

**National Disability Insurance Scheme Costs**  
**Productivity Commission Paper – Overview and Recommendations,**  
**June 2017**

**Disability Services Australia**  
**ABN: 35 002 507 655**  
**Response to Information Requests**  
**July 2017**

### **INFORMATION REQUEST 4.1**

***Is the National Disability Insurance Scheme Act 2013 sufficiently clear about how or whether the ‘reasonable and necessary’ criterion should be applied? Is there sufficient clarity around how the section 34(1) criteria relate to the consideration of what is reasonable and necessary?***

***Is better legislative direction about what is reasonable and necessary required? If so, what improvements should be made? What would be the implications of these changes for the financial sustainability of the scheme?***

DSA Response 4.1

Better legislative direction is required for what is “reasonable and necessary” in terms of purchasing NDIS funded supports.

Where a participant has an agency managed plan and is purchasing from “traditional” service providers, decisions around what is reasonable and necessary are fairly clear cut. However, when a participant chooses to self-manage or plan manage, and can purchase from mainstream services, what would be deemed reasonable and necessary is less clear.

### **INFORMATION REQUEST 4.2**

***Should the National Disability Insurance Agency have the ability to delegate plan approval functions to Local Area Coordinators? What are the costs, benefits and risks of doing so? How can these be managed?***

DSA Response 4.2

Allowing Local Area Coordinators (LACs) to approve plans would speed up the plan approval process and reduce duplication of effort. In addition, LACs have first hand experience with a participant’s circumstances and support requirements. We have witnessed numerous incidents where LACs have recommended supports in a participant’s plan, and these supports have been excluded from the final plan even though the planner doing the approval does not have first hand knowledge of a participant’s situation.

The caveat around this is the quality of LACs, and ensuring they have skills, experience and training appropriate for this very important role. KPIs pushing for high volumes of plans to be issued are putting a great deal of pressure on the recruitment of LACs in a competitive market place, and allows little time for training and skill development. Our understanding is that there is high level of staff turnover within the LAC group, and we have experience with LACs that have not worked within the disability sector previously, and who have been required to meet with participants with complex needs and put together plans with limited training or mentoring.

## **INFORMATION REQUEST 6.1**

***In what circumstances are measures such as:***

- ***cross government collaboration***
- ***leveraging established community organisations***
- ***using hub and spoke (scaffolding) models***
- ***relying on other mainstream providers***

***appropriate to meet the needs of participants in thin markets? What effects do each have on scheme costs and participant outcomes? Are there barriers to adopting these approaches?***

***Under what conditions should block funding or direct commissioning of disability supports (including under ‘provider of last resort’ arrangements) occur in thin markets, and how should these conditions be measured?***

***Are there any other measures to address thin markets?***

DSA Response 6.1

Current NDIS pricing with inadequate base rates and unrealistic premiums for complexity will require providers to take on the least complex of NDIS participants to avoid cost over runs and to remain in business. There will be a shortage of services for people with the most complex of disabilities if the NDIA retains its current approach to pricing and funding of services for this cohort of people.

People with complex disabilities and in crisis are not able to access low cost labour hire models driven by web based platforms, and generally need the wrap around support of an established and experienced service provider with infrastructure and skilled staff. For these service providers to exist, pricing for complexity needs to be set at a realistic level, funding needs to be made available for infrastructure, and crisis support will need to be block funded.

For providers supporting complex participants and those in crises, there needs to be certainty of ongoing funding to enable these organisations to invest in skilled staff, and build the resource base required to support these participants.

## **INFORMATION REQUEST 6.2**

***What changes would be necessary to encourage a greater supply of disability supports over the transition period? Are there any approaches from other consumer directed care sectors — such as aged care — that could be adopted to make supplying services more attractive?***

DSA Response 6.2

To enable the growth in supply of disability supports over the transition period, pricing needs to be adjusted to reflect the true cost of service provision. Current pricing will not attract new entrants in to the market place, and whilst organisations are questioning their ability to operate sustainably in the NDIS market place, they are not in a position to offer a strong worker value proposition to attract and retain the required level of workforce.

In addition, constant changes to the “rules” issued by the NDIA without warning, and with disregard to the administrative burden placed on service providers, is creating a further disincentive for new entrants to enter the disability market place. Potential start up organisations and established commercial enterprises will be waiting for stabilisation of policy and deregulation of pricing before they will enter the market, and there is the risk that many existing service providers will fail before this eventuates.

## **INFORMATION REQUEST 7.1**

### ***What is the best way for governments and the National Disability Insurance Agency to work together to develop a holistic workforce strategy to meet the workforce needs of the National Disability Insurance Scheme?***

#### DSA Response 7.1

There is a “perfect storm” on the horizon that will have a significant impact on service provider’s ability to recruit and retain support workers. Conflicting pressures include:

- Changes to the administration of workers compensation in NSW, potentially increasing premiums and premium cost blow outs from individual worker claims due to the nature of the changed legislation
- The increase in demand for flexible service provision from NDIS participants, against industrial reforms that provide permanent worker arrangements with predictable patterns of employment
- Unsustainable NDIS pricing, against the equal remuneration order and 3.3% CPI award wage increases
- Very high cost of living in major Australian cities, with low wages paid to disability support workers
- Increased requirement for 1:1 flexible support from NDIS participants, increasing the incident of “unsupervised” support, and there for the increased risk of abuse or non compliance with disability service standards, against low NDIS prices that do not allow sufficient margin for training, supervision and performance management
- Union and Fair Work Act pressure to engage workers on permanent contracts against unsustainable NDIS pricing that may cause organisations to become financially unviable/insolvent. If workers are engaged on permanent contracts, redundancy liability is increased.
- Low wage rates comparative to other professions resulting in higher than average levels of staff turn over, and driving up back of house costs for general HR, recruitment, induction and payroll

There may be a shortage of workers, but more significantly there is a growing reluctance at the service provider level to recruit workers and expand service provision. It is almost impossible in this environment for service providers to present a strong worker value proposition and remain financially viable, and the risks of investing organisational reserves in growing a workforce out way the potential returns in the current environment.

There has been a significant focus on the shortage of available workforce. However, DSA believes that it is critical that the issues noted above be addressed at a federal and state level before any strategy to grow the disability workforce could be successfully implemented.

## **INFORMATION REQUEST 7.2**

### ***How has the introduction of the National Disability Insurance Scheme affected the supply and demand for respite services? Are there policy changes that should be made to allow for more effective provision of respite services, and how would these affect the net costs of the scheme and net costs to the community?***

#### DSA Response 7.2

Respite can take on many forms. In most instances, it is the carers of people with the most complex of disabilities that require respite. These people with the most complex disabilities often require support in a customised “centre” with accessible amenities, sensory spaces and qualified staff who understand the disabilities of the participant. Current NDIS pricing does not allow for the ongoing provision of these centres, and a valuable source of respite will gradually diminish as the NDIS rolls out. As a service provider, we believe we will be required to halve the number of “respite day centres” that we currently deliver services from,

to avoid generating significant losses. Like most providers within the disability sector, our financial reserves are limited and we cannot afford to run services that generate significant losses.

The closure of these services could result in carers being unable to provide ongoing support to the person in their care with disability, increasing pressure on emergency respite and care services, and potentially the requirement for fully funded 24/7 accommodation support.

DSA believes the current funding approach to centre based services for people with complex disabilities is short sighted and ill informed, and will increase the cost of the scheme over the longer term.

Mark Spurr

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Disability Services Australia

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