

# **Productivity Commission's Review of National Disability Insurance Scheme (NDIS) Costs Position Paper**

Queensland Government  
submission



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## 1. Introduction

The Queensland Government recognises that the transition to the NDIS is a complex and sensitive reform and it is critical that a balance is achieved between people entering the scheme, participants achieving quality outcomes, and the scheme realising long-term sustainability.

## 2. How is the scheme tracking

### ***DRAFT FINDING 2.1 (P. 92)***

The scale and pace of the NDIS rollout to full scheme is highly ambitious. It risks the NDIA not being able to implement the NDIS as intended and it poses risks to the financial sustainability of the scheme. The NDIA is cognisant of these risks.

The Queensland Government agrees that the timeframes are ambitious and shares concerns regarding the NDIA's ability to implement the scheme as intended including its ability to manage the increased workload as it approaches full scheme rollout. Draft recommendation 10.2 relating to the Australian Government reconsidering the staffing cap on the NDIA, and Queensland's support for the NDIA to bring forward deployment of Local Area Coordinators (see page 8 below), would enable to NDIA to better manage the fast pace of transition.

The Queensland Government's bilateral agreement with the Commonwealth provides for Queensland to transition in three years. Queensland does not renege from its commitment, particularly to transition all its existing clients within the three year timeframe. Queensland would consider any extension to its transition timeframe to be a dis-benefit to Queenslanders given Queensland's transition phasing, funding decisions, contractual arrangements with funded providers and its workforce arrangements. Queensland would also prefer to avoid undue anxiety for existing service users and potential providers, and to avoid continuing to operate duplicate systems past June 2019.

However Queensland acknowledges that new participants are entering the scheme at their own time and pace rather than in line with the bilateral estimates.

The Commonwealth, NDIA and the Queensland Government recently agreed to bring forward commencement dates for rollout of the scheme in Ipswich, Bundaberg and Rockhampton for existing State clients. The NDIA provided assurance they would have the capacity to meet the revised timeframes including having local infrastructure established in advance.

### ***DRAFT FINDING 2.2 (P. 96)***

While a different methodology is used, the NDIA projections of scheme costs are broadly consistent with the Productivity Commission's modelling of the scheme in 2011, after accounting for sector-specific wage increases, population changes, and costs associated with participants aged over 65 years (who were not included in the Commission's estimates).

Queensland notes the draft finding.

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**DRAFT FINDING 2.3 (P. 115)**

The National Disability Insurance Scheme, at the end of trial, came in under budget. This was in large part because not all committed supports were used (in 2015-16 the utilisation rate was 74 per cent). Based on trial and transition data, scheme costs are broadly on track compared to the NDIA's long-term modelling. At this stage, early cost pressures (such as greater than expected numbers of children and higher than expected package costs) have been offset by lower than expected levels of utilisation. The NDIA has put in place initiatives to address emerging cost pressures. It is too early to assess the effectiveness of these initiatives.

Queensland notes the NDIA has put in place initiatives to address emerging cost pressures. While difficulties with early assessment of the effectiveness of these initiatives are noted, Queensland agrees that early detection of cost pressures is important in ensuring matters are addressed before becoming entrenched.

It is also important to acknowledge that the cost pressure initiatives by the NDIA can result in an unintended increase in pressure on other mainstream services. The aim of managing cost pressures should be to adequately and appropriately manage the need for services and not by tightening the scope and processes for access to the scheme and shifting that need to other service systems.

Additionally Queensland has received strong advice from participants and representative bodies that outcomes arising from, for example transport supports provided under the NDIS are not to the same standard as those achieved previously under Queensland's Taxi Subsidy Scheme.

Queensland proposes further analysis of utilisation by age cohort and jurisdiction, to ascertain expected and actual numbers of children and package costs. Modifications and improvements can then be made to improve cost efficiencies.

**DRAFT FINDING 2.4 (P. 123)**

Early evidence suggests that the NDIS is improving the lives of many participants and their families and carers. Many participants report more choice and control over the supports they receive and an increase in the amount of support provided. However, not all participants are benefiting from the scheme. Participants with psychosocial disability, and those who struggle to navigate the scheme, are most at risk of experiencing poor outcomes.

It is noted that some people with psychosocial disabilities and those who experience difficulty navigating the scheme have experienced poorer outcomes under the NDIS.

Queensland holds concerns that some Queensland Health patients are unable to be discharged to the community as some NDIS plans only offer limited community supports, thereby preventing effective discharge planning with clinical and non-clinical support providers. This has particularly been an issue when the NDIS planner assesses support needs based on where the patient is now (i.e. a hospital bed) rather than where the patient is to transition (i.e. the community). NDIA's reluctance to review a plan without evidence of Change of Circumstance has further thwarted progressing an inpatient's discharge

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planning, resulting in delays in discharges and, consequently, limiting capacity for admitting new patients to acute hospital beds.

A specific gateway to the NDIS and expert assessments by planners, as well as access to advocacy by participants with psychosocial disability would all contribute to scheme improvements.

Queensland has also received advice that participant outcomes from transport supports provided for under the NDIS are not of the same standard as those provided under the state's Taxi Subsidy Scheme. Queensland is continuing to investigate these issues in conjunction with the NDIA, DSS and other jurisdictions through the Transport Sub-Group of the Senior Officials Working Group (SOWG).

In addition, Queensland is aware that a number of participants are hesitant in drawing down their funding from their plan as they are unsure what they can and cannot use, and proposes further examination of participant's barriers to utilisation.

The PC report pays particular attention to these groups of people. The Scheme Supports and Scheme Eligibility chapters include further discussion on potential measures to assist those dissatisfied with the scheme and suggests ways to improve their experiences such as reforms to planning processes and linking supports. Queensland encourages further exploration of measures to increase participants' satisfaction in the PC's final report.

### 3. Scheme eligibility

#### **DRAFT RECOMMENDATION 3.1 (P. 129)**

When determining that an individual is eligible for individualised support through the NDIS under the disability requirements, the National Disability Insurance Agency should collect data on which of the activity domains outlined in section 24 of the *National Disability Insurance Scheme Act 2013* (Cwlth) are relevant for each individual when they enter the scheme.

Queensland supports this recommendation as it would focus the NDIA's eligibility determinations on assessing individual's reduced functional capacity in the six activity domains (outlined in Section 24(1)(c) of the Act). It supports a disability-based rather than a diagnostic/disorder-based eligibility determination.

