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To Whom It May Concern,

RE: Submission to the Independent Pricing Review

This submission responds to the Terms of Reference for the Independent Pricing Review, with an emphasis on equitable access to human services by Aboriginal people and those factors necessary to enable Aboriginal people to exercise informed choice and control over the care they receive.

The Victorian Aboriginal Community Controlled Health Organisation (VACCHO) was established in 1996. VACCHO is the peak body for Aboriginal health and wellbeing and also represents 30 Aboriginal community controlled organisations (ACCOs) in Victoria. The role of VACCHO is to build the capacity of our members and to advocate for issues on their behalf.

Our input is drawn from the experience and expertise of VACCHO membership in Victoria. Our Member ACCOs have a cooperative membership structure and offer a range of services to their local communities, including but not limited to primary health services. Other services vary across the members but will often include housing, justice, child and family, social and emotional wellbeing, aged care and disability services and may be affected. As such Member ACCOs have a core role in addressing the social determinants of health. VACCHO uses the term ACCOs (Aboriginal Community Controlled Health Organisations) which includes VACCHO Member ACCOs.

VACCHO acknowledges the Commonwealth's concerns about scheme costs and the interests of the Commonwealth in managing cost pressures to ensure sustainability of the scheme. However, without further investment to ensure equitable access by Aboriginal people with disability, the existing investment will not be effective and will continue to fail the needs of this group. While this submission is grounded in the obligations and moral imperatives to equitably support Aboriginal people with disability, we also point to the substantive economic benefits underpinned by the insurance principles of the scheme and opportunities to ensure that savings are identified and reinvested in the scheme.

VACCHO submits that the prices set by the NDIA are too low for providers operating in markets without meaningful economies of scale and for servicing people with additional and complex needs. VACCHO advocates for an increase in block funding, baseline pricing and weighting of packages supporting Aboriginal people with complex and/or cultural needs.

Recommendations in relation to improved pricing effectiveness, including:

- ***Thin and undersupplied markets, particularly in regional and remote areas***

The Productivity Commission's Position Paper for the Inquiry into NDIS Costs (June 2017) has found that a more "considered and timely approach" is needed to address access issues in thin markets, including access issues for Aboriginal and Torres Strait Islanders (hereafter Aboriginal), for people with complex needs and for people living in outer regional, remote and very remote areas. The paper also noted that block funding may continue to play a role, as well as provider of last resort arrangements.¹ In the absence of effective government intervention, moreover, "such market failure is likely to result in greater shortages, less competition and poorer participant outcomes."²

Member ACCOS in Victoria could be a critical point of supply to thin and undersupplied markets on the basis of:

- geography (with most Victorian ACCOs in rural areas);
- Aboriginal status (defining the market in urban as well as rural areas); *and*
- participants with complex and specialised needs (including cultural needs and right to cultural safety).

Without assistance, however, Member ACCOs are facing the cost and pricing pressures associated with supply to each of these markets. This includes but is not limited to:

- service delivery costs where there are low economies of scale
- travel and recruitment costs in regional areas; and
- unmet costs of providing effective and appropriate support to Aboriginal people, including holistic support for multiple and complex needs and practical support to access and enter the scheme.

For further information on the critical role of and pressures faced by the Member ACCOs, please see VACCHO's submission to the Productivity Commission Inquiry into NDIS Costs.³ This includes a range of recommendations, specifically in relation to:

- Up-front investment in the viability and sustainability of Aboriginal community controlled organisations to facilitate choice and control for Aboriginal people with disability;
- Investment in community engagement and awareness strategies;
- Provision of resourcing for cultural workers to support the assessment and planning process;
- Introduction of Aboriginal Cultural Support as a funded Support Category;
- Training in assessment of cultural needs as they impact on disability needs for the purposes of plan development, approvals and reviews;
- Weighting of packages for Aboriginal people;
- Ongoing access to Support Coordination; and
- Development of a national cultural safety accreditation standard.

