

# Anglicare Australia Response to Productivity Commission Draft Position Paper on the NDIS and Costs

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## About Anglicare Australia

Anglicare Australia is a network of 36 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered to one in 26 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and 9,000 volunteers work with over 940,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

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## Introduction

Congratulations on the Commission's work to produce the draft position paper on the NDIS and costs. It is a thorough and thoughtful paper and a welcome review at such a pivotal time.

The purpose of this letter is to act as a short submission and flag key areas that Anglicare Australia members would like to discuss with you at our meeting.

## NDIS eligibility and supports

### Psychosocial disability eligibility and planning considerations

The Commission's findings regarding the need for greater clarity and planning support for people with a psychosocial disability are valuable, but overall we believe they could and need to go further, and provide further comment regarding NDIS boundaries and interfaces.

Anglicare Australia welcomes the Commission's finding that the permanency eligibility requirements for the NDIS are not incompatible with either the episodic nature of some psychosocial disability or the recovery model for treatment. Given the confusion around this in the operationalisation of the scheme, Anglicare believes that the recommendation that the NDIA should have specialist planners particularly for psycho-social disability is necessary and urgent; and further supports the development of a specialist 'psychosocial gateway' for relevant potential participants.

We are also pleased to see the Commission acknowledge that service providers have particular knowledge and rapport with participants with psychosocial disabilities, and that there is value in the NDIA addressing potential conflicts of interest so that planners can utilise provider assistance. We would like to see the Commission develop this into a full recommendation in the final paper to provide clear guidance to the NDIA. We believe this is necessary because even if the NDIA does implement a 'psychosocial gateway' including specialist planners, it is providers who frequently have the necessary rapport that is essential for ensuring people with psychosocial disabilities are fully heard in the planning process.

### Other considerations around eligibility and supports

**[Information request 4.1]** Anglicare does not support legislative direction regarding what is "reasonable and necessary" support in the NDIS. We fear that legislation would be a blunt instrument given the diversity of forms of disability; and work against the scheme's ability and purpose of tailoring supports to individual circumstances. Instead the NDIA continuously gathering data, auditing plans and ensuring rigorous independent evaluation of support offered through the scheme, combined with legal testing by individuals is likely to be more efficacious and avoid unintended negative consequences. Anglicare network members do feel however that clearer guidance could be provided to ensure consistent interpretation of the Act.

For example, EPIC Assist notes:

*“...the paucity of plans with employment in them and maintenance of plan elements that maintain segregated activities. We see this as highlighting the need for the NDIA to intervene in the market through a more directive set of guidelines as the assumption that participants or ‘the market’ will solely drive the development of more sophisticated plans is unrealistic. This need is exacerbated by the high turnover of NDIA staff including planners and LACs, and so we recommend operational guidelines be issued that give direction to new staff that ties back to a legislative base (The Act). This would help ensure fundamental elements of choice and control remain within the planning process.”*

Anglicare Australia strongly supports the Commission’s recommendations to improve planning processes [4.1 and 4.2], and reiterate that planning by phone is not appropriate in the majority of cases, particularly for those participants accessing their first plan. Given the critical need to improve planning for all participants, but the particular systemic failings for people with psychosocial disability, we don’t believe these should be traded off as the Commission has suggested. A push to improve planning across the board could include building a specific gateway for people with psychosocial disability while working to hire more planners with specialist expertise and provide sufficient capacity to cease phone planning across the board.

[Information request 4.2] Anglicare agrees with the Commission that there are serious risks associated with delegating plan approval functions Local Area Coordinators (LACs), particularly in terms of potential loss of oversight, and probable capacity constraints, given their multiple essential functions. This is particularly the case given we agree with the Commission’s own points about increasing LAC availability and involvement in pre-planning services for participants.

Several of our members also raised concerns that delegating planning approval functions to LACs could cause major conflicts of interest, particularly in regions where NDIS providers are delivering LAC functions such as NSW.

We suggest that burdening the LACs with further functions is ultimately a dead-end away from addressing the real need, which is a significant increase in the number and skill of planners. EPIC Assist highlights this need, observing:

*“There has been an aspiration that as the roll out in regions matures, planning process will become more sophisticated and seamless. EPIC is of the view achieving this outcome will be difficult under the current structures because of the numbers of plans will increase as new people continue to enter the scheme and old plans expire and need to be reviewed. Under this pressure the new plan is often a replication of the first inadequate plan.”*

Streamlined planning and administrative processes with the NDIA would also assist considerably to reduce the strain in the system around planning. As noted by Anglicare Tasmania:

*“Implementing a model similar to the aged care system where participant needs are assessed and then matched against a funding level by an [independent] agency appears to be a much more ...cost effective model. Once the funding level is determined individuals are able to spend the package as they choose... Deregulating plans to the extent that they become a budget not categories or line items would significantly decrease...planning time and reviews.”*

## **Boundaries and interfaces with the NDIS**

We support the Commission’s recommendation to increase and expedite the spending through the Information, Linkages and Capacity Building program [Recommendation 5.1]. Our members also believe that the ILC should have parameters sufficiently broad in scope to encourage innovation and preserve demonstrably excellent services on the basis of need that are likely to be defunded in an NDIS environment – for example the Mental Health Respite Program, which enables carers to sustain their caring function and in doing so, reduce demand on NDIS and other disability services. More on respite services below.