This is particularly relevant to some people with psychosocial disability whose diagnosis may change over time, although their functional capacity remains significantly impaired, and to those within the education system where, in the absence of a clear definition and description of the learning activity (Section 24(1)(c)(iii)), confusion ensues. It is also relevant for people with disability who have consequential health-related requirements, many of which are considered by the NDIA as being the responsibility of the health system rather than the NDIS.

Queensland is particularly concerned it is receiving insufficient data from the NDIA in respect of Aboriginal and Torres Strait Islander participants, and is therefore unable to determine outcomes for these participants.

Queensland considers that better data capacity would assist the NDIA in clearer and more consistent decision-making, particularly as issues for participants are arising from the NDIS-health interface.

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### **INFORMATION REQUEST 3.1 (P. 139)**

The Commission is seeking feedback on the advantages and disadvantages of maintaining 'List D — Permanent Impairment/Early Intervention, Under 7 years — No Further Assessment Required' in the National Disability Insurance Agency's operational guidelines on access. Feedback is sought on the extent to which the list:

- reduces the burden on families to demonstrate that their child will benefit from early intervention and/or provides certainty that support will be provided
- reduces the burden on the National Disability Insurance Agency of assessing whether children are eligible for early intervention support under the National Disability Insurance Scheme Act 2013 (Cwlth)
- may be contributing to supports being provided to children who are unlikely to benefit from such supports
- may be discouraging or inhibiting exit from the scheme.

Queensland notes the advantages of maintaining List D. The list serves as a useful tool to assist families, particularly those experiencing difficulties in navigating the scheme, in understanding when the existence of a 'development delay' may result in assistance for the child. The reduced burden on both families and the NDIA in not having to demonstrate or assess the need for assistance is seen as a positive for all parties.

However, as diagnosis for many young children is not able to be made in the early years, List D may be immaterial to their situation. Given List D cannot be exhaustive, Queensland considers it should not be the sole criterion for a child's access to early intervention services or to the NDIS.

NDIA planners should be experienced with the variety of disability types, and use supporting evidence from medical experts allied health therapists and families in relation to disability, suspected disability and developmental delay, as well as referencing a list.

Queensland notes the position taken in the PC's paper that 'there is a need for all governments to work together to ensure that there are supports outside of the NDIS for children who do not meet the eligibility requirements'. While Queensland agrees with this position, it does not support any narrowing of eligibility where this would result in increased pressure on mainstream supports.

Queensland reiterates concerns raised by the Honourable Coralee O'Rourke MP, Minister for Disability Services and Seniors and Minister Assisting the Premier on North Queensland, in her submission to the PC that '[F]eedback from stakeholders and individuals indicates that the interface with mainstream services can often be confusing for all parties'. Retention of mechanisms such as List D would minimise confusion.

#### **INFORMATION REQUEST 3.2 (P. 141)**

The Commission is seeking feedback on the benefits and risks of maintaining 'List A — Conditions which are Likely to Meet the Disability Requirements in section 24 of the NDIS Act'. In particular:

- to what extent does List A reduce the burden for people with permanent and significant disability of entering the National Disability Insurance Scheme under the disability requirements?
- is there any evidence that people who do not meet the disability requirements are entering the scheme under List A?

While Queensland supports the maintenance of a list which provides details on conditions that meet the criteria of disability, Queensland considers it should not be the sole criterion for a person's access to the NDIS. However, Queensland has no evidence of people who do not meet the disability requirements entering the scheme under List A.

## **4. Scheme supports**

#### **INFORMATION REQUEST 4.1 (P. 152)**

Is the *National Disability Insurance Scheme Act 2013* (Cwlth) sufficiently clear about how or whether the 'reasonable and necessary' criterion should be applied? Is there sufficient clarity around how the section 34(1) criteria relate to the consideration of what is reasonable and necessary? Is better legislative direction about what is reasonable and necessary required? If so, what improvements should be made? What would be the implications of these changes for the financial sustainability of the scheme?

Queensland considers it appropriate for high level principles on 'reasonable and necessary' to be contained in the Act, with more detailed guidance and examples in subordinate legislation and/or transparent and publicly available operational guidelines to facilitate consistency of decision making and expectation management. This approach enables governments and the NDIA to more rapidly respond to issues or new evidence about what constitutes reasonable and necessary care and support. The PC may wish to compare and contrast the approaches in personal injury scheme or NIIS legislation against that in the NDIS legislation.

Examples of areas of the *NDIS Act 2013* requiring clarity are:

- Section 34(1) (D) requires the support to be 'effective and beneficial', having regard to 'current good practice'. There needs to be clarity in terms of the range of considerations of what is 'reasonable and necessary' is required here. It is implied that current good practice and accepted clinical guidelines are one and the same.
- Section 34(1)(F)(I) refers to a 'universal service obligation'. Examples are required as a point of reference to provide clarity.
- Section 34(1)(F)(II) refers to reasonable adjustments required under the Law dealing with discrimination on the basis of disability. Given that participants will also be trying to navigate the

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legislation, statutes relevant here including the *Disability Discrimination Act 1992 (Cwlth)*/Disability Standards could be referred to for contextual purposes.

There are inconsistencies in the way the criteria are being applied in operationalising the scheme. For example, at times questionable decisions made about what goes in a young person's plan regarding support to be provided in a school setting. This is especially the case when a particular support is already available through the mainstream system. To illustrate, there are reported instances when parents are requesting assistance from schools to implement their child's plan by providing funding to the school for a teacher aide to support their child at school. It is possible that the reason planners consider a mainstream support to be reasonable and necessary or not is either due to a lack of information about how the mainstream interface works or what can appropriately be considered reasonable and necessary in certain situations.

Specific issues are also emerging on the interface with the mainstream health system (such as catheter care, wound care, mealtime management, assessments for home modifications, and insulin medication) which the NDIS is not including in participant plans. Queensland Health argues that in these cases, the ongoing need for the service is a result of the person's disability, and should therefore be funded by the NDIS. Distinctions on funding based on whether the service needs to be delivered by a Registered Nurse (for example, catheter care or wound care in some instances) are arbitrary and should not be used to determine whether a service should be funded by the NDIS or mainstream health services.

**INFORMATION REQUEST 4.2 (P. 161)**

Should the NDIA have the ability to delegate plan approval functions to Local Area Coordinators (LACs)? What are the costs, benefits and risks of doing so? How can these be managed?

Planners and plan approvers must be appropriately qualified to develop and approve adequate and effective plans for specific disability cohorts such as people with psychosocial disability. Hospital and Health Services across four transitioning areas have reported significant issues with inadequate plans being approved for people with severe and persistent mental illness.

