

Chapter 6

Challenges facing the Agency and the Scheme

6.1 This chapter has two parts that draw together the evidence that the committee received from its visits to the National Disability Insurance Scheme (NDIS) trial sites (chapters 2–5) and its interactions with the National Disability Insurance Agency (NDIA):

- the first part (paragraph 6.2–6.49) looks at some of the challenges facing the NDIA in administering and implementing the NDIS; and
- the second part of the chapter (paragraph 6.50–6.99) comments on a number of challenges that face the NDIS. These include the timetable for full rollout, the capacity of service providers to deliver requisite supports, the interface between mainstream services and the NDIS, the implementation of Tier 2 services, developing the disability sector workforce, promoting the self-management of plans and the financial sustainability of the Scheme.

The challenges facing the National Disability Insurance Agency

6.2 The committee is under no illusion: the task of the NDIA to implement and administer the NDIS is highly complex. As the NDIS is the most significant social reform in Australia for 30 years, the Agency's challenges are many and varied. Changes will be significant not just for participants, carers and families but also for providers who have to evolve to a 'fee for service' model. For the NDIS to work as intended, these key stakeholders must be well-informed and given assistance to adapt.

6.3 To successfully implement and administer the Scheme, the processes of the Agency must be clear, transparent, consistent, responsive, flexible, adaptive and resilient. Often, there will be challenges in balancing these imperatives. The objective of consistency in decision-making processes, for example, can lead to claims that the system lacks flexibility and client-focus. Some central control from the NDIA is crucial to ensure consistency in decision-making and the financial viability of the Scheme. But too much control will lead to claims the Scheme is imposed from the top rather than responding to the needs and interests of people with disability and their families.

6.4 In addition to these complexities, the committee also recognises that it is still early days for the NDIS. Early problems with, and criticisms of, the Agency and the Scheme were inevitable. The committee shares Dr Bruce Bonyhady AM's view that the trial phase was needed for the Agency to learn: 'it was never going to be possible to just roll out this Scheme smoothly from day one'.¹ However, it also shares the Chairman's view that the Agency can improve.

1 Dr Bruce Bonyhady, *Transcript of meeting with the NDIA*, 8 July 2014, p. 1.

6.5 With this in mind, the comments and recommendations in this chapter are intended to be constructive: to assist the NDIA to continue to learn and ensure that the Agency's and the Scheme's values are reflected in its processes.

BOX 1

The Agency's engagement with the Parliamentary Joint Committee

Over the past six months, the committee has had the opportunity to speak with senior staff from the NDIA on several occasions. This included:

- (a) a private briefing on the design and key features of the NDIS from the Chairman of the Board of the NDIA, Dr Bruce Bonyhady AM, and the NDIA's Chief Executive Officer, Mr David Bowen on 5 March 2014;
- (b) a public hearing with the NDIA's Barwon trial site Manager, Ms Stephanie Gunn, on 14 April 2014;
- (c) a visit to the NDIA's new headquarters in Geelong on 15 April 2014, where committee members discussed the progress of the Scheme with Mr Bowen, the Deputy Chief Executive Officer, Ms Louise Glanville, and the General Manager of Operations, Ms Liz Cairns;
- (d) a public hearing with the NDIA's Tasmanian trial site Manager, Ms Sue Ham, on 17 April 2014;
- (e) a public hearing with the NDIA's Hunter trial site Manager, Ms Kim Birch, on 6 May 2014;
- (f) a public hearing with the NDIA's South Australian trial site Manager, Ms Meryl Zweck and Ms Cairns on 8 May 2014;
- (g) a public hearing with Dr Bonyhady AM, Mr Bowen and the Scheme Actuary, Ms Sarah Johnson, on 14 May 2014; and
- (h) a private briefing with Dr Bonyhady AM, Mr Bowen, Ms Glanville, Ms Cairns and Ms Johnson on 8 July 2014. The NDIA has agreed for the committee to use the transcript from this meeting in this report.

On request, the NDIA has also provided the committee with written responses:

- (i) on 22 May 2014, the committee put to the NDIA a list of 45 questions arising from the public evidence provided by its four trial site managers. The committee received the Agency's response to these questions on 16 June 2014 (see Appendix 3);
- (j) on 25 June 2014, the committee received from the Scheme Actuary responses to questions arising from the meeting on 14 May 2014. On 7 July 2014, the NDIA provided an updated set of responses to replace those sent earlier;
- (k) on 7 July 2014, the NDIA provided an updated list of responses to nine of the 45 answers sent on 16 June. These are in Appendix 4; and
- (l) on 8 July 2014, the Agency gave the committee a series of documents relating to matters discussed at the private briefing, held the same day.

