



WALGA

Submission to the

**National Disability Insurance Scheme (NDIS) Costs
Productivity Commission Position Paper
Overview and Recommendations
June 2017**

Contact:

Nina Hewson

Community Policy Officer

The Western Australian Local Government Association (WALGA) is the united voice of Local Government in Western Australia. The Association is an independent, membership-based organisation representing and supporting the work and interests of Local Governments in Western Australia.

It provides an essential voice for its members who are 138 local councils, 1,300 elected members and approximately 14,500 Local Government employees as well as over 2.2 million constituents of Local Governments in Western Australia. The Association also provides professional advice and offers services that provide financial benefits to the Local Governments and the communities they serve.

Local Government plays an essential role in the provision of services and infrastructure for people with disabilities in Western Australia and will therefore be affected by the introduction and implementation of the NDIS.

On 1 February 2017, WA and the Commonwealth signed a *Bilateral Agreement between the Commonwealth and Western Australia, Transition to a National Disability Insurance Scheme in Western Australia*, which will enable WA to deliver the NDIS. Under this model, the NDIS will be delivered by the WA Government under State legislation and eligible Western Australians will have access to the nationally consistent scheme.

In March 2017, WALGA provided a submission to the National Disability Insurance Scheme (NDIS) Costs issues paper which outlined Local Government issues from a WALGA stand point. Forming a sector position was limited to due to the short consultation period. As advised in the previous submission, WALGA has since commissioned ACIL Allen consultants to undertake extensive consultation with 138 WA Local Government members to determine Local Governments' roles going forward under the NDIS. Please see the full confidential draft paper attached.

Specifically, the consultants were tasked with outlining:

- the current profile of WA's Local Governments in terms of their level of disability services delivery and sector participation; and
- how this will need to change to meet the expectations of the NDIS, including the key strategies to achieve this.

To inform the development of the report, information and data was collected from a range of sources, including:

- desktop research on the current disability sector participation of WA's Local Government, and how the NDIS could potentially impact on this;
- a survey of WA's Local Governments to understand their perspectives and viewpoints on how the NDIS will impact their level of disability services delivery and sector participation of which 69 out of 138 responded; and
- the *WA Disability Services Sector Development Plan (Industry Plan)*, which is a separate report developed by ACIL Allen for NDS WA that provides a profile of the WA Disability Sector and a set of strategic actions aimed at ensuring the sector is well prepared during the transition to the NDIS in WA.

From these information sources, ACIL Allen developed a list of key recommendations and strategies, which aim to ensure WA's Local Governments are able to assume a level of disability sector participation that is consistent with their overarching purpose.

Specifically, this is to meet community needs that are either not adequately met, or cannot be adequately met, by the private sector or higher levels of government.

Recommendations of the report were:

RECOMMENDATION 1 THE ACHIEVEMENT AND PROGRESSION OF DAIP OUTCOMES

ACIL Allen recommends that Local Governments seek to access ILC grant funding for information, linkages and capacity building activities (Option 1), and that depending on the individual circumstances of each Local Government, Options 2 or 3 should be considered. All of these options are consistent with the overall obligation of Local Governments to improve the accessibility and inclusiveness of their communities.

To support Local Governments in performing these options, the WA NDIS authority (or whoever replaces this authority if the WA NDIS Bilateral Agreement is cancelled) should make available and provide Local Governments:

- NDIS information detailing what the NDIS means for Local Governments. There is a high degree of uncertainty across Local Governments as to what the NDIS means for them, as revealed through ACIL Allen's research and consultation.
- Policy information regarding NDIS operational policies and frameworks, including ILC and Local Coordination frameworks.

The provision of the above information should be underpinned by regular dialogue with the new WA NDIS authority and Local Government, to gain an understanding of the specific and ongoing information requirements that would support and better prepare Local Governments during the transition to the NDIS.

Option 1: Provide NDIS funded services

To continue to provide disability services to people who transfer to the NDIS from either the HACC program or the previous State system, Local Governments will either have to become a registered NDIS provider, or not become a registered NDIS provider and provide NDIS services to people who self-manage their funding.

If Local Governments chose to provide NDIS services, they would have to undertake a number of organisational changes in order to compete in the individualised funding environment of the NDIS, which will only become more competitive as a greater number of service providers enter the market.