Insurance schemes typically separate the functions of assessment of need and approval of funding. Queensland generally supports maintaining this position, however proposes consideration of a mechanism for rapid or limited approvals for participants supported by LACs engaged by the NDIA who cover very remote areas, for example, the Torres Strait Islands.

**DRAFT RECOMMENDATION 4.1 (P. 174)**

The National Disability Insurance Agency should:

- implement a process for allowing minor amendments or adjustments to plans without triggering a full plan review
- review its protocols relating to how phone planning is used
- provide clear, comprehensive and up to date information about how the planning process operates, what to expect during the planning process, and participants' rights and options
- ensure that Local Area Coordinators are on the ground six months before the scheme is rolled out in an area and are engaging in pre planning with participants.

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Queensland largely agrees with draft recommendation 4.1. Phone planning continues to be a concern in Queensland, particularly for eligible prisoners transitioning from custody and youth justice clients, and a process that enables minor adjustments to a plan without requiring a review will free up planners and participants' time alike.

Similarly, Queensland considers widening of the criteria used to enable a review would be beneficial for the NDIA. Currently an internal NDIA review can only be conducted if there is evidence of a Change of Circumstances. This sole criterion stops the NDIA from reviewing an approved plan that is inadequate because of, for example, limited funded supports to enable hospital discharge and/or safe and sustainable community living.

Queensland also proposes that, prior to receiving their final plan, participants receive their draft plan and have the opportunity to talk this through with their planner to ensure their final plan meets their individual goals and needs. Again, this action would benefit both the participant and the NDIA by reducing requests for plan reviews.

Queensland considers it is unacceptable that some areas have been without LACs after joining the scheme (see page 14). The PC's proposition to have LACs in place six months before rollout in an area and engaging in preplanning with participants is consistent with the Queensland NDIS Bilateral Agreement. However even with this timeframe, the NDIA has failed to deliver LACs on time in each phasing area to date<sup>1</sup>.

Given Queensland's geography and demography, the schedule for entry into the NDIS in Queensland, and lessons from the first year of transition, Queensland is strongly of the view that LACs should be on the ground and engaging in pre-planning with participants along with broader community engagement at least nine (9) months in advance of the scheme being rolled out (rather than 6 months as currently provided). Queensland has put this position to DSS and NDIA. This step would significantly enhance the NDIA's ability to transition more participants on time.

It would also significantly enable more successful engagement with Aboriginal and Torres Strait Islander communities by the NDIA. This engagement should be staged: building the trust of the community; awareness raising of disability issues; information on the utility of disability supports to this client group; and facilitation of assessment processes, prior to active engagement with NDIA planning.

**DRAFT RECOMMENDATION 4.2 (P. 178)**

The NDIA should ensure that planners have a general understanding about different types of disability. For types of disability that require specialist knowledge (such as psychosocial disability), there should be specialised planning teams and/or more use of industry knowledge and expertise.

Queensland agrees that the NDIA 'ensure that planners have a general understanding about different types of disability' and, moreover, that each disability type manifests in differing functional needs for each person. In relation to the second part of the recommendation, that 'for types of disability that require specialist knowledge (such as psychosocial disability), there should be specialised planning teams and/or more use of industry knowledge and expertise'. Planners presently lack expertise in psychosocial disability and have not always recognised the need for clinicians or other advocates to support very vulnerable

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<sup>1</sup> Townsville, Mackay, Toowoomba and Ipswich

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clients in NDIA meetings. They also do not understand the distinction between therapy and treatment and can assume that use of therapy modalities means clients are still in treatment, therefore not eligible for NDIS supports. Specialist planning teams allocated to the NDIA regions may be one way to address this issue, especially in geographically diverse states and regions, such as Queensland.

Queensland considers it critical for Aboriginal and Torres Strait Islander Queenslanders to fully access the services and supports arising from the NDIS, that specialist knowledge and understanding of planners - and LACs - extend to cultural competency and safety.

In relation to Aboriginal and Torres Strait Islander Queenslanders, the need for cultural competence and capability is an essential pre-requisite, including the employment of suitable Aboriginal and Torres Strait Islander planners (and LACs), given the need to fully understand and address cultural, access and language issues among Aboriginal and Torres Strait Islander people. Cultural factors are also likely to require gender mix among planners (and LACs) to enable discussions to be held and decisions made in ways that are culturally appropriate for the groups concerned (women's and men's business are likely to be real barriers if the planning and engagement processes are not culturally appropriate).

Given the breadth, depth and specialisation of knowledge, skills and understanding required by planners, Queensland suggests the PC consider the most appropriate classification level for the NDIA to attract and retain applicants with these competencies.

Further, noting the NIIS is yet to be fully implemented, the NDIA should also implement specialised planning arrangements for NDIS participants with catastrophic injuries. This is critical in the hospital discharge planning stage and in the early years post injury.

## 5. Boundaries and interfaces with the NDIS

### *DRAFT FINDING 5.1 (P. 191)*

It is a false economy to have too few resources for Information Linkages and Capacity Building, particularly during the transition period when it is critical to have structures in place to ensure people with disability (both inside and outside the NDIS) are adequately connected with appropriate services.

Queensland agrees with this finding.

***DRAFT RECOMMENDATION 5.1 (P. 191)***

Funding for Information, Linkages and Capacity Building (ILC) should be increased to the full scheme amount (of \$131 million) for each year during the transition. The funds that are required beyond the amounts already allocated to ILC to reach \$131 million should be made available from the National Disability Insurance Agency's program delivery budget.

The effectiveness of the ILC program in improving outcomes for people with disability and its impact on the sustainability of the National Disability Insurance Scheme should be reviewed as part of the next COAG agreed five-yearly review of scheme costs. The ILC budget should be maintained at a minimum of \$131 million per annum until results from this review are available.

Queensland agrees with this recommendation on the proviso ILC continues to remain Commonwealth funded and that a future review does not result in greater reliance on services not provided by the NDIS and become an impost on state finances. Queensland also proposes targeting a proportion of ILC funding to Aboriginal and Torres Strait Islander communities.

***DRAFT RECOMMENDATION 5.2 (P. 196)***

The Australian, State and Territory Governments should make public their approach to providing continuity of support and the services they intend to provide to people (including the value of supports and number of people covered), beyond supports provided through the NDIS. These arrangements for services should be reflected in the upcoming bilateral agreements for the full scheme.

The NDIA should report, in its quarterly COAG Disability Reform Council report, on boundary issues as they are playing out on the ground, including identifying service gaps and actions to address barriers to accessing disability and mainstream services for people with disability.

Queensland agrees with the first part of this recommendation. As covered in the NDIS Bilateral Agreement, Queensland will continue to provide a range of disability supports and services. It is considered reasonable that information about these services is provided in an agreement for full scheme.