The committee extends its thanks to Dr Bonyhady and the NDIA for their assistance in providing the committee with regular feedback on the Agency's progress in implementing the Scheme.

The culture of the Agency

6.6 The NDIA's *Strategic Plan 2013–2016* outlines the Agency's desired culture under the following goals:

Assurance—the Agency is committed to certainty of funding for high quality, equitable and effective supports that respect the diversity of all people with disability.

Empowerment—The Agency works locally and in partnership with participants, their families and carers to enable them and ensure they have choice, control and a voice.

Responsibility—The Agency shares a mutual responsibility with participants, the community and providers in providing high quality supports which maximise potential, independence, integration and inclusion in the community.

Learning—The Agency sees every task and interaction as an opportunity to learn and continually improve performance. The Agency is reflective, asks for and acts on feedback, and constantly evaluates its performance.

Integrity—The Agency is fair and transparent, does as it says and says what it does, so as to build trust and respect among people with disability, their families and carers, employees, providers and the community.²

6.7 Chapters 2–5 of this report have identified the dissatisfaction of some participants and carers with their experience interacting with the Agency. There was some perception that the Agency needed to be more responsive and needed to engage more with people with disability.³ NDIA trial site managers themselves recognised the challenge of creating a culture that is responsive and attentive to participants' needs.⁴

6.8 In this context, the committee also notes the comments of the January 2014 *Review of the capabilities of the National Disability Insurance Agency* which stated that:

As with any new Agency, the culture is embryonic. It differs from team to team and site to site. As mentioned above, the staff are highly committed, and under the CEO's leadership are energetic, enthusiastic and proud. The hard work has only just started, and the Agency needs to develop a culture which will sustain the enthusiasm of staff over the long term.

...

The Senior Executive are hardworking and have proved themselves able to drive hard and achieve remarkable results. At times the drive for

2 National Disability Insurance Agency, *Strategic Plan 2013–2016*, p. 5.

3 See the comments of Mr Kevin Stone, *Committee Hansard*, 14 April 2014, p. 2; Ms Dianna Ots, *Committee Hansard*, 7 May 2014, p. 4.

4 Ms Stephanie Gunn, *Committee Hansard*, 15 April 2014, p. 14; Ms Meryl Zweck, *Committee Hansard*, 8 May 2014, p. 23.

completion has been at the cost of relationships and effective planning and communication. Too much of this achievement continues to be based on the heroic efforts of individuals operating bilaterally with the CEO rather than as a result of the normal operations of the whole Agency.⁵

6.9 The committee understands that the NDIA proposes to undertake a 'culture audit' in October and early November 2014. As part of this audit, the Agency will ask participants, providers and other stakeholders whether or not it is living by the values it espouses.⁶ The committee looks forward to learning more about the methodology and the results of this audit.

The NDIA's engagement with the committee

6.10 For the committee to perform its role effectively, it relies heavily on the cooperation of the Agency to provide timely and accurate information. The list above shows that the NDIA has engaged extensively with the committee over the past nine months.

6.11 The committee's experience with the NDIA in regard to communications was not unlike the general comments highlighted throughout this report. The committee notes an improvement over the course of the last nine months and looks forward to working productively with the NDIA.

6.12 The committee emphasises that it shares the Agency's keen desire to implement and administer the NDIS as effectively and efficiently as possible. As such, the committee sees its role and that of the Agency as mutually reinforcing. The committee can assist the Agency in its 'learn, build, learn, build' approach by raising issues of stakeholder and community concern with the Agency and ensuring that solutions are developed. The NDIA has acknowledged that problems exist and has moved to rectify them. The issue of the backdating of plans is a good example.

Clear, up-to-date and timely information

6.13 Clear, accurate and timely information is crucial to the working of any market. If a competitive market is to develop in disability services in Australia, offering real choice to participants, it is crucial that the NDIA provides timely and accurate information to the sector. This will enable service providers to make planning and investment decisions. Further, if there is to be a significant increase in the number of people who self-manage their plan under the NDIS,⁷ prospective and actual participants must be clear about these processes and feel they can readily find information to assist.

5 Mr Jeff Whalan AO, Dr Peter Acton and Dr Jeff Harmer AO, *A review of the capability of the National Insurance Disability Agency*, January 2014, p. 23.

