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Commissioners Angela MacRae and Richard Spencer
Productivity Commission
GPO Box 1428
Barton ACT 2600

RE: Review of National Disability Insurance Scheme (NDIS) Costs

Dear Commissioners

Thank you for providing an opportunity for Physical Disability Australia (PDA) to provide information to assist in the Commission's inquiry into NDIS costs.

PDA is a national peak membership-based representative organisation run by people with physical disability for people with physical disability. PDA was founded 21 years ago. We have over 1,000 members from all Australian States and Territories. Our purpose is to:

- Remove barriers by encouraging all levels of government to enable every Australian living with a physical disability and provide them with opportunities to realise their full potential.;
- Proactively embrace and promote difference and diversity for an inclusive society; and
- Include within all our operations the active promotion of the rights, responsibilities, issues and participation of people with a physical disability.

As you might expect, many PDA members are, or will become, NDIS participants and as such we have a keen interest in the Scheme's long term sustainability so that it can truly deliver the outcomes expected of "the largest social reform since the introduction of Medicare".

Our submission takes the form of answers to many of the questions posed in the *Issues Paper* published in February 2017. These answers are drawn from our members and their lived experience interacting with disability service providers, state government departments and the National Disability Insurance Agency (NDIA) in its trial and launch sites.

Scheme Costs

The first questions posed by the *Issues Paper* relate to the cost drivers of the NDIS and the management responses that can be put in place to manage them.

→ **Are there any cost drivers not identified above that should be considered in this study? If so:**

- **how do they impact costs in the short and long term?**
- **how, and to what extent, can government influence them?**

PDA believes the Public Sector culture, the ways in which Public Sector workplaces are organised and the methods by which they deliver services are an un-named cost driver. It seems to us that service and property providers inflate the prices they charge to government departments and so the things which the NDIA will purchase in years to come will be more expensive than they might otherwise be. We are not sure what steps government can take to manage this cost driver beyond setting up the NDIA as a government owned corporation that is free participate in the marketplace on more competitive terms.

Having made that point, PDA feels that some of the identified cost drivers in Figure 2 of the *Issues Paper* (p. 9) are mischaracterised as cost drivers when they have the potential to provide cost savings in the long term.

New Technologies, it is true, are often quite costly, however they often enable participants to do more for themselves and mitigate against chronic long-term injuries. For example, a power-drive attachment to a manual wheelchair can cost more than \$10,000, but it enables its user to cover longer distances autonomously (reducing transport costs) and relieves the strain on its user's shoulders (reducing the likelihood of greater impairment in old-age).

Workforce Supply, Service Cost Pressures and Supply of Service Providers can be cost drivers if the marketplace is highly-regulated. When this happens, the costs associated with compliance to NDIA regulations will, of course, be passed on to the Scheme. For a range of reasons which will be elaborated on below, PDA favours a highly de-regulated market place for the providers and receivers of NDIS funded disability care and support services and equipment. These measures should provide cheaper per unit service delivery costs and boost the Scheme's potential income through expansion of the economy through greater participant (and family/community) engagement.

Emerging cost drivers

→ **Why are utilisation rates for plans so low?**

We have questioned some of our members about the extent to which they are utilising their plans. Where plans are not fully utilised, the reasons for this mostly involve the administrative processes of the NDIA. Some members have had problems 'activating' their plans and have had difficulties contacting the appropriate Agency staff to resolve the matter. Similarly, some service providers that members have approached have not been prepared to use the processes to get payment from Scheme.

→ **Why are more participants entering the Scheme from the trial sites than expected?**

The *Issues Paper* (p. 13) already provides the answer to this question:

"... the disability requirements criteria were expanded to include substantially reduced functional capacity to undertake the activities of learning or social interaction... [and] the inclusion of children with a developmental delay under the early intervention requirements."

It seems clear that expanded eligibility criteria are responsible for there being more participants, and that the NDIA were unable to quantify the implications of the above definition of disability.

PDA believes the only way to enable NDIS participant numbers to be accurately predicted is for eligibility to be based solely on objective criteria that take into account clear and well understood medical diagnoses. As such, we recommend that ss. 21 – 25 of the *NDIS Act* be rewritten in more precise diagnostic and epidemiological terms.

→ ***Why are lower than expected participants exiting the Scheme?***

If fewer participants are leaving the NDIS than expected, then this is because those who predicted exit rates do not understand the nature of disability and the utility of Early Childhood Early Intervention (ECEI) approaches.

Many PDA members were provided with intensive allied health treatment in their younger years with the misplaced expectation that such ECEI approaches would reduce the impairment they experience from their disability.

