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Committee Secretary
Joint Standing Committee on the National Disability Insurance Scheme
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam,

Thank you for the opportunity to make a submission to the Inquiry into ***Market Readiness for the National Disability Insurance Scheme (NDIS)***.

Catholic Social Services Australia (CSSA) is the Catholic Church's national body for social services. Our interest in this Inquiry comes from our commitment to a fairer, more inclusive Australian society that reflects and supports the dignity, equality and participation of all people. Our 50 member agencies employ around 10,000 people, with 5,900 volunteers, directly assisting some 450,000 people across 650 sites nationally and are the frontline service providers caring for and assisting the vulnerable and disadvantaged in our society.

More than half of our members deliver services to people with a disability, and are committed to continue building the capacity of individuals with a disability, their families and communities under the NDIS. This submission draws on the extensive experience of the CSSA NDIS Network Group operating across urban and rural Australia, who together offer a vast range of services under the NDIS.

While committed to ensuring the successful transition to the NDIS, CSSA and its members are very concerned that the emerging system is producing significant inequalities between participants who have the capacity (or support) to navigate the market system and those who do not. Vulnerable participants, such as those with complex needs or without informal support are being left behind. In order to ensure the NDIS produces better outcomes for *all* participants, the varying capacity of participants to navigate the system must be acknowledged in underlying policies and with the availability of ongoing funding to ensure all participants are supported to access necessary services.

CSSA's response to the committee's terms of reference is outlined in more detail at Attachment A. In summary:

- Greater support coordination is needed, recognising that many participants will require ongoing support to engage with the NDIS system, and the overall level of participant readiness to enter the Scheme is low;
- Establishment of a safety net and clear guidelines for the support of participants and families in crisis situations is desperately needed and must be a priority;
- CSSA recommends that the government engage the sector in co-design of service delivery in areas where providers are under-represented, as timely intervention in thin-markets will be crucial to ensuring ongoing availability and choice in services; and
- Overall, providers are facing significant challenges transitioning to the market based system, due to the high un-funded costs of meeting the NDIA terms of business, the insufficiency of ceiling prices and difficulties in recruiting and developing the necessary workforce.

Please contact Joe Zabar, Director Strategic Operations and Economic Policy on telephone [REDACTED], should you wish to discuss further any issues raised in this submission.

Yours sincerely,

Fr Frank Brennan sj AO

Chief Executive Officer

Attachment A

CSSA's response to the Inquiry terms of reference is outlined below.

A) The transition to a market based system for service providers

While strongly committed to ensuring the NDIS system produces the best possible outcomes for participants, CSSA members have encountered significant difficulties in transitioning to the market based system. Fundamentally, the NDIA has failed to adequately account for the opportunity costs being borne by providers transitioning from a grant based funding system to a market based system. There has been significant cost shifting to providers to meet the NDIA terms of business, including very considerable unfunded work supporting clients to transition to the scheme, extensive establishment activities such as preparation of quotes, increased reporting costs and additional administrative burdens due to portal issues and system inefficiencies. These significant additional administrative expenses have been shifted to providers in the context of simultaneous pressure towards greater efficiency and competitiveness. Together with insufficient ceiling prices, the inadequate coverage of these opportunity costs has greatly inhibited providers' ability to operate in the new market system.

CSSA also has significant concerns regarding the consequences of transition from a highly regulated, distorted market to an open market when the true cost of service delivery is not yet specified. Deregulation without a proper understanding of the true cost of service provision will lead to a "race to the bottom" on price, risking the safety and quality of services, and accessibility of services for vulnerable clients, especially those with complex needs. For example, there has been a significant shortfall between the level of funding for short-term accommodation considered reasonable by the NDIA, and the real cost of delivering safe and appropriate services. The ceiling price did not allow for appropriate staff ratios for clients with complex needs, or to meet award conditions for staff on weekend and public holiday shifts. Due to strong advocacy from the sector, this pricing gap was finally recognised and adjusted by the NDIA.¹ Resolving the significant remaining disparities between ceiling prices and the funding required for safe and appropriate service provision remains a crucial priority, if transition to a market based system is to be successful.