6 See the comments of Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 2.

7 See the comments of Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 11.

6.14 A concern raised repeatedly in evidence to the committee at the trial site hearings was the lack of clear, up-to-date and timely information from the Agency. In Newcastle, for example, Mr Michael Fitzpatrick told the committee that price changes for a service had not been updated on the Agency's website (see chapter 3).⁸ In Adelaide, Ms Anna Van Den Broek told the committee that information on vehicle modifications was not available on the NDIA's website.⁹ The committee is aware of the frustration of the parent of a child in Adelaide that information on the Agency's website was constantly changing.¹⁰ Also in Adelaide, the Hon. Kelly Vincent MLC expressed her concern that the NDIA's *My Access Checker* does not give the person a reason if they are ineligible for the Scheme. She argued that this risks failing to inform them that they may later meet the eligibility requirements.¹¹

6.15 In a scheme of the scale and complexity of the NDIS, the Agency is required to produce a significant amount of information for prospective and actual participants, carers, planners, service providers and the general public. It is understandable that at this early stage of the Scheme, there will be a fair amount of confusion and uncertainty about how to access this information and how it should be interpreted. It is also to be expected that the Agency will have to review and revise these documents on a regular basis, which may cause stakeholders some confusion and anxiety.

6.16 The committee makes the following observations about the challenge for the Agency to provide clear, accessible, understandable and up to date information:

- (a) The materials that the Agency produces need to be written in a way that the intended reader can easily understand. Some of the language used in the Agency's fact sheets is unnecessarily bureaucratic. They should be simplified.¹²
- (b) The information that the Agency puts on its website are 'living documents'. It is crucial to the transparency of the Agency's processes that the documents are dated. It is also important that stakeholders have information on what the amendments to the document were and why they were made. The Agency needs to establish a process on its website where it publicises updates at a regular time intervals—the beginning or end of the month, but always the same time. Where there is information that needs to be communicated urgently, this should be posted under a 'News Flash' item (see recommendation 1).
- (c) It is important that planners are familiar with—and keep up to date with—the NDIA's documents on the planning process. They should be

8 Mr Michael Fitzpatrick, *Committee Hansard*, 5 May 2014, pp 15–16.

9 Ms Anna Van Den Broek, *Committee Hansard*, 7 May 2014, p. 6.

10 See chapter 5.

11 The Hon. Kelly Vincent MLC, *Committee Hansard*, 7 May 2014, p. 1.

12 The committee understands that the Agency has engaged external consultants to assist with re-writing some of its public materials.

comfortable with giving and explaining this information to their clients. This should be an important part of their training.

- (d) The Agency's website must be able to be searched by asking basic questions. A prospective participant should be able to type in a question such as 'how do I get into the Scheme?'

Recommendation 7

6.17 The committee recommends that the National Disability Insurance Agency implement a system whereby its website is renewed on a systematic basis, alerting the public to changes in its online documentation. The list of changes—with links to the documents—should be able to be accessed easily. Urgent changes—such as a change to price lists—should be communicated under a 'News Flash' item on the NDIA's website.

A consistent approach in planners' decision-making

6.18 Another concern of stakeholders from the evidence gathered in the trial sites was the lack of a consistent approach from planners and the NDIA in the planning process. This has led to differences in plans that seem inequitable.

- St Laurence Community Support told the committee that there was 'little consistency' in the cost of different participants' packages.¹³
- Mrs Liz Cohen highlighted inconsistencies in what families are receiving, particularly in relation to travel items in transdisciplinary packages.¹⁴
- Mrs Michaela Dollard noted that she had had a different planner on her second meeting who gave her son a significantly reduced package (see chapter 5).¹⁵
- Mrs Amanda Haskard, from the Cora Barclay Centre, told the committee: 'the better-priced plans are going to families that are able to advocate for themselves and are able to articulate their goals and aspirations for their children'.¹⁶

6.19 One of the Agency's goals is to improve the consistency of its decision-making. A public NDIA document titled *Further guidance on NDIS planning decisions* states:

NDIA staff make decisions based on the National Disability Insurance Scheme Act 2013 (NDIS Act) and the rules made under the NDIS Act. The operational guidelines also provide practical guidance for decision makers.

13 Mr Anthony Still, *Committee Hansard*, 14 April 2014, p. 30.

14 Mrs Liz Cohen, *Committee Hansard*, 7 May 2014 p. 33.

15 Mrs Michaela Dollard, *Committee Hansard*, 7 May 2014, p. 14.

16 Mrs Amanda Haskard, *Committee Hansard*, 7 May 2014, p. 25.

Adding further guidance to some of the operational guidelines about supports in the plan will help:

- (i) give participants, their families and carers access to information about what to expect in the levels of funded support in the NDIS
- (ii) guide NDIA staff to make consistent decisions when identifying supports that are reasonable and necessary, and
- (iii) assist in ensuring the financial sustainability of the NDIS.

