



Home Modifications Australia

**Submission to Productivity Commission Issues
Paper
Human Services: Identifying sectors for reform**

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**Contact Details:
Michael Bleasdale
CEO
Unit A, Level 4, 72 - 80 Cooper Street
SURRY HILLS NSW 2010**

**Phone: 02 9281 2680
Mobile: 0416 446 624
Email: ceo@moda.org.au**

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1. What is MOD.A?

Home Modifications Australia (MOD.A) is the industry and peak body representing home modifications nationally. With the national reforms to disability and aged care programmes, MOD.A evolved from a NSW-based council into a national organisation to meet the challenges of a dynamic community care system. MOD.A's Board and membership has widened to cover home modifications and home maintenance providers across all Australian jurisdictions.

MOD.A's vision is to enable all older Australians and people with disability to live independently and safely in their own homes through the provision of home modifications where required. Our mission is to provide a resource for service providers, their clients and families across Australia through the coordination and promulgation of high quality evidence and practical support. Our purpose is to support service providers, strengthen clients, grow a sustainable home modification sector, cultivate leadership and foster respect for all.

MOD.A's work is bolstered by ongoing partnerships with people who are ageing, people with disability and their families, home care workers, designers and builders, and other industry and professional bodies. This submission is informed by the knowledge and experience of MOD.A members, evidence based research and the lived experiences and knowledge of people who are ageing and/or live with a disability.

2. Overview of the inquiry

MOD.A is supportive of the approach taken by the Productivity Commission to identify through a process of consultation and engagement the particular segments of the human services sector which are suited to reforms of competition, contestability and informed user choice. The approach of our sector has always been to engage directly with consumers about what modifications may be required in their homes, and how these can be implemented with as much sensitivity to the existing environment and the preferences of the individual and, where applicable, their family. The one-off and costly nature of home modifications (most incur a significant percentage cost for the consumer) means that the sector has been used over the years to identifying accurately the cost of jobs and being acutely aware of the impact this has upon vulnerable consumers who may not have the requisite savings to afford to have the work done. Remaining cost competitive has been a feature of our sector, with a commercial building sector engaged in similar but less specialised renovation work as a constant comparator.

MOD.A on behalf of the sector welcomes the opportunity to make comment on the very significant role which governments play and will continue to play in shaping the market in which our industry operates. The segmentation of programmes across levels of government and within different portfolios of governments has led to different models of supply being established which largely respond to programmatic demands rather than have their core business as their focus. This has resulted in turn in a fragmented approach to a very common issue – in our case the application of technology to the home environment so as to enable older people and people with disability, who present with a range of impairments that make living in current standard homes difficult, to have access to a broad range of accommodation which will allow them to remain connected to family and the community. Reforms have tended to focus upon behavioural and

structural change amongst service providers, but MOD.A is strongly of the view that significant change across the human services sector as a whole will require a frank examination of the role that government departments play now and will need to play in the future, how they will need to be structured and operate, and for this to be undertaken openly by a range of stakeholders including the services which currently they administer. MOD.A sees the time for the detailed scrutiny on the operation of government departments and service providers to be in the second phase of the inquiry, but wishes to state up front that reforms of this nature which does not include the possibility for significant reform and restructure within government will result in their not succeeding.

Some basic principles also need to be established at the start, so that the inquiry is not looking at change for change's sake. All of the reform parameters proposed must work toward better outcomes for the recipients of human services, and so the general efficacy of the three broad reform principles should be more broadly evidenced by relevant case examples from other jurisdictions where they have been applied to human services sectors. In addition:

- All Australians should have access to timely, affordable and high quality human services, and they should not be denied on the basis of an inability to pay;
- Human services reform must equally acknowledge the increased rights of individuals to control their lives, and to continually develop the community's capacity to support a broader and more diverse population with a range of needs; and
- Human services reforms must be implemented with specific impact goals in mind that can and will be objectively measured to see if the reforms themselves, rather than just the services who implement them, have been successful.

