

Position Statement

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Friday April 20, 2018

NDIS review fails to address the needs of people with complex disability

Since 2013 there has been transformational change in the disability sector. And after all this time, the situation surrounding the National Disability Insurance Scheme (NDIS) and how it operates within Western Australia remains tumultuous.

Nulsen Disability Services supports the NDIS however since its inception have had concerns about the absence of rigorous design and planning processes that would be expected of such a major social undertaking.

The scheme has been designed primarily for those with less complex disabilities. This 'one size fits all' approach assumes that people with disabilities are a homogenous group. But the disability community is diverse, requiring a range of strategies, structures and funding models to meet their needs.

In June 2017, the Board of the National Disability Insurance Agency (NDIA) commissioned McKinsey & Company to undertake an Independent Pricing review (IPR) to investigate the appropriateness of the NDIA's Pricing Strategy and approach, and importantly the suitability of current price levels for supports and services.

After months waiting for a 'line in the sand' moment to be defined by way of the IPR; the Disability Services Sector were presented with 'analysis' which reads a little more like a tourist's travelogue.

The pricing of services remains the single most important factor in establishing a sustainable disability sector in which people living with disabilities will be able to exercise choice and receive quality supports. The report acknowledges that those in regional and remote areas and those with complex disabilities are the groups most at risk within the Scheme.

The report notes commentary from service providers more generally that they are struggling to make their business models work under the current pricing levels. McKinsey notes that due to the lack of appropriate data, the IPR made several assumptions to inform estimates of costs, leading to wide ranges in estimates presented in the report.

This is particularly alarming when you consider the specificity of the terms of reference and the importance of this report in ensuring that the NDIS can deliver.

The IPR team estimates that the cost of their recommendations would be in the order of around \$250 - \$420m over the next 12 to 24 months and would alleviate some of the financial pressures currently placed on service providers. This amount should be viewed in the context that last financial year 2016/17, the NDIA retained a surplus of unspent package costs in the order of \$600m. Therefore the amount of cash proposed to fund their estimates is inadequate, and fails to acknowledge the significant financial contribution being made to the implementation of the NDIS from the balance sheets of the not-for-profit sector.

Additional funding being offered is based on an already low base which will not fix the fundamental issues of an inadequate hourly rate and the high cost of doing business with the NDIS. The report notes from provider feedback that the cost of transition to the NDIS is in the order of 1.5% of total annual expenditure. In Nulsen's situation this would approximate to \$750,000 per annum.

Those who work with people with complex disability would be aware that any reductions in complexity require significant investment and take a long time to transpire. For many with complexity, there is

often no improvement in their disability and many tend to experience a decline in health and functional capacity due to either age, or their disability, or both acting in combination.

There are over 12,500 service providers across the country and only 45 organisations nationally were surveyed. There is no breakdown of who, what size, service capacity, service type or geographic locations contained in the report. All conditions which in one way or another impact on pricing and service sustainability under the current arrangements. Without knowing the nature and types of services of those surveyed, it makes it difficult to take any of the findings seriously. By way of example, a detailed pricing analysis of attendant care organisations the IPR Team only surveyed 22 organisations, which it reports over $\frac{3}{4}$ are struggling to make an adequate return and some are making a profit.

Nulsen Disability Services is concerned about the nature of the evidence presented within the review, as there is minimal analysis of the costs and impact of pricing in different service areas, particularly for people with disabilities living with high and complex support needs. There is no account taken of the costs of services within WA and the impact on enterprise bargaining agreements that operate in this state. The IPR provides conclusions and recommendations based on limited analysis, a lack of rigour and substantiation by sources independent of the NDIA.

The report acknowledges the fact that participant characteristics can also influence provider economics citing that margins were more compressed (or negative) for providers serving participants with complex needs or those in rural and remote areas.

To promote any recommendation that a one size fits all approach is taken to funding this sector is negligent in terms of the impact it will have on the more complex end of the disability spectrum and those in regional and remote areas.

The McKinsey Report combined with the “in principle” acceptance of all 25 recommendations by the National Disability Agency Board will result in potential consequences such as market failure for service providers across the nation especially those in rural and remote areas and those supporting people with complex disabilities. There is a potential for a working underclass of disability support workers as we move to highly casualised work, minimal training, unpaid hours of work and the inability for people to earn a living wage. Given the need for a strong market to meet NDIS targets, the current conditions will not incentivise providers to grow. But of most importance will be the impact that the above will have on the lives of people with disabilities and particularly those whose needs are complex or are in rural and remote communities.

Both the State and Commonwealth Governments are therefore culpable in this regard.

The National Disability Insurance Agency (NDIA) has failed to implement the scheme properly, or genuinely engage with the disability community. Without a major reform of the scheme that is informed by genuine engagement with people with disabilities, their families and the disability services sector, market failure is inevitable. It is people with disabilities that will suffer the full effect of this, especially those with complex disabilities.

It is clear that significant and ongoing input will be required into future funding arrangements in order to ensure a sustainable disability services system over the next decade. Nulsen Disability Services will continue to actively participate with this process and advocate extensively at the state and national levels to achieve the best outcomes for people with complex disabilities in this state.