We also welcome the recommendations to improve the clarity and accountability of state and territory governments services that interface with the NDIS. [Recommendations 5.2 and 5.3]. This issue is particularly critical for community-based mental health services that assist people with psychosocial disability who are not covered by the NDIS. We believe the Commission could improve its recommendations in this area by specifically referencing the importance of these services and going further.

We commend Mental Health Australia’s submission to you. While we do not have sufficient time as a network to consider and accord or not with all of MHA’s recommendations, we believe they provide worthy input for consideration in this critical area, particularly with regard to the need to urgently map community need for psychosocial services within and outside the NDIS, the funding for community-based services, and identify and address gaps. We appreciate that this may be beyond the scope of this particular inquiry, but a recommendation on the need for this work would be valuable.

For example, as Anglicare South Australia highlights:

*“Services like community-based respite and carer support services for people with psychosocial illnesses may not be funded under NDIS and potentially lost as State government’s funding is tipped into NDIS. A cost-benefit analysis of these services would demonstrate excellent financial and social return on Government investment, and a commitment should be made to continue these key services.”*

Without the mapping exercise recommended above, we remain concerned that such services will be lost.

Further, while the recommendations are appropriate for directing high-level systems alignment and clarity around the availability of services that interface with the NDIS, they provide no direction for dealing with the immediate dilemmas facing participants and their providers when mainstream services refuse them treatment. Anglicare Australia believes it would be helpful to see a recommendation from the Commission that suggested methods by which immediate triage could be available for participants and their carers in such situations to resolve them (for example being refused hospital treatment on the basis of having an NDIS package).

Another recommendation could be linked to the development of a gateway for people with psychosocial disability. Anglicare South Australia suggests:

*“Any consideration of a new ‘gateway’ should focus on the function of coordinating responses and resources across multiple agencies, i.e. with corrections, health, homelessness to acknowledge that NDIS is not designed to meet the full range of needs of people with complex issues. This Gateway should focus on coordinating multi-agency responses that enhance an individualised NDIS package.”*

As an Anglicare member focused on employment outcomes for people with a disability, EPIC Assist notes the struggles between the NDIA and other government departments (such as the state educational departments and those government departments associated with work) when it attempts to set boundaries around its work. The NDIA needs to recognise the market will require flexibility and quite broad parameters within its operational activity that may at times challenge perceived scheme boundaries.

## Provider readiness

### Pricing

**[Recommendation 6.1]** Anglicare Australia welcomes the Commission’s recommendation to immediately introduce an independent price monitor. On the rest of the recommendation, we have some concerns regarding the timing for a new independent price regulator and the impact of ongoing price caps on existing providers. We note that while there was variation in estimates by service providers including Anglicare agencies to the Commission on how much the current price caps are insufficient; the key message was that they are, particularly for mental health services and for participants with complex needs.

We hope that the Commission will consider the measures that we have suggested, such as going to broader bands of supports funded as part of a more flexible budget similar to aged care as part of this recommendation. We welcome the opportunity to have a more nuanced discussion on the future of pricing with the Commissioners in person.

## Thin markets

Anglicare Australia welcomes the Commission's finding 6.1 regarding thin markets, particularly its recognition that they occur geospatially and for particular cohorts of participants and needs.

This reflects the reality that a 'one size fits all' NDIS approach is not workable or desirable. NDIS will only be truly sustainable and responsive to community and participant needs if measures to accommodate flexible responses are integrated into the scheme. These can and should include all of the below measures; ILC funding could be a means to respond to 'thin markets' and invite innovative solutions in these communities.