‘Fiona’, for example, has severe Cerebral Palsy and as a child she was provided with extensive physiotherapy and an expensive wheeled walking frame in the hope that she would eventually learn to walk unaided. This, she managed to achieve as she became a teenager. However, as her body continued to grow, Fiona’s weight overtaxed the limited muscle coordination and strength she had developed and her ability to ‘walk’ disappeared. This is not to say that all her ECEI programs were in vain. Fiona learnt how to sit upright unaided and speech therapy assisted her speech and eating ability.

PDA believes that any general expectation that participants will **leave** the NDIS through ECEI approaches is misguided and potentially harmful to young participants and their families. We argue that while some children with conditions such as “developmental delay” and some sensory impairments like deafness that respond well to early intervention approaches may be classified as temporary NDIS participants, the NDIA needs to get expert advice on a case by case basis as to whether or not other it is reasonable to expect that any given young NDIS participant will exit the Scheme.

PDA argues that children with disabilities that have clear and well-understood prognoses should be expected to require support and equipment for the term of their natural lives and not be expected to leave the NDIS. PDA recommends the ECEI approach be focused on reducing the level of functional impairment experienced by young participants and that the expectation that it will lead to participants exiting the Scheme be abandoned.

→ ***What factors are contributing to increasing package costs?***

The *Issues Paper* states that package costs are increasing at rates greater than those expected from inflation and participant aging. PDA believes this is because the true cost of disability was never completely understood neither by the Productivity Commission nor by the NDIA. However, PDA feels deregulation of the service provider market (as advocated elsewhere in this submission) should alleviate these costs over time.

→ ***Why is there a mismatch between benchmark package costs and actual package costs?***

As with the answer to the above question PDA believes any misalignment between benchmark package costs and actual package costs relates to an incomplete understanding of the impact of disability on participants' lives and differences in participants' 'goals and aspirations', and the amount of informal support they receive from family and friends.

PDA understands that benchmark packages were devised as a means to quickly absorb high numbers of participants and provide them with a some measure of support until a more detailed assessment is made of their 'reasonable and necessary' requirements. It should never have been expected that benchmark packages could be used to calculate long-term costs.

Scheme Boundaries

The second set of questions posed by the *Issues Paper* relate to the rules around who is eligible to become an NDIS participant and the rules about what supports can be provided.

→ ***To what extent have the differences in the eligibility criteria in the NDIS and what was proposed by the Productivity Commission affected participant numbers and/or costs in the NDIS?***

PDA's response to this question is essentially the same as our response to the question about the higher than expected participant numbers (above). PDA recommends that ss. 21 – 25 of the *NDIS Act* be rewritten in more precise diagnostic and epidemiological terms.

→ ***To what extent is the speed of the NDIS rollout affecting eligibility assessment processes?***

PDA understands that it is a considerable task to induct a total of 460,000 participants into the NDIS during the Scheme's 'transition' period. Unfortunately, this has resulted in business practices (such as using public servants with limited understanding of disability to conduct planning conversations over the telephone and the allocation of inadequate 'reference' packages) that do not take the time and effort necessary to develop a support package that meets their reasonable and necessary needs. These situations are frequently described in the media (for example: <http://www.smh.com.au/nsw/ndis-planning-process-leaves-people-with-a-disability-fighting-for-support-20170314-guxnh5.html>).

As there are instances of hasty plan approvals resulting in inadequate provisions of support, it seems likely that people with lower levels of functional impairment will be incorrectly deemed ineligible for NDIS participation because of lower than ideal planner skill levels and the short time allowed for the transition of the NDIS to full Scheme.

These factors may not have a direct bearing on NDIS costs but, PDA argues, there will be an indirect effect as public good-will towards the Scheme is eroded and funding cuts become more appealing to politicians.

Early Childhood Early Intervention

PDA's view on the utility of ECEI approaches is provided in our answers to the questions about participant numbers (above).

The Intersection with Mainstream Services

Many PDA members have been let down by and discriminated against by mainstream services. Examples include being excluded from mainstream schools because State and Territory Education Departments (and independent school administrators) are unwilling to make facilities accessible nor employ aides to integrate students with disabilities into the classroom, and being provided with inadequate support at clinics and hospitals because the administrators of these institutions deem it is not part of nursing staff duties to assist patients with disabilities to eat, bathe or toilet.

→ ***Is the current split between the services agreed to be provided by the NDIS and those provided by mainstream services efficient and sufficiently clear? If not, how can arrangements be improved?***

Without having read the bilateral agreements that the Commonwealth has entered into with the State and Territorial governments, it is difficult for PDA to comment on whether mainstream service provision to people with disability will be as inclusive as it should be. It is also difficult to assess the interplay of these providers while the NDIS is still in the early stages of transition towards full Scheme. However, we do note that if there are disagreement between State and Territory administered mainstream services and the NDIS as to who should provide supports to people with disabilities in various settings, the most likely outcome is that people with disabilities will be left unsupported.

