

Productivity Commission Review

National Disability Insurance Scheme Costs

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 geographical 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.