B) Participant readiness to navigate new markets

There is an inherent assumption in the way NDIS plans are designed and funded that after a certain period of time, most participants will be able to navigate the system largely independently (ie. participants have the inherent *capacity* to navigate the system, it is only a matter of increasing their *readiness* to do so). However, this is not realistic for many of the participants that CSSA members serve, who currently require far more support to navigate the NDIS system than is currently billable. Such participants may have high or complex needs, no family or informal carer support, significant psychosocial disability or a history of trauma. The complex and ongoing nature of such vulnerabilities mean that many participants do not have the capacity to navigate a market system independently and will continue to require extensive support to engage with the NDIS and access the services they require. The differing capacity of participants must be recognised in the way that support coordination is funded, to enable providers to support extremely vulnerable participants in an ongoing way to exercise choice and control as much as possible and engage with the NDIS system. The transition from a case-management approach under block-funding to individualised support coordination has also particularly impacted families of participants with high and complex needs, as support coordination no longer allows for the holistic, broader support of carers which has been crucial in enabling this caring role and preventing breakdown of family supports.

¹ See National Disability Services, *Prices for Short Term Accommodation to Rise*, 18 October 2017, www.nds.org.au/news/prices-for-short-term-accommodation-to-rise

As such, CSSA and its members are extremely concerned that the NDIS system is imbalanced and strongly skewed against vulnerable participants and those with complex needs who require greater support. The system works well for people who are capable, high-functioning and who have strong informal supports, while others who are already vulnerable and isolated are being left behind. Participants' level of capability to navigate the complex NDIS system should not determine whether or not they are able to gain access to the supports and services they require. However, a CSSA member who supports children with disability has found that participants with similar needs have ended up with very different NDIS plans, apparently influenced in some cases by the education level of their parents and level of family crisis, which impact how the child's needs are articulated and so the level of funding they receive. CSSA is extremely concerned that such inequalities will worsen, as providers lose the capacity to provide the extensive additional support required to engage with vulnerable participants, or choose to rule out such participants all together.

These issues are indicative of the inconsistencies and issues with the planning system. CSSA members report vast discrepancies between funding allocations for individuals with similar needs, with no explanation for these variances and sometimes in spite of the high competency of participants or carers. In several instances, these inconsistencies have left participants much worse off than under block funding. The current planning system also do not allow real flexibility to cater for changing client needs or episodes within the life of a plan. Participants should have the ability to use their resources flexibly for different needs as they arise, rather than being controlled by NDIA planners (participants could justify their expenses later through a reconciliation process if required). There needs to be a much greater emphasis on the flexibility and consistency of planning and prevention of the development of a two-tiered system, including through sound training of NDIS planners, greater funding for support coordination and recognition that many participants will require additional support to engage with the system indefinitely.

While appropriate ongoing funding for support coordination is vital, providers have found that this is often largely underfunded and varies widely across participant's plans. Overall, the experience of CSSA members is that the level of participant readiness to navigate the NDIS market is very low. Appropriate preparation of participants for transition to the NDIS will lead to far greater efficiencies and better client outcomes. CSSA members have consistently found that participants who have been offered and engaged with pre-planning support have far better outcomes, with plans that more appropriately reflect their needs and are suitably funded, greater continuity of care, and are less likely to require a review. The importance of these pre-planning support activities must be acknowledged with appropriate funding for providers to undertake this work.

C) The development of the disability workforce to support the emerging market

CSSA members are experiencing significant challenges recruiting and developing the workforce required to meet demand for services. This is consistent with the Productivity Commission's finding that the disability care workforce is unlikely to be sufficient to meet demand by 2020.² For example, a CSSA member developed an "Earn and Learn" program offering to cover the cost for applicants to undertake their Certificate III in disability support services, but received very few applications even for these supported positions. Providers face significant challenges in maintaining a skilled workforce, as it is extremely difficult to recruit qualified staff, the ceiling prices are insufficient to cover staff development and casualisation of support staff has increased turnover. Member agencies are doing their best to match support staff to individual participant's interests and goals, however in this environment, there can be significant lag time between a participant receiving their plan and beginning to receive supports, as providers are not able to train and maintain such a workforce ready for participants.

