

The bare bones costing of the RCM, combined with the move to fee-for-service directly threatens the ability of service providers to deliver meaningful work, sufficient training and career progression opportunities for our staff. Without a recognition that some of these aspects of creating a skilled and motivated workforce must either be automatically built into packages and not be negotiable by NDIS participants, or separately funded outside packages, it is difficult to see how the kind of workforce both in terms of the numbers required, and the skills and values desired, will eventuate – particularly given the short timeframes.

Skilled migration is not an answer as it is fundamentally a solution to the wrong definition of the problem. The problem is not insufficient people willing to do the work; it is the lack of a desirable and attractive career with sufficient remuneration for the skills and hours, and the flexibility required of staff. If skilled migration was to be used to fill workforce shortages without first addressing these fundamental issues, all that would result in is a new underclass of care workers in Australia that undermines the entire care sector, the quality of care able to be provided, and creates negative flow-on societal costs. It is therefore critical that the NDIS is structured to value and promulgate a sustainable and meaningful work path, as it can also be a major employer in a country suffering from unemployment challenges.

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<sup>4</sup> <https://newmatilda.com/2017/02/27/nelly-thomas-on-how-her-mate-became-homeless/>

The NDIS is also a chance to provide a marked increase in employment and retention for people with a disability, as EPIC Assist's submission points to. Anglicare would welcome a recommendation from the Commission to create specific policy settings to pursue this goal.

### **Client capacity to effectively interact with the NDIS**

Client capacity has been addressed in this submission under support coordination, planning processes and issues with the NDIA portal; and there is also detail in our attached submission on the NDIS and services for people with psychosocial disabilities.

We add here that the experiences of many of our clients interacting with the NDIA are unfortunately negative. People report for example that the 1800 number waiting times are often in excess of two hours at times, with an average waiting time over an hour or more.

Participants have found that there is considerable inconsistency in the information given from one NDIA officer to the next; that processes are overly bureaucratic; and necessary supports for people are routinely ignored when requested. A persistent example is a participant's request that their support worker be listed as the key contact for assessment and planning is often ignored. Anglicare clients also say they feel further disempowered by being unable to access their own plans.

### **Risks to participants in the NDIS through under-funding, and flow-on costs**

Anglicare Australia wishes to draw your attention to the very serious risks particularly in relation to the very limited funding currently available through the scheme for behaviour management. Whilst there is an option to receive 'behaviour support' through the NDIS this is often limited and subject to an NDIS planner determining whether or not the behaviour support is 'reasonable and necessary'. If behaviour support is determined valid, in most instances a meagre 10 hour benchmark is applied. This significantly limits the capacity for the person to engage with a credentialed provider of choice, participate in a comprehensive assessment and formulate a proper plan of support that is focused on changing the behaviour.

There is no capacity within this time frame for services of choice to implement any resultant recommendations from the plan. The risk here is that providers will therefore opt to shift the focus from behaviour change to behaviour control and the implementation of further restrictions in the person's life, particularly when the behaviours in question are sometimes a danger to the person with a disability and others around them. This then lays the foundation for the potential use of restrictive practices such as psychotropic medications that often limit the person's capacity to access certain environments, undertake activities of choice, build community connections, maintain employment and maintain relationships with others - and thus fundamentally can compromise a person's rights and quality of life.

Without the right support at the right time, a person with such challenges continues to try and navigate their way through life whilst also, importantly, continues to experience the factors underpinning the behaviour. With continued lack of support for behaviours of concern and resultant collateral damage to self and others, the individual is left with no option but to often



draw upon the resources of emergency based services such as the police, ambulance and hospital emergency centres at significant cost.

At its worst, this lack of support to modify and manage behaviours, places people on a trajectory to the criminal justice system as their behaviours continue to worsen and remain unaddressed. The cost to the individual, the family and the broader community is astronomical and should be better understood by the NDIS to support refined thinking and understanding of this particular issue; and it should also be factored into considerations around how the costs and sustainability of the NDIS are evaluated, discussed further below.

This issues is particularly concerning given that the Quality and Safeguarding Framework currently offers little effect or assurance to customers on the promotion of a best practice approach in the disability sector, something that had increasingly become a focus pre-NDIS. The most basic aspect of the NDIS and a building stone of service delivery was that 'Investing early and appropriately, with directed supports in a person's life or situation would see a reduction in future costs'. Addressing issues early and effectively being seen as a far better result both to the individual and financially to the Commonwealth.

We draw the Commission's attention to Anglicare Tasmania's detailed response on this issue in their separate submission, including their research on this issue undertaken specifically to inform the NDIA, and urge the Commission to take up this issue fully in its considerations.

