

MJD Foundation - UNIT COSTING

June 2017

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Executive Summary

MJD Foundation

Since its inception in 2008, the MJDF has been working in partnership with Aboriginal and Torres Strait Islander people and their families living with Machado Joseph Disease (MJD) in a growing number of remote and very remote communities and urban centres across the Northern Territory (NT) and in northern Queensland.

Unit Costing Analysis - AIMS

In preparation for the rollout of the National Disability Insurance Scheme (NDIS), the MJD Foundation (MJDF) conducted a Unit Costing exercise over an eight (8) week period in mid 2016 using the National Costing and Pricing Framework for Disability Services (developed by Curtin University).

The aims were to:

- Ensure MJDF has an accurate understanding of the unit costs of providing its current suite of services to clients
- Enable MJDF to accurately compare costs between urban and remote/very remote locations
- Enable a comparison between MJDF unit costs and the NDIS pricing guides
- Provide data to the Board and Management of MJDF to: make informed strategic decisions when setting the MJDF strategic plan; explore any opportunities for efficiencies; ensure the sustainability of future service provision; and to inform MJDF workforce planning and fundraising strategies
- Add value to the sector by building the evidence base
- Assist MJDF in its ongoing efforts to help inform the NDIA and Commonwealth and State/Territory governments regarding the realities of delivering NDIS services in remote Australia

Unit Costing Analysis - FINDINGS

The findings from the exercise were independently reviewed by Deloitte Access Economics, and were as follows:

NDIS Unit Pricing vs MJDF Unit Costs

NDIS unit pricing for the supports that the MJDF expects to deliver under the NDIS are significantly lower than MJDF's unit costs. The Darwin (NT Urban) unit cost for an MJDF Manager, Community Services is \$130/hour and for an Aboriginal Community Worker it is \$90/hour. The most common supports that MJDF delivers will currently only attract NDIS funding within a range from \$40.92/hour to \$92.27/hour (the only exception being Therapy assessments at \$175.57/hour).

The net result is that for MJDF to continue providing holistic client supports (as it has since 2008) it will need to maintain (and enhance) its existing fundraising strategy to not be solely reliant on government based funding by enlisting necessary corporate and philanthropic support.

As it currently stands, the NDIS is not designed to provide sufficient income to maintain existing levels of services to MJDF clients were the organisation to remain solely reliant on NDIS income streams for all NDIS eligible supports for NDIS eligible clients. Nor is the NDIS designed to take into account the practical considerations of supporting clients with a rare disease with limited scale opportunities in remote communities and the specific cultural imperatives that apply to delivering effective and meaningful holistic support in this space.

Existing NDIS Workforce model overlooks the barriers of remote service provision

The NDIS pricing uses a use-value market based method and assigns a range of unit prices to NDIS support items. The values assigned to these supports are largely based on the skill/qualifications required of the individual delivering the support. However the NDIS has made the erroneous assumption that it is possible for an organisation to be able to sustain a structured workforce encompassing this range of skills.

Firstly, the NDIS has assumed that there already exists a critical mass of participants in very remote Aboriginal communities to support a workforce that comprises the range of skills/qualifications required. It also assumes that for the range of different skill levels there are enough total support hours required in these communities to enable an organisation to sustainably employ people possessing this range of skills.

The reality is much different. The MJDF employs Health Professionals (due to the extremely complex nature of MJD) in the lead roles responsible for client supports in each community (Manager, Community Services). The MJDF also partners that MCS with Aboriginal Community Workers. However the critical mass is not present to employ a range of more junior roles to provide essential, and cohort specific supports. Therefore, the Manager, Community Services is often delivering a broad scope of supports (eg. ranging from Therapy Assessment which attracts \$175.57/hour plus delivering other supports that attract a much lower price (eg. such as Assistance to access community at \$46.58/hour).

Secondly, the NDIS has overlooked a range of barriers that exist in employing staff in very remote communities. These include the major ongoing barrier of securing remote community staff housing, which remains a significantly unresolved barrier to being able to employ a range of staff.

Very Remote Load Percentage

The MJDF calculated very remote load percentage (VRLP) was 25.3% which is equal to the NDIS' new rate of 25% adopted on 1st July 2017. The conclusion here is that the NDIS has accurate financial figures representing the costs of delivering supports in very remote communities. However, as per the point above, this does not necessarily consider the other barriers to delivering services in very remote communities (such as a chronic lack of staff accommodation in these communities).

NDIS volume of supports vs MJDF supports

In addition to the NDIS unit price being insufficient to cover just 1 hour of service, it is yet to be determined whether the number of hours MJDF spends on a support with a client will be comparable with their NDIS plan. (eg. MJDF may spend 8 hours providing therapy, where the NDIS plan only approves 1 hour of therapy). In contrast to stable disabling conditions, MJD is a complex, multi-system, degenerative disease. The disabilities it creates are dynamic, necessitating and regular. People with MJD require regular review and intensive supports in order for independence and health to be optimised. The use of informal and less skilled support services is limited by the complexity of the disease extending to real risk of harm (aspirations, pressure wounds, accidental injury and depressive illness) if managed inadequately. Families cannot be relied on to assist

significantly given their own genetic predisposition. Once MJDF can secure a clearer picture of the NUMBER of approved hours allocated in clients' NDIS plans, this will provide an additional instructive comparison between NDIS projected costs and the realities faced by MJDF.

Unit Costing Analysis - CONCLUSIONS

This detailed analysis indicates NDIS unit prices are not sufficient to cover the costs of delivering high quality disability supports in all settings (urban, remote, very remote). It further highlights the (already widely reported) failure of the NDIA to adequately address the program design and implementation challenges of effectively delivering the NDIS in very remote Aboriginal communities.

If the disparity between the NDIA's costing analysis and the detailed funding anomalies identified by this report are not remedied, the net outcome in the case of existing MJDF clients (without recourse to alternative sources of funding) will be a poorer quality of life and inferior levels of care. This scenario is also likely to also be the case for other NDIS eligible Aboriginal and Torres Strait Islander people resident in remote and very remote Australia.

The analysis is also instructive for the Board of the MJDF in considering future opportunities to expand supports in very remote communities and in maintaining holistic support for people who clearly rank as some of Australia's most disadvantaged citizens. As the NDIS market driven approach is encouraging existing organisations to take on more NDIS supports in very remote communities, the current findings would indicate that at this point in time the MJDF will be unable to take on additional and new support provision, unless the gaps in costs are able to be covered by alternative income sources to NDIS individual plans. It also has ramifications for MJDFs ability to maintain its existing critical research, education and advocacy support programs, many of which have depended on continued government subvention but are now being increasingly being viewed by governments as an NDIS related funding responsibility.

Unit Costing Analysis - RECOMMENDATION

It is recommended that the MJDF brings the findings of this report to the attention of the NDIA, responsible Commonwealth and NT Ministers and relevant parliamentary committees. In so doing MJDF should encourage responsible authorities to address the report's detailed findings and embrace necessary remedial measures that serve to correct current anomalies and adopt practical measures that ensure the sustainable support of MJDF clients and their families.

Background/Introduction

With the introduction of the National Disability Insurance Scheme (NDIS) and the move to individualised funding, there is a major shift in how the MJDF (MJDF) will receive funding for providing a subset of services that our clients (NDIS participants) may be eligible to receive in their NDIS plans.