Block funding to ACCOs may be the best avenue to provide some of this support (e.g. community engagement, cultural support workers and investment in infrastructure), as well as a mechanism to support ACCOs which are unable to break even while servicing a thin market. This is consistent with the Productivity Commission's early findings that a purely market based service delivery system would not deliver adequate care and support to Aboriginal people with disability and that it may be necessary to block fund some service providers in order to overcome the additional barriers that Aboriginal people face.⁴ It is also consistent with the second implementation plan of the National Disability Strategy, which identifies improved outcomes for

Aboriginal people as one of its key action areas.⁵ In their submission to the Inquiry into NDIS Costs, National Disability Services also note that inadequate pricing “adds to the risk of market failure”.⁶

VACCHO submits that, if adequately resourced, leveraging established community organisations operating in the health, aged and community care sectors, such as the ACCOs, will be one of the most effective ways of resolving thin and undersupplied markets for Aboriginal people. Based on the experience and feedback of organisations considering participation in NDIS, effective leveraging will require investment in targeted strategies, preferably through block grant funding to support NDIS infrastructure (e.g. IT), and dedicated on the ground staffing for the organisational transition and participant access.

Where prices for certain types of supports remain too low for financially viable service delivery, or to address the complex and specialised needs of the client group, extended supplementary funding and/or weighting for Aboriginal clients may also be of benefit. Where no ACCO exists, consultation should be undertaken with the local community to identify preferred suppliers and business models in the region.

If upfront investment is made to identify individuals and support access to the scheme, the insurance principles of NDIS can come into effect, the gap in outcomes for Aboriginal people can be narrowed and long term financial savings achieved. For example, the employment outcomes of Aboriginal people are undoubtedly impacted by the multiple, complex caring responsibilities being carried within communities, often from a young age.⁷ The flow on impacts of this include significant financial costs to the Commonwealth. In addition, investment in supporting people to access the scheme will increase the size of the market, making it more viable for providers to operate sustainably in the longer term.

VACCHO acknowledges the distinction made by First Peoples’ Disability Network between a ‘thin’ and ‘fragmented’ market and agrees that the total number of Aboriginal people with disability comprises a significant share of the NDIS market (estimated at \$1.6 billion at full implementation).⁸ At the same time, many Victorian Aboriginal people live in smaller, dispersed communities where the absolute numbers will remain low.

VACCHO also supports the recommendations of the Redfern Statement. The Redfern Statement was released on 9 June 2016 by Aboriginal and Torres Strait Islander leaders from health, justice, children and families, disability, and family violence prevention sectors. It is supported by more than 120 major mainstream organisations including the Australian Medical Association and Law Council. It includes recommendations for:

- Equitable access to the NDIS by Aboriginal and Torres Strait Islander people
- Establishing disability access targets as part of the Closing the Gap framework and the NDIS Quality Assurance and Outcomes framework
- Work to address intersectional discrimination
- Investing in research and development to build an evidence-base of data
- Addressing the imprisonment rates of Aboriginal and Torres Strait Islander people with a cognitive or psychosocial disability; and
- Funding training and community leadership initiatives.⁹

The Redfern Statement Disability Workshop Communiqué, which followed in May 2017, calls also for “the establishment and resourcing of an Aboriginal Community Controlled Disability Service Sector for the provision of disability supports by Aboriginal and Torres Strait Islander people with disability for their

communities”.¹⁰ It calls on government to address the systemic barriers facing Aboriginal people in accessing NDIS, which may require direct outreach to Aboriginal people and their communities and culturally specific individual advocacy support for Aboriginal people with disability and their families.¹¹

In conclusion, VACCHO submits that further investment which leverages the capacity of existing Aboriginal community controlled organisations in both of these areas (i.e. service delivery and participant access) is an efficient and effective measure to address the needs of Aboriginal participants affected by ‘thin and undersupplied markets’ across urban, rural and remote settings.

- ***Pricing of services with different levels of complexity***

First Peoples Disability Network point out that intersectional aspects of institutionalised discrimination (such as when a person is discriminated against as an Aboriginal person *and* as a person with disability) can, if it is persistent and extreme, “result in multiple systemic failures, and can lead to catastrophic health consequences for the person affected.”¹² A recent paper released by the Australian Bureau of Statistics confirms this is occurring, identifying many of the intersectional and compounding levels of disadvantage experienced by Aboriginal people with disability.¹³ For example, only one in seven Aboriginal people with profound/severe disability reported excellent or very good self-assessed health, which is around one-quarter of the rate by Aboriginal people with no disability.¹⁴ Similarly almost one in five Aboriginal people with severe or profound disability experienced four or more stressors in the last 12 months, compared to one in twenty Aboriginal people with no disability.¹⁵ Given the known gap in health outcomes between Aboriginal and non-Aboriginal people in the wider community, this data highlights the extreme impacts on this cohort.

