

## National Disability Insurance Scheme Costs

### Northern Territory Government Submission, July 2017

The Northern Territory (NT) Government appreciates the opportunity to provide a public submission and further input into the Productivity Commissions Review of the National Disability Insurance Scheme (NDIS) Costs.

The Position Paper provides a useful overview of the key issues for the NDIS, highlighting the benefits and the challenges presented both currently and beyond. The NT welcomes many of the draft recommendations and findings.

The Position Paper comes at a time when the NDIS is facing key challenges on the ground with planning processes, the interface between mainstream services, and the speed of implementation all key issues that require attention going forward.

As the transition to the NDIS continues, key areas of focus for the Northern Territory are workforce development, building the capacity of service providers, the development of innovative services to support participants, and ensuring there is sufficient flexibility built into the NDIS that acknowledges the NT's unique operating environment.

The NT Government's initial submission to this review can be found at **Attachment A**.

### **Northern Territory response to the Position Paper**

Following review of the Productivity Commission's Position Paper, the NT has identified a number of areas for further consideration by the Review, including in relation to boundaries and interfaces of the Scheme, provider and workforce readiness, and governance and funding arrangements.

#### **Boundaries and interfaces**

The NDIS transition presents challenges and opportunities for NT Government agencies. Work is continuing on developing a better understanding of the intersection between the NDIS and the programs and services government agencies currently deliver. The NT Government acknowledges the complexity of the intersections. The transition will continue to provide opportunities to test and refine these boundaries and the NT supports the Productivity Commissions' draft recommendation that this be a standing agenda item for the Council of Australian Government.

#### *Key Consideration:*

Testing and refinement of the Applied Principles and Tables of Support over time will be important in developing a strong national understanding of the intersection between NDIS and other government and non-government human services. .

## **Provider readiness**

### Pricing

While regulating prices is always difficult, the NT Government supports the Position Paper's Draft Recommendation 6.1 to introduce an independent price monitor and to transfer the NDIA's power to set price caps to an independent regulator by full-scheme. The challenge for the NDIA has been to both set prices for the Scheme while also administering pricing, which is made even more difficult in a market that is maturing and transitioning.

More broadly, as outlined in our initial submission to this review, the NT supports any efforts to increase the transparency of service pricing for participants, their families and carers, to ensure they are well informed and able to exercise choice and control. Transparency in pricing is also very important for service providers as it allows them to make informed decision within a market-based system.

One of the key issues in monitoring and setting price caps going forward will be assessing the implications of pricing in remote very remote markets. Monitoring participant outcomes, along with the viability and sustainability of service providers will be important to ensure that pricing supports accessibility, quality service provision and the development of markets in these areas.

### Thin markets

Thin markets in remote and regional areas have, to some degree, been the biggest policy design challenge for the implementation of the NDIS in the NT. The Position Paper highlights the necessity of balancing the trade-off between providing cost-effective service provision, and providing as flexible a service as possible to enable participant choice and control.

The Review finds that thin markets will remain a feature of the provision of some disability supports under the NDIS, and highlights the importance of appropriate and timely policies being in place to build markets, and minimise impacts on participants and providers. This is especially the case as the interface with other mainstream services evolves.

The Review requests further information on the appropriateness and effectiveness of specific measures to address thin markets, including cross-government collaboration, leveraging established community organisations, hub and spoke approaches and relying on other mainstream service providers.

In order to successfully develop thin markets, particularly in regional and remote areas, there is a need to combine all of these measures, along with facilitating innovation and collaboration amongst local service providers and organisations. It is also important that a place based approach is taken to the measures employed, rather than one size fits all.

As outlined in the NT Government's initial submission to this Review , the Territory has taken a tailored approach to implementing the NDIS with a strong focus on ensuring supports are in place in order to develop a sustainable market that provides access, choice and control, particularly for remote and regional Territorians. This includes a range of complementary measures focused on Aboriginal economic participation and workforce training, local business

development (provided through innovation grants, regional business development consultants, capacity building activities and training) and a community by community planning approach.

### ***Case Study: Community Planning***

*The community planning process is supporting the NT tailored approach in remote areas by mapping current services; developing a gap analysis to articulate current unmet need; collaborating with communities and their leaders through tailored engagement; identifying opportunities, including supporting adjacent sectors to develop responses to disability needs; and developing a plan for the community that outlines a way forward.*

*Along with providing a roadmap for the sector, community plans will feed into other sector development activities, particularly innovating and enhancing service models to increase access to supports, and growing remote workforce capacity. The plans will also highlight areas requiring market stimulation allowing for a targeted response that enhances or leads to the development of new service models and approaches to support.*

In addition to these local initiatives, the South Australian and Northern Territory governments are collaborating to support NDIS implementation. Under the South Australia and Northern Territory Strategic Partnership Agreement, both governments have agreed to develop a cross-border NDIS implementation strategy for the Central Australia region. The strategy will drive collaborative approaches in a number of areas, including participant and provider readiness, and identify the most effective ways to maximise regional employment and economic participation, with a particular focus on increasing local Aboriginal economic participation. Both governments have committed to sharing lessons learnt and pooling resources.