The types of changes that Local Governments would have to consider are the same changes outlined by ACIL Allen in its *WA Disability Services Sector Development Plan* for all disability sector organisations. Specifically, organisations operating under the NDIS will have to place a greater focus on:

- updating or implementing new strategic and business plans (organisational values and culture, change management, customer engagement, strategic planning, marketing and collaboration);
- updating or implementing new governance structures (organisational and board structures and skill mixes);
- updating or implementing a new workforce plan;
- updating or implementing new business systems and processes (quality management and improvement processes, customer relationship management systems, rostering systems, invoicing systems, debtor management systems, pricing and cash flow models); and

- Updating or implementing new service delivery models.

In addition, Local Governments will have to consider whether their pricing models align with competitive neutrality principles, and if providing NDIS services is financially sustainable given these principles.

Option 2: Only provide NDIS funded services as a provider of last resort

As a second option, Local Governments could only provide NDIS services as a provider of last resort in regional communities where there is limited potential for private sector organisations to operate.

Performing this option would mean that Local Governments would not have to undertake the significant number of organisational changes listed in Option 1, which would potentially place even greater constraints on Local Government resources.

If Local Government did perform this option, they would require support from the WA NDIS authority (or from whoever replaces this authority if the WA NDIS Bilateral Agreement is cancelled) to ensure they are able to intervene and provide appropriate supports in the thin markets that require it.

Option 3: Do not provide any NDIS services

Local Governments could also elect to withdraw from service delivery, and not provide any NDIS funded services throughout the State.

RECOMMENDATION 2 THE PROVISION OF NDIS FUNDED DISABILITY SERVICES

ACIL Allen recommends that Local Governments only provide NDIS services as a provider of last resort (Option 2). This recognises that Local Governments are not well placed to provide disability services where there is competition from the private sector, given that the core business and mission of specialist providers is to provide disability care and support services. The Local Government Performance matrix (included in the full report attached) demonstrates this, with Local Governments being inadequately prepared for the NDIS when compared to the broader industry.

ACIL Allen does believe there is a role, however, for Local Governments to provide disability services where there are thin markets, such as in regional and remote areas, which do not support and promote competition. Given their strong ties in the community, Local Governments should perform this role to ensure that people with disability in the community receive appropriate support, and do not fall through the cracks.

To support Local Governments in performing the provider of last resort role, the WA NDIS authority (or whoever replaces this authority if the WA NDIS Bilateral Agreement is cancelled) should develop a market analysis tool and intervention framework to:

- assess market health, which includes monitoring the day-to-day operations of the NDIS in WA;
- identify emerging areas of market risk in local communities, which includes potential market failures such as unmet demand, excessive delivery, provider sustainability, quality issues, and compliance issues;
- determine decision criteria for potential market intervention when market failures occur or are at risk of occurring;
- identify the appropriate responses when intervention is required; and
- identify which stakeholder, including Local Government, in the WA disability sector has responsibility for implementing the response.

Option 1: Provide HACC funded disability services to people not eligible for the NDIS

Local Governments could continue to provide HACC funded services to people not eligible for the NDIS, which will include:

- older people (people aged 65 and over and 50 and over for Aboriginal people); and
- a proportion of younger people who do not meet the NDIS's definition of 'reasonable and necessary'¹ supports.

This option is most aligned with the current disability service provision undertaken by Local Governments, with this option requiring little change to each Local Government's existing disability service delivery frameworks or structures. However, in the future instead of HACC funding being provided through one source, it will be funded by the Commonwealth Government for older people (people aged 65 and over and 50 and over for Aboriginal people) and by the WA Government for younger people (people aged under 65 and under 50 for Aboriginal people).

Option 2: Do not provide any HACC funded disability services

Local Governments could also elect to withdraw from service delivery, and not provide any HACC funded services throughout the State.

RECOMMENDATION 3 THE PROVISION OF HACC FUNDED DISABILITY SERVICES

ACIL Allen recommends that Local Governments provide HACC funded disability services to people not eligible for the NDIS (Option 1). Local Governments are well placed to perform this option, given that it requires very little change to their existing service delivery structures and processes unlike the change required if they were to provide NDIS funded services.