PDA believes that responsibility for the provision of supports to people with disability should not be divided between governments with competing ideological and policy priorities. Rather, we would like to see the NDIA assume responsibility for providing support to people with disabilities in mainstream service provision settings.

→ ***Is there any evidence of cost-shifting, duplication of services or service gaps between the NDIS and mainstream services or scope creep in relation to services provided within the NDIS? If so, how should these be resolved?***

As stated above, it is too early to tell if cost-shifting, duplication of services or service gaps will occur in the intersection between mainstream services and NDIS funded supports. PDA believes the best strategy to mitigate against these negative outcomes is for the NDIA to assume responsibility for providing disability support more broadly in future bilateral agreements.

Information Linkage and Capacity Building (ILC) and Local Area Coordinators (LACs)

PDA is excited about ILC and will likely apply for grants to be an ILC provider. We hope that the grants we may secure can provide a sustainable future for the organisation through providing ILC services to our members and the community.

→ ***Is the range and type of services proposed to be funded under the ILC program consistent with the goals of the program and the NDIS more generally?***

To the extent that the ILC program will enable community groups like PDA to:

- better assist members and other people with disability to interact with the NDIA;
- upskill members to facilitate peer support networks; and
- become disability consultants for businesses who wish to provide better access to customers with disability...

... we believe it is consistent with the goals of the NDIS generally.

However, it is PDA's understanding that the original tier 2 of the NDIS (that the ILC program replaces) was supposed to boost **all** non-participants' capacity to access to mainstream services. For example, we envisioned this might involve an 'Access Fund' to support the building of ramps and accessible toilets in the community.

As such, PDA finds the current scope of the ILC (and its proposed budget) to be somewhat disappointing.

→ ***What, if anything, can be done to ensure the ILC and LAC initiatives remain useful and effective bridging tools between services for people with disability?***

Please refer to the answer immediately below.

→ ***Is the way the NDIS refers people who do not qualify for support under the Scheme back to mainstream services effective? If not, how can this be improved?***

The effectiveness of any referrals of non-participants to mainstream services depends entirely on the skills and knowledge of the LACs who provide them as the system will be completely discredited and undermined if the mainstream services are unable and/or unwilling to provide the services that the referred non-participants need.

PDA recommends that the Federal government and NDIA secure agreements with State and Territory governments and the administrators of mainstream services that document exactly what services will be provided to users with disabilities who approach them. LACs then need to be provided with the opportunity to network with their counterparts in mainstream services and copies of the above documentation of what the local area services are committed to delivering.

PDA argues that referrals that leave non-participants without the services they require will malign the ILC program, LACs and the NDIS as a whole.

The intersection with the National Injury Insurance Scheme (NIIS)

Instead of answers to the specific questions posed in the *Issues Paper*, we provide the following statement in relation to the NIIS in general:

From PDA's perspective, the NIIS seems to be a curious duplication of service somewhat similar to the situation with old-age pensions (which are numerically equivalent but for eligible veterans can be sourced from Centrelink or the Department of Veteran's Affairs). Generally, duplication should be avoided as it leads to higher costs as you are employing extra people to deliver the same outcomes. Furthermore, as the NDIS and NIIS will have different legislation, different management and different public servants administering the Schemes, it is highly likely that people with the same impairments and similar functional capacities may get differing levels of understanding from Scheme administrators and ultimately different support packages offered to them.

PDA argues that people who find themselves with "permanent and significant disability (a disability that substantially reduces their functional capacity or psychological functioning)" (*Issues Paper*, p.4) whether through 'injury' or other means, should receive the same support packages administered with care and understanding by the same government agency. This will ensure costs are minimised and participants are subjected do discrimination on the basis of how they came to have a disability.

PDA therefore recommends that the scope of the NIIS be limited to covering injuries that do not result in permanent significant disability. In instances where injuries do lead to permanent significant disability, we believe, the NIIS should refer the injured (and the funds they are entitled to) to the NDIS.

Planning Processes

The planning process and its outcomes are perhaps the most publicly visible part of the NDIS during this early stage of its transition to full Scheme. The 'First Plan' process, the fact that planning conversations are conducted over the phone in many instances, and its reliance on 'reference packages' have been causing problems for PDA members that could have been avoided if new participants' existing support packages with State or Territory governments (where they existed) were used as benchmarks in determining what a reasonable and necessary package might look like.

Nobody should find themselves 'worse off overall'.

→ *Is the planning process valid, cost effective, reliable, clear and accessible? If not, how could it be improved?*

PDA argues that it is more important that planning processes be engaging and empowering than cost-effective. We believe it was a mistake to put speed and throughput considerations (such as attempting to conduct planning conversations over the phone) ahead of gaining a proper understanding of new participants' disabilities and the functional impact it has on their lives. Given that many planners are new to this type of work and may have limited lived experience of disability, the validity, reliability and accessibility of the processes they use to determine what constitutes an appropriate support package depends on deep engagement with participants, their families and supporters.