A reliance on other mainstream providers and hub and spoke service delivery models are alternate ways to delivering services in remote regions, which have been effectively used in the NT for some time now.

The development of markets in remote regions of the NT is an enormous opportunity, particularly for Aboriginal communities where high unemployment is common and the Scheme could provide some much needed economic development, training and education. There is currently some enterprising work occurring in this space which will benefit both participants and providers.

### **Provider of Last Resort**

The inclusion of Provider of Last Resort (POLR) arrangements within the NT Bilateral Agreement recognise the challenges in service delivery in remote areas of the NT. The POLR provisions guarantee services to participants in remote areas should other services not exist or markets fail, and acts as a safety measure to protect participants when entering the Scheme.

The Position Paper acknowledges the role of the NDIA in market stewardship and the need for a POLR function as well as recognising that it is consistent with the Commission's views in 2011.

The Review requests further information on the conditions in which block-funding or direct commissioning of disability supports (including under POLR) should occur in thin markets, and how these conditions should be measured.

The Northern Territory considers that a range of POLR measures should be available to choose from when market failure occurs. These may include a panel of emergency service providers, and options for short-term block or direct funding arrangements until more permanent arrangements can be put in place.

*Key Considerations:*

It is important that the NDIS pricing structure is transparent, takes account of varying costs pressures in different geographical settings and is reviewed regularly.

Developing thin remote markets under the NDIS is a key opportunity for economic development and participation across Australia, and there should be greater recognition of the importance of remote market development for successful Scheme implementation. The development of markets in these areas also has the potential to have spin-off benefits for other human service delivery in remote settings, such as aged care and early childhood education.

The NT Government is keen to progress the POLR and recognises that block and direct funding for specific organisations to deliver services when required may be the most effective and efficient way.

## **Workforce readiness**

The NT Government supports the Position Paper's Draft Recommendation 7.1 regarding clarification of roles and responsibilities for the NDIS workforce, and recognises that state and territory governments have a key role in planning for and driving long term workforce development and growth of the sector.

Even though the NDIS is in its early stages of transition in the NT, it is important to note that current feedback on the roll-out of the scheme suggests that employers are hesitant to take on employees and that small to medium providers are proceeding with caution. There is also a need to remain mindful of the high costs associated with up skilling and building the capability and capacity of the disability workforce.

The NT Government supports development of a national Indigenous workforce strategy which targets training, business support and identifies opportunities in NDIS and related services.

The NDIS trial in the NT's Barkly region identified the importance of providing services in a culturally appropriate way, including through building relationships and trust, and providing tailored information to those accessing support. The experiences from the trial set the framework for the NT's Bilateral Agreement for transition to full Scheme in regards to the need for a tailored approach that acknowledged the NT's small, culturally diverse, dispersed population over remote geography, and the unique remote service delivery operating context.

The NT and Commonwealth governments have agreed that the transition to the NDIS will be guided by a number of principles outlined in the Bilateral Agreement. Participant phasing in remote areas will be measured, over a longer period of time to build trust and rapport with

participants and to ensure NDIS plans are comprehensive and tailored to the unique operating environment of each participant.

The availability of more granular data to enable monitoring of the Scheme's roll out in remote regions and to identify thin market areas has been particularly challenging in the NT. Detailed regional level data is also important to inform service providers to enable localised market growth and development (e.g. client base, size of market, and service provider gaps). The Position Paper's Draft Recommendation 7.2 suggesting the NDIA publishes data annually through Market Position Statements is supported by the NT Government, however this should also articulate the need for provision of more granular, regional level data to support local market development.

Governments also need to remain mindful of other reforms which have potential to impact the disability services workforce such as proposed reforms identified in the Productivity Commission report: *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform* and other government policies.

Longer term workforce planning for the NDIS should also consider the impact of the reform on human service delivery in other areas, such as aged care, remote service delivery, Territorians with a disability who are ineligible for NDIS supports and how the opportunities of the NDIS market-based approach can be capitalised upon in these areas.

#### *Informal caring payments*

A 'one size fits all' approach does not work in Aboriginal communities. To accommodate this workforce, strategies need to be innovative and flexible to ensure solutions are tailored to address community challenges and take account of cultural differences.

The Position Paper's Draft recommendation 7.3 suggesting the relaxation of paying informal carers living in the same residence as the participant is supported, particularly for Aboriginal and remote communities. However, the NDIA will need to ensure access to such payments is simple and clearly understood by Aboriginal Australians, and that appropriate protections are in place for participants.