Historically, the MJDF has received block funding from the Federal Government and the Aboriginals Benefit Account, and has actively pursued corporate, philanthropic and donor funding streams to meet the gaps in funding. These funding gaps largely exist because of the extensive barriers to providing services in the very remote communities where the MJDF delivers services. This is due to significant 'thin' or 'non-existent' markets in remote and very remote communities.

MJDF has adopted the National Costing and Pricing Framework for Disability Services¹ in order to conduct an internal Unit Costing exercise to calculate the unit cost of providing MJDF services in the pre-NDIS landscape.

Aims

Accurate unit costing information, especially for those organisations delivering supports in very remote communities, is essential to understand cost drivers. This information also facilitates strategic decision-making around adjustments to an organisation's business model and improvements to capability and capacity to deliver services under the new NDIS model.

Unit cost calculations are also essential to understand the actual cost of delivering services and the additional costs in very remote areas which is a critical consideration when reviewing the NDIS Pricing Guides. There is currently minimal benchmarked data available from services operating successfully in the field.

In summary, the aims of this Unit Costing exercise are to:

- Ensure MJDF has an accurate understanding of the unit costs of providing its current suite of services to clients
- Enable MJDF to accurately compare costs between urban and remote/very remote locations
- Enable a comparison between MJDF unit costs and the NDIS pricing guides
- Provide data to the Board and Management of MJDF to: make informed strategic decisions when setting the MJDF strategic plan; explore any opportunities for efficiencies; ensure the sustainability of future service provision; and to inform MJDF workforce planning and fundraising strategies
- Add value to the sector by building the evidence base.
- Assist MJDF in its ongoing efforts to help inform the NDIA and Commonwealth and State/Territory governments regarding the realities of delivering NDIS services in remote Australia.

¹ The National Costing & Pricing Framework for Disability Services was commissioned by National Disability Services (October 2-14), and developed by Curtin University

Timing and context

At the time of publishing this report, it is important to note that MJDF had approximately 10 clients with approved NDIS individual plans, but minimal knowledge of the level of supports that will be approved for all clients, nor the quantity of supports that the MJDF will provide (as the Registered Support Provider) under these plans.

The unit costing exercise was commenced in 2016 well before the NDIS rollout started in the NT and finalised before the NDIS rollout was completed. It will be instructive to repeat this exercise as an iterative process.

Definitions

Allocation of costs	If a cost cannot be directly attributable to an MJDF service (e.g. an overhead) then it is allocated to the activity that represents the service.
Ascription of costs	These costs are easily identifiable as being incurred as a result of a service (activity) that MJDF delivers. For example, a direct worker's wage
Direct costs	A cost that is clearly attributable to an MJDF service (activity). It is incurred as a result of preparing for, undertaking and finalising the delivery of a service (a unit of measurement).
Direct overheads	Operating expenses incurred regardless of the level of actual activity and in direct support of the activity.
Overheads	Corporate costs incurred by the organisation. Overhead costs cannot be attributed to an activity and will be incurred regardless of whether activities are provided.
Unit cost	The cost of delivering each service or unit of measurement after allocation of all costs including direct costs and overheads.
Services vs supports	The words services and supports are used interchangeably, as MJDF has historically used the word 'services' however the NDIS uses the word 'supports'.
Remote and Very Remote	MJDF predominantly provides supports to clients in Urban and Very Remote areas, so for the purpose of this report, there is minimal reference to Remote, and all analysis/comment is based on 'Very Remote' areas.

Remote and Very Remote Service Delivery

1. Context

There are extensive barriers to providing services in remote and very remote communities. These barriers, and the strategies an organisation may put in place to overcome these barriers, cannot be overlooked when using unit costing to inform organisational strategy for delivery of services.

It may seem logical for an organisation to endeavour to make organisational changes to better structure the organisation to achieve efficiencies and reduce costs, however efficiencies that may be achievable in an urban setting, may not be possible in a remote and very remote setting, and especially for a charitable organisation targeting a specific/unique client cohort. For example, a basic barrier of 'lack of staff housing' or a small number of clients in a very remote community may stop an organisation from being able to

employ staff with the optimal mix of skills for its workforce, resulting in highly qualified workers performing tasks that attract a lower financial unit price.

2. Definitions

MJDF defines remote and very remote as follows:

Remote² – ASGC-RA rating of R4

<http://www.doctorconnect.gov.au/internet/otd/publishing.nsf/Content/locator>

Very Remote – ASGC-RA rating of R5

<http://www.doctorconnect.gov.au/internet/otd/publishing.nsf/Content/locator>

MJDF also utilises the NDIS rural/remote Modified Monash Model (MMM) which further breaks down the ASGC RA categories to better represent variation in population size in rural and remote areas.

<http://www.health.gov.au/internet/main/publishing.nsf/content/modified-monash-model>

3. MJDF Locations

MJDF delivers supports within these categories:

NDIS Pricing Area	MJDF support delivery locations	MMM classification of MJDF location	% of MJDF clients
Urban ACT/SA/WA/NT	Darwin, Palmerston	MMM2	14%
Urban NSW/VIC/QLD/TAS	Cairns, Kuranda	MMM2	7%
Remote	Alice Springs	MMM6	2%
Very Remote	Groote Eylandt, Elcho Island, Ngukurr, Gove Peninsular, Oenpelli, Papunya, Hermannsburg, Santa Teresa	MMM7	77%

MJDF largely provides supports to clients in Urban and Very Remote areas, so for the purpose of this report, there is minimal reference to Remote, and analysis/comment is based on Very Remote areas.

4. NDIS Pricing

Using the Price Guides dated 1st July 2016, the following table compares one Support Item by reference number across the different remoteness areas.

Price Guide	Comparison Support Item	Unit price	% loading
ACT/SA/WA/NT	07_002_0106_8_3 Coordination of Supports	\$92.27/hour	
NSW/VIC/QLD/TAS	07_002_0106_8_3 Coordination of Supports	\$92.27/hour	
Remote	07_002_0106_8_3 Coordination of Supports	\$108.88/hour	18%
Very Remote	07_002_0106_8_3 Coordination of Supports	\$113.49/hour	23%

² MJDF defines geographical remoteness using the Australia Standard Geographical Classification – remoteness Area (ASGC – RA) developed by the Australian Bureau of Statistics

At the time of undertaking the unit costing exercise, the Remote and Very Remote Load Percentage (VRLP) NDIS prices were 18% higher for remote areas and 23% higher for very remote areas. Note: from 1st July 2017, the remote and very remote load percentage changed to 20% and 25% respectively.

5. MJDF Very Remote Service Delivery Policy

Some of the characteristics of delivering supports in very remote locations include:

- Extreme weather conditions – cyclones, flooding, wet seasons and very hot and humid temperatures
- High delivery/freight costs due to remoteness
- High staff turnover due to remoteness, inadequate staff housing, dry communities, burnout
- Culturally oriented community issues – closure for respect, gender matching for workforce/clients, family based decision making (and the fact that these are not adequately catered for in funding services)
- Differences in the conceptualisation of disability in western medical terms in an Indigenous context

These characteristics lead to many barriers, which in turn directly affect the ‘market’ in remote (and very remote) locations and significantly increase the unit costs:

- Lack of staff housing in community – with sharing being common
- Lack of accessible housing for people living with disabilities
- Lack of accessible vehicles (community transport) – and typically long wait times for vehicles to be repaired
- Lack of other services (eg tradesmen to install housing modifications)
- Lack of accessible community infrastructure – due to weather extremes (lack of drainage, kerbs, gutters, graded access, street lighting, sealed roads)
- Limited housing and facilities makes provision of services in-situ in some communities problematic, necessitating Fly In Fly Out (FIFO) or Drive In Drive Out (DIDO) models of service provision
- Minimal or poor quality mainstream services (due to same barriers).

