

'Shamed' out of day care, companies set their sights on NDIS billions ^[1]

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EXCERPTS

Family day-care operators whose businesses were found to be fraudulent or unsafe are now targeting the \$22 billion National Disability Insurance Scheme in new ventures.

A Fairfax Media investigation has uncovered more than two dozen cases across four states where those with chequered histories in the day-care industry have companies registered to care for people with disabilities.

They include one provider whose day care business was shut down after inspectors found exposed cat food and accessible razor blades, and another linked to an alleged \$13 million a year scam.

One NDIS researcher, Gemma Carey of the University of NSW, warned the NDIS would remain “fairly unregulated” for years.

“There’s a lot of space for a predatory provider to move in at the moment,” Dr Carey said.

In 23 identified cases, directors or managing owners of day care providers that lost federal benefits due to fraud findings also have ventures listed with the NDIS.

A further five individuals ran day-care operations that had their approvals restricted, suspended or cancelled because of safety concerns, including “unacceptable” and “immediate” risks.

And three day-care companies on the “name and shame” list launched this year by the Education Minister Simon Birmingham have featured on NDIS registries under the same business names.

One of the most notable examples involves the day care operator Farah 4 Kidz.

In 2015, then social services minister Scott Morrison appeared on radio to accuse the company of an alleged \$13 million a year scam.

Referring to the “Farah 4 Kidz” model, Mr Morrison claimed a network employing nearly 200 staff across four states had defrauded the taxpayer, often through carers charging the government to look after each other’s children.

“It’s an absolute rort and that’s what we’re shutting down,” he said.

Regulators had also found “immediate risks” to the safety of children in the operator’s care.

But two years later, the company’s sole director and shareholder, Ayan Farah, was receiving more taxpayer money.

A director of Assisting Hands for All, Ms Farah won \$93,000 in grants from the Commonwealth Department of Health to provide aged care.

The same year, the Melbourne woman’s business registered with the NDIS to provide services ranging from home modification to community nursing.

A health department spokeswoman said the government was pursuing Ms Farah’s company for \$21,000 paid out, after it was “unable to provide” the services.

Ms Farah, who did not respond to calls or emails, also lost her three-year disability support registration last June for failing to make proper reports to government.

The 'name and shame' list

A host of other operators, linked to the new day care “name and shame” list, have businesses listed with the NDIS – some with slick websites, others with hotmail email addresses.

In Sydney, Abdulkadir Hussein Olow lost two appeals against the NSW government's decision to shut down his day care business, which took care of nearly 1000 children at its peak.

Inspectors found serious safety problems at four houses under the supervision and control of Mr Olow.

They included broken fencing, exposed cat food, medications accessible in fridges, access to electrical cords, razor blades in a bathroom and a carer who drove children on an expired licence.

Mr Olow, who told a tribunal he had sincerely tried to improve the business's operations, now heads Best Community Care, registered with the NDIS to transport people with disabilities and deliver personal mobility equipment. He did not respond to questions.

So far, those wanting to become NDIS providers have had to fill out self-assessment forms and provide qualification certificates for some services.

Therese Sands, co-chief executive of People with a Disability Australia, said there had been "no transparency" around the NDIS registration process.

"It's not acceptable that providers can move from one sector to another when they have been found to not be suitable for registration, or have committed fraud, financial abuse or any kind of misconduct," Ms Sands said.

The registration process was "very light touch", according to UNSW researcher Natasha Cortis, who has studied both family day care and the NDIS.

"I don't find it surprising that there are unscrupulous providers involved in both systems," Dr Cortis said.

"Regulation wasn't adequately considered in the design of the NDIS, despite what we'd have hoped policymakers would have learned from other social service systems."

The government is now rolling out a \$209 million Quality and Safeguards Commission, an independent statutory body set to begin work in NSW and South Australia next month and all states by mid-2020.

Under the new rules, NDIS providers will have to undergo more stringent registration, screen workers, manage complaints and report serious incidents to authorities.

'It was always risky'

Dr Carey at UNSW said while she was confident in the commission – a "big investment by government" – it would take years for it to be fully established and working properly.

