

MUNICIPAL ASSOCIATION OF VICTORIA

16 July 2017

Productivity Commission
National Disability Insurance Scheme (NDIS) Costs
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2600

Dear Commissioners

National Disability Insurance Scheme (NDIS) Costs

The Municipal Association of Victoria represents local government in Victoria, all 79 councils and their interests. We are pleased to be able to respond to the comprehensive position paper on NDIS Costs (June 2017) and to bring to the fore some of the issues that impact the service system as outlined in the position paper from a local community perspective.

Local Government in Victoria has been at the forefront of the community care service system for 70 years, historically contributing 20% of the funding with the Commonwealth and State Governments for the program. Approximately \$140 million of council own funding is going towards the direct service delivery for the Home and Community Care (HACC) program. The former HACC program is undergoing significant change and disaggregation, as responsibility for over 65 year olds has transferred to the Commonwealth Government in the Commonwealth Home Support Program (CHSP) and the under 65 year old HACC users being progressively assessed for NDIS eligibility. Of the HACC users in Victoria, around 75,000 are under 65 years old and, of this cohort, some 20,600 are local government clients and 10,500 are estimated to be eligible as NDIS package recipients as the program rolls out across the State. Full scheme rollout is scheduled in 2019. At this time approximately 7,000 workers are employed in community care in councils, many of them highly trained and skilled workers in delivering personal care, domestic assistance, and respite care in complex environments

Disaggregation of the Integrated System

As the NDIS is progressively establishing in roll out areas, councils, like other HACC providers, are required to nominate their intentions to register as NDIS providers and in the interim to participate in an in-kind arrangement negotiated by the State Government. For the most part, councils so far are determining not to register as providers under the NDIS, largely due to the unit prices not meeting current service provision costs; the additional administrative burden; and the possibility of other providers being available. The changes to current State service agreement and contracts with the Commonwealth Government are already requiring significant and onerous transition business processes.

This means that well-established service delivery arrangements will change significantly for individual clients, and considerable effort required to ensure transition pathways for individuals are managed and communicated to them as and when they enter the NDIS.

Thin Markets in Rural Areas

The situation for rural councils and their communities is particularly concerning as there are not necessarily viable options in existence for service provision for citizens, other than local government, in many cases. Councils' concerns regarding thin markets are yet to be addressed, and will potentially leave NDIS clients unable to receive services unless greater support is provided to local government to continue in the role, at least in the interim.

In case studies reported by councils in early rollout areas, despite the listing of potential NDIS providers, in reality these providers do not have the capacity to service dispersed populations or provide service types that are sought, or indeed have the capacity to attract the required workforce. One example is of a council required to transition service provision to a new provider but it took the new provider four months to attract a worker to provide the service that the client previously enjoyed from the council. In other cases, new providers have refused to provide services which required significant travel commitments and costs (which are not covered by current NDIS pricing).

Building Inclusive Communities

Another aspect of the service system architecture in Victoria is the former partnership program between the State and local government known as the Building Inclusive Communities program. This \$8 million program has been operating for over 16 years and involves councils employing access workers (titled metro & rural access) whose remit includes building community capacity and inclusive communities for people with disabilities. The Victorian government has committed the funding for this program as part of its contribution towards the NDIS. The expressed expectation of the NDIA is that the Information Linkages and Capacity Building (ILC) framework will meet this need. However, a number of factors mitigate against this becoming a reality:

- a) the changes to the framework with the advent of the Local Area Coordinators (LACs) being required to concentrate on planning for individuals,
- b) the commissioning framework precluding block funding, and
- c) the project basis rather than program design.

As a result this important component of community readiness and connectedness will also largely be foregone in the next year or two. (Funding has been received back for continuation of the program from the NDIA back to the Victorian State Government for 2017/18.)

The MAV supports the recommendation relating to increasing the funding for ILC but would also add that the commissioning model needs to be reviewed to allow for block funding of programs rather than the current submission based project model. For example, local government has a strong legislated role in coordinating place based community planning and development, and providing community wide programs not able to be funded and delivered at an individual level, e.g. neighbourhood social support, pre-employment, learning and recreation programs, which require sustained investment.

As noted in the PC position paper, other support systems can also affect scheme costs. Informal supports and community supports need to be encouraged and facilitated. The metro and rural access workers created the networks and relationships that foster inclusion in a local context. If these supports are no longer available, people with disability could seek NDIS funding to fill the gap, and this could pose a risk to scheme costs.

As also noted in the paper, the commitment to the NDIS is extraordinary and Victorian councils have been integral to communicating the opportunities that the NDIS provides as the areas rollout. The opportunities to harness the existing structures and relationships in Victoria are being missed with such a focus on the 'market' and resulting in missed opportunities of maximizing partnerships with levels of government that can contribute to success and scheme implementation.

Stability of Service Provision

The transition issues are critical and strategies to improve participants' pathways are urgently required through additional resources including resources to support current service provision arrangements up to 2019 and beyond. The MAV has made a number of overtures over a 12 month

period to seek investment in solutions that will allow stabilization of service provision and continuity of service during transition. There is concern that it will take market failure and potentially catastrophic consequences for individuals and their families before the NDIA acts to put in place solutions. Such responses are likely to be at vastly increased costs to the scheme and the community. Our argument has been to support the current service system as the scheme transitions and markets grow and to acknowledge the community knowledge, workforce and service capacity at a local government level. While councils may be seen as the provider of last resort, the Government and NDIA should not wait on / or rely on this option, as councils may well have determined they are unable to continue and divested from service provision in the meantime. The impacts of this will be a potential lack of service options and inability for the NDIA to deliver for individual clients.

Recommendations

The MAV recommends:

1. Acknowledging / supporting the intent of the intergovernmental Tripartite Agreement in Victoria for cross government collaboration and leveraging established community care options
2. Providing for continuity of community care services for existing council NDIS eligible clients
3. Investing in market development with local government
4. Flexibility in pricing to retain council involvement, including the option of NDIS block funding to councils
5. Exploring ways to strengthen the system supports to local government now, with collective solutions investigated, utilising the role of the MAV as the broker
6. Immediate introduction of an independent price regulator, and later an independent statutory authority for the compelling reasons outlined in the Commission's paper.

Finally, the MAV would like the opportunity to further contribute to the discussion on the National Injury Insurance Scheme (NIIS) as outlined in earlier papers on this scheme. The impact of the NIIS on local government if implemented is likely to be substantial and the impact potentially under the radar for both the sector and the State Government.

Should you require any further information regarding this submission, contact Clare Hargreaves, Manager Social Policy

Yours sincerely

~~ROB SPENCE~~
Chief Executive Officer