Queensland does not support limiting the NDIA quarterly reports on interface issues to 'boundary' matters. Instead, Queensland proposes the quarterly COAG DRC reports fully address interface issues, including the collaboration and partnership across systems and services essential to enable integrated and holistic supports for people with disability. That is, a dual focus on both 'rubs' and on seamless, smooth pathways in, out and around the NDIS and related service systems for participants. This shift would enable DRC and jurisdictions to better address complexities around the interface between various mainstream services and the NDIS, including: transport (use of taxis and specialist school transport); personal support in schools; and health interfaces including services such as wound care, meal management and changing of catheters. The lack of agreed models of support for these particular issues has the potential to cause participants to experience significantly reduced outcomes.

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**DRAFT RECOMMENDATION 5.3 (P. 205)**

Each COAG Council that has responsibility for a service area that interfaces with the National Disability Insurance Scheme (NDIS) should have a standing item on its agenda to address the provision of those services and how they interface with NDIS services. This item should cover service gaps, duplications and other boundary issues.

Through the review points of National Agreements and National Partnership Agreements under the Federal Financial Relations Intergovernmental Agreement, parties should include specific commitments and reporting obligations consistent with the National Disability Strategy. The Agreements should be strengthened to include more details around how boundary issues are being dealt with, including practical examples.

Queensland largely agrees with the first part of this recommendation however proposes broadening it to include collaboration and partnership to enable integrated responses and seamless, smooth pathways in, out and around the NDIS and related service systems for participants. This shift would also extend to addressing complexities around the interface between various mainstream services and the NDIS.

Furthermore, Queensland suggests a process to coordinate this be developed by the Disability Reform Council for consideration by COAG. Queensland also agrees with the second part of this recommendation provided that any strengthening of agreements does not result in any alteration to funding and risk sharing arrangements that have already been agreed.

**INFORMATION REQUEST 5.1 (P. 210)**

The Commission is seeking feedback on a mechanism to ensure that the States and Territories bear the cost of participants who were intended to be covered by the National Injury Insurance Scheme.

Since the PCs 2011 report, significant progress has been made in Australia toward implementation of a NIIS. The Queensland Government has implemented the NIIS-Q for motor vehicle accidents and workplace accidents. The remaining streams, medical and general accidents, are yet to be implemented in Australia.

The terms of Queensland's 2013 Heads of Agreement with the Australian Government do not require implementation of NIIS streams for medical or general accidents. The recent COAG decision to not proceed with a medical NIIS at this time should not put Queensland at risk for liabilities of NDIS participants who might otherwise have been covered by a NIIS. The PC may wish to give further thought to the likely cost of a NIIS for general accidents, and practical funding options for it and the medical stream.

It is also noted that the PC recommended in 2011 the Australian Government fund catastrophic aviation accidents.

## 6. Provider readiness

### *DRAFT RECOMMENDATION 6.1 (P. 226)*

The Australian Government should:

- immediately introduce an independent price monitor to review the transitional and efficient maximum prices for scheme supports set by the NDIA
- transfer the NDIA's power to set price caps for scheme supports to an independent price regulator by no later than 1 July 2019.

The body tasked with price regulation for scheme supports should:

- collect data on providers' characteristics and costs. This should include appropriate funding to continue the business characteristics and benchmarking study currently undertaken by National Disability Services and Curtin University
- determine transitional and efficient prices for supports at a state and territory level
- comprehensively review and publish its price model on an annual basis. This review should be transparent, have public consultation, be evidence-based and evaluate the effectiveness of prices in meeting clearly-defined objectives
- assess and recommend when to deregulate prices for supports, with particular regard to the type of support and region, on the basis that prices should only be regulated as narrowly, and for as short a time, as possible.

Queensland supports draft recommendation 6.1. There is merit in introducing an independent price regulator to avoid a potential conflict of interest with the NDIA both setting prices and being responsible for the financial sustainability of the scheme. It is acknowledged that the NDIA has recently increased price loadings to apply for the delivery of supports to participants in remote (20 per cent) and very remote areas (25 per cent), along with increases in prices for other factors. A regulator would also provide independent consideration of price setting in respect of this and other key factors. Queensland also acknowledges the importance of moving toward less price regulation over time as markets mature.

There may be lessons learned from the Independent Hospital Pricing Authority that could be considered. The proposal to introduce an independent regulator should highlight the potential consequences of not having such a body, as well as the potential risks and complexity associated with establishing such a body. It would also be useful to include a discussion on how the body could be established and funded, and avoid imposing regulatory burden on providers.

At a minimum, Queensland would support a transparent level of price setting along with prices being independently monitored and reviewed.

**DRAFT FINDING 6.1 (P. 232)**

In a market-based model for disability supports, thin markets will persist for some groups, including some participants:

- living in outer regional, remote and very remote areas
- with complex, specialised or high intensity needs, or very challenging behaviours
- from culturally and linguistically diverse backgrounds
- who are Aboriginal and Torres Strait Islander Australians
- who have an acute and immediate need (crisis care and accommodation).

In the absence of effective government intervention, such market failure is likely to result in greater shortages, less competition and poorer participant outcomes.

Risk of persistent thin markets, or market failure, in the areas mentioned, particularly regional and remote areas, presents a major issue for Queensland. This presents as a particular risk in more remote and discrete Indigenous communities, and Queensland considers there is opportunity for NDIA to build on the capacity of existing services to work in partnership in providing the services required.

Queensland has invested heavily in readiness activities to prepare participants, providers and the workforce for the NDIS across the state. This work is continuing through to June 2018 in partnership with the Commonwealth through the Sector Development Fund.

In the absence of these efforts, there has been little evidence of a market-led response. To address this - where possible, the NDIA should aim to facilitate already existing or potential private or community sector providers to enter these areas. Local conditions and individual needs will guide which of the measures outlined in Box 6.5, p.230 will be the preferred approach/es.

Queensland encourages the PC to make more specific recommendations around market strategies in its final report.

**INFORMATION REQUEST 6.1 (P. 236)**

In what circumstances are measures such as:

- cross-government collaboration
- leveraging established community organisations
- using hub and spoke (scaffolding) models
- relying on other mainstream providers
- appropriate to meet the needs of participants in thin markets? What effects do each have on scheme costs and participant outcomes? Are there barriers to adopting these approaches?

Under what conditions should block-funding or direct commissioning of disability supports (including under 'provider of last resort' arrangements) occur in thin markets, and how should these conditions be measured? Are there any other measures to address thin markets?