PDA recommends that the planning processes be remodelled to use face-to-face conversations in settings of participants' choosing and that the support packages be based on individual circumstances rather than selecting the closest available reference package.

→ *How should the performance of planners be monitored and evaluated?*

As with most occupations, the performance of planners should be measured by the outcomes of their work. PDA recommends that all the participants a given planner deals with should be followed-up by his or her supervisor to determine if engaging, thorough and empowering meetings were held and if the packages of support that were recommended will allow the participants to lead 'an ordinary life'.

Assessment Tools

Information about assessment tools is scarce on the NDIS website. A search for the specific term "assessment tools" yields only 3 results ([https://ndis.gov.au/search/assessment tools/page/0?searchText=assessment+tools](https://ndis.gov.au/search/assessment%20tools/page/0?searchText=assessment+tools)). Furthermore, there is no mention of them on the pages dealing with planning processes and planning conversations. It is therefore difficult for PDA (or anyone) to comment on them as it is not clear which assessment tools are being used and by whom.

→ *Do NDIA assessment tools meet the valid / reliable / accurate / efficient criteria? What measures or evidence are available for evaluating the performance of assessment tools used by the NDIA?*

As noted above, it is not clear from the NDIS website which assessment tools will be used in the planning processes, nor the circumstances in which they will be wielded. In these circumstances, PDA recommends the outcomes of existing assessments that participants may have with State or Territory government departments be used as a benchmark. If the NDIA's assessment of participants' degrees of impairment and functional capacities vary greatly from these, then the assessment tools it uses should be re-examined.

→ *What are the likely challenges for monitoring and refining the assessment process and tools over time? What implications do these have for Scheme costs?*

PDA believes assessment processes should not need to be repeated very often. Our members, for instance, usually have stable impairments that have well document prognoses and, as such, changes to their plans will be informed by variations to their 'goals and aspirations', the rate at which their equipment wears out and the effects of aging. Provided the assessment tools meet the NDIA's criteria, are objective, and are administered by appropriately trained clinicians, they should not impact greatly on Scheme costs.

Support Packages

From the perspective of many PDA members, the quality of the support packages they receive will be the sole criteria through which they assess the whole NDIS reform. Put simply, if a member's support package does not enable him or her to lead 'an ordinary life', or if a member's support package provides fewer resources than the State or Territory program he or she transitioned from (where provided), then the NDIS will be judged a cruel failure.

→ *Are the criteria for participant supports clear and effective? Is there sufficient guidance for assessors about how these criteria should be applied? Are there any improvements that can be made, including where modifications to plans are required?*

PDA believes the criteria for determining what supports should be provided are not clear and that outcomes for participants with similar impairments and functional capacities have, in our members experienced, varied widely. These problems stem from:

- differing perceptions of what is 'reasonable and necessary';
- the differing abilities and levels of preparedness of inductee participants to effectively negotiate with planners; and the mode (such as using telephone conversations); and
- the haste with which planning processes are completed.

Just as we argued that the criteria around participant eligibility need to be objective, PDA similarly argues that what is 'reasonable and necessary' also needs to be elucidated with many benchmark examples so that planners and participants can approach planning conversations with similar frames of reference.

PDA also recommends the abandonment of the process of holding planning conversations over the phone (as we have argued elsewhere in this submission).

→ *To what extent does the NDIA's budget-based approach to planning create clear and effective criteria for determining participant supports? To what extent does it lead to equitable outcomes for participants? What improvements could be made?*

PDA believes a budget-based approach is suitable for determining a participant's support package... provided the participant is able to use that budget in a deregulated disability care and support market. However, with price-lists in place the budget approach may leave some participants needing to trade off some elements of support to make up for shortfalls in other areas.

For example, some PDA members have been provided with insufficient allocations for transport and have needed to divert some care and support funds to make up for the shortfall while they seek a review of the support package decision. While these situations were the result of planners misapplying the criteria being used to determine package budgets, the situations could have been avoided if packages were defined in terms of care and support 'hours' and accessible taxi 'kilometres' (for example) while price lists are in place. Defining support in 'hours', 'kilometres' and other informal measurements would enable participants and planners both to clearly see whether or not the suggested support packages will meet the participants' needs.

→ *What implications do the criteria and processes for determining supports have for the sustainability of Scheme costs?*

While the criteria and processes for determining supports remain subjective and result in differing outcomes for participants with similar impairments and functional capacities, Scheme costs will be difficult to project. This is why PDA argues for the definition of what is 'reasonable and necessary' to be settled with objective determinants and illustrated with many benchmark examples.

→ *Are the avenues for resolving disagreements about participant supports appropriate? How could they be improved?*

As far as PDA is aware, the avenues for resolving disagreements about the support packages proposed by the NDIA is for participants to seek an internal review, and that if they are still unsatisfied with the outcome they can lodge an appeal against the decision with the Administrative Appeals Tribunal.

