

Submission to Pricing Framework Review

15 June 2018

Background

Prior to the release of the Provider Brief in April 2018, Ability SDA was building and planning 47 independent living apartments (1,2 and 3 bedrooms) for people with High Physical Support needs in Guildford, Villawood and Gosford, NSW and in Townsville City, Queensland. We have indefinitely suspended our DA approved Townsville project (12 SDA apartments) and we no longer believe Villawood (11 SDA apartments) and Gosford (10 SDA apartments) are viable, yet we have signed binding contracts with the developer.

We are currently constructing our Guildford project (14 SDA apartments) with completion forecast to be in December 2018. We commenced a process to identify likely eligible tenants in November 2017 (13 months prior to completion). Of 30 participants that expressed interest, only 3 requested to share. Therefore 27 out of 30 were hoping to live alone in 14 places. All conditionally successful applicants were informed to contact the NDIA for a plan review immediately. As at this date, not 1 participant has had a review meeting and therefore none are yet being assessed let alone being approved for SDA.

Framework Issues and Solutions

1. The fundamental flaw with the pricing framework is the disconnect between the dwelling price and the participant budget. The NDIS dwelling price is established based on the physical features and location of the property, while the participant budget is based on their personal assessment. The dwelling price and participant budget could differ considerably and therefore an SDA Provider has no investment certainty that their project feasibility is realistic. The pricing framework review must strengthen the link between the published prices and participant SDA approval pathway.

Solutions

- a) Identify opportunities to simplify the SDA Rules and SDA assessment policies.
- b) Participant functional assessment should confirm SDA eligibility and design category only.
- c) The allocation of dwelling type, location and sprinklers within the budget should be added by quote once the tenant has received an offer and quote from a Registered Provider.
- d) The quote step should be administrative only, not requiring further approval so there are no further delays in the process. This change will give much greater Participant and Provider certainty.

2. The complexity and length of time that it takes for participants to be assessed as eligible for SDA makes the market far too risky. Providers have no certainty that likely eligible participants will be approved at all or in a reasonable amount of time.

Solutions

- a) NDIA to be given an injection of resources to assess applications in a timely manner.
- b) NDIA to be directed to assess applications for SDA within 30 days of lodgement.
- c) NDIA to give condition approval to participants whose functional impairment implies eligibility, subject to the supply of more supporting evidence, if needed. These changes will give much greater Participant and Provider certainty.

3. The investor, provider and financier market has no information of demand and supply. This greatly reduces confidence in the sector.

Solutions

- a) The NDIA to be resourced to publish supply and demand statistics within SDA category and region within 6 months.
- b) Further 3 or 6 monthly updates should be published by the NDIA. This allows informed planning for the NDIA, Providers and financiers to meet demand in an orderly fashion.

4. The April Provider and Investor Brief has greatly destroyed investor confidence in the sector by stating that very few participants will receive a budget to live independently, even when support is shared. This has resulted in many projects to being cancelled or deemed as no longer viable. Ability SDA have cancelled 1 project and believe two more projects are no longer viable. (33 dwellings in total). Our research has shown that overwhelmingly participants wish to live independently while still being connected to community.

Solution

The NDIA to confirm that the SDA Price Guide will be honoured and participants approved to match same if providers deliver registered SDA dwellings in accordance with the price guide. This will restore confidence and integrity in the sector and will confirm the central tenet of the NDIS, that being participant choice and control.

5. It is extremely discriminatory that a participant's SDA budget is reduced by dividing the number of total occupants when a participant wishes to share with non-SDA residents like family, friends or a flatmate. This means providers are not commercially able to offer places to people wishing to share with non-SDA residents. A participant's budget needs to remain based on the cost of delivering the dwelling.

Solutions

- a) Definitional confusion in the SDA Rules to clarify the different definitions of Participant and Resident.
- b) NDIA to reduce a participant's budget by an average market rent only so that the NDIA is not subsidising non-SDA occupants. This still leaves incentive for this cohort to be supplied with appropriately accessible housing.
- c) Market rent quote for non-SDA Occupants can be supplied by the Registered Provider and participant budget reduced accordingly. Administrative function.

Ability SDA remains passionate about great social outcomes for people with disability and remains committed to the NDIS. The NDIS is person centred, it humanises and supports the most vulnerable in our society to live well. That speaks volumes about Australia. The principles underpinning the NDIS make me proud to be an Australian. At present though, the NDIA processes do not match the principles of the NDIS.

Yours sincerely



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