



Capricorn Community Development Association Inc.

Response to Discussion Paper

Productivity Commission inquiry into NDIS costs – 2017

The organisation:

The Capricorn Community Development Association Inc. (CCDA), is an unfunded volunteer, community development organisation. Its purpose is to support the community in solving its own problems. CCDA acts as a mini-peak body for the region and inputs a Central Queensland perspective to state and national forums.

Activities include: Advocacy; Information dissemination; A monthly newsletter; Community information events and activities; Networking opportunities; Input to strategic forums and networks.

Author: John Homan – parent of a child with a disability, disability advocate and community developer, member of both strategic and operational disability organisations.

Introduction

This submission focuses issues arising from Information Request 4.2

1. *Should the National Disability Insurance Agency have the ability to delegate plan approval functions to Local Area Coordinators?*
2. *What are the costs, benefits and risks of doing so?*
3. *How can these be managed?*

Information Request 4.2.¹ is primarily about Local Area Coordination (LAC).

The effectiveness of Local Area Coordination is the critical indicator that will demonstrate if the NDIS represents the paradigm change the PC11 represents, or is another version, under a different name, of the old system. Whether the governance of the NDIS is based on relationships, or just another version of the traditional, institutional model.

This submission aims to compare Local Area Coordination, as developed and practised in West Australia, and adopted by the PC11, with the system introduced by the NDIS. nation wide (except for WA).

Background and Context

The PC11 condemned the existing system when it said that it was: “underfunded, unfair, fragmented, and inefficient, and gives people with a disability little choice and no certainty of access to appropriate supports”.² It rejected the Australian version of the British welfare model, so enthusiastically adopted by many other western countries.

¹ PC Costs, Overview, 2017

² PC11, Overview

Sir William Beveridge, who designed the system in 1942, said, not long before his death in 1948, that he had made a dreadful mistake. He had left people and their communities out. This omission, he said, led to seeing people, and people starting to see themselves, within the categories of the bureaucracies and the institutions.³

The Beveridge system of welfare was a contractual one, run by bureaucrats doing things for, to and at people, but not with them. The recipients of welfare were mere spectators in their own lives. Beveridge's model legitimised the social construct of disability, the institutional model of inequality in Australia.

Relationships

The importance of relationships in people's lives can not be over stated. A full life does not come from being rich, filling your house with a lot of things, nor from being busy, and filling your day with lots of activity. A full life comes from having a number of significant and fulfilling relationships that support you and give your life purpose, someone to share experiences with, good and bad.⁴

The PC11 demonstrated an understanding of the importance of relationships. The critical importance of equal, respectful and trusting relationships in individuals and community life. With this in mind the PC11's aim was to create a collaboration, a partnership with people with disabilities. To facilitate acceptance of people with disabilities as equal citizens in community, to enable them to control their own lives, have the opportunity to reach their potential, reduce their reliance on services, and become more independent. To become a contributor to society, rather than a cost.

The NDIS was designed by the PC11 based on the premise that although not all people are the same, they are equal, and this should be demonstrated through the establishment of respectful, credible and trusting relationships. It means that a person centred approach involves listening, thinking together, coaching, sharing ideas, and seeking feedback.

To achieve these core objectives of social and financial support the PC11 proposed to combine two (well proven) existing systems:

- inControl is a British system in which "Personal budgets and self-directed services mobilise the intelligence of thousands of people to get better outcomes for themselves, and more value for public money".⁵
- Local Area Coordination (as developed and practiced in West Australia), has a strategic focus rather than an operational one: It asks: "What is a good life?" versus "what services do people need".⁶ This builds capacity with key aims of self-determination and self sufficiency.

When Eddie Bartnik and Ron Chalmers said: "It's about more than the money"⁷ they confirmed that money, by itself, does not create a good life. They emphasised that in their Local Area Coordination in WA "direct funding is viewed as an adjunct to family and community based supports rather than as the primary solution to meeting needs".⁸

³ TED talk - [Hilary Cottam: Social services are broken. How we can fix them](#) - 2015

⁴ Leadbeater, C., *With Relationships and The Public Good*, 2008

⁵ Leadbetter, C., *Making it personal*, Demos, 2008. <http://www.demos.co.uk/publications/makingitpersonal>

⁶ *Co-Production and Personalisation in Social Care*, Jessica Kingsley Publishers, 2007.

