



Melbourne Disability Institute

Submission to the Inquiry to Improve the NDIS Experience: Establishing an NDIS Participant Service Guarantee and removing legislative red tape

The Government is to be congratulated for consulting widely on how best to improve the experience of NDIS participants through the establishment of an NDIS Participant Service Guarantee. The Discussion Paper *Improving the NDIS Experience: Establishing a Participant Service Guarantee and removing legislative red tape* raises a number of important issues in support of that objective.

The National Disability Insurance Scheme (NDIS) was designed to be fair, providing support based on need and, indeed, for many people with disability, their families and carers, the NDIS is a wonderful opportunity and experience. However, navigating the Scheme is extremely complex. If you are an Aboriginal and Torres Strait Islander, from a culturally and linguistically diverse background or have a psychosocial disability or you do not have an effective advocate, the NDIS can be extremely challenging.

The equitable aspiration of the NDIS is reflected in the Objects of the NDIS Act (2013) and also in the Vision and Mission of the National Disability Insurance Agency. It is also notable that the NDIA and many of its Partners in Community are leaders in the employment of people with disability, their families and carers. For these thousands of staff, implementing and managing the NDIS is therefore more than a job; it is part of a deep commitment to improve the lives of people with disability, their families and carers.

Therefore, in seeking to establish a Participant Service Guarantee (PSG) at this time, we need to look at both specific standards to be incorporated into the PSG and key system design elements to underpin the PSG.

As a research institute, with a deep commitment to improving the lives of people with disability, their families and carers, the Melbourne Disability Institute is best placed to focus on the essential foundations for an effective PSG. Other organisations, such as Every Australian Counts, disability service delivery organisations and local area coordinators, are best placed to identify specific new standards to be incorporated into the PSG and enhancements to current processes and procedures.

Therefore, the focus of this submission is on key system design elements for an effective PSG for the NDIS.

Overview

We have identified eight essential areas which require system improvements:

1. Adequate support for people with disability who are ineligible for the NDIS
2. An NDIA ICT System which is fit for purpose
3. Streamlined plan structures
4. Empowered control and choice for all NDIS participants

5. Adequate resourcing of the NDIA
6. Sufficient funding for advocacy
7. Local Area Coordination aligned to the original intent, and
8. Effective Market Stewardship

Summary of Recommendations

Our recommendations to address key issues in the eight areas identified above and to ensure that the PSG delivers as needed are:

1. Adequate support for people with disability who are ineligible for the NDIS

- Implement the recommendation from the Productivity Commission *Review of NDIS Costs* by immediately doubling the funding allocation for Tier 2 and implement the recommendations from the Productivity Commission *Study of the National Disability Agreement*, in relation to Tier 2.

2. An NDIA ICT System which is fit for purpose

- Commit publicly to an upgrade to the NDIA ICT system and timetable so the disability sector and NDIA Partners in Community can plan ahead and eMarkets and an efficient ecosystem develop around the NDIA ICT system as quickly as possible.

3. Streamlined plan structures

- Eliminate all sub-categories of Core and Capacity Building supports, so that there are only three categories of supports: Core, Capacity Building and Assistive Technology. Further, undertake a pilot to test whether the NDIA processes can be further simplified and improved by merging Core and Capacity Building into a single category.
- Expand Section 170 of the NDIS Act to include the staff of the NDIA's Community Partners.

4. Empowered control and choice for all NDIS participants

- Include Support Coordination in the Plans of all highly disadvantaged participants and, where needed, provide on-going case management as an integral part of an effective PSG.
- Provide all participants with a draft Plan for review before it is finalised.

5. Adequate resourcing of the NDIA

- Set an administrative cost target for the NDIA of at least 10 per cent, to ensure that the NDIS and its Partners in Community are resourced efficiently to deliver the PSG.

6. Sufficient funding for advocacy

- Provide adequate funding for independent advocacy as an essential element of the new PSG. The independent advocacy program should be set as a fixed percentage of total NDIS package costs and adjusted annually.

7. Local Area Coordination aligned to the original intent

- Align the duties and responsibilities of Local Area Coordinators with the original intent, with a primary focus on building trusted relationships, assistance with service navigation and service development, using the original position description of the LAC role from WA as a starting point.