If these principles are taken into account the inquiry has real merit, and the framework for scrutinising the constituent elements of the three main reform components should prove useful in eliciting constructive responses from the human services sector as a whole.

3. Structure of the paper

This submission addresses the terms of the scope of first stage the inquiry, detailed on page iv of the issues paper. It also addresses the questions posed throughout the issues paper where this is relevant to the home modifications sector, or where observation by the sector about human services more generally is relevant. In order to convey the information in the most logical way possible the following section (Section 4) is divided into two sections:

- 1) Description of the home modifications sector in Australia
- 2) Possibilities for reform in the home modifications sector

The first section describes the current state of the sector and provides much of the detail sought by the Productivity Commission in the questions posed on pages 14,15 and 17. The second section provides as much information as is available on the potential impact of reform, together with views from the sector regarding the remaining questions in the issues paper.

4. Home Modifications in Australia

It is important that a review such as this contemplate a different framework for the delivery of human services, outside of the current arbitrary delineations (such as aged care and disability), which are demarcated across departmental and sometimes governmental lines. Home modifications are delivered across multiple departmental programmes and through both state- and Commonwealth-based initiatives, despite providing basically the same service on the home environment. There may be other examples which point to the inquiry needing to look into the impact that dividing like services into different programmes has upon the capacity of the sector to organise itself and operate in a more competitive fashion. This section will identify how the home modifications sector views itself as a single industry operating in a difficult and uneven human services sector, where reform tends to be focused on improvement in already designated sector areas (such as aged care and disability service delivery), rather than having a focus on the improvement of its component parts, in this case the delivery of intervention to the home environment. It begins by mapping where home modifications are provided, and then indicates the work that Home Modifications Australia is doing, unfunded, to pull the industry together by means of a single quality standard for home modifications, to being the process of addressing poor practice and systematically improving the quality of work across all programmes and to fee-paying individual customers.

4.1 The home modifications sector

The home modifications sector in Australia has developed from the Home and Community Care (HACC) programme which ceased in 2015, and had served older people and people with disability since the 1980s. Different approaches to its availability to eligible clients (usually based on the amount of subsidy allowable) and the way that supply is delivered have developed in each jurisdiction, due to the variable agreements with each state governing the HACC programme. Home modifications, often coupled with home maintenance, was developed as one of around 16 sub-programmes available to clients and often delivered through single, multi-service agencies. The introduction of the Commonwealth Home Support Programme (CHSP) in 2015 has seen a consistent set of guidelines developed and implemented nationally relevant to older people (since 2012 HACC and CHSP have only been available to people over the age of 65), and administration for the programme transferred to the Australian Department of Health. These HACC/CHSP services are block-funded through annual grants paid quarterly. There has always been and remains a requirement for clients to pay a contribution toward the cost of modifications, which can run to several thousands of dollars, particularly if the modification requires structural alterations, as is frequently the case in the reconstruction of bathrooms, for instance.

For younger people with disability (under the age of 65) state funded schemes for home-based care, including home modifications, have continued in those areas where the National Disability Insurance Scheme (NDIS) has yet to roll out. These schemes are, in effect, the disability segment of the old HACC program, which will gradually be phased out over time until the NDIS is fully up and running. These schemes are also block-funded through grants provided quarterly and a contribution required from the client. Given the higher proportion of funding that has traditionally been allocated to older people for home modifications (generally 70/30%) a number of service providers in NSW opted not to continue to deliver services to people with disability. MOD.A is

uncertain as to the continuation of supply across the whole of NSW as a result of this, nor do we have information of evidence of how supply for younger people with disability is guaranteed through these state-based schemes in other jurisdictions.

The NDIS does fund home modifications for eligible participants. Evidence from the initial trials across sites in Australia, particularly those where the age-range is not restricted, has been that a small proportion of eligible participants require complex modifications, involving extensive structural alterations to existing properties, which can result in significant costs. At this stage, if the modification can be justified as “reasonable and necessary” its cost is borne by the NDIS, and only if additional features or work is done are participants charged.

