



Carers Australia submission:

**Productivity Commission inquiry into Competition
in Human Services: Stage 1**

August 2016

AN AUSTRALIA THAT VALUES AND SUPPORTS ALL CARERS

ABOUT CARERS AUSTRALIA

Carers Australia is the national peak body representing the diversity of Australians who provide unpaid care and support to family members and friends with a:

- disability
- chronic condition
- mental illness or disorder
- drug or alcohol problem
- terminal illness
- or who are frail aged

Carers Australia believes all carers, regardless of their cultural and linguistic differences, age, disability, religion, socioeconomic status, gender identification and geographical location should have the same rights, choices and opportunities as other Australians.

They should be able to enjoy optimum health, social and economic wellbeing and participate in family, social and community life, employment and education.

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Introduction

In this submission Carers Australia has focused on our area of expertise, the provision of dedicated services to family and friend carers through the Not for Profit (NFP) sector; noting that this analysis is likely to have application to a range of other NFP providers in the community sector.

In addition to providing background information on the characteristics of Australia's family and friend carers and the nature of the services provided to them, we have focused on three key issues which impact on the extent to which elements of competition policy have application to the delivery of these services:

- The market for these services
- Differentiating between where consumer choice in the form of individualised budgets and diversity in the use of service providers is appropriate and where block funding is the most efficient and effective approach to the provision of services
- The scope for more innovative approaches to funding.

We have not attempted to cover the broad commentary, principles and recommendations in relation to competition policy in the NFP sector which have been canvassed in the submission to the Inquiry by the Australian Council of Social Services (ACOSS). We strongly endorse the ACOSS submission. In particular, we draw attention to the following points:

- Competition should not be confused with contestability which allows for competitive tendering for grants and service contracts.
- The contribution community organisations in the NFP sector make through collaboration and the sharing of knowledge and expertise to produce social value for both individuals and the civil society (including through prevention and early intervention) is not easily replicated in competitive, profit-driven markets.
- Providing contractual arrangements are not too restrictive, a local focus in the provision of many community services encourages responsiveness, flexibility and innovation to meet both local and individual circumstances as opposed to standardised deliverables.
- There are likely to be obstacles to the exercise of consumer choice in those situations where information asymmetry and time and capacity constraints present a great challenge for consumers of human services or where markets for services are thin (such as within outer regional and remote areas).¹

¹ Australian Council of Social Services (ACOSS), *Submission to the Productivity Commission Issues Paper: Human Services Identifying Sectors for Reform*, August 2016

We also support many of the recommendations of the 2015 Competition Policy Review to introduce greater contestability and choice and control into human services. In this context we welcomed the cautions and caveats acknowledged in the Review. In particular, the recognition that:

- In recommending a greater diversity of providers in human services, the Panel does not wish to diminish, discourage or crowd out the important contribution made by the not-for-profit sector and volunteers to the wellbeing of Australian users of human services.²
- Some markets may not have sufficient depth to support a number of providers.³
- In sectors where choice may be difficult, make intermediaries or purchase advisors available to help users make decisions, with policies designed to align the incentives of purchase advisors with the best interests of users.⁴
- While informed users are best placed to make choices about the human services they need and design service delivery, it is important that a default option is available for users unable or unwilling to exercise choice.⁵
- Disadvantaged groups need greater assistance in navigating the choices they face through, for example, accessible communications channels that suit their needs.⁶

² Australian Government, *Competition Policy Review – Final Report*, 2015, p. 254

³ *Ibid*,

⁴ *Ibid*

⁵ *Ibid*,p.235

⁶ *Ibid* p.252

Section 1

About Australia's Carers

In 2015 Deloitte Access Economics valued the replacement value of informal care at \$60.3 billion per annum (1.9 billion hours of care).⁷

In 2012 the Australian Bureau of Statistics (ABS) Survey of Disability, Ageing and Carers (SDAC) identified that there were approximately 2.7 million family and friend carers in Australia, about 770,000 of which were primary carers (i.e. those who provided the majority of informal assistance with core activities of daily living).⁸

It is those carers who provide a substantial amount of care who are most likely to be in need of carer support services.

According to the 2012 SDAC, primary carers had the following characteristics.

