

MUNICIPAL ASSOCIATION OF VICTORIA

31 March 2017

Productivity Commission
Level 12, 530 Collins St
Melbourne VIC 3000

Dear Commissioners

National Disability Insurance Scheme (NDIS) Costs

The Municipal Association of Victoria is pleased to have the opportunity to respond to the Issues Paper on NDIS costs. The Municipal Association of Victoria (MAV) is the legislated peak body for local government in Victoria, representing all 79 municipalities.

Our response to the issues paper focuses on councils' involvement in provision and planning of Home and Community Care (HACC) services to people who are older and with disabilities in Victoria. This history of service provision spans 70 years and has provided a successful, equitable and effectively distributed model of service across the whole state. The intersection of the advent of the NDIS and the concomitant change from HACC to the Commonwealth Home Support Program has informed our submission. We provide some examples of the impact of the individualised approach and new costs structures on both existing clients and the service system.

There is a current service system for people with disabilities and as the majority of people with disability will not be eligible for the insurance scheme, it is important that this system is recognised for the NDIS transition as well as beyond.

Pricing Schedule – variations required

The pricing schedule established for service types by the NDIA does not match the cost structures of most local government services under the Home and Community Care program. Whilst no doubt there can be some trimming and efficiencies found, many council services are indicating that the quality and wage structures for relatively low-paid workers will not be subjected to cuts and that where other providers exist in municipal areas, councils will be ceasing service. This decision is also being reluctantly extended to areas of thin markets in some early instances as there is no opportunity at this time for councils (for example in rural areas) to continue to provide existing services when people become eligible for an NDIS package unless under in-kind provision.

Loss of Service Provision/Economies of Scale

The transition for people who will be eligible for individual packages is occurring across Victoria on an area by area basis. Many people with disabilities who live in the community access the home and community care program provided by local government. In the areas where

transition has commenced, councils report up to 50% of current HACC clients under 65 likely to transition which as an example, in one case equals 28,000 Hours of service and 7% of all HACC Clients and 15% of all HACC services. The State Government is yet to release a plan for the remainder of under 65 year old clients but the program is provisionally called HACC Program for Younger People (HACC-PYP) and will remain through transition to 2019.

Community Consultation and Service Collaboration

As the program has rolled out across Victoria, councils have played a pivotal role in getting information out to the community. One council reports delivering 18 NDIS information sessions to over 600 community members, participating in community events with over 1500 people in attendance and meeting individually with 29 service providers.

Promoting user choice is a centrepiece of the NDIS and this is a laudable policy goal. While the value of "improving consumer choice" is, at a philosophical level incontestable, the practical achievement of it in an area such as disability services is much more complicated. The focus on the individual comes at cost of the community inclusion and established networks of cooperation and collaboration.

Our understanding is that the danger of this approach was to be mitigated by the system design of the Local Area Coordinators and the Information Linkages and Capacity Building Framework. The implementation of these components has been severely compromised; with the LACs focusing on individual plans for participants and the ILC being commissioned on a time-limited grants basis via tender.

Effective Service Systems & Community Services Principles

In the provision of community services, for a range of reasons, the concept of choice will inevitably be circumscribed. These are listed below:

- The notion of choice in human services is often a heavily modified one. From the individual consumer's perspective, where as a result of incapacity, or disadvantage it can consist of choice by proxy (involving for example other members of the family), or what has been described as "mediated choice". This is a constraint on choice that has little to do with a lack of service options, or alternatives. However, another dimension of choice failure in community services is the absence of a repertoire of broadly similar services from which to choose. Historically this is the result of funding, cost and resource efficiency factors. Importantly there is no evidence that this funding brake on consumer choice will change in the short to medium-term.
- The challenges of achieving greater consumer choice in community services, as the UK experience illustrates, are magnified for disadvantaged groups and for consumers in regional and rural areas. In part this is because the operation of market failure, which undermines the efficacy of competition and market forces in community services generally, is more widespread and difficult to address in these localities and amongst consumers with complex problems. Geographical location and scale, as well as the dimensions and "technology" of the service in question will impact on the attractiveness, or otherwise, of particular community services "markets" to different providers. This scenario is evidenced in a particular example in Victoria where a client of a local government HACC service has been deemed eligible for NDIS package and a new provider allocated who then was subsequently unable to source appropriate care staff for several months.

- "Informed choice" in the personal and often multi-faceted interventions of community services is difficult to obtain as the field is characterised by high levels of information asymmetry. At an individual agency level, as well as across an aggregated service system, consumers experience significant knowledge deficits. The existence of advocacy and brokerage agencies to neutralise the information disadvantages experienced by community services consumers is reliant upon government funding, which in itself has become increasingly rationed and scarce under constrained budgetary processes. Anyone who has tried to compare telecommunication providers and source the best plan for their needs will know how uninformed decisions are usually taken as default.
- The extent to which choice is of primary importance to many consumers of community services is arguable: service quality, timeliness, reliability, stability, continuity and cost are likely to be least equally relevant. Trust in the provider is also frequently cited by community members in their preference to utilise local government services, for example. We are increasingly hearing of people who currently access council's home and community care services for their care needs who are dismayed at the prospect of the relationship and service not being continued under the NDIS. It is difficult to quantify this cohort of people as the rollout is area by area and councils have differing transition plans and processes.

Our contention is that choice should not be the only, or even lead, policy driver in disability services: service quality and certainty, the scope for individual agency and participation in decision-making, an integrated and easily negotiable service system, and service models that are locally referenced, that actively address disadvantage and identify changing social needs, as well as build community cohesion and community capacity, are integral to the functioning of an effective disability services system.

Victorian local government has been at the forefront in the sector in building inclusive communities and there are opportunities to build on and utilise the strengths of local service systems which are not recognised in the current architecture for the NDIS by the Commonwealth, State and the NDIA.

We would value the opportunity to provide input to the direction of the further NDIS rollout.

For further information contact Jan Black Policy Adviser

Yours sincerely

~~ROB SLENCE~~
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