

THE WESTHAVEN ASSOCIATION LTD SUBMISSION TO THE NDIS COSTS – PRODUCTIVITY COMMISSION ISSUES PAPER (FEBRUARY 2017)

BACKGROUND

The Westhaven Association Ltd. (hereinafter referred to as Westhaven), is a disability service provider in Dubbo, NSW, existing solely to provide supported employment and accommodation for children and adults with disabilities. Since 1957, Westhaven has been providing employment, training, accommodation & life skills support to adults and children with disabilities. Invariably if there are any concerns with a person with disability in the central west NSW region, Westhaven is the first point of contact for the local community. Westhaven's services are designed to meet the client's specialized needs, cultural background, and personal preferences. People are at the centre of everything we do. At Westhaven, our vision is to help people *"Live Life the Way they Choose"*.

Westhaven is a not-for-profit organisation and registered charity with all money generated from our business activities being used to provide ongoing support for our people. Currently, Westhaven is providing services to 160 children and adults with different types of disabilities. Most of these people are living in accommodation provided by Westhaven. The organisation has a supported team of 300 employees. Many of our residents and supported employees have been with Westhaven for well over thirty years, and many no longer have living relatives to care for them.

Westhaven operates primarily in Dubbo, Nyngan, and local surrounding areas. Historically Westhaven clients come from the Orana region and more particularly Gilgandra, Narromine, Bourke, Warren, Coonamble, Trangie and Wellington. Westhaven commenced provision of an Australian Disability Enterprises (ADE) in Nyngan in 2015. In the 2016-2017 financial year, Westhaven will have an operating budget of \$18.3m, and its balance sheet shows land and buildings valued at \$15m.

Westhaven provides a range of services for children living with a disability. The organisation is an Accredited (Residential) Statutory Out of Home Care Provider. Westhaven also delivers Adult Respite, Children's Respite Services, Group Home Services, Day Programs, and Support for People Living Independently in the Community.

FEEDBACK TO THE PRODUCTIVITY COMMISSION

Westhaven is deeply committed to the success of the NDIS and is concerned that there are a number of features of the current NDIS scheme which are dysfunctional. It is concerned that the NSW Government's action to date regarding its withdrawal from supplying services in Western NSW have further entrenched the disadvantaged suffered by people living with a disability. The NDIS has failed to date to deliver employment outcomes to NDIS participants at the level envisaged by the Productivity Commission. The scheme's current implementation arrangements are entrenching the notion that people with a disability should not be, and do not need to be, active participants in the

Labour Market. The following explains Westhaven's key concerns in relation to the Terms of Reference set by the Australian Government for the Review of NDIS Costs.

NDIS IS NOT SUPPORTING PEOPLE TO WORK

The evidence from the plans being produced to date shows NDIA has failed to ensure that NDIS participants are supported to gain productive employment. Without the employment outcomes expected from the scheme, NDIS may not achieve the return originally projected by the Productivity Commission. There is often an unrealistic expectation that participants can gain access to open employment. Not everyone has the ability to operate in the unsupported 'open' labour market.

NDIS must be focused on ensuring discrimination against people with a disability is addressed within the NDIA business. It is unacceptable that NDIA Planners are working with a disempowered group within our community, in such a way that achieves a result where less than 10% of those people will be working.

The ordinary assumptions within Australian government policies, that all Australian have a reciprocal obligation to seek work when they receive benefits, is not applied to people with a disability. While it is acknowledged that all people on a pension cannot work, it is discriminatory to argue that people with a disability should not have the same right to access work as the rest of the Australian adult population. Existing government policies support parents access to the workforce, and yet the NDIS is being viewed by NDIA as successful when it offers to support less than 10% of participants to work.

The existing planning process utilised by NDIA is failing to ensure a large proportion of NDIS participants are supported to gain supported employment, and to remain in that employment. NDIA's current model of providing participants with funds to enable providers to support them at work, is counter-productive to fostering participants working in full time in supported employment.

Participants are currently given an annual allocation which is then proportionally paid weekly to providers. There is no relationship between what the participant's productive abilities are, and the payment to providers. Providers, including those described as Australian Disability Enterprises, are financially penalised if they accept the least productive type of employees. Fixing the payment at one level for all participants within a business discriminates against those with most need for support. Those most work ready, and requiring the least support, will be employed first.

While providers are paid a weekly amount to cover the costs of supporting a participants in employment, the capping of the support costs simply financially encourages employers to provide participants with the least amount of allowable hours of supported employment. NDIA has shown a lack of understanding of how supported employment functions to assist people with a disability to remain in the labour market. Other advocacy groups have openly

pushed for everyone to be forced into open employment. This goes against the principles of NDIS that participants should have a choice, even if that choice is to work in supported employment.