**[Information request 6.1]** Anglicare South Australia provides a practical example of where block funding and government collaboration is appropriate for one thin market, people with complex needs and comorbidities:

*"The value and importance of a specialist approach to supporting people with complex needs and comorbidities requires recognition and funding under NDIS. This requires two measures:*

- 1. Create the mechanisms for NDIS to interface with and collaborate with mainstream services (in a way that generates additional funding and/or coordinated services); and,*
- 2. Recognise the value of and fund specialist skills in working with people with complex needs.*

*South Australia's Exceptional Needs unit demonstrates the value of this approach. Through this service, AnglicareSA provides supported accommodation to approximately 24 individuals with complex needs spanning homelessness, mental health, disability, contact with the justice system, drug and alcohol issues etc, and are often assessed as posing 'risk' to both themselves and the community. As the individual's living situation is stabilised and issues addressed, it is common for the intensity of supports to reduce, for example, from active overnight to passive overnights; from 2:1 to 1:1 supports; and, reduced medications etc.*

*In AnglicareSA's experience this can also result in some Exceptional Needs clients transitioning to mainstream disability houses. This is only achievable when the right supports and responses are provided up-front to prevent issues and behaviours escalating – NDIS does not currently have a mechanism to support higher skill sets or coordinated responses. In the interest of a sustainable scheme and to ensure the most vulnerable and at-risk clients don't fall through the gap, NDIS needs to recognise that a small minority of individuals require a more intensive and specialist response. If this is not managed well, issues and risk will exacerbate and the cost per head of this cohort will increase."*

EPIC Assist believes using ILC funding is a good strategy to create innovative and regionally, culturally, and disability-specific sensitive responses in thin markets. Disability employment is another thin market in EPIC's experience, lacking sufficient skilled providers, and the block

funding of the proposed School Leaver Employment Supports (SLES) trial as one way the shortfalls in the market can be addressed.

With regard to remote and regional services including in Indigenous communities, and the need for 'provider of last resort', Anglicare NT points the Commission back to its own findings in 2011 report *Disability Care and Support*, noting that little has changed, and that the Commission's recommendations were correct. For example the Commission wrote (page 523):

*".. block funding should continue to play a role:*

- *to ensure that crisis care needs are met*
- *to support research, experimentation and innovation in the industry*
- *as a tool to redress market failure such as:*
  - *In rural areas where lack of scale and remoteness may result in under-provision or competition issues*
  - *For groups less willing or able to engage with service providers (such as Indigenous Australian) or who service providers may be reluctant to take on (such as those with very challenging behaviours)*
  - *Inadequate public good such as community capacity building."*

With regard to the measures listed in Information request 6.1, the experience of Anglicare NT is that while governments may well be developing strategies and frameworks there is little practical evidence of it on-ground and service providers are not being involved. For example, there is no discernible effort underway to encourage collaboration between aged care and disability providers in remote communities, even when it is well-known at the community level that they are the same providers.

Anglicare NT therefore strongly agrees with the statement that "There is a growing need for the NDIA to clarify and implement practical measures to mitigate the risks to participants associated with thin markets, particularly with the withdrawal of in-kind supports by government." It states:

*"The danger is that long term established service providers withdraw from providing NDIS services due to costs and viability issues and are not then available to provide services when they might be required as a result of market failure.*

*The Commission notes as it did in 2011 that it will not always be possible to match the price, quality and range of services in the major cities. One of concerns of planning in remote locations is that it is not aspirational – it is built on what is available within the market rather than what the person wants or needs. This highly problematic and the Commission needs to be alerted to justifying such arguments by making such statements themselves.*

*Anglicare NT also believes that the Commission's concerns of block-funding crowding out potential competition in remote Indigenous communities are unfounded. The core issue is one of a dearth of service providers and lack of coordinated collaboration across services, community*

*ownership of outcomes, and the need for a provider of last resort. The Commission notes the need for a whole of government approach and community involvement to address these issues, and in Anglicare NT's experience, this is sorely lacking. The information and data needs identified in Box 6.6 are strongly supported.*

*With regard to what would assist in rolling out the NDIS in remote Indigenous communities, we refer the Commission to our previous submission and Jon Altman's hybrid economy model."*

**[Information request 6.2]** Anglicare Australia members note that pricing and lack of flexibility remains the most fundamental barrier to providers entering or staying in the NDIS. A recent article in the Australian Financial Review reported that aged care providers considering entering the NDIS have been cautioned regarding the latter's small margins and flawed funding model assumptions. Therefore fixing current constraints on pricing are a critical issue that reflects poorly on the NDIS when compared to similar reforms in the aged care sector. The ability of providers to charge participants for actual costs and take that chance in the market as aged care providers can, could be considered. An example would be transport costs, and the actual cost of planning. EPIC Assist states:

*"Another sector that should be closely aligned to the NDIS is the Disability Employment Services (DES) system. This is now highly commercial and the two largest providers are 'for profit organisations'. Yet they are only slowly entering into the NDIS market place, aware the thin margins and unsteady cash flow may mean all or some of the NDIS activity can quickly become unviable.*

*Being able to cross subsidise the NDIS activity from more profitable income streams may be a recognised strategy. The SLES program has recognised this, allowing up to 6 months concurrency with DES and the NDIS."*

## **Workforce Readiness**

**[Information request 7.1]** Anglicare Australia reiterates the strong links between the NDIS pricing structure and workforce participation and growth barriers.