PDA would prefer there to be a more informal method through which planning decisions might be revised. As mentioned earlier, we would like planners' supervisors to monitor the performance of their subordinates by following-up with each participant that has gone through the induction process. If participants express dissatisfaction with the planners grasp of their circumstances and if recommended support packages are an issue, then supervisors could offer to meet with both the planner and participant in an attempt to revisit and resolve the matter. Such meetings could result in both revisions of the packages that were recommended and greater understanding of the boundaries between 'reasonable and necessary' and unjustifiable.

PDA believes that informal dispute resolution channels like this would mitigate against participant antipathy and the bad press that results (for example: <http://www.abc.net.au/news/2017-03-13/family-pleads-for-ndis-rethink-of-application-for-care/8348550>).

Market Readiness

Clearly, the capacity of the 'disability support service market' is a key factor in the long term success of the NDIS and the cost of the scheme is to a large extent governed by the regulatory burden that will be placed upon it by the NDIA. As foreshadowed above, PDA would like to see this market as deregulated as it can be whilst still protecting participants from exploitation and abuse.

PDA's answers to the questions below will elucidate our position.

- *What factors affect the supply and demand for disability care and support workers, including allied health professionals? How do these factors vary by type of disability, jurisdiction, and occupation? How will competition from other sectors affect demand (and wages) for carers? What evidence is there from the NDIS trial sites about these issues?*

Before answering this question, it is necessary to describe PDA members' preferred disability care and support worker profile and their preferred employment conditions.

In short, many PDA members prefer to use staff they are able to recruit, train and supervise themselves. They also prefer to engage these employees on a casual basis as this allows them to get the support they need at the times they need it in the quantity they need it, and, where required, change their arrangements on very short notice.

From the perspective of these PDA members, the factors affecting the future availability of disability care and support workers are likely to be more impacted by the regulatory and financial frameworks established by the NDIA than any projected shortfall predicted by current disability support providers and the training providers that market their services to the sector. This is because they are the most able cohort of participants. They are likely to want to manage their own NDIS support packages and be intimately involved in the selection, employment, training and supervision of their own staff. And they will look to source these employees from under-employed members of their own communities.

This scenario could be adversely impacted if the not-yet-released NDIA national quality framework imposes unnecessary qualification requirements on disability care and support workers or otherwise limits participants' freedom to employ those whom they would prefer to provide this service to them such as family members, friends and otherwise suitable candidates sourced from local communities. Similarly, if the NDIA national quality framework makes it too difficult for participants to set themselves up as managers of their own support package funds, this will impact on the ability of PDA members to get access to the staff they would prefer to employ on the terms they would prefer to use.

With regard to allied health professionals, PDA notes that Australian universities have been increasing their intake of students in these fields in recent years. As such, we are unconcerned about the availability of these service providers as the NDIS transitions to full Scheme.

- *How will an ageing population affect the supply and demand for disability carers (including informal carers)?*

From PDA's perspective, the aging of the population should not affect the supply of candidates for the role of flexibly available and casually employed disability care and support worker as preferred by our members.

As evidence for this we refer the Commissioners to the thriving ‘sharing’ economy that has no shortage of people willing to provide services in transport (*Uber*), food delivery (*Deliveroo*, *Foodora*) and odd jobs (*AirTasker*) industries. PDA believes the people who provide services in the sharing economy would also be attracted to the role of casual disability care and support worker as it can combine the ability to pick-up work outside business hours with reasonable rates of pay, superannuation and favourable working conditions (if our members are able to freely recruit, employ, train and supervise them...).

As for the supply of informal carers, it is PDA’s hope that by finally “overcoming many of the shortcomings of the old system” (*Issues Paper*, p. 5) the need for family members and friends to provide informal support will be greatly reduced.

→ *Is increasing the NDIS workforce by 60 000-70 000 full-time equivalent positions by 2019-20 feasible under present policy settings? If not, what policy settings would be necessary to achieve this goal, and what ramifications would that have for scheme costs?*

As elaborated on above, PDA believes it is a misconception of the issue to think of the increase in labour required by the NDIS in terms of “full-time equivalent positions” as the majority of NDIS participants will not require full-time care and support. Rather, most participants will source smaller quantities of support at key times of the day such as when waking in the morning and in the evening, having dinner and preparing for bed.

This type of work is most conveniently performed by under-employed members of the community rather than by people working full-time in the role of disability care and support worker. Obviously, some participants with complex and severe impairments will require a staff of full and part-time care and support workers, but this cohort is in the minority.

As noted above, PDA is confident the Australian community can provide the labour needed to fill an expected surge in the need for casual disability care and support workers provided maximum flexibility and minimum regulatory requirements is afforded to participants who wish to manage their own support packages and recruit, employ, train and supervise their own staff.