Home modifications are delivered in a number of other schemes and initiatives, including a range of state-based accident compensation schemes such as the Transport Accident Commission (TAC) in Victoria, Icare in NSW and Lifetime Support in South Australia; and the Department of Veterans Affairs nationally. Home modifications are also subsidised by WorkCover and health departments across the country, and providers also deliver modifications privately to fee-paying customers.

This snapshot illustrates a fragmented sector, with most of the government bodies mentioned above funding and administering their home modification programmes differently, with only a handful of providers operating across multiple programmes. For example icare in NSW is about to embark upon a new procurement process for providers, which pertains solely to its scheme. The model of service provision adopted is determined only by the requirement of the scheme, and is not based on any best-practice evidence of whether or not home modifications benefits from a project management model, or is best delivered by a holistic service model. This is not to single out this agency for criticism, merely to illustrate that the industry is required to organise and present itself differently according to the agency it wishes to work for. **This is one example of how issues of reform which aim for competition, contestibility and informed user choice needs to begin with seriously scrutinising current government procurement practice, and have as its goal a singular approach for industries rather than the current patchwork of funding and administrative mechanisms.**

4.2 Quality improvement in home modifications

International literature and local experience have confirmed that areas for quality improvement in home modifications include the quality of work, the timeliness of the job to meet the individual need, and the cost.¹ Often home modifications are required for people who have experienced some negative health event or injury and many programmes, as discussed, require a significant contribution to enable the work to be done. This expensive one-off cost comes on top of additional health and reablement costs for individuals, who may have limited savings or limited access to funds from loans to cover the costs. Currently there is no international or national quality standard attached to home modifications, so individual customers who do not opt for the various

¹ A range of studies are available from the Home Modifications Information Clearing House (UNSW) at www.homemods.info. MOD.A will be pleased to provide more detailed information to the Productivity Commission as follow-up to this submission.

government-subsidised programmes cannot easily identify a provider who is a specialist in this area, or, more importantly can be confident that anyone who claims to be actually has the skills required. MOD.A members are promoted on its website², however, the organisation is currently developing a quality standard for the industry which will require accredited agencies to meet requirements in the areas of building/construction, design and prescription, and customer/client relations. MOD.A is in the process of seeking endorsement for this standard from all the relevant government agencies involved currently in the funding of home modifications for its clients.

The quality standard in operation will address quality issues and be applicable across funding programmes. In the absence of any willingness or capacity in government to rationalise human service initiatives to be seamless and consistent in the way it creates a marketplace for industries like home modifications, MOD.A would see the recognition of the quality standard by all programmes as a minimum requirement for procurement as a reasonable starting point for reform in the government sector.

The challenges for the home modifications industry do not reside solely within the sector itself. Home modifications have traditionally been done well to home owned by the individual client, but are more problematic when applied to rental properties. The challenge facing all human services in the next 30 years is the ageing of the population and people living longer in their homes, an increasing proportion of which will be rental. **This alongside the question of the suitability of the current housing stock to meet the needs of an ageing population, and to house people with disability through the NDIS, points to a need for a whole of government approach to housing, of which home modifications and the provision of suitable and accessible housing in general is a significant component. Any reform process which takes impact upon the individual as a primary outcomes measure, must identify the need for a strong government focus on the problem at hand, with solutions-based funding implemented.**

4.3 Responses to requests for information from the issues paper

The issues paper requests information to be provided regarding specific industries. This section will address the questions posed on pages 14, 15, 17 and 19 as they relate to home modifications. MOD.A presents at this time relevant information it has already obtained, and is happy to work with the sector and other stakeholders to provide more recent and relevant information, and fill in gaps, to assist the Productivity Commission's inquiry as it proceeds.