#### *Key Considerations:*

An innovative and flexible workforce development strategy that combines Commonwealth and state/territory strategies is required which will go beyond the transition period.

A clearer delineation of roles and responsibilities for the development of workforce policy which can provide a more coordinated response to meeting future needs is supported.

Up-to-date quality data provided by the NDIA is welcomed so that effective long term workforce policies to compliment the Scheme can be developed at both a local and national level. It is important that this data includes granular regional data to support local market development.

## **Governance arrangements**

### *Relaxing existing governance arrangements*

Collaboration between governments, at both a state and Commonwealth level, to deliver this incredibly complex social reform has been excellent to date. The NT Government maintains that collaborative efforts and the sharing of lessons between all parties will continue to be important to ongoing successful implementation of the Scheme and the realisation of outcomes for people with disability.

The Commonwealth has linked state and territory governments' access to the DisabilityCare Australia Fund (DCAF) to the changes in governance around Category Rule changes (relaxing unanimous agreement from jurisdictions and the Commonwealth). The concern for the NT Government regarding any relaxing of governance arrangements for NDIS Category Rules is the potential for cost shifting from changes in eligibility and assessment of reasonable and necessary supports during a period of transition.

It is also important to note the numerous points of litigation and test cases currently underway challenging NDIS legislation and Rules, some of which may have long-term implications for both the NDIA and the NDIS and could potentially challenge the financial sustainability of the Scheme.

The NT Government recognises the Commonwealth and NDIA's frustration regarding the delay in gaining authorisation from all jurisdictions to make amendments or introduce rule changes to the NDIS. However there is an inherent risk to states and territories relaxing unanimous agreement around rule changes.

In order to resolve this deadlock, an alternative may be to develop nationally agreed key principles to provide overarching guidance to the consideration of rule changes when they occur. For example, one of the principles could include minimum timeframes for jurisdictions to respond to proposed new rules or changes.

### *The rollout timetable - scheme slow down*

As the transition period continues, various issues are challenging the delivery of the Scheme in the NT, although progress to date has been satisfactory. The NT has advocated for a quality planning process ahead of meeting bilateral targets for participant entry into the Scheme. However, as the Position Paper outlines, caution would need to be shown if the decision to slow the scheme rollout occurs due to the flow on affects to costs and planning processes.

In the NT, the planning processes negotiated through the Bilateral Agreement between the Commonwealth and NT to transition the NDIS allow for a more an intimate planning process, with NDIA planning meetings occurring face-to-face and with a representative from the participant's service provider. This also ensures a comprehensive handover and in remote parts of the NT, particularly in remote Aboriginal communities, this approach has been working well.

The NT Government Office of Disability has also undertaken significant pre-planning work with existing clients to help them prepare for their transition to the NDIS, including supporting them

to think about their long term goals and aspirations prior to Scheme commencement in the Territory.

### ***Case Study: Preparing participants for transition***

*The NDIS rollout in remote communities in the NT is over a longer period of time. The NT Office of Disability is coordinating travel with the NDIA to provide introductions into community and to support the NDIA to establish long-term, strategic relationships. The longer lead-time and increased individual client engagement supports NDIA staff to gain a better understanding of each participant and community, which is supporting better NDIS plans.*

*Office of Disability staff engage with their existing clients to prepare for the NDIS, and develop pre-NDIS individual plans and other handover documents for the NDIA. The pre-NDIS plans provide an individual overview of the participant, their goals and supports, plus any identified challenges or gaps in service.*

*The NDIA and Office of Disability staff jointly attend NDIS planning meetings, with the consent of the participant and, where appropriate, their guardian. The Office of Disability works alongside the NDIA to encourage the person with disability and their supports to actively participate in the planning process. This partnership approach has supported a culturally appropriate and safe engagement process and helped participants better identify their needs.*

#### ***Key Considerations:***

Relaxing unanimous agreement around rule changes is not something the NT Government is prepared to support at this time. However developing nationally agreed key principles for rule changes, with timeframes for sign off built in, may be an alternative way of addressing this ongoing governance issue.

Slowing down the rollout of the Scheme to ensure quality processes around planning can be further developed is welcomed, however caution would be required to ensure every effort is taken to communicate any changes to all stakeholders and consider how it may affect participants and providers in particular.