8. Effective Market Stewardship

- Make a major investment in structural adjustment and the NDIS workforce, designed to flatten the demand curve, to make it more price elastic, and lower the NDIS supply curve so that the 'Long run supply (NDIS full rollout)' shown in the NDIA Pricing Strategy is achievable and demand and supply, in the long run, intersect at 'C' and establish a much more coordinated approach to market stewardship to successfully implement the PSG.

In the absence of the reforms we have recommended, above, there is a risk that the PSG will not be effective. At worst, it could become counter-productive as the quest for targets focused on delivery times undermines the quality of experience of NDIS participants, families and carers.

It is therefore essential that this review addresses the underlying drivers which will lead to the successful implementation of the PSG, as well as the standards themselves. Our analysis and research suggests that there are eight very high priority areas.

1. Support for People with Disability who are Ineligible for the NDIS

When the Productivity Commission undertook its ground-breaking work in 2010 and 2011, it characterised the Australian population as Tier 1, all people with disability as Tier 2 and NDIS participants as Tier 3. However, in subdividing the population in this way, it never intended that the NDIS would become an "oasis" in a desert in which people with disability eligible for the NDIS would receive individually tailored funding packages and all other people with disability would receive very little. The current inequity between those eligible for the NDIS and those who are ineligible is not just unfair. It creates a very significant risk of making the NDIS and any PSG unsustainable.

Adequate support for people with disability, not eligible for the NDIS, is a key foundation for the Scheme and the support received by the last person to qualify for the NDIS must be only a little bit more than the first person who does not qualify. Moreover, so long as there is an absence of equity between Tiers 2 and 3, there will not only be continuing risks to Scheme sustainability but an on-going source of red tape, as the NDIA seeks to protect the financial viability of the NDIS.

Currently, only \$132 million (excluding LAC support) has been allocated to Information, Linkages and Capacity Building (ILC) from within the NDIS funding of \$22 billion. With an expected number of NDIS participants of 460,000 and approximately 4.5 million people (18 per cent of a total population of 25 million) in Tier 2, it is self-evident that allocating such a small amount of money to all people with disability who are not eligible for the NDIS is inadequate (\$29 per person compared with the average package size of the NDIS of more than \$40,000 per person). This small allocation to Tier 2 will also ultimately be self-defeating in the sense that it will lead to much greater costs to government as people with disability find ways to become NDIS participants or become more disabled and then become unnecessarily high cost NDIS participants.

In the *Review of NDIS Costs* in 2017, the Productivity Commission recommended increased funding for ILC/Tier 2, as did the Joint Standing Committee in 2018. However, to date, these recommendations have not been accepted.

Further, in January this year, the Productivity Commission recommended in its *Study of the National Disability Agreement* that all governments should commit to proper funding of Tier 2 and clear accountability mechanisms. This is an excellent report but to date, there has been no response to this Study.

Some of the impact of insufficient funding for Tier 2 is being masked by Continuity of Support arrangements, but one area where there is no Continuity of Support is early intervention, because the participants are too young to have received support prior to the introduction of the NDIS. As a result, young children provide one of the clearest indications of the consequences of insufficient Tier 2 funding.

It was always anticipated that approximately twice as many children would qualify for early intervention compared with the number who would qualify for ongoing support from the NDIS, as a result of a permanent and significant disability. However, following early intervention, many more children are staying in the Scheme than expected.

This is not surprising when parents face the prospect of very little support for a child who may still have some ongoing challenges following early intervention or ongoing significant funding from the NDIS. This is driving behaviours and causing them to seek to prove how disabled their child still is, rather than celebrating the benefits of early intervention.

The Agency is responding to these pressures by introducing more and more complex processes, which in turn create inequities, as better educated families have the capacity to commission reports from experts which successfully support their claim of eligibility for their child, while those families without those resources find that their child is ineligible. This is also a cause of enormous parental stress for all families.

Another disability system which was deeply inequitable was the support for people with disability in WA, before the introduction of the NDIS. Those most in need qualified for support through a Centralised Access Process (CAP) while those outside the CAP received very little. Over time, the CAP review processes became more and more onerous and demeaning as people with disability and their families were forced to prove that they were more disabled than the next person. Many of the families who missed out on CAP funding became traumatised by the process. The CAP therefore has important lessons for the NDIS and its implementation.