"It was always risky to have a scheme being implemented without a quality and safeguarding commission in place," she said.

Federal Social Services Minister Dan Tehan said until the commission began "responsibility for quality and safeguard standards resides with the state or territory in which the provider operates".

But according to state departments, they do not have responsibility for all providers in their states.

In Melbourne, the operator Kids Heaven Family Day Care Services was investigated in 2011 when it was discovered an educator was staying with a registered sex offender at her home care premises.

Regulators had already clamped down on the business the year before for not keeping records or providing the government with information.

Tufah Osman Garad was sole director at the time, and remained so until last year, four months before Kids Heaven lost benefits and had its operating approval suspended on fraud and safety grounds. Ms Garad was not the educator in question, and there is no suggestion Ms Garad knew about the educator's partner.

Ms Garad remained the sole owner and now heads the NDIS provider Heart to Heart.

"I don't know what you're talking about," she said when Fairfax Media asked about the sex offender incident. She called further questions "baseless".

A National Disability Insurance Agency spokeswoman declined to comment on individual providers, including their client numbers.

While the spokeswoman said the agency had a "multi-channel" approach to fraud protection, she said it was "not appropriate" to disclose how many allegations of fraud or other financial misconduct had been received.

But in May The Australian reported the agency was contending with more than 500.

In many cases identified by Fairfax Media, operators were born overseas in Middle Eastern and African countries, including Somalia.

Fatma Mohamed of the Somali Welfare Community Association in Sydney said a tiny minority of Australian Somalis gave the rest a bad name.

"It's just the same dodgy people," said Ms Mohamed, who had already seen a handful of individuals move from the training organisation industry to family day care.

While she had heard talk "the NDIS is the next big thing", she was yet to see operators open for business.

The latest NDIS statistics show 25 per cent of providers receive 80 to 90 per cent of payments.

But 90,000 people are expected to join the NDIS workforce by 2020.

Fairfax Media found many former day carers' NDIS business addresses were residences and few operators responded to written questions or calls, leaving it unclear how many were actively operating.

Those who did respond mostly refused to comment, saying off the record they had done nothing wrong.

"It's just the same dodgy people," Fatma Mohamed, Somali Welfare Community Association

Hussein Haraco of the Somali Australian Council of Victoria said he was working with family day-care providers who felt they had been falsely accused by authorities.

Another figure, Abdullahi Farah of the Australian Somali Community Association, defended both his community and industry in a 2014 interview with news.com.au.

"I have not seen any illegal activity," he said.

"There are a lot of checks that occur to make sure people are doing the right thing."

But Mr Farah's own operation, Ten Family Day Care, lost federal benefits in 2016 after the government accused it of fraud, making false statements and other non-compliance.

"I haven't done any fraud," Mr Farah told Fairfax Media, claiming broken rules were the fault of educators he employed.

"I was running the business the best I could."

Mr Farah (not believed to be related to Ayan Farah) lost his job as franchise director of the NDIS-registered Home Care Assistance in Sydney's outer west after the head of the business learned about his past in family day care.

"Our screening process is very thorough and it does appear that the [child care enforcement action register] list was not available to us at the time of considering his application," master franchise owner Paul Shehade said.

'Integrity surge'

While Mr Farah's day-care business was one of those cancelled by NSW authorities, the NSW Education Department has refused to give the specific grounds for cancellations.

Unlike in other states which publish reasons online, the NSW public has no way of finding out why operators were shut down.

Early Education Minister Sarah Mitchell said her department was the toughest regulator in the country but she also declined to provide the reasons for closures.

At the federal level, a so-called "integrity surge" launched as part of the new childcare package that takes effect on July 2 will cap hourly fee rebates and add more checks to verify workers' identities.

The education department said it had saved \$1 billion in six months by cutting money to unscrupulous providers, such was the scale of alleged fraud in previous years.

"Fraud" was listed as a reason for suspension or cancellation of benefits in more than 100 cases since June 2016.

But only 28 family day carers have been criminally charged with fraud since 2014.

None of the operators mentioned in this article have been charged.

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