MJDF is committed to providing high quality support to our clients in all communities in which they reside, and has designed and implemented a range of policies and practices that reflect the specific requirements of the very remote service environment.

Governance

MJDF:

- Ensures there is Aboriginal representation on the Board (with a target of at least 50%, and at least 2 Board members from very remote communities)

Community Engagement

MJDF:

- Respects and engages with local authorities (Aboriginal Land Councils, Regional Councils, Federal and Territory Government representatives)
- Ensures translators/ interpreters are used for client/family engagement
- Gains advice, support and direction from community leaders about how to engage with the communities we work in
- Takes a lead role in extensive collaboration with other service providers

- Provides culturally and linguistically competent care, taking into account kinship relationships, gender matching, first language communication needs and community and cultural events.

Partnering and Collaboration

MJDF:

- Ensures a strong ethos of collaboration with other support providers
- Takes a lead role in collaborating with other support providers around complex client cases
- Makes our assets and infrastructure available to other support providers where necessary (eg. accessible vehicles).

Education

MJDF:

- Provides disability specific and culturally appropriate education about MJD delivered by Aboriginal Community Workers in our clients' first languages.

Corporate Partnerships

MJDF:

- Developed a Fundraising and Sponsorship strategy that places a large emphasis on corporate sponsorship (both cash and in-kind), improving service capacity by generating non-government income and enabling reduced accommodation, infrastructure, transport and freight costs.

Workforce strategy

MJDF:

- Adopts an intercultural partnering model of Non-Aboriginal and Aboriginal workers (Aboriginal Community Workers) to engage with clients and families in provision of client supports
- Ensures a senior cultural advisor is on staff
- Ensures translators/ interpreters are used for client/family engagement
- Places significant emphasis on cross-cultural training (both formal and informal) as part of induction, and probationary employment periods
- Develops tailored staff care plans with particular emphasis on staff wellbeing and the risks to staffs wellbeing when working in a cross-cultural and highly disadvantaged setting
- Facilitates and encourages ongoing training opportunities for local workers
- Has a recruitment policy whereby our Aboriginal staff and clients have significant input into the choice of successful candidate
- Provides a high standard of basic training to address WHS hazards related to working in a remote setting including: defensive dirt road driver training, cheeky dog education, alcohol and other drugs awareness training, suicide intervention training, domestic violence and abuse response training
- Ensures staff working and living in remote communities have exclusive staff accommodation, and are not sharing with other staff.

Carer support

MJDF:

- Recognises the enormous pressure on informal family carer networks and extends our services to support family carers and families.



Holistic support

MJDF:

- Recognises all very remote Indigenous community social issues as essential factors in responding to all social determinants of health³ (including housing, education, primary health), and provides holistic services to help clients across all these areas.

³ Social determinants of health – as defined by the World Health Organisation includes: income levels, education levels, employment, access to health services, housing availability, burden of disease, access to affordable fresh food, time afforded to recreate.

Unit Costing – Project Methodology

1. Project Planning

- Review Curtin University National Costing & Pricing Framework
- Determine project timeframe
- Determine MJDF resources required

2. Determine Data Sources and activities/units of measure

- Select a representative period of time to provide an accurate number of units of measurement across the range of activities performed by MJDF. This is not to represent the capacity of the MJDF, but instead to represent the expected activity levels.
- Determine what activities (services) to cost, and define client base.
- Determine what unit of measure to cost.

3. Design tool

- Design timesheet tool for staff to accurately capture time for the period selected across all overhead, direct overhead and direct MJDF activities.

4. Staff Training

- Communicate the importance of conducting this unit costing exercise
- Train staff in how to complete the timesheet tool

5. Determine key considerations and document all assumptions

- Document all decisions and assumptions used for each step in the unit costing exercise in order to understand how particular figures have been calculated, and for a reasonableness test to be undertaken.

6. Collate and categorise timesheets

- Collate all staff timesheets at the end of the collection period
- Categorise time into Overhead, Direct Overhead, and Direct
- Summarise time by staff, by Overhead, Direct Overhead and Direct
- Take into account any anomalies (eg. staff leave, non-utilisation)

7. Extract, analyse and determine method of allocating actual costs

- Extract actual costs from MYOB for the relevant 12 month period. This represents the total cost of resources consumed to deliver all MJDF services.
- Make an adjustment for any known projected expense increases (document these)
- Group similar costs into direct, direct overhead, and overhead costs
- Determine the basis for allocation (ie the cost driver) for all activities
- Determine the 'ascription' and 'allocation' methods for each cost type.

8. Calculate unit costs

- Allocate salary costs to staff
- Ascribe salary from Direct Overhead costs to staff direct hours
- Allocate salary from Overhead costs evenly over direct hours



- Allocate and ascribe other costs based on decisions above
- Calculate the Very Remote Load Percentage (VRLP)

9. Present results and compare unit costs to NDIS price guide

- Present the calculated Darwin urban unit costs
- Present the calculated Very Remote load percentage
- Compare the unit costs calculated for the MJDF with the NT Price Guide for the NDIS supports the MJDF delivers, and to the Urban and Very Remote Price Guides

10. Write Report

11. Independent Review

- Engage an independent party to perform an independent review
- The scope of the review, findings and limitation of the review are at **Attachment A**.

Costing Methodology

1. Project Planning

- Review Curtin University National Costing & Pricing Framework

National Disability Services (NDS) is the peak body representing Disability Support Providers in Australia. NDS commissioned Curtin University to develop the National Costing and Pricing Framework for Disability Services. The MJDF studied this framework and applied the methodology in order to conduct an internal Unit Costing exercise to calculate the unit cost of providing MJDF services in the pre-NDIS landscape.

- Determine project timeframe

The project was kicked off in May 2016, and completed in June 2017.

- Determine MJDF resources required

All staff members were required to complete detailed timesheets over an 8 week period. The MJDF CEO and a consultant engaged by the MJDF scoped the project, and the CEO developed the timesheet tool, and performed the analysis of data, and wrote the report. The MJDF engaged Deloitte Access Economics to perform an independent review of the process and findings.

2. Determine Data Sources and activities/units of measure

- Select a representative period of time to provide an accurate number of units of measurement across the range of activities performed by the MJDF.

MJDF decided that an 8 week period of detailed timesheets completed by all staff was adequate to provide an accurate snapshot of all activities.

This period of time was selected on the basis of the need to balance accuracy from a shorter timeframe of analysis, and sufficient to provide an indication of expected future activity.

- Determine what activities (services) to cost, and define the client base.

The MJDF provides holistic services across all stages of a client's MJD journey which is broader than the supports that will be funded under the NDIS. We have therefore captured all service provision across all the services/programs that the MJDF runs. As per the Curtin University model, the costs capture both financial costs and in-kind contributions (e.g. volunteer time and accommodation provided free of charge).

The list of timesheet activities can be found in **Attachment C**

- Determine what unit of measure to cost.

Given MJDF provides services, and does not provide supported accommodation (SDA), the unit of measure for all services was determined to be “hours”. Due to the small size of the organisation, providing services to a specific cohort of clients across multiple locations, the MJDF is not able to sustain a multi-layered workforce with a large and diverse qualification and skill base. The MJDF has two main categories of workers (Managers and Community Workers). The hours (and subsequent unit costing) were calculated for a Manager and a Community Worker.