## **Governance and administration of the NDIS**

### **NDIA governance and costs**

Anglicare agencies believe that overall the quality and governance frameworks are appropriate and comprehensive. The question is whether the NDIA has sufficient capacity and resources to develop and implement the necessary operational guidelines and systems to reflect these. The strong perception from our agencies across the country is that the NDIA has not been given sufficient funding, staff or time to properly develop systems, and does not have sufficient overall capacity. The result is the current inconsistencies and unnecessary costs; and it may well signify that the NDIA's target for operating costs is too ambitious and results in the outsourcing and diluting of scheme elements. We believe the NDIA must be properly supported and resourced to develop effective systems and consistency in their delivery, including an appraisal and revision of operational and administrative costs.

We also direct the Commission to our earlier comments regarding the NDIA approach to the utilisation of service provider expertise; and attempted cost savings through the assessment planning process resulting in administrative burdens in excessive plan review. We believe that the NDIA could operate more effectively and potentially cost-effectively if more resources were put into proper assessment and planning processes and this would also significantly benefit

scheme participants, and reduce unmet costs in client support currently being born by service providers.

### **Provider of last resort**

Anglicare Australia believes there is a strong argument for a provider of last resort in the NDIS. We quote here from the experiences of Anglicare Northern Territory, which were also provided to the Commission in the context of its inquiry into competition and contestability for human services:

“Anglicare NT is a long term provider of services to older people and people with a disability in East Arnhem.

As an agency we are fully supportive of such “consumer directed” reforms, yet we have many concerns about how these [NDIS] reforms will eventuate in East Arnhem.

In relation to the NDIS we are unsure if we will be able to continue to provide quality services at the “price” set by the NDIS in this and other very remote and remote locations. We do not believe that the true cost of providing services in remote locations has been adequately addressed. It is not appropriate to just set a “remote price” by adding an arbitrary percentage loading to a rate that is barely adequate for southern states.

The “consumer directed” reforms are based on the need for market development so that consumers have a range of services to choose from. Even as one of the largest service organisations in the Northern Territory, Anglicare NT struggles to provide services in East Arnhem. Besides the difficulty of employing staff at lower rates than what is offered to government workers, we constantly struggle in relation to infrastructure, be it in accessing offices for workers, let alone staff housing or program delivery sites.

We are also concerned that the “market” approach will see interstate or international agencies fly in and provide services at a cheaper price, but only last a year or so and then head back “south”.

There is a real danger that a “market approach” will not keep long term service providers like Anglicare NT in East Arnhem. If service providers are to have a choice, we would propose that the “market” needs to be “managed” in remote communities whereby there is a level playing field and an additional subsidy paid to make such services viable.

Jon Altman, through his “hybrid economy” model, proposes that we need to recognise that remote communities are about interplay between the market, state and culture. He suggests that for remote communities to flourish there is a need to break away from the “shackles of the very dominant market mentality”. We recommend the Commission give consideration to the work of Altman and others in their understanding of the need to grow the “hybrid economies” of remote communities in Australia today.

Whilst there is a hope that reforms like the NDIS will bring about jobs for local Indigenous people, it is apparent that these reforms are being implemented in an uncoordinated and rushed manner with many strategies not fully considered.

It is apparent too that the consumer directed service delivery models that have been developed to bring about significant change to the service delivery system in southern states will have limited applicability in remote areas for many reasons.

There is clearly a need for an adequately funded place-based approach that brings together the different service delivery needs. The challenge facing Governments responsible for implementing these significant reforms is to do so in a coordinated and responsive manner that is respectful of culture. Clearly this will require a high degree of flexibility and coordination, recognizing that the applicability of “national” models is indeed questionable.

Government has recognised that there is a strong likelihood of “market failure” in locations where there are “thin or non-existent markets”. But rather than approaching these locations with a true community development approach, Government continues to see the world through a “market economy” lens, failing to recognise the need for a broader and more flexible perspective that truly considers locality and culture. The result, in the end, is likely to be not so much market failure but failure of the “consumer directed” reforms.”

We also draw the Commission’s attention to Anglicare Tasmania’s detailed discussion of issues for rural and remote areas and implications for provider of last resort considerations.

Aside from remote and some rural areas, there are other situations where consideration of a provider of last resort is also merited. One of these is in regard to people with exceptional needs. Such cases require a significant degree of case management and complex service coordination across multiple state and federal departments and services, and can involve significant legal issues relating to statutory responsibility for guardianship and care. For example, AnglicareSA’s Exceptional Needs service provides supported accommodation for people with high and complex needs experiencing homelessness. The majority of these participants have clinical psychotic diagnosis’, however, due to the depth and breadth of their needs and co-morbidities, including ‘safety risks’ for self and community, initial financial modelling suggests the level of support required may exceed the supported accommodation rates provided by NDIS.

