



BUSINESS COUNCIL
OF CO-OPERATIVES AND MUTUALS

Joint Standing Committee on the NDIS
PO Box 6100
Parliament House
Canberra ACT 2600

24 August 2017

Dear Sir/Madam

Supplementary submission to inquiry into transitional arrangements for the NDIS

The Business Council of Co-operatives and Mutuals (BCCM) thanks the Committee for accepting this supplementary submission to the inquiry into transitional arrangements for the NDIS.

Since lodging our submission on 16 August, we have received further information from some of our members. As each of these members operates innovative co-operative business models in the NDIS, we wanted to make sure that their insights and experience were included in your deliberations.

These supplementary comments relate to each of the terms of reference a) to d).

- a) The boundaries and interface of NDIS service provision, and other non-NDIS service provision, with particular reference to health, education and transport services.
- b) The consistency of NDIS plans and delivery of NDIS and other services for people with disabilities across Australia.
- c) The rollout of the information, Linkages and Capacity Building Program; and
- d) Any other related matters

This supplementary information has been provided by BCCM members, [Common Equity NSW](#) (CENSW) and [The Co-operative Life](#). Both these co-operatives operate in the NDIS and in adjacent areas of service delivery including affordable housing and aged care.

a) The boundaries and interface of NDIS service provision, and other non-NDIS service provision, with particular reference to health, education and transport services

The Co-operative Life is a worker co-operative providing community based supports to people with disabilities in the NDIS, aged care services and mainstream health services. The Co-operative Life observe that there is limited collaboration with other agencies except NSW Health. Where this collaboration occurs, there is a limited understanding of how the NDIS works and sometimes there are differences in professional and ideological approaches about how to enable wellbeing and independence. The functional assessment approach used in the NDIS where eligible people are supported to lead ordinary lives with reasonable and necessary supports is often not understood by people and organisations designed around medical and diagnostic models of support. The Co-operative Life suggests that there needs to be more integration in social care to include disability, health and other mainstream services.

b) The consistency of NDIS plans and the delivery of NDIS and other services for people with disabilities across Australia

The Co-operative Life observe that most of the NDIS plans where they are involved are basic. They suggest there is scope to improve the planning process so that goals are refined and more reflective of how consumers see their priorities. Goals and outcomes for individual NDIS participants need to be more considered and expanded beyond the views of service providers and what they deliver.

The Co-operative Life has found that it has taken them 12 months to understand the NDIS and how they can effectively work with participants to co-ordinate and manage supports. Of concern, the Co-operative Life observes that most participants are “sticking to the status quo” because most NDIS providers are not offering choice, rather providing the same service as before the NDIS. The Co-operative Life are establishing new approaches to Day Programs in the NDIS – in the form of Wellness Centres. They are observing that in most Day Programs in the NDIS, there are no individual outcomes.

The Co-operative Life has raised the issue of Local Area Co-ordination (LAC) and the need for there to be more attention to growing the capability and knowledge of this service. They also observe that the reality is that the LACs are over-stretched, leading to a reliance on telephone/remote contact with participants which at this early stage of the scheme’s development is not optimal for defining sustainable outcomes that are in accordance with the Scheme’s design.

Because of these shortcomings, The Co-operative Life suggests that Co-ordination of Supports must be continued into the second year of NDIS funding. This is when participants are starting to understand the NDIS better and becoming more aware and curious about the benefits that may arise from different kinds of supports and providers. This is when they can start to explore other options as part of the plan review process.

c) The rollout of the information, Linkages and Capacity Building Program

The Co-operative Life has not observed any benefits from this program. The BCCM noted in its main submission that there is scope for this program to drive innovation and market development including improvement to more systemic aspects of the scheme such as the culture around what individual informed user choice and control means and ways to address information asymmetry that exists between providers and service users.

d) Any other related matters

Innovation and Market Development

CENSW is the only registered community housing provider in NSW that is focused on co-operative housing. The members of CENSW are tenant groups who operate their own housing co-operative. The tenant-members of each housing co-operative are responsible for some of the housing management; the precise level depends on individual circumstances. CENSW operates as an enterprise co-operative, making it possible for these smaller tenant-led co-operatives to be sustainable and tailored to individual circumstances.

CENSW is co-operating with a start-up family governed co-operative – Supporting Independent Living Co-operative (SILC) – that also operates in the NDIS – providing tailored supported accommodation for eligible people in the NDIS. SILC’s business model represents a new offering in the NDIS.