3. Design tool

- Design timesheet tool for staff to accurately capture time for the period selected across all overhead, direct overhead, and direct MJDF activities.

A timesheet tool (MS Excel Spreadsheet) was developed that enabled staff to charge time to relevant activities and sub-activities, and clients. Activities were defined by MJDF as the main tasks undertaken by staff and in completing timesheets, staff were able to allocate their time according to these predefined activities. By using MS Excel tools to only present relevant activities, sub-activities and clients to the individual staff member, this was considered to provide fewer (and targeted) choices for staff when completing their timesheet, which was believed to increase the accuracy of the collected time. For example, staff member A may only ever work with 9 clients, so they were only presented with those 9 clients to choose from. And staff member A might provide a subset of services that staff member B might provide (as per their position description), so they were only presented with the relevant services.

The tool also contained calculations to ensure all work hours were accounted for.

4. Staff Training

- Communicate the importance of conducting this unit costing exercise

A presentation was made to MJDF Staff members, communicating:

- Why the exercise is important
- What is Unit Costing
- Where do we start (mapping our services to NDIS terminology)
- What you need to do (timesheets 8 weeks)

- Train staff in how to complete the timesheet tool

Staff members were presented with the timesheet tool in a face-to-face staff workshop, whereby the tool was demonstrated in a group session providing several examples.

Staff members were then regularly reminded via email during the 8 week timesheet capture period to ensure all staff members were aware of the requirements and did not fall behind on capturing their time.

Individual support was provided to answer questions from staff during the 8 week period.

5. Determine key considerations and document all assumptions

- Document all decisions and assumptions used for each step in the unit costing exercise in order to understand how particular figures were calculated, and for a reasonableness test to be undertaken.

A summary of all decisions and assumptions used in this exercise is as follows:

- All units of measure are in hours
- Timesheets were captured for 8 weeks
- Costs were extracted from MYOB for 12 months (with a correction able to be made for known projected increases in costs) and divided by 52 and multiplied by 8 to align with the 8 week period
- Sponsored in-kind goods/services and volunteer time were included
- Actual travel costs were extracted and analysed over the same 8 week period, and categorised into overhead, direct and remote
- With the analysis of all costs, 'very remote' categorisations refer to MJDF's work in remote locations
- Estimates were applied (and documented) to ascribe costs to very remote loading for insurance, rent, motor vehicle expenses, trades services, employment costs, safety equipment etc.

6. Collate and categorise timesheets

- Collate staff timesheets at the end of the collection period

All timesheet entries for staff during the collection period were combined to inform the assessment of service costs.

- Categorise time into Overhead, Direct Overhead, and Direct

All time was categorised into overhead, direct overhead and direct. Categorisation was as follows:

Expense Type	Expense Group	Time allocated to
Overhead	Corporate	Accounting/Audit Finance Financial reporting Payroll Insurance Board meetings IT support Marketing Fundraising Office management Conference attendance Travel for overhead staff Travel bookings Calendar Management Development of Policies/procedures WHS Volunteer Management
Overhead	Motor Vehicle expenses	Fleet management
Direct overhead	Service Administration Costs	NDIS Quality and Safeguard Completing client plans/ client planning, client paperwork
Direct overhead	Service Delivery personnel	Training Professional Development Recruitment Staff supervision
Direct	Service Delivery personnel	Provision of direct MJDF services

- Summarise time by staff, by Overhead, Direct Overhead and Direct

Unit costs were summarised by category for each staff member.

- Take into account any anomalies, seasonal activities (eg. staff leave, non-utilisation)

The following adjustment was made to adjust for the eight week period over the entire year:

The average utilisation for a staff member is expected to be 85% based on public holidays and the MJDF's 6 week annual leave policy. As part of the final hourly unit cost calculation, an adjustment was made to take into account the utilisation period for the 8 week period vs an average 85% utilisation. (ie. a staff member who was on leave during the 8 week time collection period and worked 65% of the time had an inflated hourly rate, and a staff member that took no leave and worked 100% of the time had a lower hourly rate)

7. Extract, analyse and determine method of allocating actual costs

Please note that step 7 is combined with step 8 below.

8. Calculate unit costs

- Extract actual costs from MYOB for 12 months. This represents the total cost of resources consumed to deliver all MJDF services.
- Make an adjustment for any known projected expense increases. The adjustments made are documented below.

Cost item	Additional cost/annum	Comment
Accounting/audit fees	\$3,000	MJDF became a large charity and needed to appoint a new registered company auditor.
Freight	\$15,000	In Kind freight sponsorship change due to acquisition of barge owner. This amount is on top of \$10,000 in-kind sponsored amount.
Rent	\$13,000	New Sydney office to be rented. Previously finance staff worked from the CEO's home office at no cost to MJDF.
Electricity	\$3,900	New Groote Eylandt lease, and new Sydney lease, and new Darwin office.
Phone	\$14,400	New Satellite phone and plan for very remote community trips.

- Group similar costs into direct, direct overhead, and overhead costs

All expenses were categorised into overhead, direct overhead and direct. Categorisation was as follows:

Expense Type	Expense Group	Expenses
Overhead	Corporate expenses	Accounting/Audit Insurances Cost of finance Board management costs Board development and training Contracted IT support Marketing Interest Telephone/Internet Memberships Conference attendance
Overhead	Motor Vehicle expenses	Fuel Registration Repairs & Maintenance Cleaning MV Insurance
Overhead	Corporate personnel expenses for the management/HR/Support team	Wages/salaries Superannuation Fringe Benefits Leave provisions Workers Comp Insurance Professional membership fees Travel for overhead staff

Overhead	Corporate Property expenses	Depreciation Interest/Rent Rates/taxes Building/contents insurance Repairs & Maintenance Public Liability Insurance Water, gas, electricity rates and usage Cyclical equipment testing
Direct overhead	Service Administration Costs	Service/clinical audits (Q&SF) Costs associated with client planning, client paperwork
Direct overhead	Service Delivery personnel	Supervision wages/salaries/Super Training Professional Development Recruitment expenses Staff supervision
Direct	Service Delivery personnel	Wages/salaries Superannuation Fringe Benefits Leave provisions Workers Comp insurance Professional Indemnity insurance Professional memberships Travel for direct staff

- Determine the basis for allocation (ie the cost driver) for all activities. And determine the 'ascription' and 'allocation' methods for each cost type and determine additional costs due to very remote service delivery.

Staff Salary costs

Staff salary costs were allocated across overhead, direct overhead and direct, based on the % of time (sourced from timesheets) allocated to each category. Direct overhead and direct staff personnel costs were combined per staff member. Overhead personnel costs were summarised for the organisation and allocated across all staff based on their direct allocation weighting.

For example:

Staff	8 week cost	Overhead	Overhead Plus Direct	Direct	Direct Allocation Weighting	Allocated staff cost Overhead
A	\$9,000	\$0	\$9,000		64% (=\$9,000/\$14,000)	\$8,320 (64%*\$13,000)
B	\$10,000	\$5,000	\$5,000		36% (=\$5,000/\$14,000)	\$4,680 (36%*\$13,000)
C	\$8,000	\$8,000	\$0		0%	
TOT	\$27,000	\$13,000	\$14,000			

Overhead expenses

All other overhead expenses were allocated across staff based on the same direct allocation weighting as above.