## **Funding Arrangements**

### **Escalating parameters**

All state and territory governments agreed as part of their Bilateral Agreements to contribute a fixed funding amount which escalates at 3.5% each year from 2019-20. The escalation parameters are based on the Consumer Price Index (CPI) (midpoint of the long term CPI target Reserve Bank of Australia range (2.5%)) and a long term net population growth of one per cent each year. The existing escalation parameters are unlikely to reflect the full increase in NDIS costs over time, which would result in the Commonwealth bearing a higher share of NDIS costs over time. However, for the NT the equivalent long term annual population growth is estimated at 1.5% and the average forecast CPI over the next five years is estimated at 1.2% per cent. Therefore, the 3.5% that the Territory has agreed to is higher than the growth expected in the NT.

In signing the Heads of Agreement, the NT Government's clear understanding was that the escalation parameter was designed to maintain existing real per capita contributions. Revenue raising capacity of the Commonwealth is greater and places it in a more favourable position to fund cost overruns. States and territories carry the risk regarding the costs of mainstream services.

#### Aligning risk and responsibility

The interface between NDIS services and mainstream services does not present a risk to cost overruns for the NDIS if eligibility is clear and roles and responsibilities are defined.

The Position Paper sought feedback regarding the best way to align the ability to control cost overruns with the liability to fund cost overruns and proposed options to either allocate funding responsibility or alter governance arrangements. The NT Government maintains that overriding principles regarding funding and governance arrangements should be simple and clear. Complicated risk sharing arrangements do not achieve this objective. As the NT Government will retain responsibility for substantial mainstream services that interface with the NDIS, increasing budgetary pressure from the NDIS may impact on the ability of the Territory to deliver these services that clients rely on.

#### Giving the Commonwealth more control over governance

Governance arrangements should be adjusted to allow the Commonwealth to manage a greater proportion of the risk of the cost overruns in line with their greater responsibility for funding these overruns. However, this arrangement would only be acceptable provided it did not put more pressure on Territory mainstream service funding now or in the future, which would be unlikely. There would need to be a symmetric consideration of risks. For example, in the event that greater control were to be given to the Commonwealth, the states and territories would need certainty regarding the risk that changes in eligibility and scope of the NDIS are not to the financial detriment of jurisdictions (i.e. there is not cost shifting to the States) . This consideration will be fundamental in any discussion about governance, control and risk-sharing arrangements.

The NT questions whether some of the factors that the Position Paper identified as risks to cost overruns, such as the membership and influencing of NDIA board appointments, can really be categorised as cost risks.

#### Contingency reserve

It is appropriate that the NDIA have a contingency reserve. This could be based on current arrangements whereby states make payments several months in advance. If this were to be implemented, the NT Government would need guarantees that any underspends in the NT are not to be allocated against overspends in other jurisdictions. Further, guarantees are required to ensure that funds would be used and allocated without additional conditions attached at a later date.

#### In-kind support

The Position Paper asks if in-kind funding arrangements should be phased out by the end of transition and not form part of the intergovernmental agreements for full scheme funding. It is

expected that the NT Government's in-kind contribution would represent only a relatively small percentage of the total contribution, and removing in-kind contributions may actually inhibit market growth in the Territory's thin markets. For example, the provision of housing by the Territory for supported independent living, with non-government organisations or the private sector supplying attendant care services to the clients, facilitates entry into that market where separate investment in housing may present a barrier to entry.

*Key Consideration:*

It is essential that ongoing governance arrangements of the Scheme post 2019 acknowledge the ongoing and shared responsibility of stakeholders. While financial responsibility for the Scheme will shift to the Commonwealth and the NDIA in the coming years, states and territories will continue to hold significant risk and responsibility for mainstream service delivery and client outcomes.

## **Conclusion**

The scale of market change and development required in the disability services sector over the coming years cannot be underestimated, along with the impact of these reforms on the delivery of other human services which interface with the NDIS. With this in mind, it is not only important that governance and administrative arrangements continue to reflect this long term shared responsibility and investment, but that forward planning for the NDIS begins to look further ahead and articulate the longer term vision for the Scheme, along with the market development and systemic changes which will be required, beyond 2019.

The NT Government is a strong supporter and advocate of the NDIS which will support Territorians with disability achieve life goals through choice and control. The NT Government continues to work with both government and non-government stakeholders to achieve a successful transition to the NDIS.

The NT Government thanks the Productivity Commission for their work on this vitally important piece of public policy reform and looks forward to the final recommendations of this review in September 2017.

## ATTACHMENT A

### Northern Territory Government Submission, April 2017

The Northern Territory Government welcomes the opportunity to provide an initial submission to the Productivity Commission's Review of National Disability Insurance Scheme (NDIS; the Scheme) Costs.

The NDIS is one of the most transformational social reforms to ever be implemented in Australia. The Northern Territory acknowledges the considerable progress and collaborative efforts to date to transition to the Scheme, not only by the National Disability Insurance Agency (NDIA), but also by participants and their families, service providers and the broader disability sector.