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As noted in the PC's paper, a Market Intervention Framework to address thin markets is being negotiated with each jurisdiction. This framework will be released later in 2017. Issues raised through Information Request 6.1 will benefit from a collaborative approach between the jurisdictions.

As stated above in response to Draft Finding 6.1, local conditions and individual needs will guide which of the measures are most appropriate to address thin markets.

Generally in thin markets, if the NDIA or a government is directly commissioning services, it may be preferable to contract services in ways that provide certainty for providers, yet does not exclude future competitors entering the market over time. It is acknowledged that the NDIA has recently increased price loadings to apply for the delivery of supports to participants in remote (20 per cent) and very remote areas (25 per cent), along with increases in prices for other factors.

The "reliance on mainstream providers" as one of the measures being considered to address thin markets is noted. In many instances education, health, aged care, community controlled health and other social services, and micro-enterprises are the only services available in some communities, especially in geographically isolated communities. Given that mainstream services are designed to deliver specific services, it is important they are also considered as part of the potential NDIS market.

More could and should be done to enable participant and provider readiness in thin markets through proactive, flexible and dedicated approaches to address their respective needs.

#### ***INFORMATION REQUEST 6.2 (P. 243)***

What changes would be necessary to encourage a greater supply of disability supports over the transition period? Are there any approaches from other consumer-directed care sectors — such as aged care — that could be adopted to make supplying services more attractive?

Queensland considers that input from other consumer-directed care sectors could further inform this review.

Queensland refers to its response to Information Request 6.1 (p, 236). In addition, Queensland considers that, from a school transport perspective, aged care facilities, community organisations, patient transfer services and so on may be interested in providing school transport, which would provide participants with more choice and potentially encourage supply in remote areas.

## **7. Workforce readiness**

#### ***DRAFT FINDING 7.1 (P. 261)***

It is unlikely that the disability care workforce will be sufficient to deliver the supports expected to be allocated by the NDIA by 2020.

Queensland considers that the challenges associated with workforce readiness and growth poses a significant risk to the implementation of the scheme.

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While the NDIA has projected jobs growth arising from the NDIS through its Market Position Statements, there is no ready data source that provides advice on the actual number of jobs created and filled through transition to the NDIS to date.

In March 2017, in response to Minister O'Rourke's proposal for a specific workforce metric, the COAG DRC agreed to add a workforce Key Performance Indicator (KPI) and metrics to the suite of NDIS market-related KPIs.

On 17 May 2017, while acknowledging limitations in current data sources to inform the development of a workforce KPI and metrics, Queensland proposed that the development of a KPI and metrics be nevertheless agreed noting that data sources will emerge as transition to the NDIS progresses. As a result, the Market Oversight Working Group (MOWG) established under the NDIS Senior Officials Working Group (SOWG), is preparing advice on KPIs and metrics, including for a workforce metric.

Queensland has actively pursued strategies to ready the workforce in this state. Notably, Queensland has invested \$2.8 million to establish *WorkAbility*, a consortium of four Queensland industry peak bodies<sup>2</sup>, to drive the expansion and diversification of the Queensland workforce over the transition years, engaging, attracting and connecting people to jobs in the sector. Please find the links to information about the *WorkAbility* strategy for your information <http://workabilityqld.org.au/about/>; and <http://workabilityqld.org.au/wp-content/uploads/2016/04/Fact-Sheet-NDIS-NGO-Workforce-Strategy.pdf>.

In January 2017, the *WorkAbility* strategy Stage 1 Report was released and provides progress and evaluation information to assist the consortium to make future policy, program and investment decisions in relation to the NDIS workforce. This report provides information on Townsville, Mackay and Toowoomba. *WorkAbility* also operates *Workforce Wizard*, an online tool to enable member organisations to track changes and trends in their disability sector workforce. *Workforce Wizard* enables the collection of information about the number of workers by employment type, the change in the number of permanent and casual workers and the age and gender of workers. Completion of this tool is voluntary and as such data collected around FTEs and workforce numbers is indicative only.

The NDIS also provides a major opportunity for Aboriginal and Torres Strait Islander people to engage in employment in the disability sector and for Aboriginal and Torres Strait Islander community based organisations to also participate actively in this major reform program. There needs to be greater emphasis and traction in these areas as greater engagement by Indigenous employees and businesses will help to address service delivery access issues. Concerted effort is needed to ensure that Aboriginal and Torres Strait Islander people are able to realise the benefits and opportunities presented through this reform.

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<sup>2</sup> Consortium members: Health and Community Services Workforce Council; National Disability Services (Qld); Community Services Industry Alliance; Queensland Council of Social Services.

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**DRAFT RECOMMENDATION 7.1 (P. 265)**

The roles and responsibilities of different parties to develop the NDIS workforce should be clarified and made public.

- State and Territory Governments should make use of their previous experience in administering disability care and support services to play a greater role in identifying workforce gaps and remedies tailored to their jurisdiction.
- The Australian Government should retain oversight of workforce development, including how tertiary education, immigration and aged care policy interact and affect the development of the workforce. In doing so, the Australian Government should pay particular attention to immigration policy to mitigate workforce shortages over the transition period.
- The NDIA should provide State and Territory Governments with data held by the Agency to enable those jurisdictions to make effective workforce development policy.
- Providers of disability supports should have access to a clear and consistent mechanism to alert those tasked with market development about emerging and persistent workforce gaps.

Queensland supports draft recommendation 7.1.

Queensland agrees that workforce constitutes one of the biggest risks of the roll-out of the NDIS, and calls for national workforce infrastructure and governance as part of the Commonwealth's oversight role of workforce development policy, noting that investment, infrastructure and governance should be commensurate with the level of risk generated by the workforce element. Queensland considers that strong governance could be achieved through an existing working council of the COAG.

Queensland has prioritised workforce governance through its Working Queensland Cabinet Committee, and its Working Queensland Inter-Departmental Committee, comprising Directors-General across relevant Queensland Government departments. Both these governance bodies include oversight of NDIS workforce-related issues.

Queensland also considers there would be value in a national stocktake of the NDIS workforce development activities undertaken and underway, including outcomes achieved, to inform an effective, coordinated effort going forward.

Queensland supports 'The NDIS should provide State and Territory Governments with data held by the Agency to enable those jurisdictions to make effective workforce development policy'. Provision of NDIA data, particularly lead indicators including on workforce, will be vitally important for development of timely workforce policy and initiatives.