VACCHO agrees with the Australian Council of Social Service that:

Competition increases the risk of highly vulnerable clients ‘falling through the cracks’ due to the onus on the individual to navigate the market, and the fact that incentives are generally insufficient to engender sustained provider engagement with service users with complex needs.¹⁶

The Department of Prime Minister and Cabinet agree, noting that if “appropriate metrics for quality and appropriateness of services for Aboriginal and Torres Strait Islander clients are not in place (or if inappropriate metrics are in place)” then the specific needs of Aboriginal users may be overlooked by potential providers.¹⁷

A budget based approach to planning that treats everyone as ‘the same’ will not meet the obligations above or achieve equitable outcomes for Aboriginal people with disability. VACCHO’s recommendations include introducing a new support category for Aboriginal cultural support, weighting of packages supporting Aboriginal people with complex and/or cultural needs and applying an (appropriately trained) cultural lens across all the existing support categories. Consideration of culture must be included in the reference packages.

VACCHO agrees with Community Mental Health Australia that implications of the current pricing potentially include:

The exclusion of participants with higher needs that require higher levels of staff support from these services, and the withdrawal of service providers [and] the loss of existing skilled and

qualified staff and a de-skilling of the workforce. In time providers may well opt to hire the lower-skilled staff they can afford to be able to offer NDIS services.¹⁸

VACCHO is concerned that the baseline prices in the NDIS Price Guide do not support the development of a long term high quality workforce, but rather pressures organisations to engage entry level workers only, and on a casual basis. Our member ACCOs are a major employer of Aboriginal people and this pricing model will have flow on impacts into Aboriginal communities. The combined impacts of the baseline prices and associated trends towards casualisation will have implications for the retention of Aboriginal staff who have developed trust relationships within communities. This in turn impacts on the workforce's capacity to work with participants with complex needs, including cultural needs.

- ***Relative provider efficiencies (including overheads)***

VACCHO recommends changes to the NDIS Price Guide based on a review of the reasonable cost model. In addition to the staff pay point (noted above), key concerns are:

- Staff utilisation rates, which:
 - are not achievable while maintaining a quality practice, in light of other requirements such as supervision, training, meetings, and recording of outcomes, and the limits on funded travel;
 - are not consistent with a flexible, holistic and culturally safe model of support for Aboriginal participants;
 - pressures organisations to casualise the workforce, with flow on impacts into Aboriginal communities; and
 - will have negative impacts on the capacity to attract and retain high quality staff over time.
- Administrative overheads, which
 - are well below the administration required to operate an ACCO, particularly in light of the IT, finance and accreditation requirements for participating in the scheme;
 - do not take into account the additional work required to support a participant, including intake, service agreements and bookings and claims; and
 - do not take into account the span of control that will work in an ACCO, which do not have the economies of scale of large providers.
- Salary rates, which:
 - will result in the engagement of entry level workers (see comments above);
 - make it very difficult to attract and retain high quality staff; and
 - will not attract or adequately reimburse the Aboriginal workforce required to provide culturally safe care.

VACCHO is also concerned with the impact of the rulings in the Price Guide regarding travel, which are completely inadequate for rural providers, who frequently travel much greater than 20 minutes. They are also inadequate for urban providers where they are the only ACCO in a much wider radius.

As noted above, there is also no funding for the work required to support Aboriginal participants to enter the scheme and ensure that both their disability and cultural needs are understood. This is a key concern, especially in light of the very high numbers of undiagnosed and under-serviced people with disability in

Aboriginal communities. VACCHO is highly concerned about the short and long term impacts on people who are entitled to but will never receive a package under the scheme, as well as the participants with a plan that does not meet their needs. Funding is needed for the ACCOs to provide community information and engagement, support to access assessments and complete the paperwork required, as well as support to attend the planning meetings and subsequent reviews.

While these issues are faced by all providers considering entering the market, ACCOs are in a unique position. As community controlled organisations they are accountable to their communities and in many cases face an expectation from their communities to assist them with the NDIS. As the scheme is not sustainable for an organisation of their size, structure and service model, they are forced to consider losing money in order to meet community need. Running NDIS at a loss takes directly away from their capacity to meet their wider obligations, both to community and to their funders. This has put the organisations in an untenable position. At the same time, without the participation of the ACCOS, the Commonwealth will, put simply, fail on its own obligations to Aboriginal people with disability.