A planned and collaborative approach between NDIS, current funders and providers is needed to ensure the most vulnerable are supported to access the level of support required. Given the complexities and interrelatedness and interdependencies on other services and systems, a per-individual quote would be the best method as it allows a more holistic approach to addressing and managing issues.

We also recommend that the Commission look at how Exceptional Needs have in the past and in some states still now operate. There needs to be a formal mechanism to enable collaboration and there needs to be authority re decision making –ie who ensures that Health and Drug and Alcohol services do what they need to do to support a client with exceptional needs so disability and mental health support can occur or is effective. For example, South Australia’s Exceptional Needs unit within the Department of Community and Social Inclusion has traditionally been responsible for sourcing funding for high and complex needs individuals who interface with multiple different service systems. This approach recognises the interdependencies between multiple risk factors and the need to manage them holistically.

Whether the NDIA is an appropriate provider of last resort is a separate question. Anglicare is open to this proposition as for example there would be merit in the NDIA developing internal knowledge of the challenges facing service providers. Overall however, there is likely more merit in keeping service provision and administration separate to avoid conflicts of interest (for example if the NDIA has some service provision while it may not compete with others in areas of last resort for packages, it would compete for staff and physical infrastructure). It is also likely to be more expensive and less effective to develop that specialist capacities required to be the provider of last resort, as exemplified by the experiences of Anglicare NT, in the NDIA; and particularly in remote communities there is a general scepticism about agencies that “fly in and out” and don’t maintain a long-term presence in the region that would undermine service delivery. It would likely therefore be far more cost-effective and efficacious to recognise the need in thin to non-existent markets and fund existing specialist service providers for such conditions.

### **Creating a separate fund**

On the issue of whether a separate fund should be created to fund the NDIS, we note the Productivity Commission’s own findings in the Inquiry into Disability Care and Support, which recommended that the "costs of supporting people with significant disability from year to year through the NDIS should be viewed as a core funding responsibility of government and met from claims on general government revenue."<sup>5</sup>

We see little evidence of any merit in deviating from this view. In fact recent events have shown the pitfalls of pursuing a special fund for the NDIS. The current proposed model put forward by the Australian Government relies on funding coming from cuts to other vital social services, places a cap on funding, and provides the Minister with sole discretion and responsibility for the management and expenditure of the fund. This model exemplifies the unnecessary risks associated with the creation of a separate NDIS fund, including conditional funding sources and arrangements, and loss of independence, which is seen as a fundamental part of the framework for the scheme.

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<sup>5</sup> <http://www.pc.gov.au/inquiries/completed/disability-support/report>

## **Measuring the financial sustainability of the NDIS**

In keeping with this approach of funding the NDIS from consolidated revenue, measures of the financial sustainability of the NDIS should not be narrowly held and applied solely within the scheme itself. Although such measures are of course essential, questions regarding the overall worth of the scheme that capture the cost and benefit to Australian society should be included, as we know that insufficient funding for the kinds of services provided through the NDIS more often than not leads to significant costs to other parts of government such as mainstream health services and emergency services.

Consistent with its view that the NDIS should be funded through general government revenue, we believe it is incumbent on the Commission to recommend evaluation measures regarding the scheme's financial sustainability that take into account the costs avoided or passed on to other areas of government if the NDIS is not properly supported. This could include tracking against data prior to the introduction of the NDIS, for example measuring visitation and costs associated with the utilisation of emergency services; tracking unpaid carer hours; measuring employment rates for people with disability; incarceration and recidivism rates for people with a disability who are recipients of packages through the NDIS; and the size of the NDIS workforce and commensurate returns to consolidated revenue through salary taxation. In this way measuring the sustainability of the NDIS will be contextualised in terms of the broader costs and benefits of the scheme to society and as part of consolidated revenue expenditure as a whole.

## **Conclusion**

This submission has focussed on providing the Commission with insight and detail to inform the questions raised in the Issues Paper, rather than on providing many concrete recommendations.

We thank the Productivity Commission for scoping this issues paper so comprehensively, and for the extension to the submission deadline. This allowed Anglicare Australia to draw on the collective experience of our agencies through a meeting of our Strategic Collaboration Group on disability and the NDIS, consisting of CEOs or managers in our member agencies overseeing disability services and the transition to the NDIS in their organisation.

Anglicare would welcome the opportunity for members of our Strategic Collaboration Group to meet directly with the Commissioners and staff to discuss these questions the Commission has raised in more detail, and to offer ways forward. We believe our extensive experience and commitment to the NDIS would make such a meeting very valuable and worthwhile.

***Please see attachment (uploaded separately) - Is the NDIS Reasonable Cost Methodology Reasonable? - Baker Worthington, on behalf of the Samaritans Foundation, June 2016.***