Anglicare Australia recognises NDIS is driving significant growth and opportunities for the disability workforce. It is also forcing major convergences of pressures and vulnerability, which require careful management. For example, NDIA costing assumes the lowest band of SCHADS workers, 2.1; a break-even position is only achievable if the workers maintain 85-95% client facing time. This is exacerbated by a very high span of control (of support workers to supervisors) and minimal allocation to training and supervision. It became apparent in the NDIS Pricing Submissions and in our experience, that demand for minimal hour shifts (1-3 hours) is growing significantly, and longer shifts are contracting. This is further compounded by often inflexible Enterprise Bargaining arrangements, which disadvantage investing in a permanent-part time or full-time workforce.

The impact of this increased casualization of an often vulnerable workforce that is, in many instances, already living on the fringe of poverty, requires deep consideration. In essence, we are asking more of an often marginalised workforce and population group.

This will have flow on effects to the wellbeing and quality of care in the sector, and ability for people to develop 'careers' in the disability sector. We believe the combination of support workers being paid very low, and achieving very high efficiencies (client facing time), with minimal support and pressure to absorb additional costs such as hand-over, transport, and case-noting, is a very unfortunate fall out of NDIS with ongoing negative impacts expected as the scheme rolls out.

We therefore strongly support the development of a holistic workforce strategy and believe it must be a co-design process involving government, providers and participant advocacy bodies, who in turn must be appropriately funded to be able to continue their vital role for all elements of the NDIS.

We further believe that the Commission should make some recommendations or provide guidance on the aspirations for the NDIS workforce, to help ensure that they go beyond simply meeting demand and address the risks outlined above. Meeting the need for workforce expansion in the NDIS is not just a risk but a broader economic opportunity. Done right, it can create work for people with a disability, and provide a benchmark for both quality care and career paths in Australia at a time where there are real concerns about shrinking job opportunities. Without making such goals for the NDIS workforce explicit, the risk is as EPIC Assist aptly puts it:

*"What we don't want to see is the 7Eleven franchise approach become the norm with a transient, lowly paid and unskilled workforce being created because the business model did not have any capacity to deliver anything else."*

**[Information request 7.2]** Anglicare member experience with respite is well summed up by AnglicareSA.

*"AnglicareSA offers the following observations on the impact of the rollout of the NDIS on respite services:*

- **Reluctance to fund respite:** *Respite is stigmatised within NDIS and some planners have the view that respite does not contribute directly to the wellbeing of the participant. This concept devalues carers, and is an unhelpful division that undermines the very strong evidence that participant wellbeing is clearly linked to the wellbeing of their primary carer/s. Respite is consistently identified as one of the most valued support options for carers, enabling them to 'keep going' and maintain their own wellbeing.*
- **Funding:** *currently, there is no financial loading for respite on week-ends, impacting the availability and viability of quality respite options. As providers are unable to*

*sustain the cost of operating week-end respite over the longer term, available respite options may reduce thereby, compounding stress on carers and participants.*

- **Terminology:** *respite is called 'short term accommodation and assistance' in NDIS, creating confusion when carers are trying to support participants to negotiate their plan, and often find themselves compromised in advocating for their own needs and the needs of the participant."*

Anglicare Tasmania also notes that planning requires the participant to specifically request respite be included in their package, there is a high risk that respite support for carers will be greatly reduced with significant negative consequences for the cost of direct supports to the scheme, as well as the well-being of carers.

## Other matters

**[Information request 9.1]** While we understand why the Commission has asked for information regarding possible ways to slow the implementation of the NDIS, we believe it is a very high risk strategy. Evidence shows that state and territory governments are already breaking down infrastructure as the transition to the NDIS gathers pace, meaning that any slowdown of implementation of the scheme could leave many participants without any support at all if they are asked to wait.

We believe that the reforms to the planning system including increased numbers of planners and removing the workforce cap on the NDIA; increased action to directly fund services in key thin markets; accelerating the ILC, and some key changes to pricing structures such as moving to an overall budget model similar to the aged care sector should be implemented first.

The only area with some possibility of a fair and effective slowdown should it be required is with regard to people with a psychosocial disability, given the strong recognition of the need for systemic work to improve the NDIS for relevant participants, and the critical lack of clarity regarding the future and capacity of community-based services outside the Scheme. However this is heavily contingent on both the Commonwealth and state and territory governments explicitly and transparently committing sufficient funds to maintain current services and provide the necessary resources to complete the needs mapping recommended by Mental Health Australia, and build specialist capacity in the NDIA.

## Conclusion

Anglicare Australia thanks the Commission for the opportunity to submit in response to the draft paper and look forward to meeting with the Commissioners to discuss these matters in greater detail to help inform the final report.