- Approximately 43% of primary carers cared for their partner, almost 25% cared for a parent and 24% cared for their child.
- 39% of primary carers spent on average 40 hours or more caring every week
- Almost two thirds (65%) of primary carers resided in a household with equivalised gross household income in the lowest two quintiles, compared with 36% of non-carers. The median gross personal income per week for a primary carer was \$400, for a secondary carer was \$511, and for a non-carer was \$600.
- Of those primary carers who were employed, 18.3% were in full-time employment compared with 45.7% non-carers.
- 60% were not employed and social security was the main source of income for 55%.
- 37% had a disability of some kind.
- 38% reported that their physical or emotional wellbeing had changed due to their caring role.
- 10% plus were diagnosed with a stress related illness due to their caring role.
- Many were very socially isolated.

⁷ Deloitte Access Economics, *The Economic Value of Informal Care in 2015*, 2015, p.iii

⁸ Australian Bureau of Statistics, *4430.0 - Disability, Ageing and Carers, Australia: Summary of Findings, 2012*

When these characteristics – or even a sub-set of them - are combined for individual carers and their families they are likely to need assistance with range of complex needs.

Section 2

Dedicated carer support services

As the characteristics of carer needs identified above suggests, while the support services available to the people they care for obviously also impact on the caring role, carers have needs of their own over and above the associated benefits they may derive through the supports and services offered to the recipients of their care.

The supports and services delivered by carer support organisations can be broadly classified as:

- Capacity building including training and development, peer support, and counselling (either in house or, more commonly contracted out).
- Matching diverse carer needs to appropriate service provision in their area through information, referral and, in some cases brokerage. Examples include the provision of alternative care arrangements to allow carers to take a break from caring (carer respite), or helping carers to identify and access services which can provide them with financial assistance, accommodation support, health issues, legal advice and other services which can alleviate the disadvantages which carers must overcome to continue to sustain their care.
- In some cases organisations also assist carers with long-term planning to help them to move beyond the day-today management of their lives and to ease their way through transitions in the caring journey.
- Case management is also offered to some carers and their families, especially in situations where carers are dealing with a range of complex needs or need assistance to adapt to difficult changes in the caring situation.

Most importantly, carer organisations provide emotional support to carers who are frequently in a state of distress when they reach out for support.

In offering these services, carer organisations are person centred, that is they adapt their response to the particular circumstances of carers. A standardised approach is unlikely to produce value for carers who are frequently unclear about what they need and what is

available to meet their own specific challenges. It follows that providing carers with assistance can often be time and resource intensive.

Section 3

The market for carer supports and services

Despite the size of the overall carer population and even of the primary carer population, currently the market for dedicated carer services is fairly small by comparison, for example, to the aged care market (over one million older Australians currently and growing⁹) or the disability services market.

There are a number of reasons for this:

- Many carers do not identify as carers and, even if they do, they are unaware of the support services available to them.
- A great many carers simply don't need or want support, especially those who provide occasional care.
- Access to carer services is as much a reflection of supply as of demand. It is hard to separate the two.

The 2012 Survey of Disability, Ageing and Carers (SDAC) identified that 290,000 carers had accessed services in their own right in the preceding three months. According to the Department of Social Services, 177,100 carers across Australia received dedicated carer support services under different national programs in 2014-15. On the basis of this data it would appear that the national government funds about 60% of dedicated carer services through grants and contracts to the NFP sector.

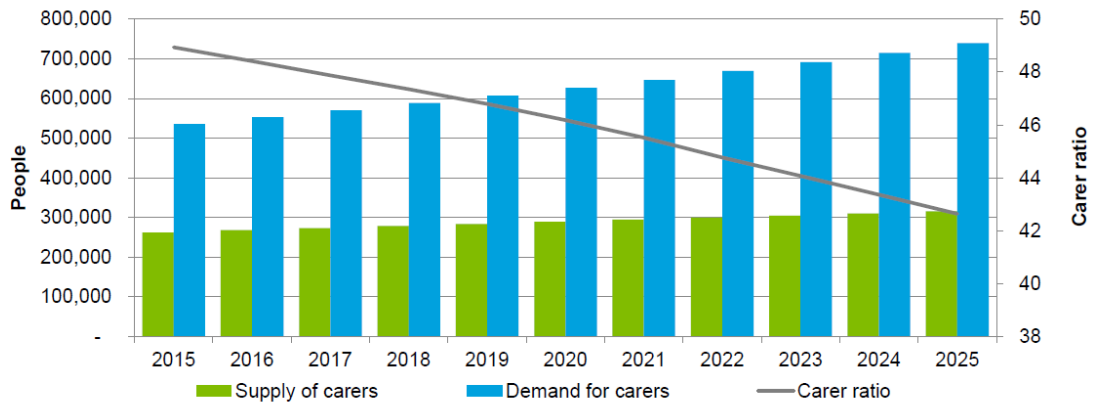
Changes are occurring which pull in both directions in relation to the growth of demand for carer services.