For example:

Overhead expense	Amount
Accounting fees	\$1,000
Office Supplies	\$800
TOTAL	\$1,800

\$1,800 would then be allocated to Staff A and B as follows:

Staff	Direct Allocation Weighting	Allocated staff cost Overhead	Allocated Overhead
A	64% (=\$9,000/\$14,000)	\$8,320 (64%*\$13,000)	\$1,080 (64%*\$1,800)
B	36% (=\$5,000/\$14,000)	\$4,680 (36%*\$13,000)	\$648 (36%*\$1,800)
C	0%		

Very remote load percentage (VRLP)

A key element of the unit costing is identifying the costs that are specific to providing services in remote/very remote locations. The table below sets out the additional costs incurred by MJDF due to providing services in very remote locations. The table describes how these costs were measured or calculated, and the ascription method to assign the costs to the Very Remote load percentage (VRLP).

Cost item	Ascription method	Comment
Travel	Actual very remote travel costs for the 8 week period were ascribed in total to the VRLP.	This amounted to 57% of the travel costs over the 8 week period.
Freight ex-Darwin	All freight-ex Darwin was allocated to the VRLP	
Postage	An estimate of 50% of all postage cost was ascribed solely due to posting to very remote locations.	It's essential to Express Post anything to remote and very remote to go by air service.
Motor Vehicles - Fuel - Windscreen replacements - Tyre replacements - Servicing (DRW vs very remote)	An estimate of 75% of all MV expenses were ascribed solely due to the fleet running in very remote locations.	Harsh environment, unsealed (rough) roads, manganese on Groote Eylandt.
Trades - Air Con install in Darwin vs very remote - Grab rail install in Darwin vs very remote	An estimate of 30% applied solely due to remote price mark-ups.	This is based on MJDF invoice comparisons.
Client meals	A 53% VRLP was applied	Based on evidence from NT Dept of Health ⁴ (Market Basket Survey 2014)
Consulting – NDIS	66% of the NDIS consulting expenses assigned solely to very remote service delivery issues	
Employment costs - Staff shipping - Staff flybacks - Staff access to training - Staff meetings/workshops (travel)	Included in travel costs	
Safety Equipment - Max Trax	An estimate of 50% applied solely due to remote	

⁴ Market Basket Survey 2014

<http://digitallibrary.health.nt.gov.au/prodjsui/bitstream/10137/616/2/Northern%20Territory%20%20Market%20Basket%20Survey%20report%202014.pdf>

- Safety straps - Satellite phone - Walky talkies	community requirements.	
Infrastructure - Shipping containers per location		Included in equipment
Insurance – Motor Vehicle	An estimate of 22% applied solely due to remote community premium load.	TIO assigns a 22% premium load to vehicles insured on Groote Eylandt compared to Darwin.
Conferences/meetings	An estimate of 20% applied solely due to remote community staff meeting once per year.	

Sponsored/In-kind costs

The following sponsored/in-kind costs were also included in the Very Remote Load calculation.

Cost item	Cost/annum	Comment
Staff Housing Groote (GEMCO)	\$18,000	
Groote Office (GEAT)	\$20,000	
Staff/Board visiting Groote Accom (Groote Lodge)	\$20,000	
Freight (Seaswift)	\$10,000	Max in-kind support \$10,000 (expecting additional actual costs of \$15,000)
R&M (GEBIE)	\$40,000	
Volunteers (remote)	\$40,000	

9. Present results and compare unit costs to NDIS price guide

- Present the calculated Darwin urban unit costs

The Darwin urban costs of delivering services for the MJDF (including direct salary costs plus overheads) are:

Manager, Community Services = average \$130 per hour
 Aboriginal Community Worker = average \$ 90 per hour

- Present the calculated Very Remote percentage

The total additional cost of providing services in very remote locations when compared to the base cost is **25.3%**

- Compare the unit costs calculated for the MJDF with the NT Price Guide for the NDIS supports the MJDF delivers, and to the Urban Price Guides

Below are some of the common NDIS support items (by reference number) that the MJDF expects to deliver to clients who are NDIS participants. Their price per the (1st July 2016) price guide is also presented.

Support Item	NDIS Darwin Price	MJDF worker	MJDF unit cost
CoS: 07_002_0106_8_3	92.27	Manager, Community Services	\$130
Ind Ax, therapy/training: 15_048_0128_1_3	175.57	Manager, Community Services	\$130
Training carers: 15_038_0117_1_3	55.07	Manager, Community Services	\$130
Training carers: 15_038_0117_1_3	55.07	Aboriginal Community Worker	\$90
Therapy Assistant: 15_045_0128_1_3	40.92	Aboriginal Community Worker	\$90
Assistance to access community, social, rec act-individual higher intensity week days 04_101_0104_6_1	46.58	Manager, Community Services	\$130
Assistance to access community, social, rec act-individual higher intensity week days 04_101_0104_6_1	46.58	Aboriginal Community Worker	\$90

Observations are as follows:

- MJDF's calculated Very Remote price additional amount of 25.3% is above the 2016 NDIS figure of 23%, but is in-line with the new figure of 25% from 1st July 2017.
- MJDF's unit cost for Manager, Community Services and Aboriginal Community Workers is almost always higher than the published NDIS price.
- It is often essential for an MJDF Manager, Community Services to deliver supports that require a lower skill base than their qualification. Most common is "Assistance to access community, social, rec act-individual higher intensity week days 04_101_0104_6_1". For example, a basic barrier of 'lack of staff housing' or a small number of clients in a very remote community is a barrier to MJDF being able to employ staff with the optimal mix of skills for its workforce, resulting in highly qualified workers (in this case health professionals) performing tasks that attract a lower financial unit price.
- In addition to the NDIS unit price being insufficient to cover just 1 hour of service, it is yet to be determined whether the number of hours MJDF spends on a support with a client will be comparable with their NDIS plan. (eg. MJDF may spend 8 hours providing therapy, where the NDIS plan only approves 1 hour of therapy). Once MJDF understands the NUMBER of hours allocated in clients' NDIS plans, this will be an additional instructive comparison between NDIS and MJDF.

Findings

NDIS Unit Pricing vs MJDF Unit Costs

NDIS unit pricing for the supports that the MJDF expects to deliver under the NDIS are significantly lower than MJDF's unit costs. The Darwin unit cost for an MJDF Manager, Community Services is \$130/hour and for an Aboriginal Community Worker it is \$90/hour. The most common supports that MJDF expects to deliver range from \$40.92/hour to \$92.27/hour (the only exception being Therapy assessments at \$175.57/hour).

It is therefore critical that the MJDF continues with a Fundraising strategy (as it has since 2008) which is broader than government funding (seeking to attract corporate and philanthropic support), as significant gaps in income would exist if MJDF was reliant on NDIS income streams for all NDIS eligible supports for NDIS eligible clients.

Current NDIS Workforce model overlooks the barriers of remote service provision

The NDIS pricing uses a use-value market based method and assigns a range of unit prices to NDIS support items. The values assigned to these supports are largely based on the skill/qualifications required of the individual delivering the support. However the NDIS has made the erroneous assumption that it is possible for an organisation to be able to sustain a structured workforce with these levels of skills.

Firstly, the NDIS has assumed that there is a critical mass of participants in the very remote community to support a workforce that comprises the range of skills/qualifications needed. It also assumes that for the range of different skill levels (representing salaries), there are enough total support hours required in the community to enable an organisation to sustainably employ this range of skills.

