



11 July 2017

**National Disability Insurance Scheme (NDIS) Costs Study**  
Productivity Commission  
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To whom it may concern

**Re: Submission into the Review of the National Disability Insurance Scheme (NDIS) Costs**

Regional Development Australia Murraylands and Riverland (RDAMR) welcomes the opportunity to provide the Productivity Commission with a written submission in response to the position paper outlining the Commission's early thinking on the NDIS Costs study. This submission follows our feedback to the issues paper released earlier this year.

RDAMR acknowledges that the NDIS is a fundamental reform to the delivery of disability care that will change the lives of people with disability. The Scheme's model of customer-directed purchasing of care supports (built in combination as a package funded through the NDIS) is being progressively implemented in South Australia, with full implementation by 2019/2020.

It is estimated that the number of people receiving disability support across South Australia will almost double from 17,000 to around 32,300 by the full Scheme, an increase of 88 per cent. There will be significant job creation across the State to meet the increase in demand for disability services. New and different forms of services and providers will enter the sector and bring diversity, competition and innovation.

It is estimated the disability workforce will need to increase from the current workforce of between 5,650 to 6,900 full time equivalent (FTE) employees, to an estimated 10,250 to 12,550 FTE employees – this represents a workforce gap across the State of up to 6,000 jobs. Given higher levels of casualisation and part-time work in the sector, the actual number of jobs and number of individuals required to fill them, will be higher. In addition to this growth, the workforce will need to adjust its current profile to ensure it is flexible and adaptable enough to deliver a person-centred model.

The Government of South Australia has committed resources over the next two years (2017 to 2019) for project activities to support the State's workforce capacity to meet expected demand from the Scheme for both delivering services and jobs. This activity is coordinated through the Disability Sector Skills and Employment Development Project, led by the Department of State Development (DSD).

### **Demand for workers expected to grow in Murraylands and Riverland**

Demand for disability services in Murraylands and Riverland is expected to grow from 300 clients to 1,600 participants under the NDIS, a five-fold increase. To meet the demand for these services under the Scheme, the local workforce in Murraylands and Riverland is expected to increase from 275 FTE workers to around 575 FTE workers by 2018-19 (a workforce gap of 300 jobs); however, the actual number of jobs is expected to be higher due to casual and part-time arrangements.

### **Supporting workforce supply through the Disability Workforce Hubs**

In November 2016, DSD partnered with Northern Futures to open the first Disability Workforce Hub in South Australia. Since its launch, the Hub has supported over 500 individuals in activities to build the disability sector's workforce as it prepares to work under the NDIS. One of the Hub's core purposes is to connect job seekers with local employers, training providers, and employment agencies to help fill local job opportunities in the disability sector. The workforce is not limited to direct care positions but includes ancillary roles.

Due to the expected workforce demand, and to provide practically-focused supports to secure workforce supply for South Australia, the Department is resourcing five additional Disability Workforce Hubs across the state, one of which will be located in Murraylands and Riverland region. This support is welcomed by RDAMR to ensure our region has the appropriate level of workforce to meet demand.

### **Addressing Thin Markets and Rural and Remote areas**

In addition to RDAMR's commitment to facilitate the development of a suitable workforce to service the NDIS Scheme, we see our role as assisting to facilitate suppliers and customers to overcome the logistical challenges that will be experienced by people with a disability in what is termed in the Commission's documentation as "thin markets" and rural and remote areas.

The basis of this submission focuses on the preliminary conclusions and draft recommendations addressing the issue of "thin markets", rural and remote areas, and the issue of accessing suitable transport in these markets.

RDAMR supports the Commission's draft finding 6.1:

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#### **DRAFT FINDING 6.1**

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.

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"Participants living in outer regional, remote and very remote areas" is applicable to the Murraylands and Riverland Region.

The challenges of providing support to participants in regional areas has been well documented and include:

- Recruitment, including staff with appropriate qualifications,
- Limited transport options,
- Supporting people who move locations and providing continuing of support, and
- Extensive travel requirements.

It is our view that the current transport cost subsidies are not sufficient to cover the logistical challenges people with disability and relevant potential suppliers will face.

The Murraylands and Riverland region covers a large geographic area, with some townships within commuting distance to metropolitan Adelaide, and other townships closer to Melbourne. There are no passenger rail services in the region nor regular air services therefore restricting passenger movement to road travel. Public transport options via road are also limited compared to city counterparts with minimal bus and taxi options.

We must consider how this issue can be addressed in regions, and RDAMR's view is to look to other regional businesses that are not currently servicing the disability market and incentivizing them to consider this as a new business opportunity. These include transport, tourism, professional services, education and general health businesses. Development of these services on a broader scale will in turn have a positive economic impact generating additional jobs in region in the long-term. However, in the short term these businesses will need support and incentives to diversify their business operations into new markets such as this.

NDIS packages must have appropriate allocation of funds for travel expenses in thin markets without compromising on funding for required support services. This allocation needs to accurately reflect the individual's circumstances so that regions can provide the appropriate level of support to encourage and sustain suppliers to meet the needs of participants.

Future sustainability of regions is first and foremost a priority of RDAMR. To underpin sustainability, regions require sustainable populations, and sustainable populations in turn require sustainable services. Without these essential services regions will see a displacement effect to metropolitan areas resulting in a negative population impact. This puts regional areas at an extreme disadvantage compared to metropolitan areas.

It is imperative that the Productivity Commission mitigates this risk for regional communities through the provision of adequate support to enable regions to activate the required service levels to meet the needs of participants.

RDAMR supports the Commission's draft recommendation 6.1:

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**DRAFT RECOMMENDATION 6.1**

The Australian Government should:

- immediately introduce an independent price monitor to review the transitional and efficient maximum prices for scheme supports set by the National Disability Insurance Agency (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.
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RDAMR recommends the Commission strengthens this recommendation by acknowledging thin markets specifically the body's work regarding price regulation. This includes expressly stipulating regions i.e. thin markets as a subset of the work to be done in determining transitional and efficient price supports at a state and territory level.

Regions will require a different level of support to metropolitan areas, particularly during the transitional stage. This needs to be acknowledged and provided for in any price monitoring and bench marking activity.

We thank you for the opportunity to submit formally to the Productivity Commission and look forward to the outcomes.

Yours sincerely,

**Jo Podoliak**  
**Chief Executive Officer**