Indicators for high growth:

- The ageing of the population is anticipated to require an increasing number of family and friend carers. (However, against this, the supply of such carers in relation to demand is projected to decline as higher divorce rates later in life, the increase in female participation in the labour force and smaller families underlying the aged population affect what is referred to as "the propensity to care").

⁹ (Aged care stats from Department of Social Services Ageing and Aged Care. Aged Care Reform. Accessed from dss.gov.au/our-responsibilities/ageing-andaged-care/aged-care-reform 9 April 2015)

Demand and supply of carers¹⁰



Source: Deloitte Access Economics calculations.

- The national government has funded and developed a Carer Gateway (in the form of a website and call centre) to promote higher levels of carer self-awareness and the services they can access. If the Gateway fulfils its promise, the expectation is that a many more carers will seek to access services than is currently the case.

Indicators for more conservative growth:

- Services provided to the care recipient through NDIS and aged care Home Support Packages may reduce carer stress in some circumstances and consequently lessen the demand for specialist carer supports. (However, in this context it is important to recognise that eligibility criteria for access to these supports is high and, in the case of Home Care Packages, the number of packages available is capped. A very large number of people with disability or who are frail aged will not be able to access these supports).
- Evolving technologies can assist a number of carers to reduce the time and effort dedicated to caring. These may include: remote monitoring technologies which allow carers to spend more time away from the person or people they care for; apps which assist with planning and prompting; remote devices which assist the person being cared for to manage more aspects of their daily living on their own; and greater scope for and acceptance of engaging with others through communications technologies which may place less onus on the carer to be the sole source of emotional support. However the take-up of these technologies will vary among

¹⁰ Deloitte Access Economics, *The Economic Value of Informal Care in 2015*, 2015, p.iii

different demographics and the jury is not in on just how much they will impact on caring responsibilities in the near future.

In short, there are too many factors at play to predict with any real confidence the growth of demand for these services into the future.

What we do know is that these services will continue to be of vital importance to carers facing high stress levels (or wishing to take pre-emptive action in order to avoid falling into crisis) and that they are also vital to the sustainability of unpaid care. At this point we can see opportunities for private sector growth in such areas as assistive technologies. But we find it difficult to envisage that the growth will be large enough to attract a large number of providers of dedicated carer supports of the type identified in Section 2.

Also with respect to prospective private sector growth in the provision of dedicated carer supports, the capacity of carers to pay for services is an important consideration. While carer contributions to services they access can be and are means tested in some cases, the capacity of many carers to make such contributions is constrained, as identified above in Section 1.

Against this background, it is not surprising that dedicated carer services are overwhelmingly provided by the NFP sector funded through government grants and contracts.

Section 4

The scope for consumer choice

Carers Australia is a strong supporter of person-centred services and the principle of consumer choice and sees a place for it in the delivery of carer support services. However, not all services-types available to carers will be suitable to be offered on an individualised budget approach. Nor should carers be forced to self-manage budgets. Block funding for providers will need to be maintained to provide one-off or very episodic access to carer supports, especially in cases where carers only wish to access one or two supports. Block funding is also important to allow carer organisations to engage with carers who require extra support to engage with services (such as carers who are caring for people with complex needs or care for multiple care recipients and carers from CALD and Aboriginal and Torres Strait Islander backgrounds).

Once again, a comparison with the disability and aged care markets for services is appropriate. Recipients of NDIS packages have been identified as individuals who will need life-long support. While this group may not prefer to self-manage their supports initially, they have years to become familiar with the system and to slowly build up their confidence in self-management. The packages of support provided under the NDIS are therefore also likely to be significantly larger than those that would be available for carers. Similarly, those who enter the aged care system are likely to need increasing levels of care as they age, and their package of supports may increase accordingly. Conversely, many carers access supports in an intermittent or one-off manner, and the type and length of support required will often differ over time. Individual budgets or carer supports may be most effective for carers who have relatively stable or consistent support needs, where an intervention is needed for a defined period of time and where carers have complex needs that need to be addressed through diverse service offerings.

Other factors which will influence whether individualised budgets best meet carer needs are as follows.