More generally, so long as there is a “cliff” at the edge of the NDIS rather than a gentle slope, any commitments to reducing red tape are likely to be temporary at best. Therefore, as part of a properly functioning PSG, the adequacy of funding for people not eligible for the NDIS needs to be addressed as a matter of urgency.

Recommendation

- Implement the recommendation from the Productivity Commission *Review of NDIS Costs* by immediately doubling the funding allocation for Tier 2 and implement the recommendations from the Productivity Commission *Study of the National Disability Agreement*, in relation to Tier 2.

2. An efficient NDIA ICT System

The NDIA ICT System represents essential infrastructure on which the NDIS is being built. The system, which was designed and developed by Centrelink, has never operated effectively since its introduction on 1 July 2016, three and a half years ago.

The NDIA needs an ICT system which is fit for purpose, as a foundation for the PSG. Requirements include:

- a transaction and payment capability, which will enable the Agency to see all transaction level data and so monitor prices and enable the Scheme Actuary to monitor Scheme outcomes and provide essential information for monitoring of any inappropriate use of NDIS funding,

- a fully accessible website which meet the needs of people with disability, their families, carers and providers and gives them the information they need to understand and navigate the NDIS,
- an 'eMarket' which provides the Agency, participants and a community of users with access to real-time, accurate and relevant information about service design, availability, price and quality,
- seamless straight through processing from registered providers and participants minimising transaction costs,
- an opportunity for participants to review draft plans and support for self-management,
- establishing dynamic linkages and clear commercial operating rules between the Agency's eMarket and payment and account systems and the emerging ecosystem of financial intermediaries and external eMarkets,
- functionality to implement efficient workflow management within the NDIA and the necessary automated quality control and business assurance for planning decisions, payments and provider registration that underpin a large social insurance scheme,
- 'real time' monitoring of the Scheme by the NDIA together with sophisticated data warehouse and data analytics software for the Scheme Actuary,
- automated fraud-control using standard bank processes for detection, rather than an army of auditors
- full access to the NDIA ICT system for the NDIA Partners in Community, delivering local area coordination and early intervention services, and
- much clearer communications with all stakeholders, including advance notice of all significant changes to protocols, such as APIs, so that the eco-system around the NDIA ICT system operates efficiently.

Recommendation

- Commit publicly to an upgrade to the NDIA ICT system and timetable so the disability sector and NDIA Partners in Community can plan ahead and eMarkets and an efficient ecosystem develop around the NDIA ICT system as quickly as possible.

3. Streamlining Operational Structures

There are two major structural and legal opportunities, as part of the PSG, to streamline Agency operational structures.

(i) Changes to the structure of Core, Capacity Building and Assistive Technology Supports

While the Agency has taken some positive steps to simplify planning categories and approvals, such as the introduction of a small assistive technology category which does not require pre-approval, more needs to be done.

The current NDIA processes sub-divide Core and Capacity Building supports into sub-components. This is unnecessarily complex, contributing to needless reviews, as Participants seek to move funding from one sub-component to another, as circumstances change marginally, confusion and under-utilisation of packages.

It was also always the intention to have only three support categories: Core, Capacity Building and Assistive Technology and this should be introduced as quickly as possible.

Further, the distinction between Core and Capacity Building was meant to be that core supports correspond to regular activities of daily living and, hence, in economic terms consumption. Capacity building is designed to reflect the investment nature of the NDIS and so is a key part of the insurance principles, which underpin the Scheme.

However, these distinctions can be fine, especially when core supports are delivered in ways which simultaneously build the capacity of individuals. It is also notable that for some NDIS participants, expenditures are being classified as capacity building, when in fact they are core. An example is physiotherapy for an adult with cerebral palsy, who needs ongoing physiotherapy to maintain functional capacity. Therefore, it would be worthwhile piloting whether Core and Capacity Building supports should be merged into a single category, as this would certainly be easier for participants and their families to understand.

An additional benefit of broader categories would be that packages, overall, would then need to be assessed as “reasonable and necessary”, rather than producing a focus on individual items. This is likely to contribute to participants budgeting and exercising control and choice within total Plans. This should also lead to a reduction in AAT appeals, as the AAT would then need to determine whether the overall package is reasonable and necessary, rather than whether individual funding categories, such as transport, are reasonable and necessary.