Page 14 Questions – human service characteristics re service recipients

In home modifications transaction there are many points at which the service recipient is required to make decisions and choices. Not only because of the cost involved a person can choose not to proceed with the work at any stage. Generally a detailed occupational therapy assessment is required, which together with the scope of works

² See www.moda.org.au.

drawn up by the service/builder will detail the work to be done and the cost attached. Service recipients will have to make decisions based on the need for the work to be done to enable them to remain living functionally in their homes. It is not uncommon for people to choose not to go ahead for a variety of reasons, but often to with cost. There is a significant need for the provision of better information to service recipients by independent parties, if consumer-directed services are to become the norm in this industry. Previously good information has been provided by services, but this may be seen as contrary to principles of independent decision-making. In some programmes choices amongst contractors is offered, giving some options to service recipients, but in aged care there is a dearth of available suppliers reducing choice (the CHSP system is not set up to encourage choice, although the My Aged Care (MAC) website does offer a range of service options) MOD.A has identified, however, that much more detailed information about products, the processes of assessment, what is involved in the construction of the modification, and other logistical issues, is required to enable a person to be regarded as fully “informed”, and this is something that needs to be increased and improved to make all systems truly user-responsive.

It is generally accepted that in the area of home modifications the service recipient is unlikely to be an “expert”, over and above their understanding and experience of their own personal needs, except for those people who have had experience in the sector or who have building experience and expertise. In this regard service recipients are no different from the general public, but the specialist, customised nature of the home modification does require more effort being made to provide a level of information which will enable choices that will impact on the person. Home modifications does lend itself well to a range of information presented by not only providers, but also past service recipients, and backed up with photographic evidence of options and outcomes. Increasingly service recipients will be encouraged to make choices that will blend the functional requirements of their modifications with their aesthetic preferences, even if some choices will require additional client payments over and above the subscriptions.

Page 15 Questions – nature of service transactions

As described above a home modification is a series of transactions between the client and a variety of service professionals. The work is by nature one-off and not ongoing. In most instances an occupational therapist is required to measure the person and prescribe the modifications required, relevant to the home environment in which the person lives or will live. In some instances, especially where multiple modifications are required in a dwelling across a number of rooms and access points, an architect or designer is required to combine the requirements and in some instances challenge initial prescriptions based on engineering or other design standards, and then to put forward alternative proposals in conjunction with the OT and the service recipient. The building phase can often involve multiple trades, which are most often supervised directly by the builder and/or the project manager. Home modification work tends to be “bundled” according to the administrative and funding arrangements of the funding body. Some accident compensation bodies separately procure builders, OTs and project managers, and apply one or more of each to a home modification job, and manage each directly. In New Zealand Enable manages a similar scheme on behalf of the New Zealand government, and procures project management companies only, who are then required to procure and manage the various transactions within the modifications process (including client management). There is no known research on

the efficacy of home modifications management models, and it is the view of MOD.A that models would be best applied to particular job types and locations, so small and simple versus large and complex, and relevant to the supply of suitable professionals and tradespeople in rural and remote locations – rather than be arbitrarily applied by funding bodies according to their internal procurement processes.

In terms of complex needs, one of the areas which is not currently well addressed anywhere in Australia is best practice in modifications for specific needs, such as dementia, autism, vision impairment, challenging behaviour etc. The singular approach of the NDIS offers opportunity for service recipients to have their individual needs addressed, but this alone will not lead to the development of a widespread availability of expertise within the sector across Australia in any or all the specialised needs.

Page 17 Questions – supply characteristics

This submission has endeavoured to present a picture of uncertainty about the coverage of supply for home modifications across Australia. MOD.A is not in a position to identify areas in Australia where home modifications are not available due to a lack of coordinated information from across the various government-provided programmes. There are anomalies in the way the systems have been implemented, for example in the My Aged Care (MAC) system, which provides information to clients with a view to them making choice, there is no home modifications provider available in the Darwin regional area (when you choose this postcode on the MAC client information page). MOD.A has, however, a member provider in the Darwin region, who has been delivering home modifications under contract to a range of agencies and departments for some years, but which does not appear on the MAC page because they do not have a pre-existing HACC/CHSP contract with the Department of Health.

The issue of supply of specific expertise in home modifications has been discussed above, and MOD.A is unaware of how expertise is distributed across the industry throughout Australia, nor any research into how this might best be achieved and managed by government at any level.