² Productivity Commission, *National Disability Insurance Scheme Costs (Final Report)*, 19 October 2017, Finding 9.1, p336, www.pc.gov.au/inquiries/completed/ndis-costs#report

The increasing casualisation of the disability support workforce has reduced continuity of workers and services (which is often extremely important to NDIS participants) and shifted risk onto a vulnerable workforce. One member reported they have been forced towards complete casualisation of direct support staff as demand for services is unpredictable. However, maintenance of staff in this environment is difficult as they are understandably making employment decisions based on predictability of income.

This has significant implications for the continuity of care for participants and means it is difficult to develop expertise within the workforce. A recent study has found that the unfeasibly low ceiling prices for support services has created an environment in which it is very difficult for providers to meet their employment obligations and to support permanent positions. The authors conclude that “under these arrangements, attracting and retaining the additional disability support workers necessary to meet projected demand is unlikely. Indeed, even retaining the current workforce is a matter of concern.”³

In moving to a market based system, the Government has shifted risk to the social service sector, who in turn have been forced to shift this risk to employees. Part of the solution to these challenges must be appropriate funding for staff training and development. There is currently no funding available in the insufficient ceiling prices for training and development, however the ability of providers to invest in their workforce to develop the knowledge, skills, commitment and creativity of staff is necessary to ensure the workforce develops sufficiently to meet demand.

D) The impact of pricing on the development of the market

Insufficient ceiling prices have put immense pressure on providers and inhibited growth for core services at a time when supports are needed to increase. CSSA remains concerned that price caps for support services are fundamentally inadequate as they do not account for award conditions and staffing costs. This has prevented development of the market for these services, and continues to threaten market failure where not addressed. In the ACT, the inadequacy of ceiling prices for Short-Term Accommodation resulted in providers withdrawing services and imminent market failure. It was only after significant withdrawals of services and advocacy from the sector that an agreement was reached to adjust the pricing formula.⁴ Similarly, in rural and remote areas, the insufficiency of the remote loading and vast disparity between real travel costs and those billable has meant that many providers have deemed it unviable to provide services in these regions.

Review of the ceiling prices to reflect true service delivery cost is vital if the market is to develop to the capacity required. The outcomes of the Independent Price Review undertaken by McKinsey and Company are eagerly anticipated in this regard. Further, CSSA strongly supports the Productivity Commission’s call for the transition to an independent price regulator, with the Quality and Safeguards Commission enabled to take on this role.⁵

E) The role of the NDIA as a market steward

The NDIA has tended to regard stewardship of the market in terms of protecting the boundaries of the budget package as a whole, rather than engaging in the necessary work of determining real cost of service delivery and assisting the market to achieve true cost coverage.

³ Cortis, N., Macdonald, F., Davidson, B., and Bentham, E. (2017). Reasonable, necessary and valued: Pricing disability services for quality support and decent jobs (SPRC Report 10/17). Sydney: Social Policy Research Centre, UNSW Sydney. p.54

⁴ See Groch, Sherryn, *Marymead, NDIS deal gives reprieve for families shut out of respite*, Canberra Times, 4 October 2017, www.canberratimes.com.au/act-news/marymead-national-disability-insurance-agency-deal-gives-reprieve-for-families-shut-out-of-respite-20171003-gytbry.html

⁵ Productivity Commission, *National Disability Insurance Scheme Costs (Final Report)*, 19 October 2017, Recommendations 8.1 and 8.2, p.317 www.pc.gov.au/inquiries/completed/ndis-costs#report

F) Market intervention options to address thin markets, including in remote Indigenous communities

Market intervention is extremely important to ensure all participants in areas of thin markets are able to access quality support services, and exercise as much choice and control as possible regarding who and how their services are delivered. CSSA recommends that the government engage the sector in co-design of service delivery for areas which are remote or where providers are under-represented. We know from our “*Dropping off the Edge*”⁶ research that many communities bear the burden of multiple and entrenched disadvantage, so responses to individual needs must be shaped by the context of their local community. Engaging with local communities and service providers in co-design of service models will allow the development of solutions appropriate to different areas.