- Many carers are extremely time poor and subject to high levels of stress. The added responsibility for managing their own service budget may be a bridge too far, especially if they are also managing an NDIS package or Home Care Package for the person they are caring for. Research undertaken for the Brotherhood of St Laurence by Simon, Kimberly and McColl Jones *on Adjusting to Consumer Directed Care* noted the following trends in relation to the UK experience of individualised budgets, especially for older people:

“As UK studies have found, individual budgets carry many risks. For example, many older adults did not want the hassle of self-management and experienced deep anxiety and stress about managing their care arrangements which nudged out any positive feelings about greater control or flexibility. This was particularly pronounced among those living with dementia (Baxter, Rabiee & Glendinning 2013). Having responsibility for all financial aspects of care can have a deleterious impact on mental health while delivering only marginal benefits in terms of choice and control (Borgstrom & Walter 2015) and can increase the risk of abuse (Manthorpe & Samsi 2013). The shift of the administrative and management tasks and costs formerly borne by providers onto individual service users and their families also imposes a substantial burden that can cause anxiety (Larkin and Mitchell 2015; Rabiee, Moran & Glendinning 2009; Moran et al. 2012). It may tacitly constrain the choices of family carers (Larkin & Mitchell 2015) as

they face the challenges of managing an individual budget on top of their caring, family and employment responsibilities.”¹¹

- A second consideration is that, if the size of the package offered to carers is relatively small, the extra time investment required by carers may not be worth the end result. Alternatively, carer providers can assist carers to manage their packages. However this can impose a large administrative burden on providers unless they are recompensed for this role. If providers’ administrative costs are taken out of the package it will have a significant impact on what services and supports can be bought and if the package is relatively small, the whole exercise may not be of much benefit to anyone involved.
- Another concern in relation to self-management of carer supports is that it is likely to increase the social isolation of some carers. Feedback from carer organisations has highlighted that one of the benefits of carers accessing supports through specialist services is the emotional support provided by staff through their many interactions with carers. A pure consumer directed approach, where carers completely self-manage their own package of supports, is unlikely to offer the same level or type of engagement and emotional support¹².
- Similarly, many models that produce successful outcomes for carers rely on community development activities that facilitate informal supports and social connectedness. Individually purchased supports can complement but not replace these types of activities. The research commissioned by the Brotherhood of St Laurence referred to above noted that social involvement activities that had previously been made available free of charge to their clients and which were greatly enjoyed tended to be jettisoned when Home Care Packages were introduced and these activities had to be paid for. Budgets were reserved in favour of more urgent direct supports.¹³

Despite the reservations expressed above, Carers Australia does support the provision of individualised budgets for a range of carers who have been assessed as needing a suite of support services over a period of time.

¹¹ Simons, Kimberly, McColl Jones, *Adjusting to Consumer Directed Care: The experience of Brotherhood of St Laurence community aged care service users*, 2016, p.19

¹² Ottman, G, Laragy, C, & Haddon, M (2009) Experiences of disability consumer-directed care users in Australia: from the results from a longitudinal qualitative study. *Health and Social Care in the Community* vol.17, no.5, pp.466-475.

Robinson, S, Gendera, S, Fisher, KR, Clements, N, Eastman, C, & Oprea, I (2012) *Evaluation of the Self Directed Support Pilot for Children and Young Adults with a Physical Disability*. For the Department of Communities, Disability and Community Care Services, Queensland, viewed at http://www.sprc.unsw.edu.au/media/File/Final_SDS_Evaluation_report_Aug_2012.pdf

¹³ Simons, Kimberly, McColl Jones, *Adjusting to Consumer Directed Care: The experience of Brotherhood of St Laurence community aged care service users*, 2016, p.18

We have explored two approaches to the provision of individualised budgets.

- The provision of Individual budgets with minimal conditions on what these may be spent on: One of the key advantages of carers having control over how they wish to spend funding that they'll identify the supports that they feel are most appropriate for their individual circumstances and that, armed with adequate information, they're likely to purchase services or equipment that are both effective in meeting their needs and which demonstrate value for money. In this scenario, the relative administrative burden on carers and providers would depend on the level of accountability required of those self-managing funds.
- The provision of individual budgets with more constrained choice on services and supports purchased. Another possibility is for carers to be allocated funding for an individual package of supports which dictates the range of service types that can be accessed. The disadvantage for carers in this scenario is obviously less choice and control and potentially a reduced likelihood of the carer being able to implement innovative solutions to different needs. However, there may also be an advantage to carers for those who would be otherwise inclined to spend allocated funding on supports for the person they care for, rather than on their own health and wellbeing.