As with any large-scale reform, transition and implementation is progressive and requires close monitoring and review to ensure the intended outcomes of the reform are being achieved. The Productivity Commission's Review of Scheme Costs will be a critical part of informing discussions regarding the final design and ongoing sustainability of the Scheme.

#### **The Territory's transition**

The Northern Territory signed its Bilateral Agreement with the Commonwealth to Transition to the NDIS in May 2016. Transition to the NDIS began nationally in July 2016 (with the exception of Western Australia). In the Northern Territory, the Barkly NDIS trial began in January 2014 and participants of this trial transitioned into national the Scheme on 1 July 2016.

In January 2017, participants in the East Arnhem region and Darwin supported accommodation services commenced transition to the Scheme. Transition in other regions and service types will progressively continue in six monthly blocks, with all clients and services providers to have transitioned to the Scheme in the Territory by mid-2019.

The Northern Territory is still in the early stages of transition and therefore, relative to most other jurisdictions, is yet to experience some of the implementation complexities others have had. The Territory has taken a tailored approach to implementing the NDIS with a strong focus on ensuring supports are in place in order to develop a sustainable market that provides access, choice and control, particularly for remote and regional Territorians. Elements of this approach include a focus on Indigenous economic participation, local business development and a community by community planning approach. **Attachment A** provides further details on the Northern Territory's operating context and approach to remote service delivery.

#### **Northern Territory response to the Terms of Reference**

Based on the Review's Terms of Reference, the Northern Territory has identified a number of areas for consideration by the Review. These include governance and performance monitoring; scheme design; market readiness; remote service delivery; and the Disability Care Australia Fund.

##### Governance and monitoring performance

As identified by the Productivity Commission in its 2011 report, good governance of the NDIS is critical to delivery of its intended outcomes for people with disability.

While national governance arrangements for the NDIS, as defined in the *NDIS Act 2013*, are relatively complex, the operation of these arrangements has improved significantly since late 2016. This has included a more strategic focus from senior officials groups on key transition issues and resolution, as well as revised reporting arrangements which more clearly articulate progress and risks.

Collaborative efforts and the sharing of lessons between all parties will continue to be of the utmost importance to the successful implementation of the Scheme and the realisation of outcomes for people with disability – particularly between the NDIA, the Commonwealth, states and territories. As implementation progress, there is a need to further increase collaborative efforts and the sharing of lessons to enable the achievement of such large scale changes in the disability market, and generate efficiencies between states and territories where possible.

It is key that the ongoing governance arrangements of the Scheme post 2019 acknowledge the ongoing and shared responsibility of key stakeholders. While financial responsibility for the Scheme will shift to the Commonwealth and the NDIA in the coming years, states and territories will continue to hold significant responsibility and risk for service delivery and client outcomes.

For example, while transition to the NDIS, in terms of clients entering the Scheme and providers delivering services may be complete by mid-2019, there are a number of larger system and market development reforms which will continue over a much longer timeframe, potentially 10-15 years, before a mature disability services market is achieved. The Northern Territory sees state and territory governments as having a key role in planning for and driving long term workforce development and growth of the sector. Significant investment by the Territory will also be required during the transition. There will also be a need for ongoing supports for those ineligible for the NDIS which will need to be planned and resourced for appropriately.

The scale of market change and development required in the disability services sector over the coming years cannot be underestimated, along with the impact of these reforms on the delivery of other human services which interface with the NDIS. With this in mind, it is not only important that governance and administrative arrangements continue to reflect this long term shared responsibility and investment, but that forward planning for the NDIS begins to look further ahead and articulate the longer term vision for the Scheme, along with the market development and systemic changes which will be required, beyond 2019.

Other large scale reforms being implemented in Australia, such as Naval Ship Building reforms which aim to build an advanced manufacturing capability in Australia, may provide an opportunity to learn from systemic approaches to enabling large-scale market and workforce development. In this example key enablers for the delivery of the reform have been identified (e.g. infrastructure, workforce), with clear long term objectives and actions attached to each.

Longer term planning for the NDIS should also consider the impact of the reform on human service delivery in other areas, such as aged care, remote service delivery, Territorians with a disability who are ineligible for NDIS supports and how the opportunities of the NDIS market-based approach can be capitalised upon in these areas. The Northern Territory is particularly

keen to leverage market development which will occur with the NDIS in remote areas to support greater choice and higher quality in other human services.

#### *Performance monitoring and data*

Performance monitoring and reporting arrangements have the potential to affect the delivery and financial sustainability of the NDIS. Without robust and timely data (both qualitative and quantitative) the transition and outcomes of the Scheme are at risk.

In the last six months, significant work has been undertaken by the NDIA in particular to improve performance indicators and begin to establish a robust set of market data indicators, however further work is still required, in consultation with state and territory governments and the Commonwealth, to develop more detailed data sets.