The reality is much different. The MJDF employs Health Professionals (due to the extremely complex nature of MJD) in the lead roles responsible for client supports in each community (Manager, Community Services). The MJDF also partners that individual with Aboriginal Community Workers. However the critical mass is not present to employ a range of more junior roles, as the MJDF provides cohort specific supports. So, the Manager, Community Services is often delivering the support (eg. Therapy Assessment which attracts \$175.57/hour), yet they are also delivering other supports that attract a much lower price (eg. such as Assistance to access community at \$46.58/hour).

Secondly, the NDIS has overlooked a range of barriers that exist in employing staff in very remote communities.

It is often extremely difficult to secure very remote community staff housing, and this becomes a barrier to being able to employ a range of staff.

Very Remote Load Percentage

The MJDF calculated very remote load percentage (VRLP) was 25.3% which is equal to the NDIS' new rate of 25% adopted on 1st July 2017. The conclusion here is that the NDIS has accurate financial figures representing the costs of delivering supports in very remote communities. However, as per the point above, this does not necessarily consider the other barriers to delivering services in very remote communities (such as the example provided of a lack of staff accommodation).

NDIS volume of supports vs MJDF supports

In addition to the NDIS unit price being insufficient to cover just 1 hour of service, it is yet to be determined whether the number of hours MJDF spends on a support with a client will be comparable with their NDIS plan. (eg. MJDF may spend 8 hours providing therapy, where the NDIS plan only approves 1 hour of therapy). Once MJDF understands the NUMBER of hours allocated in clients' NDIS plans, this will be an additional instructive comparison between NDIS and MJDF.

Conclusions

This detailed analysis indicates NDIS unit prices are not sufficient to cover the costs of delivering high quality disability supports in all settings (urban, remote, very remote). It further highlights the (already widely reported) failure of the NDIA to adequately address the program design and implementation challenges of effectively delivering the NDIS in very remote Aboriginal communities.

If the disparity between the NDIA's costing analysis and the detailed funding anomalies identified by this report are not remedied, the net outcome in the case of existing MJDF clients (without recourse to alternative sources of funding) will be a poorer quality of life and inferior levels of care. This scenario is also likely to also be the case for other NDIS eligible Aboriginal and Torres Strait Islander people resident in remote and very remote Australia.

The analysis is also instructive for the Board of the MJDF in considering future opportunities to expand supports in very remote communities and in maintaining holistic support for people who clearly rank as some of Australia's most disadvantaged citizens. As the NDIS market driven approach is encouraging existing organisations to take on more NDIS supports in very remote communities, the current findings would indicate that at this point in time the MJDF will be unable to take on additional and new support provision, unless the gaps in costs are able to be covered by alternative income sources to NDIS individual plans. It also has ramifications for MJDFs ability to maintain its existing critical research, education and advocacy support programs, many of which have depended on continued government subvention but are now being increasingly being viewed by governments as an NDIS related funding responsibility.

Recommendation

It is recommended that the MJDF brings the findings of this report to the attention of the NDIA, responsible Commonwealth and NT Ministers and relevant parliamentary committees. As it currently stands, the NDIS is not currently designed to provide sufficient income to maintain existing levels of services to MJDF clients were the organisation to remain solely reliant on NDIS income streams for all NDIS eligible supports for NDIS eligible clients. Nor is NDIS designed to take into account the practical considerations of supporting clients with a rare disease with limited scale opportunities in remote communities and the specific cultural imperatives that apply to delivering effective and meaningful holistic support in this space.



Attachment A – Deloitte Access Economics Report



**Review of the methodology and
calculation of unit costs**

MJD Foundation

June 2017

27 June 2017

Nadia Lindop
MJD Foundation
PO Box 414
Alyangula NT 0885

Dear Nadia

Review of the methodology and calculation of unit costs for the MJD Foundation's services

Thank you for the opportunity to assist the MJD Foundation (the "Foundation") by reviewing the methodology and calculation of unit costs of the Foundation's services provided in the Northern Territory and Queensland.

I am pleased to provide this report summarising our approach and findings of our review.

Yours sincerely,



Sarah McAlister-Smiley
Partner

Deloitte Financial Advisory Pty Ltd

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1 Background

1.1 Machado-Joseph Disease

Machado-Joseph Disease (MJD), or spinocerebellar ataxia type 3, is a rare and inherited disease that affects the central nervous system resulting in a lack of muscular control. The condition is progressive and worsens over a patient's life. MJD has been found to cause spasticity, difficulty talking and swallowing, weakness and clumsiness, involuntary eye movements and urinary incontinence. Over time, MJD progresses to the point where the patient is permanently wheelchair bound. The intellectual capacity of the affected patient will remain the same.

Indigenous Australians are disproportionately affected by MJD, with the world's highest incidence of this condition being in the Northern Territory – specifically the Warnindilyakwa and Yolngu people of North East Arnhem Land. The MJD Foundation expects that the incidence of MJD will increase into the future with an estimated 624 people alive today who are at risk of having the condition.

1.2 The MJD Foundation

The MJD Foundation (the Foundation) is an organisation that has been set up with the intention of helping and assisting Indigenous Australians and their families living with MJD in Arnhem Land and beyond. The services provided include education, training, provision of equipment, advocacy, research and other services.

The Foundation has undertaken an internal costing exercise to understand the cost of providing services on an hourly basis and to calculate the additional cost of providing services in remote and very remote locations.

1.3 Our engagement

Deloitte Financial Advisory Pty Ltd (Deloitte) was engaged to review the methodology and calculation of unit costs for the Foundation's services and to provide a high-level report (this report) of findings from our review.

Our review was limited to the work outlined in Section 2 below.

2 Review process and findings

The Foundation provided us with their unit costing model and a written summary of the underlying methodology. Our review involved three steps:

1. Review of the logic of the unit cost calculations
2. Review of the methodology
3. Provide advice to the Foundation on issues identified during the review.

2.1 Review of Logic of Unit Cost Calculations

This part of our work was conducted in accordance with the Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*. We have complied with ethical requirements equivalent to those applicable to Other Assurance Engagements¹.

The agreed-upon procedures performed do not constitute either a reasonable assurance (audit) or limited assurance (review) engagement in accordance with the Auditing and Assurance Standards Board (AUASB) standards, and as such, we do not express any conclusion and provide no assurance on the unit cost of providing the Foundation's services. Had we performed additional procedures or had we performed a reasonable or limited assurance engagement in accordance with AUASB standards, other matters might have come to our attention that would have been reported.

We have not verified and do not provide any opinion on the accuracy or reasonableness of the assumptions explicitly or implicitly contained in the Model.

Our review of the logic of unit cost calculations were based on the following Model:

File Name	File Size	Date Provided
Unit costing – analysis.xls	904KB	16/03/2017

Our review of the logic of the unit cost calculations comprised the following procedures (the Procedures):

1. For each unique formula, we tested the internal computation logic and mathematical calculations, as described by the labels used in the Model. By unique formula, we mean a formula that has been inserted into a single cell and copied across to adjacent columns and/or down to adjacent rows in that worksheet
2. Tested the consistency of formulae applied across time periods
3. Identified any hard-coding within formulae
4. Identified any references to blank cells
5. Documented and presented to the Foundation the exceptions identified in the above testing.

2.2 Review of Methodology

This section outlines our review of the Foundation's unit costing methodology. We considered whether the methodology has appropriately followed the principles in the Curtin University *National Costing and Pricing Framework for Disability Services* and reviewed whether the Foundation had justified the costs that are higher than those in the National Disability Insurance Scheme (NDIS) pricing guide.