⁷ Bartnik, E., Chalmers, R., *It's about more than the money*, Local Area Coordination Supporting People with Disabilities, 'Co-Production and Personalisation in Social Care', 2007

⁸ Bartnik, E., Chalmers, R., *It's about more than the money*, Local Area Coordination Supporting People with Disabilities, 'Co-Production and Personalisation in Social Care', 2007

Angus Buchanan⁹ validated this through his research which examined if families that receive funding are more empowered than those who don't? Buchanan could not tell the difference, and observed: "A primary support service accessed by all families in this study is Local Area Coordination. It would appear that the influence of a contemporary service delivery framework, such as Local Area Coordination has the capacity to facilitate the empowerment of all parents and carers regardless of their support needs".¹⁰

Local Area Coordination

Local Area Coordination was the system chosen to bring change. Local Area Coordination is about relationships. It was tested in Albany (WA) in 1988, and has been developed, slowly and methodically, since. It now covers all of West Australia. The Western Australian model of Local Area Coordination is community development by a different name and includes some elements of case management.

The West Australian system of LAC meets the objectives of creating a direct link between the NDIA, the funder, and the person with a disability for two reasons. It is a proven system, and regarded as 'core business' by the WA Disability Services Commission. Eddie Bartnik and Ron Chalmers observed that 'Local Area Coordination has been retained within government throughout the past eighteen years. At key decision points during this period it has been determined that LACs play a pivotal role in connecting individuals and families with the policy and program systems of government and that this should not be lost in exchange for any benefits which may ensue from privatisation'.¹¹

The current implementation of the NDIS is outsourcing LACs, which erodes the strength of the approach successfully demonstrated for many years in WA.

In the Western Australian model, Local Area Coordinators are not mere messengers. To their customers they **are** the NDIA. They can make decisions with the customer on behalf of the NDIA, as their authority matches their responsibility. Local Area Coordination, and direct funding have created the dynamic where the person with a disability, the NDIA through the LAC, and service providers are now equals at the table. Ownership of decisions made is shared.

Outsourcing the LACs effectively shifts the dynamic, where the LAC component becomes a service delivered by a provider, rather than the intended role as outlined in PC11 and demonstrated over many years in WA.

There is not a single discipline that encompasses a LAC's skill set under this model - individual coordination, personal advocacy, family support, community development and direct funding, are some elements in LAC's in Western Australia and so they are drawn from a wide range of backgrounds and professions (eg social work, psychology, education, therapy, nursing and community work).¹² LAC's, in spite of their wide diversity of backgrounds are expected to demonstrate some key qualities: a contemporary values base, they must be self-aware, be able to listen and hear, have imagination, people skills, ability to think strategically and operationally, be innovative and able to manage risk. Wherever possible, LACs are recruited from their local communities. Importantly, they must be prepared to develop long term relationships with their clients.

With the LAC as his mentor, and the person with a disability controlling his funding, he can embark on a journey to his potential, and a good life.

The LAC builds his knowledge and understanding of the local community as a basis for promoting inclusion and to expand the potential support base for people with disabilities. LACs work with children and adults of all ages and stay with people across the major transition points of life. It is the

⁹ Buchanan, A., A/Director, Metropolitan Service Coordination, Disability Services Commission, WA, Associate Professor (adjunct) School of Occupational Therapy, Curtin University of Technology.

¹⁰ The predictors of empowerment for parents and carers of people with intellectual disabilities within the direct consumer funding model, 2012

¹¹ Bartnik, E., Chalmers, R., It's about more than the money, Local Area Coordination Supporting People with Disabilities, 'Co-Production and Personalisation in Social Care', 2007

¹² Bartnik, E., Chalmers, R., It's about more than the money, Local Area Coordination Supporting People with Disabilities, 'Co-Production and Personalisation in Social Care', 2007

nature and quality of this ongoing relationship, and having one point of contact for local people that is reflected consistently in satisfaction ratings with the LAC program.¹³

Stehlik and Chenewith suggest that a long term trusting relationship enables the Local Area Coordinator to be seen as a "co-driver" on the journey, the person holding the map, while assisting and supporting the client to move forward himself. The barriers, road blocks, and potholes that are constantly in the way are therefore potentially smoothed by this partnership, thus enabling the journey to be taken by others as well.¹⁴

Under the Productivity Commission's proposed model, the core function of Local Area Coordinators is to protect, and build on, the NDIS's investment by guiding and mentoring people with disabilities, so they will get the best possible quality of life, and the best 'bang for their buck'.