(iii) Changes to Section 170 of the National Disability Insurance Scheme Act (2013)

When the National Disability Insurance Scheme Act (2013) was passed by the Parliament in 2013 it was not anticipated that large parts of the functions of the National Disability Insurance Agency (NDIA or Agency) would be out-sourced to non-government community partners.

Currently, Section 170 of the National Disability Insurance Scheme Act (2013) provides for the NDIA to utilise the services of other Commonwealth public servants and employees of State and Territory governments to undertake functions on behalf of the NDIA. In practice, this means that Commonwealth, State and Territory public servants seconded to the Agency as well as Agency staff can act as delegates of the CEO of the NDIA. Specifically, non-government employees are not included in Section 170.

However, the staff of organisations who are undertaking vital Local Area Coordination (LAC) or Early Childhood Early Intervention (ECEI) functions on behalf of the NDIA, through the NDIA’s Partners in Community program, are not able to act as delegates of the NDIA CEO. The practical consequence of this is that planning functions which have been delegated to Local Area Coordinators or ECEI staff cannot be approved by the LAC and ECEI providers, respectively. All plans need to be sent to the NDIA for approval.

This leads to needless double handling and, more significantly, means that the majority of NDIS participants and their families can never meet the person who is responsible for approving their Plans. This is deeply disempowering, contrary to the NDIS principle of “control and choice” and inconsistent with an effective PSG.

To correct this current weakness in the NDIS Act it is recommended that Section 170 should be expanded to include a new provision which would include the staff of the NDIA’s Community Partners. This would then allow the necessary delegations under the Public Service Act.

Recommendations

- Eliminate all sub-categories of Core and Capacity Building supports, so that there are only three categories of supports: Core, Capacity Building and Assistive Technology. Further, undertake a pilot to test whether the NDIA processes can be further simplified and improved by merging Core and Capacity Building into a single category.
- Expand Section 170 of the NDIS Act to include the staff of the NDIA’s Community Partners.

4. Empowering control and choice for all NDIS participants

While the NDIS provides funding to individuals who have ‘choice and control’ and so are empowered to harness markets to find the supports that most efficiently and best meet their needs, it is clear that this works best when people with disability have high capacity to navigate the new marketplace and/or have highly effective advocates.

For participants who are Aboriginal or Torres Strait Islanders or from culturally and linguistically diverse backgrounds or have a psychosocial disability, the NDIS is hugely complex and for these groups it is clear that the “postcode lottery” of the old welfare disability system has been replaced by the lottery of luck: the good fortune of effective advocacy.

It also needs to be recognised that many people with disability, especially those with intellectual and psychosocial disabilities, are vulnerable. They often have poor informal networks of family and friends and experience above-average risks of abuse, especially amongst women and girls. There are also significant information asymmetries and high transaction costs when shifting disability service provider, which make people with disability vulnerable to exploitation.

Therefore, to ensure that the PSG is equitable, Support Coordination must be included in the Plans of all highly disadvantaged participants without strong and effective family support. In the most significant cases of persistent disadvantage, on-going case management should be provided as part of an effective PSG.

Further, a major impediment to a sense of empowerment for participants and their families is that Plans are approved and finalised without participants and their families having the opportunity to see a draft. As a result, there is no opportunity to ensure that there have been no misunderstandings between the planner and the participant and their family or other advocate. This is then leading to unnecessary Plan Reviews. Therefore, as a matter of urgency, there should be a commitment to provide all participants with a draft Plan before finalisation.

Recommendations

- Include Support Coordination in the Plans of all highly disadvantaged participants and, where needed, provide on-going case management as an integral part of an effective PSG.
- Provide all participants with a draft Plan for review before it is finalised.

5. Adequate resourcing of the NDIA

The resourcing of the NDIA has been a vexed issue since before the commencement of the Scheme and so the recent announcement from the Government that it has lifted the cap on the NDIA staffing levels is most welcome.

However, this announcement, while responding to immediate staffing shortages, leaves a major issue in relation to Agency resourcing unanswered. Most NDIA staff are not employed directly by the Agency. They are employed by the NDIA Partners in Community. Therefore, the latest announcement does not identify whether or not front-line staff employed by the NDIA Partners in Community are sufficient in number or quality or have received sufficient training.