2.2.1 National Costing and Pricing Framework for Disability Services

The Foundation has used the *National Costing and Pricing Framework for Disability Services* prepared by Professor David Gilchrist from Curtin University as a guide for undertaking the unit costing. We have reviewed

¹ See APES 110 *Code of Ethics for Professional Accountants*, Section 291 *Independence – Other Assurance Engagements*.

the Foundation’s unit costing methodology for consistency with the principles from the framework. A summary of our review is included in Table 2.1.

Table 2.1: Review of methodology for consistency with costing framework

Principles for costing framework	Deloitte comment
<i>a) Always seek to be consistent in calculations.</i>	Our review of the logic of the unit cost calculations found instances of inconsistent formulae – these were documented and presented to the Foundation pursuant to procedure 5. The Foundation has satisfactorily addressed these issues.
<i>b) Start with accounting/finance history and move forward into the costing process.</i>	The use of historical cost and salary data appears to be consistent with this principle.
<i>c) Identify the assumptions and let board members and/or executives know what they are.</i>	<p>The written summary of the methodology provided by the Foundation sets out the steps undertaken to perform the unit costing.</p> <p>Deloitte reviewed the Foundation’s draft document on the unit costing methodology and provided advice relating to the level of detail that should be included to explain the approach and assumptions used to calculate the unit costs. The Foundation has updated the report to provide a detailed explanation of the approach and the assumptions. The revised report reflects the advice provided by Deloitte and the Foundation has satisfactorily addressed the issues identified in our review.</p>
<i>d) Always use the likely activity level as opposed to the capacity of the organisation in your costing predictions.</i>	<p>The Foundation used historical data for the unit costing based on staff timesheets for an eight week period. The Foundation indicated that they chose an eight week period as this was adequate to provide an accurate snapshot of staff activities. They also indicated this eight week period accurately reflected operations throughout the year.</p> <p>The data collected through the timesheet analysis was adjusted to account for annual leave entitlements and public holidays (as detailed on page 16 of the Foundation’s report).</p> <p>Undertaking the analysis based on an eight week period and adjusting for actual days worked in the year is consistent with this principle.</p> <p>This approach also aligns with <i>principle f</i> (below) which recommends that organisations consider the trade-off between accuracy and efficiency. In the case of the Foundation, categorising timesheets created an additional burden for staff and undertaking the exercise over a longer period is considered sufficient with reference to this trade-off principle.</p>
<i>e) Always check for reasonableness and errors/omissions.</i>	The approach taken by the Foundation appears reasonable. The costs appear comprehensive and include both expenditure incurred and in-kind contributions, noting that we have not undertaken a review of the Foundation’s operations.
<i>f) Focus on the material costs and activities. That is, seek to establish true cost within the bounds of usefulness and benefit.</i>	<p>The final hourly cost appears to be consistent with this principle.</p> <ul style="list-style-type: none"> The costs comprised staff costs, overhead costs, travel costs and in-kind costs, which included goods and services and volunteer time.

Principles for costing framework	Deloitte comment
	<ul style="list-style-type: none"> Staff costs were allocated by task based on eight weeks of timesheets. This time period was selected to balance accuracy and the imposition on staff to allocate their time between tasks. The model estimates the additional cost incurred by the Foundation in providing services in remote and very remote areas. The assumptions and calculations for expenditure that are higher due to remoteness are justified by the Foundation..
g) <i>Get outside advice if you feel uncomfortable about what you are doing.</i>	The Foundation engaged us to provide an independent review of the unit costing.

Source: Gilchrist (2014, p.21), information provided by the MJD Foundation and Deloitte analysis.

2.2.2 NDIS pricing principles

The Foundation’s unit costs are higher than the price set out in the NDIS pricing guide. This is to be expected as the Foundation’s costs are based on the actual cost incurred to deliver the service, whereas the NDIS prices factor in the ‘value for money’ of the service for the government and are also intended to provide a price limit in recognition that the market for disability services is immature (National Disability Insurance Agency, 2016).

The *National Costing and Pricing Framework for Disability Services* also addresses this issue:

"Funding arrangements and funders’ decisions as to what is and what is not funded are irrelevant to undertaking a costing exercise. Rather, the gap between what is funded and the comprehensive cost of service delivery represents the area of risk to the organisation that, up to this point, has generally not been well understood by organisations involved in human services delivery." (Gilchrist 2014, p.20)

The key driver of the difference between the unit cost and the NDIS price is that the size of Foundation’s workforce means they are required to use the same staff members to deliver a range of services. In reality this means that more senior staff are required to undertake tasks that in a larger organisation would be undertaken by more junior staff.

2.2.3 Service delivery in very remote locations

The Foundation provides 79% of its services in very remote locations. Providing services in very remote locations incurs additional costs that would not occur in urban locations. Pages 19 and 20 of the Foundation’s report detail the additional cost of service delivery in very remote locations.

Some costs are solely a result of delivering services in a very remote location, thus the total of the cost is included in the loading. These items comprise travel and freight from Darwin.

Other costs are higher due to the delivery of the services in very remote locations. These items comprise postage, motor vehicle expenses, the cost of hiring tradespeople, client meals, consulting, safety equipment, insurance and meetings. For each of these items the Foundation has estimated the proportion of the cost that is due solely operating a very remote location. The proportion attributed was based on invoices where a remote loading had been included, estimates based on the Foundation’s experience and in the case of food, analysis by the Northern Territory Government.

This approach is reasonable and is clearly articulated and justified in the Foundation’s report.

2.3 Suggestions for future costing exercises

Based on our review we also provided some suggestions for future costing exercises in terms of the model structure and the timesheet analysis.

The model calculation logic included instances of hard-coding and work-arounds, rather than following an input>calculation>output approach. A model design with separate inputs/assumptions, calculations and outputs, could make the model, and costing process, more efficient to determine for new users, auditing and/or future updating. We provided guidance to the Foundation on the best practice approach for modelling.

For future costing exercises, a different set of weeks could be analysed to test if the allocation of hours is consistent across the year.

2.4 Conclusion

The Foundation's unit costing approach aligns with the principles in the Curtin University costing framework. The assumptions and approach is clearly articulated in the Foundation's report.

The Foundation's unit costs are higher than the hourly costs in the NDIS pricing guide. This is driven by the size and location of the Foundation. This is to be expected as the costing exercise has been undertaken on a different basis than the method for setting the prices.

References

Gilchrist, DJ (2014), *A National Costing and Pricing Framework for Disability Services*, A Resource Developed for National Disability Services, Canberra, October 2014.

National Disability Insurance Agency (2016), *NDIS Price Guide ACT/SA/WA/NT*, available at: <https://www.ndis.gov.au/html/sites/default/files/documents/Provider/201617%20ACT%20SA%20WA%20NT%20Price%20guide.pdf>.

Limitation of our work

General use restriction

This report is prepared solely for the internal use of the MJD Foundation. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of ensuring the methodology for calculating the unit cost of the services provided by the Foundation is consistent with the Curtin University costing framework and the calculation of the unit costs is logically accurate. You should not refer to or use our name or the advice for any other purpose.



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Attachment B – Machado Joseph Disease

Machado Joseph Disease Foundation

Since its inception in 2008, the MJD Foundation (MJDF) has been working in partnership with Aboriginal and Torres Strait Islander people and their families living with Machado Joseph Disease (MJD) in a growing number of remote and very remote communities and urban centres across the Northern Territory (NT) and in northern Queensland.