The availability of more granular data is particularly important to enable monitoring of the Scheme's roll out in remote regions and thin markets – where the NDIS market-based model is most challenging to implement. Detailed regional level data is also important to inform service providers to enable localised market growth and development (e.g. client base, size of market, and service provider gaps).

#### *Key Considerations:*

*NDIS governance and administrative arrangements post full Scheme should acknowledge the long term shared responsibility and investment of the Commonwealth, states, territories and the NDIA in achieving outcomes, in terms of both service delivery and financial risk.*

*Performance monitoring should include a focus on remote and thin markets.*

#### Planning process

The Northern Territory considers the planning process to be one the most important elements of the Scheme. The quantity of supports received by participants is a key driver of costs, and therefore a consideration for the ongoing financial sustainability of the Scheme. However, without a high quality planning process which supports participants to identify and work towards their goals and aspirations, choice and control for participants will not be achieved.

In remote Indigenous communities, it is particularly important that the approach to participant planning is tailored. Trained, experienced planners who are culturally competent and can build and maintain good relationships with participants through face-to-face planning meetings is the preferred option. This may require additional resources in the first instance but it will enable the Scheme to become sustainable and foster confidence in the Scheme.

In these areas, a high quality and comprehensive planning process which identifies reasonable and necessary supports beyond those which a participant might already be accessing is also important, to facilitate growth and innovation in service offerings.

Initial feedback suggests there is some variation in the quality and approach to the planning process in different locations. There may be opportunity to put in place mechanisms to monitor planning outcomes more closely and transparently to ensure high quality outcomes are being achieved for participants.

*Key Consideration:*

*The Northern Territory supports exploration of how the planning process can be more closely monitored, to ensure it is a high quality process, culturally appropriate, achieves desired participant outcomes, and promotes future market development opportunities.*

Intersection with mainstream services

The Applied Principles and Tables of Services, as agreed between Commonwealth, state and territory governments, define activities and outline roles and funded and non-funded supports.

The Northern Territory Government acknowledges the complexities of mainstream interface where the NDIS interacts with other service systems, particularly in the mental health, transport, corrections and child protection areas, and to date collaborative efforts between the Commonwealth, states, territories and the NDIA are working well to resolve these issues.

It is likely that interface issues will continue to arise as transition continues, however this is not unexpected. As mainstream services become more familiar with engaging with the NDIS, the interface will also improve.

The more integrated the NDIS/mainstream service interface, the better the outcomes for people with disability, as well as the potential to realise cost efficiencies.

*Key Consideration:*

*The Northern Territory considers that the current split between services agreed to be provided by the NDIS and those provided by mainstream services is efficient and clearly defined. There are some complexities in the interface which require further clarification, however collaborative work is being progressed to achieve this.*

Market readiness

Market readiness, from a provider, workforce and participant perspective is a critical area of focus for the NDIS transition. The challenges associated with market readiness are exacerbated in the Northern Territory due to geographic isolation and scarcity, and thin markets in remote areas.

*Provider readiness*

While the Territory is still in the early stages of transition to the NDIS, there are signs that providers will require ongoing support in their transition to the Scheme.

The shift from block funding to a fee for service model is one of the most challenging aspects for providers in ensuring sustainable cost structures for their services. As raised previously, a lack of sufficient granular regional and remote market information is one factor compounding this challenge, as providers are unable to obtain a clear picture of the potential for market growth in their region.

A further challenge for the Northern Territory will be supporting local providers to meet standards under a national quality and safeguards framework once Scheme transition is complete in 2019. To support this, the Territory's transitional Quality and Safeguards Framework includes a capacity building approach to develop the quality of local service

providers; however provider readiness in this regard will require monitoring as implementation continues.

#### *Workforce readiness*

It is estimated that the NDIS will double the market for disability supports in the Northern Territory, which will require an estimated workforce growth of 1,175-1,325 full-time equivalent jobs. Due to its remoteness, the Territory has less capacity for workforce expansion than other more populated urban markets, which results in additional costs and training, and will delay the maturation of the market. To address this, targeted approaches are required to ensure additional workforce capacity is realised.

The Northern Territory sees opportunity for greater national work to be undertaken in relation to workforce development, both to develop a long term national approach, and to share learnings and strategies across jurisdictions. The Northern Territory supports development of a national Indigenous workforce strategy which targets training, business support and identifies opportunities in NDIS and related services.

#### *Participant readiness*

Monitoring participant readiness, including how well equipped NDIS participants are to interact with the Scheme, is an important indicator for longer term participant outcomes. The Northern Territory is particularly cognisant of this indicator in relation to the readiness of Indigenous participants.