As noted in its response to draft finding 7.1, Queensland has actively pursued strategies to ready the workforce in this state. Notably, Queensland has invested \$2.8 million to establish *WorkAbility*, a

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consortium of four Queensland industry peak bodies<sup>3</sup>, to drive the expansion and diversification of the Queensland workforce over the transition years, engaging, attracting and connecting people to jobs in the sector. Please find the link to information on the *WorkAbility* strategy above at Section 7 (Draft Finding 7.1), page 15.

In addition, the Queensland Government has worked with the sector to develop the NDIS training and skills support strategy, which represents an investment of \$5 million over three years for training, support and workforce development. The training and skills strategy will leverage off current programs and mainstream investment for this sector within the annual VET Investment Plan, and will parallel the rollout plans of the NDIS to actively support the supply of skilled staff to match demand for labour from NDIS providers in regions. As such, policy has been informed by available data and will continue to be informed of emerging workforce skilling issues as they become known.

**INFORMATION REQUEST 7.1 (P. 265)**

What is the best way for governments and the NDIA to work together to develop a holistic workforce strategy to meet the workforce needs of the NDIS?

Refer to Queensland's response to draft recommendation 7.1 above. Queensland's strong governance approach offers guidance to other jurisdictions in dealing with complex workforce development issues.

Paramount to strategy development is a detailed understanding of demand (including the scale and type of supports required), the current workforce, and factors impacting on local labour markets. The strategy should also consider the impact workforce shortages may have on existing government funded disability support and allied health services, including the potential funding implications.

With its cross-jurisdictional representation and focus on all market-related elements, Queensland considers the MOWG is well-placed to develop a national workforce strategy.

**DRAFT RECOMMENDATION 7.2 (P. 266)**

The NDIA should publish more detailed market position statements on an annual basis. These should include information on the number of participants, committed supports, existing providers and previous actual expenditure by local government area. The Australian Government should provide funding to the Australian Bureau of Statistics to regularly collect and publish information on the qualifications, age, hours of work and incomes of those working in disability care roles, including allied health professionals.

The Queensland Government strongly supports draft recommendation 7.2 and its timely implementation, and further proposes the NDIA develops an annual market position around housing (both mainstream housing and Specialist Disability Accommodation).

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<sup>3</sup> Consortium members: Health and Community Services Workforce Council; National Disability Services (Qld); Community Services Industry Alliance; Queensland Council of Social Services.

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Work is also being undertaken by the MOWG to progress the development of a workforce KPI and metric which will provide an evidence base during transition and at full scheme.

**DRAFT RECOMMENDATION 7.3 (P. 269)**

The NDIA'S guidelines on paying informal carers who live at the same residence as a participant should be relaxed for core supports for the period of the National Disability Insurance Scheme (NDIS) transition. Such payments should be:

- accessible under clearly defined and public guidelines, which make reference to worker shortages in the relevant market using the NDIA's information about providers and supports in the participant's region
- set at a single rate determined by the NDIS price regulator in a transparent manner
- reviewed by the NDIA as part of plan reviews.

Queensland limits its support of draft recommendation 7.3 to agreed exceptional circumstances only. Queensland acknowledges the payment of family as carers is a complex and sensitive issue and carries risks which were explored by the PC in its 2011 inquiry.

Queensland offers its input to working up clear guidelines on what would constitute agreed exceptional circumstances.

Queensland also considers that further research in an Australian context would assist in confirming agreed circumstances along with mechanisms for monitoring and reviewing implications of this aspect within the NDIS and its workforce, pending its implementation.

**INFORMATION REQUEST 7.2 (P. 271)**

How has the introduction of the National Disability Insurance Scheme affected the supply and demand for respite services? Are there policy changes that should be made to allow for more effective provision of respite services, and how would these affect the net costs of the scheme and net costs to the community?

This information request is likely to be better answered by providers and potential providers.

Contracted school transport providers regularly provide travel to respite centres. This may increase the cost of travel for the student (further distance travelled).

## 8. Participant readiness

**INFORMATION REQUEST 8.1. (P. 284)**

Is support coordination being appropriately targeted to meet the aims for which it was designed?

Support coordination needs to be strengthened to have a broader focus to work with families of young people who are either self-managing or whose families are managing their plans on their behalf but need

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assistance with navigating various systems in order to get the right and timely supports. It is also important that the role of support coordination is developed based on evidence and that it is a clearly defined function focused on assisting individuals and families to build capacity and capability to implement their NDIS plans and exercise choice and control.

Queensland is aware that participants who look for additional support coordination include those who require additional assistance in navigating plans that are broadly written rather than being more self-explanatory.

A number of Hospital and Health Services that have phased into NDIS advise that a number of participants with psychosocial disability have no or inadequate amounts of support coordination in their plans. In some areas there is a detrimental wait time for availability of support coordination providers, creating further delays in activating plans and transition from inpatient facilities. This delays discharge and reduces access to services for other clients.

The absence of support coordination for people with impaired capacity can lead to demand for state-based guardianship systems. There is also inconsistency reported between what support coordinators are providing and similar confusion amongst service providers.

***DRAFT RECOMMENDATION 8.1 (P. 287)***

The National Disability Insurance Agency should implement the eMarketPlace discussed in the Integrated Market Sector and Workforce Strategy as a matter of priority.

Queensland agrees with draft recommendation 8.1, noting the development of an eMarketPlace needs to align with the development of the market itself which, in a number of instances, is taking time due to a range of complex factors, including demand and supply matters and specialist markets needing specialist expertise to respond to the need for specialist supports.

***INFORMATION REQUEST 8.2 (P.290)***

Is there scope for Disability Support Organisations and private intermediaries to play a greater role in supporting participants? If so, how? How would their role compare to Local Area Coordinators and other support coordinators?

Are there any barriers to entry for intermediaries? Should intermediaries be able to provide supports when they also manage a participant's plan? Are there sufficient safeguards for the operation of intermediaries to protect participants?

Queensland agrees there is scope for Disability Support Organisations and private intermediaries to play a greater role in supporting participants.

It is important that people with disability and their families are supported throughout their NDIS transition journey and beyond. A stronger emphasis on support coordination role which acts as a single point of contact is required. Additional support coordination can be built in the plan for more complex support arrangements. Care would need to be taken to not confuse participants further by simply introducing more organisations providing this support without clear information and communication. In addition, different

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levels of assistance may be required by people with disability to implement their plan depending on whether they are fully or partially self-managing.

Trusted Aboriginal and Torres Strait Islander service providers have a significant role to play in engaging Indigenous people in the NDIS. Queensland considers these organisations as being ideally placed to act as intermediaries in the process of engagement and support for Aboriginal and Torres Strait Islander people in their dealings with the NDIS.