Recommendation 1:

In summary Carers Australia recommends a hybrid approach to the funding of carer services, with a level of block funding retained to support circumstances where it is inefficient and ineffective to provide personal budgets and where carers are unwilling to manage such budgets. This is in line with the recommendation of the 2015 Competition Policy Review that: it is important that that a default option is available for users unable or unwilling to exercise choice.

Where carers do receive individualised budgets but need assistance in choosing and accessing service providers, funding packages should include an additional component over and above what is required to purchase direct supports to purchase assistance from providers to help manage the package.

Section 5

The scope for more innovative approaches to funding

As previously mentioned, to the best of our knowledge most carer services are funded predominantly through national and state/territory governments through grants and contracts.

There are definitely flaws in the current system – in particular, that such funding is currently provided through a variety of sub-programs aimed at different types of support and different types of carers (either on a demographic basis or in accordance with the nature of the condition of the person being cared for). Carer organisations often have to patch together different funding sources to provide holistic services. However this can be very difficult where eligibility criteria vary and where the administrative overheads involved in developing grant applications and managing and reporting against different funding streams are high. It also makes it difficult for carers to navigate the service system in order to access the range of supports they need. Recognition of this problem is one of the drivers behind the national government's current Integrated Carer Support Services Project.

While we can definitely see scope for improvements to the design of government funding of carer supports, including initiatives to facilitate greater consumer choice, we believe there will be a continuing requirement for block funding based on the following factors:

- the nature of the market for carer support services and variety of carer support needs, which range from relatively straightforward one-off or episodic interventions to the need for a continuing flow of carer supports due to complex needs or as the caring journey changes over time
- the fact that carer supports in the form of individual budgets will not be suitable for or welcome by all carers and in some circumstances come with high administrative costs for both carers and providers
- as long as block-funding is not too compartmentalised into single purpose programs with restricted operational criteria, block funding can, and in the carers space does, enable providers to experiment with and innovate in the way they deliver their services to meet particular consumer needs and to spread limited funding across a range of consumers as demand fluctuates

- thin markets for services in many outer regional and remote locations.

However we also see scope for the employment of alternative funding mechanisms in relation to some niche markets, especially in the context of delivering long-term social value to both government and consumers.

For example, funding dedicated to pilot programs designed to reduce long-term dependence on social welfare for carers may be a case in point.

The Try, Test and Learn Fund to develop and implement ways of helping people to live independently of welfare, which was announced in the 2016 Federal Budget, promises to provide such an opportunity.

It is also possible that social impact bonds may have some application in this space. We note in particular the partnership between the Benevolent Society, Westpac Banking Corporation and the Commonwealth Bank of Australia to test an intensive family support program to keep children with their families, where safe to do so, and out of foster care. The program seems to be tracking well against its objective to keep over 400 families together and well-functioning over a 5 year period. However we also acknowledge the limitations on the scope for such bonds, including:

- The incentive to cherry-pick projects which involve less complexity and investment to achieve contracted outcomes, but which do not address areas of high and complex need.
- Unsuccessful performance must not result in excessive harm. Bondholders could have an incentive to shut down operations if it becomes clear they will not meet performance targets and get paid. The shutdown in operations could strand the population being served. Therefore, all social impact bond contracts should include contingency planning for performance and financing failures. The duty to avoid harming treatment populations may limit social impact bonds to programs that don't provide "core" services.
- Pilot programs requiring a very high level of investment to improve outcomes for a limited population of the target group may not translate into a mainstream approach to providing similar interventions simply on the basis of cost. In the community sector there has been a history of poor uptake of the lessons from successful pilot programs once they have been completed.
- As yet there has been limited evidence of private sector interest in social impact bonds.

Recommendation 2:

In summary, Carers Australia supports reform to government funding of carer services to de-fragment funding streams and provide opportunities for providers to offer holistic services across the full range of carer needs (regardless of the condition of the person receiving care) and the flexibility to innovate in service provision

We also recognise that newer, innovative models of funding should be tested through pilot programs with the objective of securing better life-time outcomes for carers and the economy, particularly in terms of increased employment prospects once the caring role diminishes or ceases and reduced long-term dependence on income support. However, such models will not replace the continuing requirement to fund the shorter-term need for supports and services throughout the caring journey.