With the change from block funding to direct funding of individuals, it turned service providers from gate keepers into shop keepers, and created a self-regulating market which exposes buyers to considerable risk. Are sellers motivated by 'doing good better', or making a quick profit? The LAC with the positional power and authority of the NDIA is able to protect people with disabilities from carpet baggers and snake oil salesmen and to support them in reaching their potential.

The importance of the "I" in the NDIS

The I in NDIS stands for insurance. The NDIS, as an insurance scheme, takes a long-term view. This gives the consistency and stability that is missing when funding is dependent on service contracts or electoral cycles. It has a strong incentive to fund cost effective early interventions, including therapeutic ones. This assists participants to become more independent, self-sufficient and less reliant on support services.

This investment aims to unlock productivity through education, training, and employment:

- The PC11 estimates that addressing these inequalities may achieve employment ratios for people with disabilities equivalent to the average OECD benchmark.
- The PC11 projected that the NDIS would result in an additional 320,000 people with a disability being employed. Another major economic benefit is that many well educated, skilled and experienced primary carers will be able to return to the workforce.¹⁵
- National expenditure on disability services is projected to increase by 0.5 per cent as a result of the NDIS, but in return, the NDIS is projected to contribute 1.0 per cent to the GDP by 2050.¹⁶

The symbiotic relationship between Local Area Coordination and the insurance part of the NDIS seems little understood. They are joined at the hip, and a failure of either one signals a failure of the PC11's NDIS.

The NDIS, as designed by the PC11, is a perfect example of a system that would not only reduce inequality, but also contribute to economic growth.

It is appropriate at this point to reflect on answers to the questions raised in Request 4.2.

1. *Should the National Disability Insurance Agency have the ability to delegate plan approval functions to Local Area Coordinators?*

LAC's in the Western Australian (and PC11 model) have the positional power and authority to act, and have close, long term, relationships with their clients. This gives them a three-dimensional understanding of the reality and abstracts influencing participants and their families lives, their

¹³ Bartnik, E., Chalmers, R., It's about more than the money, Local Area Coordination Supporting People with Disabilities, 'Co-Production and Personalisation in Social Care', 2007

¹⁴ Stehlik, D., Chenoweth, L., Flexible funding as an underpinning to community resilience, 2001

¹⁵ PC disability Care and Support, Overview, p56.

¹⁶ Bonyhady, B., Address at CEDA luncheon, Brisbane, 051115

wishes and dreams. LAC's are in the very best position to judge if the support plan meets a person's necessary, and reasonable needs. It also places LAC's in a position where they can readily respond to changes in circumstances and needs; as Charles Leadbeater observes, it is the role of the LACs to encourage flexibility and innovation, and manage risk and ambiguity.

The LAC system in the other states and territories has been outsourced, and the LAC becomes a messenger without the positional power and authority of the NDIA. The LAC becomes the middle man, and decisions are no longer made close to the customer in an environment of mutual trust. As Stephen Covey asserts, trust leads to better, speedier, and less expensive outcomes.¹⁷

Evidence indicates that the LACs in the Western Australia system are better prepared and have greater capacity and authority than many of the LACs being recruited in the current rushed roll out of the NDIS.

With a focus on best outcomes for clients, an approach that builds relationships and provides an environment that stimulates growth in individual capacity should be encouraged. Therefore CCDA gives in principle support to the National Disability Insurance Agency delegating plan approval functions to Local Area Coordinators, however rigorous training and support would need to be provided to the LACs.

2. What are the costs, benefits and risks of doing so?

The cost benefits are two-fold:

The general opinion seems to be that self directed services are at worst cost neutral, at best show savings of up to 35%, with average savings of around 10-20%.¹⁸

The LACs have a critical role in creating an empowering environment in which they can accompany people with disabilities on their journey towards their potential. The intention is that this will result in a reduced reliance on services and increased opportunity to contribute to community. Reducing ultimate cost through early investments meets the insurance objective for the NDIS to become self-sufficient, rather than a cost to the budget.