## 9. Governance

### ***DRAFT RECOMMENDATION 9.1 (P. 300)***

The requirement that changes to NDIS Category A Rules have unanimous agreement from the Australian Government and all host jurisdictions should be relaxed.

The Queensland Government has a clear position that streamlining of NDIS governance arrangements can be made but only on the basis that any governance reforms for full scheme do not result in decreasing quality or safety for participants, or in shifting cost or risk to the State. As Queensland is a major investor of the NDIS at full scheme, NDIS governance for full scheme must be fit for purpose and sustainable. Significantly, Queensland's position remains resolute, that any governance reform must be untied to the State's access to the DisabilityCare Australian Fund (DCAF).

### ***DRAFT RECOMMENDATION 9.2 (P. 303)***

The Western Australian Government and Australian Government should put in place arrangements for Western Australia to transition to the National Disability Insurance Scheme. Any decision to join the national scheme should be made public as soon as possible.

Queensland makes no comment on whether or not Western Australia should join the NDIS.

### ***DRAFT RECOMMENDATION 9.3 (P. 307)***

The NDIA should publicly report on the number of unexpected plan reviews and reviews of decisions, review timeframes and the outcomes of reviews.

Queensland supports the NDIA capturing information related to the number of unexpected plan reviews and reviews of decisions, review timeframes and the outcomes of reviews at a high level in the NDIS Quarterly Reports. This recommendation is considered important for transparent and good governance.

**DRAFT RECOMMENDATION 9.4 (P. 317)**

The performance of the NDIS should be monitored and reported on by the NDIA with improved and comprehensive output and outcome performance indicators that directly measure performance against the scheme's objectives.

The NDIA should continue to develop and expand its performance reporting, particularly on outcomes, and Local Area Coordination and Information, Linkages and Capacity Building activities. The NDIA should also fill gaps in its performance reporting, including reporting on plan quality (such as participant satisfaction with their plans and their planning experience, plans completed by phone versus face-to-face, and plan reviews).

Queensland supports draft recommendation 9.4 and the impact of draft recommendation 7.2 relating to indicators and data collection for this recommendation. The proposal for the COAG DRC to review and refine the Integrated NDIS Performance Reporting Framework is strongly supported.

Queensland also proposes that transparency of performance be extended to providers of LACs to ensure clear accountability.

Further, Queensland proposes that as part of performance reporting, the NDIA should share relevant information with states and territories about NDIS participants existing living arrangements, including those who have identified they wish to move from their current living arrangements and/or their preferences for future housing solutions. This would assist with planning market responses, specifically the co-ordination of housing responses between the NDIA and state and territory planning and housing authorities.

**DRAFT RECOMMENDATION 9.5 (P. 320)**

In undertaking its role in delivering the NDIS, the NDIA needs to find a better balance between participant intake, the quality of plans, participant outcomes and financial sustainability.

The Queensland Government is committed to transition all its existing clients within the three year timeframe, and would consider any extension to its transition timeframe to be a disbenefit for this state.

However Queensland agrees the NDIA needs to find a balance between being able to transition participants into the scheme within required timeframes with processes that ensure participants achieve good outcomes. Poor quality planning causes distress to families and people with disability, and is counterproductive to the aims as well as to the intent of the scheme.

There are ongoing concerns that a focus on the financial sustainability of the scheme (rather than on getting the balance right alongside participants experience of choice, control and improved lives) is realising risks that some participants may have plans that do not meet their support needs and are, in effect, worse off than prior to the introduction of the NDIS. The Queensland Government has consistently contributed to policy development and issue resolution processes to minimise this. Examples include issues regarding transport options in plans, including inadequate access/funding for taxi use.

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The Commonwealth, NDIA and the Queensland Government recently agreed to bring forward commencement dates for rollout of the scheme in Ipswich, Bundaberg and Rockhampton for existing State clients. The NDIA committed to local infrastructure being established in these locations in advance.

**INFORMATION REQUEST 9.1 (P. 320)**

The Commission is seeking feedback on the most effective way to operationalise slowing down the rollout of the NDIS in the event it is required. Possible options include:

- prioritising potential participants with more urgent and complex needs
- delaying the transition in some areas
- an across the board slowdown in the rate that participants are added to the scheme.

The Commission is also seeking feedback on the implications of slowing down the rollout.

The Queensland Government's bilateral agreement with the Commonwealth provides for Queensland to transition in three years. Queensland does not renege from its commitment, particularly to transition all its existing clients within the three year timeframe. Queensland would consider any extension to its transition timeframe to be a dis-benefit to Queenslanders given Queensland's transition phasing, funding decisions, contractual arrangements with funded providers and its workforce arrangements. Queensland would also prefer to avoid undue anxiety for existing service users and potential providers, and to avoid continuing to operate duplicate systems past June 2019.

However Queensland acknowledges that new participants are entering the scheme at their own time and pace rather than in line with the bilateral estimates.

The Commonwealth, NDIA and the Queensland Government recently agreed to bring forward commencement dates for rollout of the scheme in Ipswich, Bundaberg and Rockhampton for existing State clients. The NDIA provided assurance they would have the capacity to meet the revised timeframes including having local infrastructure established in advance.

## 10. Funding arrangements

Queensland considers that the discussion in the Funding Chapter does not give adequate weight to the significant financial contributions provided by states to the NDIS and their exposure to the risk of cost increases in mainstream services as a result of the NDIS. The discussion also seems to imply there is, or could be, overt cost shifting from states to the NDIS. This emphasis is unfounded and needs to be balanced by including the risk of cost shifting from the NDIS to the states. The discussion on 'cost shifting' should also be distinguished from the need to more clearly articulate and decide the various responsibilities of mainstream services and the NDIS.

As a general comment, Queensland fully supports the PC's recommendation on page 327 of its report, for the NDIA to provide finance and treasury departments in all jurisdictions with comprehensive and timely data to allow for proper oversight of NDIS costs. In addition to data, Queensland calls on the NDIA to also share its actuarial analysis on historical and projected scheme costs, both at the national and jurisdiction level.

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**DRAFT FINDING 10.1 (P. 336)**

The objective of the escalation parameters is not specified in the Bilateral Agreements between the Australian Government and the State and Territory Governments at full scheme.

The existing escalation parameters are unlikely to reflect the full increase in NDIS costs over time, which would result in the Australian Government bearing a higher share of NDIS costs over time.

See discussion under Information request 10.1.

**INFORMATION REQUEST 10.1 (P. 336)**

The Commission is seeking views on the role of the escalation parameters in the Bilateral Agreements between the Australian Government and the State and Territory Governments.