The origins of the shortfall in resources for the NDIA commenced prior to the start of the NDIS in 2013, when the Department of Finance insisted on a long-term administrative ratio of 7 per cent of total costs for the NDIA. This remains the target, notwithstanding a recommendation from the Productivity Commission in 2017, as part of its *Review of NDIS Costs*, that 10 per cent would be a more appropriate target.

The Productivity Commission recommendation was based on a review of accident compensation schemes' costs. However, accident compensation schemes essentially deal with three types of catastrophic injuries: spinal cord injuries, brain injuries and burns, and because these accident compensation schemes have been running for many years there is now highly detailed data available to determine optimal support arrangements and best-practice operational efficiency.

The NDIS is dealing with many more types of disability and the data that is being collected is being used to refine the reference packages (Typical Support Packages). This work is painstaking and highly resource intensive.

Further, accident compensation schemes seek to assist the person who was injured to be in as close a position as they were prior to injury. This means that informal care is not taken into account when determining funding. In contrast, the NDIA planning process includes an assessment of informal/family support arrangements and whether they are sustainable. Getting the informal/formal support balance right creates additional operational complexity for the NDIA, compared with accident compensation schemes. In turn, this requires higher operational cost ratios for the NDIA compared with accident compensation schemes.

Without this foundational work and the staff to undertake it, the NDIS risks being inequitable and unsustainable and bureaucratic. This work is therefore also foundational from the perspective of a PSG. It will provide the data that will enable assessments to be much more reliable, speedy and equitable and so deal with a major current complaint about the NDIS, which is significant differences in support packages offered to people with similar needs.

Therefore, resourcing the Agency and its Partners in Community to meet these challenges should be included as part of the implementation of the PSG and they imply that the operational cost target for the NDIA will need to be more than 10 per cent.

Recommendation

- Set an administrative cost target for the NDIA of at least 10 per cent, to ensure that the NDIS and its Partners in Community are resourced efficiently to deliver the PSG.

6. Sufficient funding of independent advocacy

It is essential that independent advocacy is resourced adequately, as part of the PSG. Without sufficiently resourced independent advocacy, any PSG will not result in the fair delivery of the NDIS, because those unable to advocate for themselves will be left behind.

Further, Disability Complaints Commissioners, Ombudsmen, Public Advocates and Guardians, as part of the consultations on the Quality and Safeguards Framework for the NDIS, all agreed that they could not undertake their work effectively without independent advocates. Therefore, adequate advocacy funding would have much broader benefits. This is particularly important in view of the current Royal Commission into the Abuse, Neglect, Violence and Exploitation of People with Disability.

When the original work on the NDIS was undertaken by the Productivity Commission in 2011, independent advocates argued that it would be a conflict of interest for the NDIA to fund independent advocacy and that funding should therefore be directly from governments. This highly principled position was correct, but has left independent advocacy with both insufficient and insecure funding, as governments have focused their attention and resources on the NDIS.

There is therefore an urgent need to boost funding for independent advocacy and there are four potential sources of funding:

1. Expanding the Independent Advocacy Program, funded by the Department of Social Services (DSS)
2. Funding or part-funding by the National Quality and Safeguards Commission
3. NDIA part-funding through an agreed percentage of NDIS package costs, and/or
4. State and territory government funding on a per capita basis.

The best approach would be:

- Funding should be equally sourced from the Independent Advocacy Program, the National Quality and Safeguards Commission, NDIS package costs and the States and territories.
- The total quantity of funding should be set as a percentage of total NDIS package costs and automatically adjusted annually.
- Responsibility for allocating the funding to advocacy organisations should be the responsibility of an Independent Committee, so as to ensure that advocacy is independent and to manage any perceived conflicts of interest.
- The Independent Committee should be required to establish transparent criteria for allocating funding to individual organisations and formally consult with the National Quality and Safeguards Commission, Disability Complaints Commissioners, Ombudsmen, Public Advocates and Guardians before allocating funding to individual organisations.
- The criteria should include measures of effectiveness, including building capacity of people to self-advocate, and employing people with disability.
- The funding for independent advocates would only be available to organisations which are truly independent. They could not be a subsidiary or affiliated with any other organisation.

Recommendation

- Provide adequate funding for independent advocacy as an essential element of the new PSG. The independent advocacy program should be set as a fixed percentage of total NDIS package costs and adjusted annually.