Cultural considerations are an important element of the Scheme in the Northern Territory not just because of the large Indigenous population but also due to the large multicultural community. The Northern Territory Government supports the NDIA's development of the Culturally and Linguistically Diverse (CALD) Strategy which aims to assist people from CALD backgrounds in accessing the NDIS.

The Northern Territory Office of Disability has undertaken significant pre-planning work with existing clients to help them prepare for their transition to the NDIS, including supporting them to think about their long term goals and aspirations prior to Scheme commencement in the Territory.

It is important that cultural considerations and the capacity of vulnerable and disadvantaged people to negotiate their service plans continues to be taken into account, and monitored as a key indicator, as participants transition into the Scheme and begin to utilise services.

The role of substitute decision makers such as the Public Guardian in the Northern Territory also requires consideration in planning approaches where arrangements such as this are in place.

More broadly, the Northern Territory also supports efforts to increase the transparency of service pricing for participants, their families and carers, to ensure they are well informed and able to exercise choice and control. Transparency in pricing is also important for service providers to allow informed decision making within a market-based system.

### *Key Considerations:*

*Market readiness will continue to be a challenge, both nationally and for the Northern Territory. The sharing of lessons between all key stakeholders and across jurisdictions will be key in the development of innovative, long term approaches to supporting market growth and development well beyond 2019.*

*Mechanisms to facilitate the sharing of lessons between all key stakeholders may include the establishment of national a working group to present and share key innovative approaches; joint forwarding planning by key stakeholders for the NDIS beyond 2019; as well as increasing the NDIA's focus on identifying innovative approach and leveraging efficiencies between jurisdictions and similar regions.*

### *Provider of Last Resort*

The Review's issues paper acknowledges the role of the NDIA in market stewardship and the potential need for a provider of last resort (POLR) function. The Northern Territory's Bilateral Agreement is the only agreement to acknowledge the requirement for this function as a responsibility of the NDIA.

The objective of the Northern Territory's POLR schedule under this agreement is to provide a framework that promotes early intervention and mitigation strategies to ensure access to supports for all participants, including in the context of remote or thin markets; for participants with complex support needs, and crisis responses. A case study example is provided below.

#### **Case study: Provider of Last Resort**

*A 40 year old Indigenous female with cerebral palsy is being cared for by her mother and sister in an overcrowded Department of Housing property in a remote community of the Northern Territory. She is assessed as eligible for the NDIS.*

*Poor hygiene and skin integrity, along with worsening contractures and muscle weakness, are increasing the care burden over time and leading to co-morbidities, including pressure injuries and scabies. Her mother and sister have identified that they are no longer able to meet her care needs and have requested alternative arrangements be provided. However, there are no day-to-day care service providers within the community or surrounding areas, and due to her daily needs, fly in fly out arrangements are not appropriate. Without the NDIS and with such limited care options available in the community, there may previously have been no choice but to admit the client to the closest regional hospital.*

*Under the NDIS Provider of Last Resort Framework, the NDIA will be required to develop a service response that meets the needs of the participant in these circumstances.*

Within the agreement, the NDIA is identified as having responsibility for POLR and this requires them to make arrangements for participants if there is market failure.

Until there is a mature market to deliver disability services in remote regions, a POLR framework should be in place to provide a guaranteed service for those most vulnerable due to their geographical isolation.

The Northern Territory is continuing to work with the NDIA in the development of the POLR framework, and once developed there is potential for broader application nationally.

*Key Consideration:*

*The Northern Territory considers a Provider of Last Resort function as critical to the effective and sustainable operation of the NDIS, particularly in ensuring outcomes are achieved for participants in remote or thin markets, and those with complex needs.*

Remote service delivery

As outlined in **Attachment A**, the Northern Territory is taking a tailored approach to implementing the NDIS in remote markets to ensure its long term sustainability and success.

While the Scheme will take time to mature, opportunities exist for local participation and workforce development particularly in remote and regional parts of the Northern Territory, and the NDIS provides a unique opportunity and pathway forward for many Indigenous Territorians seeking to live and work on country. Approaches such as individual community planning and local business development initiatives are critical to ensuring that the benefits of such a large scale reform are realised.

Culturally appropriate service delivery is also a focus in the Territory context. Alongside approaches such as encouraging the development of Indigenous enterprise, the inclusion of a cultural competence domain in the Northern Territory's Transitional Quality and Safeguards Framework will ensure the appropriateness of supports delivered by service providers to Indigenous participants.

Further, from a data and information perspective, the NDIS experience in the Northern Territory to date has demonstrated the need for more accurate demand and supply information which has been difficult to extrapolate in a form that is relevant to remote regional markets. Information asymmetry is a key risk for the NDIS as it matures, especially in thin markets.