Should escalation parameters be set on the basis of maintaining a constant real per capita contribution to the NDIS by State and Territory Governments; or should they be more explicitly tied to scheme costs so that the proportion of funding allocated to the Australian Government and the State and Territory Governments is maintained over time?

As noted in the joint submission to the PC's Issues Paper from the Governments of Victoria, Queensland, South Australia and the Australian Capital Territory, any increase to the agreed escalation rate will increase the financial burden on states and territories and would require a concomitant source of funds.

The agreed fixed rate provides certainty for states and territories which is important in the context of smaller state budgets. Introduction of variable escalation rates may require states to set aside funds in contingencies in case of higher than expected cost pressures. Such funds could be better utilised for mainstream services or elsewhere in the economy.

Queensland considers it is reasonable for the Australian Government to gradually assume a greater share of scheme costs over time, considering its greater revenue base and as this would be a move closer to the funding arrangement originally proposed by the PC in 2011.

**DRAFT FINDING 10.2 (P. 337)**

Responsibility for funding National Disability Insurance Scheme (NDIS) cost overruns should be apportioned according to the parties best able to manage the risk. This is not the case in the transition period, as the Australian Government bears all the risk of any cost overruns, but not all the control.

The governance arrangements for the NDIS do not allow the National Disability Insurance Agency to respond swiftly when factors outside its control threaten to impose cost overruns.

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The Queensland Government considers the existing arrangements for funding any cost overruns should be maintained, with NDIS cost overruns to be fully funded by the Australian Government.

This is appropriate considering the Australian Government's greater fiscal capacity to do so, significant influence over scheme administration, and powers to raise revenue efficiently, as evidenced by the increase to the Medicare levy announced in the 2017-18 Federal Budget to help meet the Australian Government's NDIS funding commitments.

The Commonwealth funding cost overruns in the NDIS is a balanced approach, as states and territories are exposed to the risk of cost increases in mainstream services associated with NDIS implementation.

Departure from current risk sharing arrangements would also represent a further deviation from the funding approach originally envisaged for the scheme by the PC in 2011 (Australian Government as the sole funder).

The Queensland Government agrees there can be streamlining of NDIS governance arrangements, on the basis that any governance reforms for full scheme do not result in reduction of quality or safety for participants, or in shifting of cost or risk to the State. As Queensland is a major investor of the NDIS at full scheme, it is important that NDIS governance for full scheme is fit for purpose and sustainable, and untied to the State's access to DCAF.

**INFORMATION REQUEST 10.2 (P. 340)**

The Commission is seeking information on the best way to align the ability to control cost overruns with the liability to fund cost overruns. Possible options include:

- estimating the proportion of cost overruns that the Australian and State and Territory Governments are responsible for and allocating funding responsibility accordingly
- altering the governance arrangements of the NDIS to give the Australian Government greater authority to manage the risk of cost overruns, to better reflect their funding liability.

Streamlining of governance arrangements is possible however as noted above, these arrangements need to reflect the fact states provide significant financial contributions to the NDIS and are also exposed to the risk of cost increases in mainstream services as a result of the NDIS. The Queensland Government has been consistent in its position that the Australian Government should not have unilateral power to alter the scope of the NDIS to the detriment of state-funded services. Principles for appropriate arrangements should be agreed to enable objective determination of arrangements for each of the NDIS legislative Rules. Queensland's consistent position has also been that this process must not be tied to the provision of DisabilityCare Australia funds to the states and territories.

***DRAFT RECOMMENDATION 10.1 (P. 343)***

At full scheme, the annual operating budget for the NDIA should be set within a funding target of 7-10 per cent of package costs with the expectation that, on average, it would sit at the lower end of the band. The NDIA should be required, in its annual report, to state reasons why it has not met this target in any given year.

The draft recommendation has merit, noting the potential risk to scheme sustainability of an insufficient or rigid operating budget. Queensland suggests the PC clarify with the jurisdictions cited in Box 10.5 how their operating expenses are calculated to ensure they are comparable benchmarks. While acknowledging the utility of this measure to enable broad comparison with personal injury or disability insurance schemes, the PC should further consider whether it could be supplemented by other measures which might better reflect expected operating costs in a person-centred scheme, and particularly during the transition to and early years of the full scheme. For example, the NDIA needs to be adequately funded to effectively carry out its broad quality and safeguarding responsibilities. If these obligations are inadequately funded, NDIS participants may experience very poor outcomes and the reputation of the scheme will suffer.

***DRAFT RECOMMENDATION 10.2 (P. 343)***

The Australian Government should reconsider the staffing cap on the NDIA, given the importance of developing internal capability and expertise.

Queensland supports this recommendation. The NDIA's resourcing arrangements will have significant bearing on participant outcomes and the sustainability of the scheme. Accordingly, Queensland recommends the PC further explore the optimal resourcing arrangements for the NDIA, including consideration of any risks with current arrangements.

The NDIA's workforce projections and recruitment plan at jurisdictional level should also be shared with participating jurisdictions.

***INFORMATION REQUEST 10.3 (P. 346)***

The Commission seeks feedback on the level of a future contingency reserve that would enable the NDIA to operate like an insurance scheme, and how this would best be implemented, including any transitional arrangements.

Queensland supports the PC's proposal to further explore establishing a future contingency reserve, on the proviso that a contingency reserve would not have funding implications for states.

**DRAFT RECOMMENDATION 10.3 (P. 348)**

In-kind funding arrangements should be phased out by the end of transition and should not form part of the intergovernmental agreements for full scheme funding. Should in-kind funding persist beyond transition, jurisdictions should face a financial penalty for doing so.

Queensland calls on the PC to further consider implications of phasing out certain in-kind services by the end of transition, particularly school transport services for students with a disability noting the NDIA's preference for these arrangements to stay in place until January 2020. The in-kind arrangement in place for school transport operators is in place until 31 December 2019. It is important this arrangement continues until the end of the 2019 school year so that NDIS eligible students' travel is not disrupted. Queensland also provides Accommodation Support and Respite Services (AS&RS) in-kind to the NDIA.

The current in-kind arrangements are a reflection of a range of complexities surrounding a reform as significant and complex as the NDIS. The range of considerations required to ensure the success of this reform should not be underestimated. Given this, it is not considered reasonable to place penalty on jurisdictions when the NDIS is unable to manage the transition of a service due to a range of factors, for example, market and workforce issues. Further, it is important to acknowledge that in some instances in-kind may be required as an extended interim option to maintain services post-transition while longer term and more permanent solutions are being developed and complexities are being addressed.

## **11. Conclusion**

Thank you for the opportunity to provide a submission.

If you have any further questions in relation to the Queensland Government's response, please contact:

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