3. How can these be managed?

People with personal budgets do not take undue risks; often the care packages they design are lower risk than traditional services.¹⁹ The risks of fraud may be minimised by putting in place light-touch monitoring and auditing systems to check that a service user's needs are genuine and that their support plan is meeting those needs.²⁰

With the objective of making people with disabilities more self-sufficient and independent comes the risk of service providers not adapting to this change.

To address this, within the Western Australia model, which has proved itself overtime:

- The LAC has the authority to prevent over servicing. If services are not matched with actual need, they potentially will impede participants' progress, and the economic sustainability of the NDIS.
- The Local Area Coordinators job is varied, being both strategic as well as operational. To avoid overloading LACs in WA, and provide them the flexibility to respond to unexpected situations, their client base is limited to between fifty and sixty families.

¹⁷ Covey, S. M. R, *The Speed of Trust*, 2006

¹⁸ Jones, K., et al, *Do Individual Budgets Work and at What Price?*, 2009

¹⁹ Leadbeater, C., et al, *Making it Personal*, Demos,2008

²⁰ Leadbeater, C., et al, *Making it Personal*, Demos,2008

- In WA approval functions between the NDIA and LAC are clearly defined in a comprehensive operating framework. Approval functions are not so clear in areas where the Local Area Coordination is outsourced, as it introduces a third party into the equation.

Local Area Coordination in the NDIS

Local Area Coordination in today's NDIS is very different from that envisioned by the PC11.

Causes for change have been many: political, compromise, operational considerations, and a lack of understanding that the PC11's paradigm shift was to move from a controlling to a relationships based system. All of this has led to decisions that are corrupting the PC11's NDIS, and may lead to its failure.

Outsourcing Local Area Coordination may be the most significant one. It tries to fit LACs into the current institutional model of governance which is incompatible with the relationship based environment that LAC thrives in.

The Assistant Minister for Social Services (Sen the Hon Mitch Fifield), on August 18, 2015, answering a 'question without notice' in the Senate said:

"Also, we found that there was a plan to have 10,000 staff for the NDIS. The Minister for Finance and I thought why not open up the opportunity for not-for-profits and businesses to provide some of those administrative functions. So we will now see staffing levels below 3,000".²¹

The PC11's model of Local Area Coordination makes it the engine that drives its NDIS. It provides the energy and direction that links all participants in a collaboration with a common objective: to enable people with disabilities to achieve their ambitions and dreams, to facilitated links with service providers, and to, through its insurance model, become economically self sufficient.

Categorising the LAC role as an administrative function, the NDIS has lost its way. It has downgraded the star role of the LAC to a non speaking bit-part, and compromises its structural integrity. It leaves a vacuum, The LAC is no longer the NDIA presence, the 'go to' person, the lubricant in the system. Its wraithlike, almost invisible presence is blamed for the confusion, and uncertainty in the disability sector.

It may be argued that the system has returned to being 'Beveridge light'. The role of the LAC has been reduced to that of a messenger, with little authority.

Where is the LAC?

- The creation of relationships has been reduced to a thirty minute phone call, which leads to a multitude of issues:
- Participants don't get the help to make the most of the NDIS. Because of the controlling nature of the previous system, there is a great deal of 'learnt helplessness' to unlearn. There seems to be no assistance to address this and make participants ready for the NDIS
- There is a lack of transparency, information tends to be vague, inconsistent and contradictory.
- Service providers are confused and bewildered. Their roles and futures are unclear which makes them, supportive in principle, but apprehensive.
- The selection of LAC's seems to be in line with their envisioned 'administrative' role. Anecdotal evidence, so far, indicates that many lack understanding and knowledge of disability and its effect on participants their families and community.

Conclusion

In brief, as indicated above, in response to the three questions from Request 4.2: CCDA believes

²¹ Transcript by Senator the Hon Mitch Fifield, Question without notice, 18 August 2015.

1. Local Area Coordinators should be provided with the authority, knowledge and understanding to work within a strong practice framework that enables both outcomes for individuals and a sustainable system for the NDIS.
2. Costs are only discussed in politics, and the media as a 'cost to the budget'. The insurance model is only mentioned because it is the "I" in National Disability Insurance Scheme (NDIS) but not as an objective. The Insurance approach is essential to the sustainability of the NDIS, but not achievable with the current practice framework.
3. Overall, budgets will be set at the political, COAG level cost management comes down to effective systems management, feedback loops and oversight and an effective approach to identifying need, and appropriate intake and assessment.