*Key Considerations:*

*Future planning for the NDIS should include a specific focus on the development of remote markets to ensure the opportunity for economic development in these areas is harnessed; this will require access to granular supply and demand data.*

*The National Quality and Safeguards Framework for the NDIS should include a cultural competence domain to ensure the appropriateness of services delivered to participants from Indigenous and culturally and linguistically diverse backgrounds.*

Disability Care Australia Fund

The issues paper produced by the Productivity Commission for this review identifies that a proportion of the proceeds of the Disability Care Australia Fund (DCAF), which is funded by a national 0.5 per cent Medicare levy on taxable income imposed by the Commonwealth Government that commenced on 1 July 2014, is returned to states and territories for the purpose of supporting early establishment costs of the NDIS.

However to date, agreement between the Commonwealth and states/territories around the parameters of DCAF funding has not been reached. It will be important for the Northern Territory to resolve this as soon as possible to support costs during the transition process.

*Key Consideration:*

*Resolution of the allocation of DCAF to states and territories is required to support costs during the transition process, such as market and workforce development.*

**Conclusion**

National progress to transition to the NDIS has been significant to date, and there are now effective arrangements in place to monitor and address key issues and risks as they arise. Due to a later transition to the Scheme, the Northern Territory has particularly appreciated the opportunity to share lessons between jurisdictions and sees ongoing transparency and collaboration between key stakeholders being critical to successful transition and operation of the Scheme thereafter.

In considering the sustainability of Scheme costs, it is important to take a longer term perspective, noting that many of the current cost pressures for the NDIS will continue to develop and change as the Scheme matures. For example, as service providers become more familiar with the NDIS, bed-down their service delivery model and cost structures, and competition between providers grows, there is potential for costs to stabilise. There will be specific challenges in the NT market as providers transition from a block-funding to fee-for-service arrangements. This is likely to be compounded by regional and remoteness factors, which will need to be considered in the context of the viability of the Scheme. It is important that the NDIS pricing structure is transparent, takes account of varying cost pressures in different geo-graphical settings, and is reviewed regularly.

One of the most important aspects in supporting the maturity and sustainability of the Scheme will be long term planning in relation to key enablers for the NDIS beyond 2019, and fostering innovative approaches to achieve the systemic and market changes required to provide choice and control for all participants. Data accessibility and effective performance monitoring will also continue to be critical to ensuring the sustainability and success of the Scheme.

## NDIS in the Northern Territory

### OVERVIEW

#### Opportunities and challenges

- The NT is a unique environment due to the nature of remote service provision and the need for culturally safe, secure and competent services. The NT covers the third largest area of all Australian states and territories, but represents only one percent of the total national population; the Indigenous population accounts for one third of the NT population, 10 times higher than the national average
- The NT disability market is immature, thin (non-existent in some communities), and in select service types requires support to transform practices to be more outcome focused
- There is currently a lack of local services within remote communities which means that Aboriginal people with disability are often forced to leave their homes and be disconnected from their community, family and culture to access supports in the mainstream service system.

#### Strengthening the Sector through Targeted Investment

- The NT disability market requires targeted investment and tailored initiatives to strengthen the market to deliver on the promises of the NDIS and to produce better outcomes for people with disability, their family, carers and the collective community.
- The NT is adopting a developmental approach to quality and safeguards by working in partnership with organisations to improve service delivery to Territorians with disability by providing tailored support and assistance to organisations in relation to financial management, governance arrangements, business planning and service practices. Indigenous enterprise development is also a key focus of this work, to support Indigenous participation and ensure workforce opportunities are maximised.
- The NT is also undertaking a number of sector development projects in relation to participant, family and carer readiness; growing the remote workforce; innovating and enhancing service models, and the development of community plans and promotion of local decision making in remote communities.

#### NDIS Adapted Approach in the NT

- Given the small, culturally diverse, dispersed population over remote geography, and the unique remote service delivery operating context, the NT and Commonwealth governments have agreed that the transition to the NDIS will be guided by a number of principles outlined in the Bilateral Agreement
- Participant phasing in remote areas will be measured over a longer period of time to build trust and rapport with participants and to ensure NDIS plans are comprehensive and tailored to the unique operating environment of each participant
- Tailored NDIS remote service delivery models are required in the NT to meet the needs of Aboriginal communities; for example, adopting “hub and spoke” models where “hubs” are based around clusters of remote communities, outside Darwin and Alice Springs, and outreach services occur along the “spokes” to enable participants living in remote locations to receive services
- Engagement with participants must be culturally safe, secure and competent, and existing trusted relationships will be used to support and build participant, family and carer readiness
- Community Plans for remote communities will also be developed to ensure there are place-based and tailored solutions to planning, enhancing service models and access to services, growing workforce capacity, managing risk, developing the market, and leveraging innovative opportunities in communities to overcome delivery challenges.