In providing services to remote Indigenous communities, a CSSA member providing services across large regional areas has found the use of block-funding helpful in allowing an effective cultural approach to delivering disability services. Use of block-funding could be retained in such cases to ensure availability and suitability of services. Further, rather than simply increasing oversight of small providers in thin market areas, there needs to be incentives to encourage the sustainability of such services, which support the choice and control of participants. As recommended by the Productivity Commission⁷, discontinuing in-kind arrangements will also be important particularly in regional areas, as current arrangements limit long-term choice for participants and disadvantage non-state providers.

G) The provision of housing options for people with disability, with particular reference to the impact of Specialist Disability Accommodation (SDA) supports on the disability housing market

CSSA members are concerned about the implementation of Specialist Disability Accommodation Rules, as providers face barriers in jurisdictions where the state government holds a significant stock of accommodation and strictly controls participant access to Specialist Disability Accommodation. This significantly limits participant choice and control and restricts the potential benefits of a market-based approach.

H) The impact of the Quality and Safeguarding Framework on the development of the market

CSSA is concerned that the differing application of the Quality and Safeguarding Framework for registered and unregistered providers will result in an unequal market, where registered providers have additional compliance costs associated with adherence to the Framework which are not applied to unregistered providers. This has significant risks for quality assurance and safety, as well as distorting the need to include compliance costs in ceiling prices.

I) Provider of last resort arrangements, including for crisis accommodation

CSSA and its members are very concerned at the lack of safety net provisions and a clear set of guidelines for the support of participants and families in crisis situations. Despite a clear recommendation from the Productivity Commission inquiry for the NDIA to accelerate the release of its strategy in this area⁸, there is still no further clarity. There is confusion and lack of support, as a CSSA member reports, they have been inundated with extremely short notice requests for services.

⁶ Dropping off the Edge 2015 – Report by Catholic Social Services Australia and Jesuit Social Services <https://dote.org.au/>

⁷ Productivity Commission, *National Disability Insurance Scheme Costs (Final Report)*, 19 October 2017, Recommendation 7.2, p.284 www.pc.gov.au/inquiries/completed/ndis-costs#report

⁸ Productivity Commission, *National Disability Insurance Scheme Costs (Final Report)*, 19 October 2017, Recommendation 7.1, p.281 www.pc.gov.au/inquiries/completed/ndis-costs#report

Providers are concerned at the lack of understanding of many NDIA planners to deal with the complexity of crisis situations for participants and their families. Suggestions that participants can stay in a motel temporarily are far removed from an understanding of the care needs of participants and the trauma and crisis that parents and carers undergo themselves. Time must be taken to look at the system of crisis accommodation holistically, and understand the environment, processes and quality assurance that is needed to appropriately care for participants. CSSA is concerned that there will be drastic unintended consequences and a reduction of the ability of the sector to respond to crisis needs, due to the short-term decisions currently being made in this area.

Provider of last resort arrangements normally entail care in centre-based respite. Despite this forming a crucial aspect of the safety net, respite care or short-term accommodation has been drastically underfunded, with prices only amended recently following loss of providers and significant advocacy from the sector. The inadequate ceiling prices and lack of recognition of requirements to support participants with complex needs has severely impacted the capacity of the sector to respond in crisis situations. In order for this system to function properly, in addition to the corrected price levels, there must be a process to cover vacancies so that there is a viable system to deal with immediate need when it occurs.

J) Any other related matters

More needs to be done in maturing the NDIS market in relation to other service systems. Providers are particularly concerned that as psychosocial disability support and health services transition to the NDIS that the market is not ready to cover these service areas. For example, a CSSA member has noted that participants with high health support needs are not receiving the appropriate funding in their packages for health services which under block-funding were covered by district nurses. Such gaps mean participants are not able to access or exercise choice and control over the provision of necessary health services.