



WALGA

*Submission to the*

**National Disability Insurance Scheme (NDIS) Costs  
Productivity Commission Issues Paper, February 2017**

**Contact:**

Nina Hewson

Community Policy Officer



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

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

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

On 1 February 2017, WA and the Commonwealth signed a *Bilateral Agreement between the Commonwealth and Western Australia, Transition to a National Disability Insurance Scheme in Western Australia*, which will enable WA to deliver the NDIS.

Under this model, the NDIS will be delivered by the WA Government under State legislation and eligible Western Australians will have access to the nationally consistent scheme.

In direct relation to the Productivity Commission's paper, the recommendation of funding the NDIS out of general revenue, in practise will be difficult to achieve given the state of the Commonwealth and State budgets. It would require significant cuts to existing services in order to free up capacity for the scheme.

The recently released *Pre-Election Financial Projections Statement* provides the most up-to-date snapshot of the state's financial position, and paints a bleak picture. The results show WA is on track for a record \$3.3 billion budget deficit. WA is not expected to return to surplus across the forward estimates.

Further, total public sector net debt is also at record levels, and is projected to be \$33 billion in 2016-17, rising to \$41 billion by 2019-20. Commonwealth Government finances are also in a difficult position, with the federal budget deficit now estimated to be \$36.5 billion in 2016-17.

To enable the NDIS rollout in WA, legislative changes are being finalised to the *WA Disability Services Act 2003*. Importantly, it is anticipated that implications for Local Government will fall under 'Disability Access and Inclusion Plans' (DAIPs) to which Local Governments have a mandate to develop and implement. Local Governments also have responsibility under the Act to make provision for services and infrastructure that support people with disabilities.

The impact this new legislation will have on the strategic and operational (including resourcing requirements) functions of Local Government are yet to be scoped in WA.

In terms of service provision, WA Local Governments have been providing Home and Community Care (HACC) Program for decades and the new 'market place' system imposed by the NDIS will present a number of issues.

Local Governments will have the option of either continuing their HACC services, or to opt out, which may be largely dependent and influenced by their financial sustainability.

Local Governments' ability to raise revenue to fund important community services and infrastructure is limited by their financial position. While declining grant funding from the Commonwealth and State Government has placed pressure on the sector's financial position, this is exacerbated by the legislative constraints on the sector's ability to raise own-sourced revenue. Under the new system there maybe changes to the allocation of resources and funding gaps that will occur as a result.

Any decision that affects HACC or other Local Government services will impact on its community members and may negatively impact on the community perceptions of Local Government. From this stance, the approach to both change and risk management processes for Local Government must be clearly articulated.

Local Governments provide capacity building for their communities and WALGA seeks to assist in providing capacity building to Local Governments. WALGA was ineligible for the first round of ILC grants which has been prohibitive in assisting with essential data collection to form an evidence base and ultimately inform policy positions and directions for Local Governments with their needs under the new scheme. In addition we anticipate that Local Governments could see an increase in demand for information and policy advice about local community services as the rollout phasing occurs.

Finally, Local Government interactions and interface with service providers and key areas cited in the *Bilateral Agreement between the Commonwealth and Western Australia, Transition to a National Disability Insurance Scheme in Western Australia* have been omitted and demonstrates a potential lack of awareness and involvement of Local Government.

The Association will await the release of the Productivity Commission's position paper in May 2017.