



Introducing Competition and Informed User Choice into Human Services

- **Proceed cautiously**

With the implementation of the National Disability Insurance Scheme (NDIS), the disability sector is in the midst of enormous reform designed to deliver greater competition among providers and increased choice by people with disability.

The vision of the National Disability Insurance Scheme (NDIS) is compelling:

- choice and control for people with disability and their families
- double the funding for disability support to respond to the high need for services and equipment
- an insurance approach that invests in early intervention
- increased equity and life opportunities for people with disability across Australia

The NDIS is the right reform for Australia; but the scale and complexity of implementation is placing enormous pressure on all stakeholders. Some of this pressure is an inevitable consequence of large-scale change, but some is avoidable. The road to the NDIS is rougher and riskier than it needs to be.

Critical to realising the vision of the NDIS is the growth of a dynamic, sustainable and values-driven disability sector. Without this, people with disability and their families will not have the choice and quality of support the NDIS promises. The risks facing the disability sector are risks to the scheme as a whole. They are substantial and require urgent mitigating action.

NDS highlights this as an example of why caution and pragmatism are important in introducing increased competition in markets for human services. The consequences of rushed or poor decisions will negatively impact on already disadvantaged Australians. Well-structured evaluation of the NDIS reforms and their impact on the market for disability services should inform how the introduction of greater competition in other sectors is approached.

- **Improve contracting**

A welcome recommendation in the draft report states:

The Australian, State and Territory Governments should set the length of family and community contracts to allow adequate time for service providers to establish their operations, have a period of stability in service delivery and

for handover before the conclusion of the contract (when a new provider is selected)...Governments should increase default contract lengths for family and community services to seven years.

Moving away from short-term contracts would provide greater stability for non-government organisations and allow them to have a stronger focus on service development and outcomes for services users.

The recent contracts for Information, Linkages and Capacity Building (ILC)—as part of the NDIS—exemplify the problem with short-term contracts: the tenders were for one year, with a possibility of an extension for a further two years (with no information provided on how decisions for an extension of the contract would be made). This timeframe conflicts with realistic expectations about the sustained investment of time and resources required to build community capacity.

While the recommendation for longer contracts is made for family and community services, it does have wider applicability, particularly for some contracts for the NDIS.

- **Pay the full cost of service provision**

The draft report discusses the level of payments for service providers, noting that current approaches are “blunt and are rarely based on an assessment of the efficient cost of service provision”. It states that contracting should align payment with the full costs of achieving outcomes and, importantly, “account for factors that cause costs to vary. It would include funding for investment in workforce capacity and equipment, coordination with other service providers and the costs of meeting regulatory requirements”.

NDS strongly agrees with the Commission’s recommendation that governments should provide payments that reflect the efficient cost of service provision. We note, however, that experience of negotiating with the National Disability Insurance Agency on NDIS prices demonstrates the difficulty of agreeing on an efficient cost of service provision. It is for this reason that NDS supports the introduction of an independent price regulator for the NDIS.

- **Work cooperatively in remote areas**

Although it is early days for the NDIS, there is enough knowledge to know that delivering the scheme in remote communities will be one of the biggest challenges the scheme will face. There is a danger that the speed of implementation could exacerbate serious supply problems in thin markets.

NDS argues that the NDIS should not be implemented in the same manner right across the country. It should be responsive to local conditions, while maintaining consistency in its core design principles. We urge governments to find less disruptive ways to gradually introduce the NDIS principles in remote areas. Individualised funding to remote NDIS participants may result in disability supports becoming less available as organisations struggle to operate with uncertain funding. Block funding or direct commissioning should be given serious consideration with reporting mechanisms that are designed to indicate how participants' choice and control are being enhanced and their lives improved.

The co-design of services is essential in disability services, including in remote areas. Governments must work collaboratively with people living in these communities and with providers to build on what works.

For remote communities and the providers that support them, NDS is pleased the Commission is recommending default contract lengths of 10 years (with safeguards to manage serious failure, should it arise), the better alignment of tenders for related services, a strong focus on skills transfer to people living in those communities, and the importance of establishing good collaboration and coordination with existing service providers.

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National Disability Services is the peak industry body for non-government disability services. It represents service providers across Australia in their work to deliver high-quality supports and life opportunities for people with disability. Its Australia-wide membership includes over 1100 non-government organisations which support people with all forms of disability. Its members collectively provide the full range of disability services—from accommodation support, respite and therapy to community access and employment. NDS provides information and networking opportunities to its members and policy advice to State, Territory and Federal governments.