While it is acknowledged that other social policies are required to address this under-employment challenge within this group of disadvantaged people in Australia, the NDIA's approach to fostering the growth of supported employment for NDIS participants has been, to date, completely inadequate. The long term success of NDIS is being placed at risk by ignoring the importance of ensuring that people with a disability must be able to access employment and be active participants in the labour market, and to thus earn an income which foster them leading an ordinary life.

The assumption being made by most NDIA Planners will lead to thousands of disabled people being trapped in poverty on a pension. People with a disability must be encouraged and supported to actively participate in the labour market. They should have the same expectation on them as the rest of the Australian adult population, that work is reasonable and necessary for an ordinary life.

The scheme must be economically sustainable, and this is best achieved by fostering NDIS participant's access to the Labour Market. Without NDIS participants being supported to work, the potential financial sustainability envisaged by the Productivity Commission will not be achieved, and this major social policy investment will be squandered.

IT IS ALL ABOUT THE NSW GOVERNMENT SAVING MONEY

The NSW Government removal of itself as a service provider has severely impacted on the 'supply' side of the market in Western NSW. In a little under 2 years, the expertise in specialist allied health services previously available across Western NSW have been dismantled by the NSW Government. People with a disability are now much less likely to access the specialist allied health services they need.

Many people who have been traumatised, are living with a disability, and who have an episodic mental illness, are unable to access the specialist services they need. The Westhaven Association is no longer able to gain the level of assistance it received for people with a disability from the behaviour support services operated by the Department of Family and Community Services. Nothing has replaced what the NSW Government was providing in Western NSW.

The NSW Government decisions to date, in Western NSW, have had little to do with supporting the implementation of NDIS, and appear to be all focused on saving money. The NSW Government recognised that the income it would receive from NDIS participants via NDIA, would be grossly inadequate to cover its service provision costs, and it would thus need to cross subsidise these services if it choose to remain as a supplier. It has therefore withdrawn from offering services, and sought to off load its service provision services to a business capable of operating without the same employee cost structure.

Over the last two years it has under-invested in maintenance of its supply side business. Dealing with the remainder of its funding side business has become more challenging as the Department slowly shuts down its operations in Western NSW.

INADEQUATE MARKET PLANNING AND RESOURCING

There has been insignificant investment in infrastructure development and supply side planning for NDIS implementation in Western NSW, by both the NSW Government and the Australian Government. As a large provider in Western NSW, Westhaven has had almost no interaction with any level of government to ensure the supply side of the market is adequate in Western NSW.

The lack of market planning and support for supply capability, reflects the Australian Government's expectation that market suppliers have access to capital to support their long term investments. If the NDIS is like a plane being built while it's taking off, then the Australian Government's lack of market planning for NDIS is like a plane being expected to take off in the jungle.

NDIA intervention, with regard to market planning, has been counter-productive. It is evident from discussions with NDIA senior representative that they have no understanding of thin markets. The focus of negotiations is almost always about market behaviour reflective of major urban centres across Australia. In various interactions with NDIA, as a supplier of services to NDIS participants, Westhaven has had only one significant interaction with NDIA regarding ensuring that rural and remote Western NSW supply is adequate to meet the needs of this region's NDIS participants.

It is essential that rural and remote Western NSW service providers are engaged to ensure the supply side challenges are well managed. All levels of stakeholders in the funding of NDIS have, to date, failed in adequately planning for the challenges of supplying services to NDIS participants on Western NSW. The scheme's success is being placed at risk by an ignorant assumption that markets do not need intervention to operate effectively and efficiently.

NDIA's decision to price the 'staff' within providers at such a low level, exhibits a naivety about the complexity of the internationalisation of labour markets, in such a way that it will fundamentally send a message to workers that their expertise is not valued in the NDIS market. Competition for skilled staff within the human services sectors is becoming more intense. Attracting skilled staff to work for Westhaven in Western NSW is made extremely challenging when NDIA are setting payments at a level which makes Westhaven wages lower than those offered in other comparable job roles.

Setting NDIS payment rates at such low levels is simply going to drive workers away from working in the disability sector. The signal from NDIA to suppliers has all been negative, and has not focused on quality. The scheme will not succeed if it cannot attract skilled staff into the roles providers

need to fill, and it serves no ones interest to push employees into sub-contracting roles where, in thin markets, supply becomes unpredictable and quality highly variable.

CONCLUSION

Westhaven remains overall very positive that NDIS will be successful. Nevertheless major changes are required -

- To ensure a significantly higher percentage of adult NDIS participants have employment as part of their plan and that payments promote maximising support to work.
- Both the NSW Government and the Australian Government must actively intervene to support the development of a robust and sustainable array of suppliers within the market.
- Diversification must be maintained, local suppliers are better placed to meet the unique social and cultural needs of NDIS participants across Western NSW.
- Hourly and other payment rates must be set at a level which allow suppliers to attract quality staff and operate in a financially sustainable manner.

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