→ *How might assistance for informal carers affect the need for formal carers supplied by the NDIS and affect scheme costs?*

PDA believes that the NDIA should only factor-in informal carers to the extent that informal care is provided to members of the wider community. That is, a certain amount of informal care will be provided by parents to young participants just as it is provided by parents to children generally. Similarly, spouses can be expected to provide a certain amount of care to their participant partners just as care is provided in non-participants’ domestic relationships. To expect informal carers to continue to dedicate large portions of their time to support participants on a voluntary basis (with or without the NDIS equivalent of the token assistance of carer allowances / payments provided by Centrelink) is to deny participants and their families the ‘ordinary life’ the NDIS is supposed to provide.

PDA therefore recommends that limited reliance be placed on informal carers working for nothing (or token financial assistance) and that the full cost of providing **all** the care and support participants may need be included in their NDIS support packages. This may add to the Scheme’s cost but it can be accommodated if the NDIS is properly funded on an insurance principles manner as argued below.

→ *To what extent is the supply of disability care and support services lessened by the perception that caring jobs are poorly valued? If such a perception does exist, how might it best be overcome?*

Again, PDA believes this question misconceives the nature of disability care and support work. Most of the people who perform this work for PDA members do so because it is a convenient way to earn extra money, not because it is their career. They do not feel poorly valued because they can see they are assisting people with disability to lead 'ordinary lives'.

If the NDIA properly understands the nature of most disability care and support work (that it is client-directed, casual, episodic, and a complement to other work and/or study) and promote these aspects of it, PDA believes it will be appropriately pursued by those who are able to meet the Scheme's needs.

→ *What scope is there to expand the disability care and support workforce by transitioning part-time or casual workers to full-time positions? What scope is there to improve the flexibility of working hours and payments to better provide services when participants may desire them?*

From the PDA's perspective, there is no benefit to be gained from promoting disability support work as a full-time occupation. Our members use disability care and support workers at key times of the day (usually early morning and in the evening) to assist with bathing, (un)dressing, food preparation, eating, grooming, etc. This is **not** a regime that lends itself to the full-time employment. Instead, many of our members prefer to use casual employees to maximise flexibility. This arrangement is popular with university students (for example) who are open to quickly learning what is required 'on-the-job' and are appreciate of the opportunity to earn a little extra money in 2 hour blocks before and after classes.

Unless participants need disability care and support throughout the day (or if it is envisioned that services will be delivered to multiple participants in an institutional setting...), PDA believes there is little need for a significantly large number of the staff who will provide disability care support services in the NDIS to be employed on a full-time basis.

→ *What role might technological improvements play in making care provision by the workforce more efficient?*

PDA members are keen to use 'technical improvements' in assistive technology, and home and vehicle modifications to reduce the amount of worker provided support they need. This is why we have argued that technology is a long-term cost reducer (above).

We recommend that the NDIA should promote the trial and use of technological improvements as a means to reduce Scheme costs in the long term.

→ *What are the advantages and disadvantages of making greater use of skilled migration to meet workforce targets? Are there particular roles where skilled migration would be more effective than others to meet such targets?*

As should be clear from the above answers relating to the expected NDIS disability care and support delivering workforce, PDA does not believe the recruitment of foreign migrants will be necessary nor appropriate. Many of the people who currently provide personal care and support to PDA members are able to do so with minimal training and development. Provided the NDIS empowers participants to exercise true choice and control over the support they receive, the Scheme will be in an excellent

position to boost the economies of many communities by providing extra employment opportunities to under-employed local citizens.

Provider Readiness

PDA looks forward to a diversification of the disability care and support provider market under the NDIS and the choices that participants will have beyond the large charity and church based providers they are used to.

Indeed, many PDA members are looking forward to self-managing their support packages that will (provided the regulatory burden is not too large) allow them to recruit, employ, train and supervise their own disability care and support workers; purchase their own assistive technology devices; and source the home and vehicle modifications they need.

→ Are prices set by the NDIA at an efficient level? How ready is the disability sector for market prices?

As far as PDA is aware, the prices set by the NDIA allow disability care and support to be provided by existing service providers in a profitable manner. This is evidenced by the advertising campaigns being used by larger providers proclaiming they are 'NDIS ready'.

However, while prices are set by a list, there is no incentive for providers to compete on a price basis in 'the market'. To reduce costs and maximise the benefits participants can extract from their NDIS support packages, PDA recommends the price list be deregulated sooner rather than later.

→ How do 'in-kind' services affect the transition to the full scheme and ultimately scheme costs?

PDA is appalled that 'in-kind' services provided by State and Territory governments that perpetuate the operation of archaic and dehumanising institutions such as Stockton, Kanagra and Colanda (and group homes in general) are integrated into the NDIS. This arrangement sets certain participants apart from their counterparts in the general non-institutionalised community and in no way provides them with 'an ordinary life'.