There are particular challenges for home modification providers in the supply of service, in regions where there is a sparse population, and traditionally grants have been low and in the future markets look thin. The optimum model for a provider is to employ a builder and/or tradespeople to do the work, but there is rarely enough funds to cover the costs of employment plus the costs of the modifications themselves under existing grant arrangements. Contracting builders from funded agencies has only been possible due to exemptions granted to providers (incorporated associations and LGAs) in the NSW Home Building Act 2014, and MOD.A understand that no such exemptions exist in similar legislation in other states. OTs can be sourced externally, and are increasingly likely to operate as sole traders, but some programmes, such as the CHSP, assumes a supply of Community OTs from state-funded Health services, and there is evidence that this is not uniformly available across or even within states.

The introduction of new players into this market through contestability is unlikely to overcome the challenges of provision to remote areas, unless there remained a requirement for these new players to subsidise rural operations from metropolitan profits. The issue of equitable service provision is exacerbated in rural and remote areas by the lower house and land values attributable to the properties which are to be modified. MOD.A has previously recommended the introduction of tax and other

incentives for home owners ³to maintain and modify their homes using their own funds, or borrowing funds against the equity in their homes, to reduce the cost burden to them and to government later on. Equity release is more problematic as well as more restricted in areas where the value or property is low.

Technology is embraced by the sector, and can be used both in the process of doing home modifications, and as add-on features to the design and implementation of the modifications themselves. Smart-home technology is available generally, and can be applied easily and effectively for people with severe mobility impairment to operate appliances and lighting throughout the home, as well as opening doors and windows, and a range of other tasks. The industry is aware of these innovations and keen to offer them as part of a suite of options available to service recipients, but is hampered by limitations in government programmes.

Page 19 – costs and compliance issues

The home modifications industry is of the view that it has delivered home modifications at a cost appropriate to its clientele, who are often vulnerable and have little access to savings or other funds, over the past 30 years. Like many not-for-profit sectors it believes that it can deliver service to the same quality and at lower cost than can be offered by commercial building companies. Some of MOD.A's members are private building companies who either specialise in home modifications after contracting to other providers, or who offer this speciality alongside other commercial building projects. All members are aware of the cost limitations that the clientele impose and work accordingly. Given this, there may be limited cost benefits to service recipients and governments as a result of competition, in terms of the delivery of home modifications as a service. Competition and to some degree contestability may benefit all parties in terms of the supply of products, with more informed consumers demanding a greater variety of finishes to the modifications, with the same adherence to required standards (eg ramps have slip resistance prescribed in the National Construction Code 2016, which will point to a range of products which comply – suppliers will eventually develop product ranges that meet these new requirements and increase this range as consumer demand increases).

In terms of compliance costs, MOD.A is conscious that its proposal to introduce a new quality standard and have this as a requirement for all providers, does represent a compliance cost, which may need to be passed on in part to consumers via the costings of all jobs. The proposal does, however, take into account the current compliance requirements of providers to conform to disability, aged care and home care standards, and intends to replace the need for separate compliance to these with a single third-party verification process which audits quality specific to home modifications, and checks compliance against all of these broader governance standards.

MOD.A can see no significant compliance costs associated with the reform agenda proposed in the issues paper.

³ See MOD.A's 2016 Election Platform at <http://www.moda.org.au/policy-statements.html>

5. Attributes of home modifications for reform

This section addresses the questions asked in the issues paper at pages 6, 11, 12 and 13.

In the table below are some points about home modifications relevant to the five concepts identified by the issues paper as key to reform.