Thank you for your consideration of the matters raised in this submission.

ENDNOTES

¹ Productivity Commission (2017) *National Disability Insurance Scheme (NDIS) Costs: Productivity Commission Position Paper Overview and Recommendations* Productivity Commission, Melbourne. p. 38.

² Ibid, p. 58.

³ Victorian Aboriginal Community Controlled Health Organisation (2017) *Submission to the Productivity Commission's Inquiry into National Disability Insurance Scheme (NDIS) Costs* Sub 162 into Inquiry into National Disability Insurance Scheme (NDIS) Costs, Productivity Commission, Melbourne; See also Victorian Aboriginal Community Controlled Health Organisation *Submission to the Productivity Commission's Inquiry into National Disability Insurance Scheme (NDIS) Costs: Information Request 6.1* Sub PP223 into Inquiry into National Disability Insurance Scheme (NDIS) Costs, Productivity Commission, Melbourne.

⁴ Productivity Commission (2011) *Disability Care and Support* Productivity Commission, Melbourne. p. 531

⁵ Department of Social Services (2016) *National Disability Strategy 2010-2020: Second Implementation Plan Driving Action 2015-2018*, Australian Government, Canberra. p. 8.

⁶ National Disability Services (2017) *National Disability Insurance Scheme Costs: Submission on Position Paper* Sub PP295 into Inquiry into National Disability Insurance Scheme (NDIS) Costs, Productivity Commission, Melbourne, p. 5.

⁷ Carers Australia: <http://www.carersaustralia.com.au/about-carers/aboriginalandtorresstraitislander/carers/> Accessed on 6/7/2017.

⁸ First Peoples Disability Network Australia (2017) *Responses to the Productivity Commission's Position Paper on National Disability Insurance Scheme (NDIS) Costs* Sub PP355 into Inquiry into National Disability Insurance Scheme (NDIS) Costs, Productivity Commission, Melbourne, p. 5.

⁹ First Peoples Disability Network Australia (2017) *The Redfern Statement Disability Workshop* First Peoples Disability Network, Sydney. p. 2.

¹⁰ First Peoples Disability Network Australia (2017) *The Redfern Statement: Disability Workshop Communique*, First Peoples Disability Network, Sydney. p. 4

¹¹ Ibid. See also First Peoples Disability Network Australia (2017) *The Redfern Statement Disability Workshop* First Peoples Disability Network, Sydney. p. 2.

¹² First Peoples Disability Network (2016) *Intersectional Dimensions on the Right to Health for Indigenous Peoples – A Disability Perspective*, Prepared for the Expert Mechanism on the Rights of Indigenous Peoples (EMRIP) study on 'The Right to Health for Indigenous Peoples', First Peoples Disability Network, Sydney, p. 2.

¹³ Australian Bureau of Statistics (2017) *Social and Economic Wellbeing of Aboriginal and Torres Strait Islander People with Disability* [http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4714.0~2014-15~Feature%20Article~Social%20and%20economic%20wellbeing%20of%20Aboriginal%20and%20Torres%20Strait%20Islander%20people%20with%20disability%20\(Feature%20Article\)~10000](http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4714.0~2014-15~Feature%20Article~Social%20and%20economic%20wellbeing%20of%20Aboriginal%20and%20Torres%20Strait%20Islander%20people%20with%20disability%20(Feature%20Article)~10000)

Accessed on 12/10/17.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Australian Council of Social Service (2016) *ACOSS Response to Productivity Commission Preliminary Findings Report: Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform* Sub377 into Inquiry into Human Services: Identifying Sectors for Reform. Productivity Commission, Melbourne, p. 2.

¹⁷ Department of Prime Minister and Cabinet (2016) *Submission to the Productivity Commission Review of Human Services* Sub265 into Inquiry into Human Services: Identifying Sectors for Reform. Productivity Commission, Melbourne, p. 4.

¹⁸ Community Mental Health Australia (2017) *National Disability Insurance Scheme (NDIS) Costs - Productivity Commission Issues Paper* Sub0011 into Inquiry into National Disability Insurance Scheme (NDIS) Costs. Productivity Commission, Melbourne. p. 5.