CENSW brings capability to SILC through its balance sheet and organisational capability around developing and operating housing. CENSW is new to the NDIS and observes that

the market is very immature in terms of supplier capability, the knowledge of service providers about different housing options and how to procure them, and participant knowledge of these options. Innovation is starting to occur, for example, through these new co-operative models of housing and support; however, broad based market education is lacking in relation to the available housing and support options that are feasible within the NDIS. As a result, the potential for greater choice and control for participants has not yet been met.

CENSW is working with the Exploring Housing Options Package (EHOP) and observes that these providers need more information about other models such as co-operatives. Without this, NDIS participants do not receive true choice.

The BCCM considers that the NDIA should disseminate the findings from market development projects (such as SILC) so that there is much more awareness about the alignment of the co-operative model with the aims of greater consumer choice and control that are central to the NDIS. This information needs to be disseminated widely to service users as well as advisers and planners.

The Co-operative Life is finding that since the NDIS started, there is growing interest in the co-operative business model because participants and their families can see that it offers choice and how it differs from other models of service delivery. Increasingly, there is an awareness that there can be disadvantages with larger hierarchical organisations that can find it difficult to adapt and be nimble, which is a requirement in the NDIS if participants are to have genuine choice and control

The Co-operative Life supports the position articulated by the BCCM in its earlier submission that there needs to be more attention given by the NDIA to promoting the development of new models like co-operatives. The co-operative business model is not well understood because in the past there has been a binary view of organisation forms where they are seen as either for profit or not for profit. Co-operatives and mutuals offer an alternative, a third way where enterprise and social purpose are combined, which gives NDIS participants more choice and control.

Pricing sustainability

The Co-operative Life observes that the NDIS pricing guide is sustainable. However, margins are very tight, meaning service providers need to be efficient, responsive and lean to thrive in the NDIS market. Their experience to date is that labour costs are 89% of revenue leaving only 11% for investment in the business. This means flat structures and innovation around mobilising the workforce and use of technology are vital.

CENSW has made observations about the sustainability of the Supported Disability Accommodation (SDA) price guide. They consider that the pricing review mechanisms around SDA payments at year 1, 2 and 5 introduce a risk of future revenue shortfalls and the capacity for organisations building new SDA properties to service loans. They suggest that by “grandfathering” arrangements at the time they are struck for a given participant and guaranteeing the provision of funding for the full 20 years will facilitate permanency in the accommodation.

Building SDA properties is a long-term commitment with fixed costs that cannot be adjusted to fit with changing funding envelopes in the same way that supports can.

Information on Supported Disability Accommodation

CENSW believes there needs to be better information available to SDA providers about demand and need for accommodation. This should include housing type and locational information. This would enable supply to meet demand in the right places.

There is no transparency of information to define the actual locations and type of SDA demand coming out of individual participant planning meetings (i.e. where EHOP outcomes are defined)

This is necessary to facilitate an efficient supply market and to avoid a situation of over-supply in some areas and under-supply in others.

There is also no efficient mechanism to promote individual choice and control driving competition between SDA providers around supply and in having information about supply available to participants. For example, CENSW poses the question: “how do providers know where there is a demand for housing for younger people living inappropriately in aged care homes where they could move to SDA accommodation?” This information needs to be readily available to the market of SDA providers. At present, there is only high-level indications of geography showing demand and providers not currently involved with participants do not have access to information about a participant’s plan and outcomes, which also then limits their choice and understanding of other options.

By working with SILC, CENSW is obtaining some of this information, particularly from families keen to consider other options and ways in which they can promote more choice and control for their children with the assurance of lifetime support and security of tenure.

The BCCM therefore recommends that a market mechanism is needed to give SDA providers the opportunity to compete for the delivery of SDA housing; no market mechanism currently exists. Introducing a market mechanism will enhance the choices available for participants.

The BCCM further recommends that the NDIA could facilitate regular calls to market articulating new demand identified through EHOP plans as they are finalised over time. The submissions received from these calls to market can then be made available to NDIS participants to make informed choice about the provider, location and type of SDA accommodation.

We trust that this additional information is helpful to your deliberations. The BCCM and our members welcome the opportunity to attend a public hearing of the Committee so that we can share further information about our experience of the NDIS.

Yours faithfully

Melina Morrison
CEO