Machado Joseph Disease

MJD is a very rare genetic neurodegenerative condition, experienced at the highest rates internationally among Aboriginal people in the NT. It is a terminal condition that gradually destroys independence and impacts on every facet of life.

The disease is extremely disabling, of significant duration - those affected experience progressive symptoms for up to 20 years. Genetic 'anticipation', a phenomenon whereby children of those with the disease experience symptoms earlier than their affected parent means that the age at which the disease manifests is variable, with symptomatic children as young as twelve (12) known to the MJDF. Deterioration of function with MJD is gradual but inexorable and progression is more rapid with earlier age of onset. There is no remission or effective treatments, people who are able to walk independently at the onset of the disease will *always* end up using a wheelchair. Functional change however, occurs gradually over a number of years. During this time care needs change significantly, necessitating regular assessment and good planning.

The vast majority of the MJDF's clients live in remote or very remote Aboriginal communities⁵. Those who live in urban centres such as Darwin, Alice Springs or Cairns have tended to do so in order to access specialist disability or high level support services as their disease progresses.

These maps show the locations where the MJDF's clients live and where the MJDF provides services.

⁵ MJDF defines remote and very remote as follows:

Remote – ASGC-RA rating of R4 <http://www.doctorconnect.gov.au/internet/otd/publishing.nsf/Content/locator>

Very Remote – ASGC-RA rating of R5 <http://www.doctorconnect.gov.au/internet/otd/publishing.nsf/Content/locator>

MJDF also utilises the NDIS rural/remote Modified Monash Model (MMM) which further breaks down the ASGC RA categories to better represent variation in population size in rural and remote areas. <http://www.health.gov.au/internet/main/publishing.nsf/content/modified-monash-model>



MJD Foundation Services

The MJDF conducted a Disability Audit in 2013⁶ in selected communities in North East Arnhem land and the NT Gulf region. The Audit analysed the current prevalence across all disability types in these communities; the existing levels of service provision; the barriers to service provision; and the relevant issues for the National Disability Insurance Scheme (NDIS).

The Disability Audit found that people living with disability in these communities do not access the range of services they need because the capacity to provide them does not exist at community level. In very remote communities the bulk of the existing services are provided by regional councils and consist of meals on wheels, limited transport and some day respite and personal care. Even these inadequate services are not always available in some communities and are extremely variable both between communities and within communities over time. These limitations are strongly linked to availability of personnel and resources such as vehicles. Out of community respite in urban centres is frequently used as an urgent intervention in stressed care scenarios and is, in fact, de-facto care. High support needs clients require frequent urgent/crisis respite, and preventative provision to low and moderate needs clients is problematic.

Consequently, to improve the quality of life for people with MJD, the MJDF has endeavoured to ‘fill the gaps’ left by inadequate government services by facilitating and implementing vital treatments and interventions for clients that would otherwise not be available. These services include: occupational therapy, physiotherapy, and speech therapy, the provision of adaptive equipment, social and ‘on country’ outings, communication (ipad) training, and assistance to access community services. For those who have been relocated to receive care in urban centres ‘kin connect’ programs allow return visits to home communities.

⁶ Disability Audit – NE Arnhem Land NT Gulf – A Snapshot of Indigenous Australian Disability in the Very Remote Communities of: Groote Eylandt Archipelago (Angurugu, Umbukumba, Milyakburra); Galiwin’ku; Ngukurr (including Urapunga) - http://mid.org.au/cms/file_library/Other/Other_592.pdf



The MJDF also provides education and research services. It educates its clients, families and other service providers about the cause, management and treatment of MJD, and conducts research into better ways to manage the impact of MJD and possible prevention/treatments.

MJDF's Way of Working with Client, Family and Community

Relationships and respect for family and culture are at the heart of successful work for people with disabilities. The MJDF is only able to do the work it does with its Aboriginal and Torres Strait Islander clients because it puts the client, family and community needs at the centre of its working culture.

To achieve this client-centred approach the MJDF's engagement model is to always partner non-Aboriginal staff with local Aboriginal staff called MJDF Aboriginal Community Workers (ACW). The role of the ACW is to reflect family support needs, facilitate and attend MJDF client home, clinical and other visits with relevant non-Aboriginal MJDF staff; interpret at medical, allied health relevant meetings and appointments; educate and mentor non-Aboriginal staff/volunteers about relevant elements of Kinship and Culture; interpret and translate MJDF resources into first language; travel to other communities to talk about MJD and the work of MJDF and plan/attend respite trips as appropriate.

The MJDF underwent an independent Quality and Safeguards Framework Assessment process for its registration as a service provider under the NDIS in March 2017. That independent assessment found that:

*"clients, their families and their kin willingly engage with the organisation, and make decisions based on cultural and social needs. Family, extended kin networks, and community members are involved in support delivery. Clients interviewed were open, direct, confident and engaging about their experiences with MJD and how the Foundation was helping them and their families."*⁷

Please visit www.mjd.org.au for more information.

⁷ Report of MJDF Services Assessed by HDAA to the Northern Territory Quality and Safeguarding Framework, 31 March 2017.



Attachment C – List of timesheet activities

Activity

Subactivity

Non_Work

TOIL

Weekend

Non-Work

Annual_Leave

Public_Hol

Sick

Research

RAC

MPP

Ethics

Plan_study

Participate_study

Education

Genetic

Health_service

Careworker

Family

Corporate

Equipment

Assistive_products_equipment_assess_prescribe

Assistive_products_equipment_order_deliver

Assistive_products_equipment_train

Assistive_products_equipment_maintain

Home_mods_assess_prescribe

Home_mods_order_deliver

Home_mods_maintain

Vehicle_mods_assess_prescribe

Vehicle_mods_order_deliver

Vehicle_mods_order_train

Vehicle_mods_maintain

Other_order_deliver

Other_train

Other_maintain



Advocacy

Politician_presentation
Media
Submission_writing
NDIS
Conference_presentation
Working_group
Stakeholder_liaison
Fundraising_presentation

Improved_Services

Accomm_tenancy_assist
Coordinate_lifestages_complex_supports
Employment_assist
School_education_assist
Personal_activities_assist
Life_skills_assist
Interpret_translate
Household_tasks
Participate_community_social
Therapeutic_support
Holiday_KinConnect_Respite_Planning
Holiday_KinConnect_Respite_Attend
Genealogy
Carer_support

Admin_staff

Staff_meeting
Timesheet
Funds_Req
Client_paperwork

Finance

FSC
Bookkeeping
Insurance
Financial_reporting

Operations

Fleet_mgmt
Office_house_mgmt
Travel_planning_booking
Policies_procedures



WHS
Merchandise
Volunteer_mgmt
IT_software_laptops_phones
Telstra
Storage_locations
Taxi_food_fuel_cards
TSS_carer_pension_cards
Calendar_mgmt
Image_photo_mgmt
Marketing_communication
Grants_mgmt
Sponsor_donor_mgmt
Website updates
Partner_mgmt

Board

Board_meetings
Board_chairperson
Board_papers

HR

Recruitment
Staff_induction
Supervision
CPD_support
Ochre_blue_card
Land_permit
Perf_appraisals

Travel

Travel_ToClient
Travel_WithClient
Travel_ToCommunity
Travel_ToMeeting
Travel_ToEducation

Training

CPD