

JUNE 2018

Chair Chat

with Prof. David Gilchrist



The funding of the National Disability Insurance Scheme (NDIS) is now established in the Forward Estimates until at least the 2021/22 financial year. In the May 2018 budget speech, the Federal Treasurer committed \$43 Billion of Commonwealth funds in the forward estimates through consolidated revenue. During the next financial year, the total allocation to the national agency will approximate \$13.4 Billion.

The proposed increase of 0.5 percent in the Medicare Levy, that occupied a lot of debate in the Federal Parliament, will now no longer proceed. I do not anticipate that this particular issue will remerge, if ever, until well into the next decade.

The NDIS Quality and Safeguards Commission was allocated \$43 Million in the recent budget and will commence assessments on the National Disability Service Standards in New South Wales and South Australia from 1 July 2018. It is intended that this Commission, described in the Chair Chat article of August 2017, will commence operations in WA in July 2020.

In the Western Australian budget delivered on 10 May, the main highlight for the disability sector is the allocation of a workforce transition and sector development package of \$34.8 Million over two years, which includes \$20.3M to implement system changes and to build workforce capacity. The first tranche of this money will approximate \$11.4 million dollars and be available early in the 2018/19 financial year. Nulsen Disability Services will prepare itself to respond to the stringent criteria for the allocation of this funding. The key focus of the funds will be to safeguard services for people living with high and complex support needs.

The Department of Communities total budget will approximate \$2.44 Billion representing eight percent of total state expenditure, where Disability

Services contributes about 40 percent of the total allocation. The majority of the disability budget is allocated to people living with disabilities and/or the disability sector organisations that support them.

A major disappointment in the WA state budget was the 0.8 percent allocation for indexation. This percentage allocation is well below the current Consumer Price Index and is the second year in succession that the state indexation rate was significantly lower than the Commonwealth indexation rate (2.0%).

While the State Labor Government is keen to engage and discuss the challenges of the disability sector, it is reluctant to provide practical support either through clear policy statements or the allocation of sufficient funding for indexation.

The preparation of Nulsen's budget for 2018/19 is almost complete. The final task will be to review the NDIS Price Guide for 2018/19 and to assess the actual impact on operations. The key issues, as previously outlined in the Chair Chat of April 2018 include:

- A ten percent (10%) loading has been "added to the complex participants' costs to account for the higher level of skills/ experience of workers and additional training required." We will assess the direct impact of this provision on our services.

- A short-term two to three percent (2 - 3%) increase to the administration component of the hourly rate for attendant care costs is proposed to assist organisations to develop new systems and become more efficient.
- The 'complex participant' loading may assist to reduce the potential funding gap, though there are still significant differences between what is offered under the NDIS pricing model and the current actual financial arrangements under which service providers operate.

In conclusion, it is clear that the next two years of transition from the state system into the national system will pose significant challenges for all service providers, including Nulsen Disability Services. We will continue to advise you as to the potential and real effects as we encounter them.



Professor David Gilchrist BA BBus PhD FCA FAIC is a chartered accountant and a historian. He holds a PhD in economics from the University of Notre Dame Australia and is currently a Professor at the University of Western Australia as well as the Public Sector Accounting and Disclosure Research Cluster. Over his 25-year career, David has held many senior roles in the not-for-profit, commercial and public sectors. He has taught at several universities across the globe, sits as Chairman on multiple boards and has published several key national reports. Achievements include: working as the Assistant Auditor General WA, the Associate Dean of the School of Business, University of Notre Dame Australia, Chairman to Nulsen Disability Services, and the Kimberley Individual and Family Support Association. David produced the "Australian Charities 2013" and the "Australian National Costing and Pricing Framework" issued jointly with National Disability Services. He is widely published as an academic and a journalist. [See David's full profile here.](#)