7. Local Area Coordination aligned with the original intent

Currently, local area coordinators are typically spending 90 per cent or more of their time on planning and, therefore, less than 10 per cent of their time on true local area coordination. This is very understandable given that the priority for the NDIS, through the full national roll-out phase, has been getting participants into the NDIS.

However, as the focus now shifts to the quality and equity of the NDIS experience through a well-developed PSG, Local Area Coordination needs to go back to the original intent, which prioritises building trusted relationships, assistance with service navigation and service development, as well as support for those not eligible for the NDIS. All of these functions are essential for the PSG to be effective.

The original LAC Duty Statement from WA provides a useful starting point for the role of local area coordinators in a well-managed NDIS:

- Get to know local individuals with disability and their families
- Determine the needs of individuals/families
- Provide timely and accurate information to individuals/families
- Advocate for individuals/families and facilitate self-advocacy
- Assist individuals/families to build informal support networks
- Identify service gaps in the local community
- Extend existing local services or develop new local services
- Secure or provide financial support for individuals/families

- Contract private services and supports
- Monitor the quality and quantity of local services
- Develop funding plans and manage necessary documentation

Obviously, given that there are still people to join the NDIS and a very significant workload in regularly updating participant Plans, there is likely to be a need for increased LAC resourcing. This would need to be accommodated within the new administrative cost allocation, discussed above in the section: Adequate resourcing of the NDIA.

Recommendation

- Align the duties and responsibilities of Local Area Coordinators with the original intent, with a primary focus on building trusted relationships, assistance with service navigation and service development, using the original position description of the LAC role from WA as a starting point.

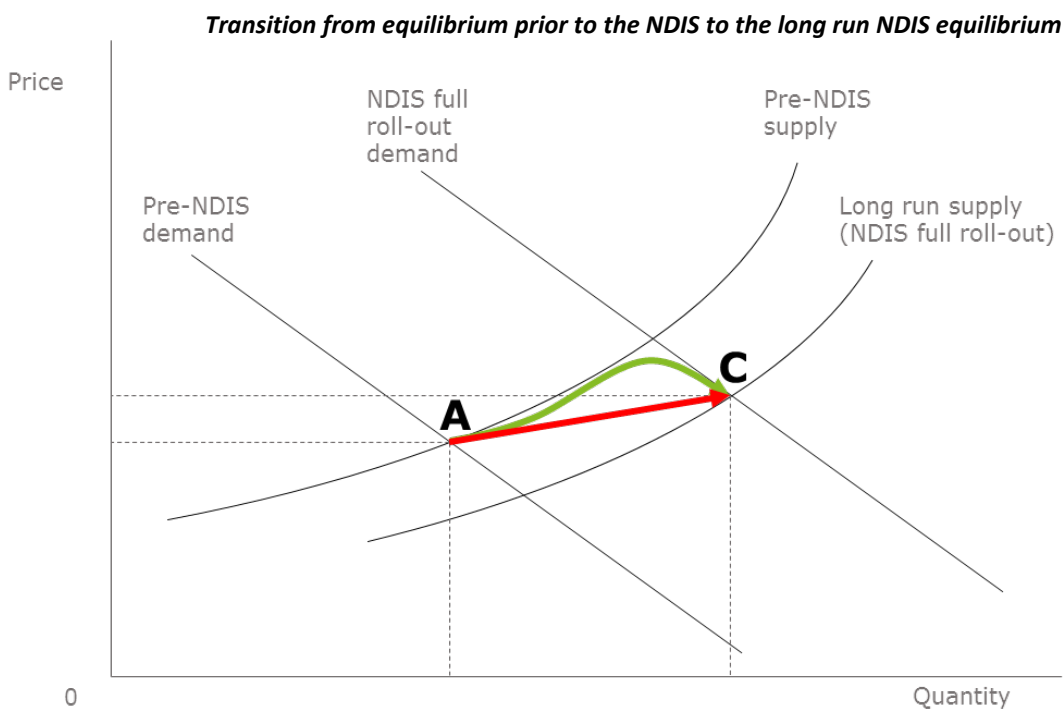
8. Effective Market Stewardship

The NDIA has recently published a very important paper: National Disability Insurance Agency Pricing Strategy, August 2019.