While there may be some economy-of-scale cost savings to be gained by treating "high-cost participants" (*Issues Paper*, p. 10) like livestock and agisting them in a congregated settings, but this denies them the opportunities to participate in the social and economic life of the community.

PDA therefore implores the Commonwealth government and the NDIA commit to giving all participants access to support packages that allow them to live in the community and that 'in-kind' agreements that preserve institutional 'care' be stricken from all current and future bilateral agreements. This may add to the Scheme's cost but it can be accommodated if the NDIS is funded on an insurance principles manner as we argue for below.

→ *How ready are providers for the shift from block-funding to fee-for-service?*

PDA notes that quite a few large charity and church based disability care and support service providers are advertising the assertion that they are 'NDIS ready'. However, some of our members with knowledge of the financial arrangements of some providers note that block-funding allows for the cross subsidisation of unfunded programs (such as group recreational activities) with 'excesses' from block funds that were provided for care and support. When funding shifts to the fee-for-service model and all funds allocated to individual participants will need to be acquitted accordingly, these providers may not be able to continue offering those programs.

These factors may not yet have been fully grasped by so-called 'NDIS ready' providers.

→ *What are the barriers to entry for new providers, how significant are they, and what can be done about them?*

From PDA's perspective, the biggest barriers facing new disability care and support providers are regulatory uncertainty and the difficulties inherent in claiming payment **after** the delivery of services.

PDA understands that presently, prospective NDIS disability care and support providers need to first be registered as providers in whatever State and/or Territorial jurisdictions they operate in. This means they need to utilise particular quality frameworks **and** be prepared to adopt a national quality framework when this is finally developed. This is a significant regulatory burden that has a number of costs associated with it that serve no purpose for new providers who do not intend to provide services to State and Territory funded service users.

Similarly, the difficulties that some providers have faced getting payment through the NDIA's provider portal can have a significant impact on their ability to pay employees in a timely manner (for example: <http://www.theherald.com.au/story/4347242/ndis-in-trouble-say-care-groups/>).

Therefore PDA recommends that the NDIA develops and implements its national quality framework as a matter of some urgency. Similarly, PDA recommends that the NDIA configures participants' support packages to allow some funds to be made available to newly-engaged providers in advance of service provision so that cash-flow problems are avoided.

→ *What are the best mechanisms for supplying thin markets, particularly rural/ remote areas and scheme participants with costly, complex, specialised or high intensity needs? Will providers also be able to deliver supports that meet the culturally and linguistically diverse (CALD) needs of scheme participants, and Aboriginal and Torres Strait Islander (indigenous) Australians?*

As we have argued elsewhere in this submission, PDA believes empowering participants and their families to self-manage their own support packages is the best way to mitigate against any shortage of disability care and support services in the community. This applies equally to participants in urban and rural settings and those with straight-forward and complex support needs.

We argue that the NDIA needs to step back from second-guessing the issues that are likely to affect service delivery in rural, remote, indigenous and CALD communities and focus on supporting all participants to source the disability care and support workers they need from their own communities.

Participant Readiness

As the NDIS is “a new (and unfamiliar) approach to disability care and support”, many will-be participants are completely unprepared for the processes and procedures they will soon be subjected to. PDA became aware of this when it publicised its NDIS web page (<http://www.pda.org.au/national-disability-insurance-scheme>).

We created this web page to provide a list of key NDIA and other agency resources that would assist members to understand what they need to know about getting inducted into the NDIS as participants. Since this page was created on 1 February 2017, it has been viewed by over 1450 people. This testifies to the unmet need for easy-to-understand information about the NDIS that exists in the community.

→ ***How well-equipped are NDIS-eligible individuals (and their families and carers) to understand and interact with the Scheme, negotiate plans, and find and negotiate supports with providers?***

As remarked on above, PDA feels that there is a great deal of un-readiness amongst will-be participants with regard to dealing with the NDIA, its processes and procedures. We therefore encourage the Agency to significantly boost the number of employees responsible for responding to inquiries it employs and invest in a publicity campaign that lets everyone know what they need to do to get a support package that meets their needs ahead of the planner’s phone call.

We understand this may add significantly to the Scheme’s costs during the transition period. However, PDA argues that this investment will return significant savings in the long-term through fewer reviews and increased good-will.

We also suggest that the NDIS consider providing funds to peak representative organisations (such as the members of the Disability Australia consortium (<http://www.afdo.org.au/our-work/disability-australia/>)) who are well placed to assist in participant preparation.

Governance and Administration of the NDIS

PDA does not have detailed knowledge of the governance or administration arrangements of the NDIS. Apart from the earlier remarks relating to its characteristics as a Public Sector entity, we advocate for there to be more inclusion of people with disability on the NDIA’s board of Directors and as employees of the Agency.