RECOMMENDATION 4 STRATEGIC WORKSHOP OF STAKEHOLDERS

Given the NDIS will be progressively rolled out in WA from 1 July 2017, it is recommended that a strategic workshop with key stakeholders should be a short term priority, in order to provide a level of understanding about the NDIS, and the potential opportunities and challenges for Local Governments.

The Association has reviewed the findings and recommendations of this report together with ACIL Allen's recommendations and WALGA welcomes the opportunity to provide comment following.

Draft Recommendation 5.1

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.

Local Governments may require an increase in funding during the transition phase to provide their communities with access to information. Making information accessible for people with disabilities and giving people with disabilities the same opportunities as other people is mandated under Local Government Disability Access and Inclusion Plans (DAIPs). Local Governments also have a responsibility under legislation to make provision for services and infrastructure that support people with disabilities. The relevant authority should be in regular communication with Local Governments to ensure information is available to Local Governments for their communities.

As determined by ACIL Allen, Local Governments foresee an increase in demand for information and policy advice about local community services as the rollout phasing occurs and ILC funding will be required to support delivery of this work throughout the transition phase, particularly considering the number of possible changes to service delivery, and potential withdrawal of services by Local Government.

Draft Recommendation 5.2

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 National Disability Insurance Scheme. These arrangements for services should be reflected in the upcoming bilateral agreements for the full scheme.

The National Disability Insurance Agency 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.

This recommendation is supported by ACIL Allen's report, detailed under recommendation 1.

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.*

In thin markets, where market failure may occur, measures should be put in place as determined by ACIL Allen Consultants (recommendation 2 above) to protect Local Governments that decide to become or maintain current services as a provider of last resort.

Draft Recommendation 7.1

The roles and responsibilities of different parties to develop the National Disability Insurance Scheme 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 National Disability Insurance Agency 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.*

INFORMATION REQUEST 7.1

What is the best way for governments and the National Disability Insurance Agency to work together to develop a holistic workforce strategy to meet the workforce needs of the National Disability Insurance Scheme?

As a matter of urgency, the State Government in Western Australia should make a decision on whether the bilateral agreement stands and if not, advise of that change and its implications. Western Australia also faces the challenges and opportunities of a new government coupled with the creation of a new agency (yet to be determined) that will administer the NDIS if the current model is retained. In WA, rollout commences 1 July 2017 and the state's wavering has repercussions to Local Government exacerbating the impacts of its general under preparation for the NDIS including ILC funding implications. Ultimately, this affects those in need of services, which presents a direct contradiction to the scheme's purpose.

The speed of the rollout may also present issues for Local Government, which again presents flow on effects to people receiving services. The relevant authority should be responsible for overseeing the role of Local Area Coordinators to clearly define and communicate their interface with Local Governments to facilitate a smooth and well administered transition through the entire rollout schedule and beyond.

Draft Recommendation 7.2

The National Disability Insurance Agency 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

Local Governments are positioned unfavourably in the market place system of the NDIS. ACIL Allen's SWOT analysis (also detailed in the attached report) outlines their limited sector expertise and experience; and their limited ability to retain a sufficient and capable workforce, coupled with competitive neutrality considerations. An understanding of the broader impacts and implications of the NDIS for each Local Government as an entity are unknown which poses a number of risks, including serious financial and human resource implications. This considered market position statements could prove useful.

ACIL Allen's recommendations do support service provision in thin markets as a provider of last resort where competition is not an issue and communities do not have an alternative to other service providers.

Draft recommendation 7.2 supports ACIL Allen's recommendation 2 above to:

- assess market health, which includes monitoring the day-to-day operations of the NDIS in WA;
- identify emerging areas of market risk in local communities, which includes potential market failures such as unmet demand, excessive delivery, provider sustainability, quality issues, and compliance issues;
- determine decision criteria for potential market intervention when market failures occur or are at risk of occurring;
- identify the appropriate responses when intervention is required; and
- identify which stakeholder, including Local Government, in the WA disability sector has responsibility for implementing the response.

Draft Recommendation 9.2

The Western Australian State 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.

WALGA supports that a decision should be made soon as this additional layer of uncertainty further complicates Local Government's current position and stalls any decision making process. Without a decision, clarity around government's roles and responsibilities makes planning difficult and moving forward to serve communities and individuals very limited.