The Pricing Strategy helpfully defines:

- Efficient Price levels
- Sustainable price levels
- Transitional price levels, and
- Price caps

The Pricing Strategy then illustrates the shift in the disability market, as a result of the introduction of the NDIS, using the figure below.



The introduction of the NDIS implies a big demand “shock” in the disability market, (from ‘Pre-NDIS demand’ to ‘NDIS Full roll-out demand’ in the above Figure). Effectively, the introduction of the NDIS will lead to a doubling of the quantity of demand in a very short period of time with a similar expected addition to demand for a skilled disability workforce.

It is notable that this strong growth in demand for disability workers is occurring at a time of strong growth in demand from the adjacent aged care and health sectors. As a result, there is likely to be only a minor shift in the existing care and health workforce to the disability sector. Moreover, the disability workforce is older than average and the shift in supply from State governments to non-government providers could trigger early retirements, as minimum salary and other conditions, designed to retain the former public sector workforce, are unwound. This will lead to further labour force shortages in the medium term.

This points to significant risks that the supply curve will shift upwards, rather than downwards from the ‘Pre-NDIS supply’ in the Figure above. Moreover, highly manual administrative processes, as disability service providers now need to issue and process thousands of individual invoices, have certainly shifted the supply curve upwards from the pre-NDIS level.

This is not surprising given that when demand expands rapidly the usual market response is for supply either to expand along the existing supply curve or for the supply curve to move upwards.

The current upward pressures on the supply curve are a major problem because when they are combined with the NDIS price caps they are causing supply shortages. This is leading to major frustrations and disappointments for participants. Further, there is no point in the NDIA having a PSG, if it just generates demand for services more quickly, which then cannot be satisfied in the market.

The suggestion in the Pricing Strategy is that after a period of transitional prices, the supply curve will shift downwards. However, experience to date suggests that this will not occur. The Agency has been employing variations of transitional pricing since the inception of the NDIS and there is no evidence of the supply curve shifting downwards.

There is therefore an urgent need for a major investment in structural adjustment to shift the supply curve downwards, make the demand curve more elastic and to ensure that the PSG is effective.

On the demand side of the market, it is essential that demand for individual services is highly value for money elastic. This implies a need for the demand curve to flatten, so that a relatively small rise in prices generates a large decline in demand.

In effect, a new and vastly expanded disability market place needs to emerge. Participants and their families and carers need to become highly discerning buyers, who have reliable, accessible and timely information at their fingertips, enabling them to navigate effectively and so overcome inherently high transaction costs and frequent information asymmetries. Support coordination, other service navigators and an e-Market are all important ingredients in getting this right.

It is also notable that an important function of LACs, as outlined in the original WA Position description, was to identify and develop new supply, beyond specialist disability services, to include mainstream services. The re-positioning of LACs is therefore one aspect of an overall strategy to stimulate innovation, build new sources of supply and shift the supply curve downwards.

Even more importantly, there needs to be a major investment in workforce training and development. This needs to embrace innovative methods, including micro credentials, to deliver the NDIS workforce quickly. There is also a need to address key supply shortages in allied health and rural and remote areas, through the training and development of an allied health assistant workforce and using technology better, as is now widespread in tele-health.

Finally, consideration needs to be given to organisational responsibility for market stewardship. Currently, the NDIA is responsible for pricing, even though it is very unusual, in any market, for a government monopsony buyer to be given control of prices. The National Quality and Safeguards Commission is responsible for standards of quality, safeguards and some minimum qualification levels, while the Commonwealth and State governments have funded various projects to build the workforce and for disability service providers to prepare for the NDIS.

This is all very disjointed, lacks accountability and is unlikely to deliver the required shift in the supply curve to the 'Long run supply (NDIS full rollout)' shown in the NDIA Pricing Strategy. Therefore, a much more coordinated approach as well as significant additional resourcing for structural adjustment will be needed to successfully implement the PSG. Fortunately, there is funding flexibility to achieve this, because of underspending in previous years in the proposed Reserve Fund.

Recommendation

- Make a major investment in structural adjustment and the NDIS workforce, designed to flatten the demand curve, to make it more price elastic, and lower the NDIS supply curve so that the 'Long run supply (NDIS full rollout)' shown in the NDIA Pricing Strategy is achievable and demand and supply, in the long run, intersect at 'C' and establish a much more coordinated approach to market stewardship to successfully implement the PSG.

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