Having more people with disability involved in running the NDIS (particularly in the roles of planners and planner supervisors), we believe, would generate savings in the longer term as the shared experience of planners with disability and inductee participants would lead to more mutually agreeable support packages. This would result in fewer review requests and fewer appeals to the Administrative Appeals Tribunal.

Operating Costs

→ *Is the NDIA's target for operating costs (as a percentage of total costs) achievable? Is it practical? Should it vary over the life of the Scheme?*

While it might be a good idea to have an operating cost (expressed as a percentage) target for the NDIS, PDA believes it is more important that the Scheme be adequately resourced to deliver its services, especially during its transition period.

It is PDA's assertion that insufficient resources have been devoted to:

- establishing an effective call centre capable of responding to participant concerns in a timely manner;
- implementing effective participant and provider portals so that payments can be approved and made in a timely manner; and
- developing the processes by which 460,000 participants will be inducted into the Scheme in an engaging and empowering manner.

We feel if more money had been spent by the NDIA in getting these important elements in place, it would be better able to reduce costs in the long run.

Market Stewardship

→ *How appropriate, effective and efficient are the market stewardship initiatives?*

From our observation of the Scheme's implementation to date and the issues disability care and support providers face in obtaining registration and payment for services delivered, it seems clear that the NDIA is exercising very little market stewardship beyond setting up a price list. PDA therefore advises the Agency to develop and implement its national quality framework and repair the provider portal so that some funds are made available to newly-engaged providers in advance of service provision as a matter of some urgency.

→ *Is there likely to be a need for a provider of last resort? If so, should it be the NDIA? How would this work?*

We find the assertion that there might need to be a provider of last resort to be prejudicial and highly patronising towards people with disabilities and their families.

At several points in this submission, PDA has promoted the idea that participants should be encouraged and supported to self-manage their NDIS support packages. We feel that if this is done properly, there will be no need for providers of last resort.

Paying for the NDIS

The final questions posed by the Issues Paper are perhaps the most important and PDA's is hopeful that the Productivity Commission considers their answers to these questions from a creative problem-solving perspective.

Put simply and frankly we are at a loss to understand how it is that the current funding arrangements that involve complicated bilateral arrangements between the Commonwealth and State and Territorial governments came to pass and how it is that insurance principles that typically involve spreading the risk and costs across policy holders in the form of premiums came to be dismissed.

→ *Does the current funding split between the Commonwealth and the States and Territories have implications for the Scheme's sustainability?*

PDA does not believe the current funding arrangements between the Commonwealth and the States and Territories secure the NDIS' future. Instead, we believe they will threaten the Scheme's viability. Whilst the funding commitments are shared in this way, politicians at all levels will continue to threaten the Scheme's future by claiming the other entities "aren't paying their fair share" or are "exploiting [their jurisdiction's] better run economy". For this reason, we recommend the Commonwealth fund the NDIS by progressively withholding whatever funds it provides to the States and Territories for disability care and support as the Scheme transitions to full implementation, and by spreading the remaining funding burden across the population in the form of an NDIS levy (for the reasons detailed below).

→ *What proportion of a state or territory's contribution to the NDIS are in-kind services? Are there risks associated with in-kind service contributions?*

As described earlier in this submission PDA abhors and condemns 'in-kind' agreements that quarantine some participants from full participation by confining them within archaic and inhuman institutions such as such as Stockton, Kanagra and Colanda (and group homes in general).

We demand in the strongest terms that these discriminatory agreements be abandoned as soon as possible (irrespective of the costs involved).

→ *Is there a better way of paying for the NDIS? For example, would it be better to fully fund the NDIS out of general revenue?*

We feel this is **the** key question for the Productivity Commission to answer and are at a complete loss to understand how it came to be recommended that 'general revenue' to be a major part of the funding mix for this vital reform

For the NDIS to have a secure future, PDA believes its funding needs to be completely removed from the purview of politicians and those who lobby them. If the NDIS continues to be funded out of general revenue, it will continue be argued about and threatened by politicians with competing ideological positions and budget priorities (as has happened recently: www.sbs.com.au/news/article/2017/02/13/ndis-poorer-without-welfare-cuts-morrison).

To prevent this, we believe the National Disability *Insurance* Scheme should be funded in an insurance-like manner by asking all taxpaying Australians to pay 'premiums' through a separate and quarantined levy. The size of this levy can be determined through the same actuarial methods used to calculate insurance premiums generally: by calculating the total cost of the Scheme over the year (or other accounting period) and distributing it in percentage terms across the nation's gross personal income.

In Conclusion

We thank you for taking the time to read our submission and consider our arguments and recommendations. We hope that you find PDA's submission to be a useful addition to your resources and that some of our ideas find expression in your final report.

Yours Sincerely

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