



**Submission regarding
market readiness and the
National Disability
Insurance Scheme in
Victoria**

February 2018

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 Inquiry to bring to the fore some of the issues that impact the service system and therefore people with disabilities and their families from a local community perspective.

Background

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 annually 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, under 65 years of age, 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 local government workers are employed in community support and care, many of them highly trained and skilled workers in delivering personal care, domestic assistance, food services and respite care in complex environments.

National Disability Insurance Scheme Rollout – System changes

As the NDIS is progressively establishing in roll out areas, councils, like other Home and Community Care(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. Councils are at different points in making decisions about their future service delivery role, particularly as they are in different phases of the NDIS rollout. However there is a clear indication that the vast majority will elect not to register as NDIS providers, and expect their eligible clients to transition to other providers. These decisions are based, variously, on:

- the complexity of client need and appropriateness for them to be managed within the broader NDIS and disability services system;
- the market based model;
- the difficulty for councils to undertake effective workforce and financial planning in an environment of competition and constrained resources;
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- the NDIS unit price for common service types provided by councils (no price equivalence with HACC);
- the lack of adequate payment for travel costs (particularly in rural areas);
- the loss of participant fees as part of the funding system; and
- the desire to focus their investment and effort in their roles as advocate and planner for all people with disability, families and carers in their municipalities.

Councils are committed to ensuring continuity of care for their clients, and to successfully transitioning them wherever possible to alternative providers. In the experience of councils involved in the rollout to date, and the MAV's analysis of the issues being raised by all councils, the key concern is that the successful transition of clients to the NDIS will be compromised by the lack of alternative providers particularly in rural areas.

Lack of provider market in rural areas

The NDIS principles, based on participant choice and control, rely on a strong and diverse market available to all participants and able to deliver the range of services desired.

In many rural LGAs, local government and public health/community health services are the major if not only providers of HACC services for people with disabilities. Department of Health and Human Services (DHHS) data indicates that these two organisation types account for over 95% of potential NDIS clients. A viable, alternative market has not yet developed to the extent that it can be assured that services will immediately continue to be available to rural clients, particularly those more distant from major centres.

Councils have examples of providers registering to deliver service, even committing to an individual client, but subsequently declining to proceed due to complexity of the client and/or the travel required to provide service. An example is where return travel of 5 hours is required to deliver a necessary service (peg feeding) that takes 45 minutes.

However, councils have strong concern for their communities, and this could be harnessed to tap their preparedness to continue to deliver services while the NDIS undertakes the necessary work to attract alternative providers to these locations to allow choice for NDIS eligible residents to be developed. Local governments also have an existing, well trained and qualified workforce that should be used to maximum advantage during a time when market providers and additional workforce are just developing.

The key question therefore is how to get from the current state to the desired state while meeting as many of the principles of the NDIS as possible, in a planned and strategic way. This requires a proactive approach to recognise the problem and aim to ensure no interruption to service support for participants before it affects individual consumers in a significant way, while moving towards the scheme's preferred modus operandi.

The Productivity Commission (2011 report) recognised that it will take time for a responsive market to develop. It also acknowledged that transition from a block-funded system to one based on individual payments carried the risk of disruption to service providers and their clients. It saw situations in which block funding will continue to be required while markets develop, at least for a transitional period, including in rural areas.

The NDIS Market Approach statement of November 2016 outlines its objectives in encouraging market development and workforce growth, but is also clear that this is a long term challenge:

“..... this new marketplace presents short term challenges, and few markets of this scale in Australia have ever developed and grown in such a short time.

The Agency’s market stewardship role will therefore require monitoring, evaluation, oversight and where necessary, support and intervention, in pursuit of a sustainable and successful NDIS.”

Local government supports the NDIA’s objectives in developing provider markets long term, however it is essential that a vehicle exists for continuing to provide services to existing clients at an appropriate cost, in the short – medium term.

Lack of provider market in metropolitan interface councils

A similar issue occurs in Melbourne’s interface councils, where housing development and population growth is very rapid. Many services, including disability services, have not expanded to these areas as quickly as the population has grown and are short in supply at this point.

While this is immediately a somewhat similar issue to rural areas, the possible solutions may be different. The NDIA could assist by identifying provider agencies that might have potential to expand to particular growth LGAs and if necessary incentivise them to do so. Working with individual councils where this issue arises will enable tailored solutions such as identifying a specific alternative provider to which council clients can be transitioned in the short term.

There will still be a need for broader market development in order to achieve the NDIS goal of consumer choice, but a short term solution is required given council resolutions to cease as an NDIA provider.

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 17 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 design based on projects rather than program.

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 2018/2019.)

The MAV contends 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.

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.

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

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 examples, new providers have refused to provide services (previously provided by council) which required significant travel commitments and costs (which are not covered by current NDIS pricing).

The indications are that there will be market failure and the frustration is that there are public sector providers willing to provide services to a clientele currently receiving these services (albeit rationed). When councils cease service provision, the opportunity to provide even interim solutions while markets develop will be lost. The Productivity Commission noted that there needed to be more flexible funding, service delivery and other measures tailored to specific circumstances as well as policies such as Provider of Last Resort and Market Intervention Framework.

All parties involved in seeking a successful rollout of the NDIS for clients across the State - the NDIA, the Commonwealth Department of Social Services, the Victorian Department of Health and Human Services, the Victorian Department of Premier and Cabinet, and the MAV (representing local government providers) – need to consider some urgent actions and specific transitional working arrangements with local government, in the interests of successful client transitions and support for providers. Councils and the MAV remain committed to continuing to work to find ways to resolve the issues. The establishment of an intermediary role to support councils in service provision without further financial or administrative impost has been canvassed with the Department of Social Services and will continue to be pursued as will any other opportunities to support the transition in the short term while markets develop.

Recommendations

1. That the Federal Government and the NDIA acknowledge and support the intent of the intergovernmental Tripartite Agreement in Victoria for cross government collaboration and leveraging established community care options to support people with disabilities and their families while markets develop through;
 - Providing for continuity of community care services for existing council NDIS eligible clients
 - Investing in market development with local government
 - Providing pricing flexibility to retain council involvement while markets develop, including the option of NDIS block funding to councils
 - Exploring ways to strengthen the system supports to local government now, with collective solutions investigated
2. That the Information Linkages and Capacity Building funding model be expanded to include block funding for local government to continue community capacity building and linking with mainstream services as in the building inclusive communities program.