Quality: the measurement of quality in home modifications relates to the work of the occupational therapist and/or designer, to accurately identify a design solution which will meet the unique requirements of the individual consumer; to the builder and tradespeople who are able to build and fix the modifications in accordance with regulations and relevant building and trades standards, whilst accommodating the specific customisation required of the individual; and to the management and customer service teams which directly address the needs and concerns of the individual consumer and those with whom they live, and troubleshoot problems as they arise. There are some objective quality measures here, in terms of accuracy of build to design, conformity of design to both external standards and codes and to the subjective needs of the individual recorded in their prescription, and the various certifications which may be required to approve the build (eg by local councils). Subjective measurements related to the usability of the modifications for the individual can be added to satisfaction measurements of all aspects of the service, including commentary on cost and timeliness of the work (and objective measures could be developed for these over time).

Equity: The availability of home modifications for all who need it, regardless of financial means and location, and also of the person's medical or other condition, would be an equitable outcome. This will require a strong focus on what an equitable supply of home modifications throughout Australia looks like prior to considering the best way to achieve this through government intervention or market forces. The NDIS will encourage more people with disability to live in regular housing, which will require modification to both customise to their needs and to overcome basic design flaws. At the same time people will be encouraged to enter aged care much older, and to remain living at home, and to receive services there. Home modifications will need to cater for more people with a greater variety of conditions and needs, such as dementia, vision impairment, bariatric conditions etc, all of which pose different technical challenges, and apply this technology to environments which always provide unique challenges of their own. Equity for all conditions in all areas will need to be tested regularly and it is clearly a responsibility of government.

Efficiency: As well as quality and utility for the individual, the other two main indicators are timeliness of getting the home modification completed, start to finish, and cost.

Responsiveness: In home modifications this is measured by the extent to which the end product is fit for purpose, and increasingly it will also be about how well the home modification has been integrated with the remainder of the home and the extent which the consumer's own preference have been able to be incorporated.

Accountability: In addition to scrutiny about the utility and impact of the end product upon the individual consumer, this can be measured by cost savings in directly and indirectly related areas such as prevention of admission into (costly) residential aged care and prevention of slip and trip and other injuries caused currently by poor design

In terms of the range of factors listed by the issues paper on page 10, and their utility in identifying services best suited to reform, MOD.A is not yet clear as to whether or not this complete or fully relevant to the provision of home modifications. We would be interested to engage further with the Productivity Commission to apply it to our industry, and hope that the information given in this submission about it operates will be useful in this process. MOD.A is concerned, however, that there does not appear to be anything under "Government Stewardship" which compels governments to reform their operations and administrations to best serve the need of consumers and industry. MOD.A will continue to argue that home modifications is treated as a sub-programme within a multitude of other initiatives and programmes and funded and administered to their convenience rather than in a manner which in any way prioritises the quality and utility of home modifications themselves. This is largely due to the segmentation of government departments, and this must come under the Productivity Commission's scrutiny.

MOD.A's views on the questions asked on pages 12 and 13 are that competition in its true form has never been introduced in any jurisdiction in Australia when it comes to home modifications. All government-subsidised programmes come with restrictions and regulations, and are not open to true competition, so there is no evidence to tender here. Competition and good business practice has long been touted by government departmental officials as requirements that services achieve if they are to survive, but the conditions to achieve this have not been provided by the same government departments. In NSW currently for example, home modification providers operate under three systems – block funded grants for CHSP and younger people with disability (CCSP), whilst incrementally engaging with the NDIA (which operates differently in each region). Whilst providers are aware that change will take place in aged care in July 2018, no details have been made available of these to date, and services still have to operate as grant-funded, acquittable services, whilst potentially gearing themselves up to be full-cost delivery, billable services. With the capital and employment costs associated with home modification provision this makes it a very difficult environment to work in.

6. Conclusion

In summary the three areas of reform are worth investigating further, if they can provide improved quality work, in a timely fashion at a better price for service recipients, and offer greater choice. MOD.A has a strong view that the greatest reform has to occur in the way that government departments and agencies seek to transact public funds to agencies in the community to do the work that is required, and that the home modifications industry serves as a good example of a sector that remain largely subservient to the administrative convenience of a government culture which is unprepared for the reform it is demanding of the rest of the community. The Productivity Commission review must seriously engage with this culture and recommend significant reforms in the way business is done in government if any meaningful reform is to take place in human services in Australia.