The NDIA is clear that the expected levels of some funded supports are not caps, but rather expected levels of funding that a participant might have in their plan.

In some circumstances, a participant's plan might need higher levels of supports, where they are in line with their goals and outcomes. The operational guidelines include information about what can be considered above the expected levels of funding in individual circumstances.¹⁷

6.20 Dr Bonyhady told the committee in July 2014:

...we are working to strengthen our training and internal and external communications. So, for example, guidelines are guidelines and there is greater consistency. It is not satisfactory for you to get different answers to the same questions from our senior managers.¹⁸

6.21 The committee acknowledges that the NDIA is working to improve the consistency of its processes across the trial sites. Ms Liz Cairns, NDIA's Operations General Manager, informed the committee that the Agency is commissioning an independent business assurance audit. She noted that:

Fiona Smith, from Victoria is going to be working with the review team to do that. It will be going to the key issues that this process has identified, plus our internal business assurance process issues, and it will provide a really good benchmark that we can then build on.¹⁹

6.22 The committee recognises that it is a significant task to ensure consistency in the approach and decision-making mindset of planners across the various trial sites. The challenge is particularly great at this early stage of the Scheme. The operational guidelines are important documents to guide planners and achieve consistency in decision-making processes. The committee emphasises that these documents must be regularly reviewed and scrutinised within the Agency. In the process, the views of external stakeholders—participants, carers, family members, service providers, advocates—must also be considered.

17 National Disability Insurance Agency, *Further guidance on NDIS planning decisions*, 11 March 2014, http://www.ndis.gov.au/sites/default/files/documents/further_guidance_planning_decisions_0.pdf, (accessed 22 July 2014).

18 Dr Bruce Bonyhady, *Transcript of meeting with the NDIA*, 8 July 2014, p. 1.

19 Ms Liz Cairns, *Transcript of meeting with the NDIA*, 8 July 2014, p. 4.

6.23 The committee stresses that the focus must be on ensuring consistency in these decision-making processes from one planner to the next, rather than on plan outcomes *per se*. Different plan outcomes reflect the Scheme's individualised approach to providing supports. As Ms Stephanie Gunn, Barwon trial site manager, told the committee:

We will need the support of the community and the government in acknowledging that there will be great inconsistency in the plans that we produce because that is what having an individualised, family centred and person centred planning process means.²⁰

6.24 This is not to suggest that the NDIA should ignore achieving comparable outcomes in the plans of people who have similar life goals and circumstances. However, consistency in the decision-making processes of planners must be the main objective. If this is achieved, the community will be more likely to have confidence in the integrity of the Scheme and the Agency.

Responsiveness to stakeholders

6.25 Whilst the committee did receive some positive feedback from stakeholders, a recurrent complaint from participants, carers and service providers is that the Agency has not been responsive to their concerns, criticisms and suggestions for constructive improvement. This problem was raised in public hearings at each trial site:

- in Geelong (chapter 2), Mr Kevin Stone, although being generally positive, expressed his regret that instead of a client-focussed Scheme, 'a Centrelink-type mentality' has developed. He argued: 'the way to actually fix it is to be responsive, to put in place mechanisms that engage better and more consistently with people with disability';²¹
- chapter 3 noted that the Agency's communication with service providers in Tasmania had improved,²² and while there had been some complaints about the Agency's slow response from participants, 'it has been less of an issue' in Tasmania;²³
- in Newcastle (chapter 4), Miss Beth Gwalter noted her concern that the changing policies and procedures of the Scheme are not being communicated effectively to service providers. She noted that information was often received through chance conversations with other providers²⁴; and

20 Ms Stephanie Gunn, *Committee Hansard*, 15 April 2014, p. 14.

21 Mr Kevin Stone, Executive Officer, VALID Inc., *Committee Hansard*, 14 April 2014, p. 2.

22 Mr Drew Beswick, *Committee Hansard*, 16 April 2014, p. 24.

23 Ms Sue Ham, Tasmanian trail site manager, NDIA, *Committee Hansard*, 17 April 2014, p. 23.

24 Ms Beth Gwalter, Managing Director, Recovery Station, *Committee Hansard*, 5 May 2014, p. 35.

- in Adelaide (chapter 5), the parents of children expressed their frustration at the lack of a response from the Agency to their calls and emails. One mother noted that NDIA will 'respond when they want to';²⁵ another observed that the Agency is 'desperately short-staffed'.²⁶

6.26 The committee recognises the challenge—in terms of both resources and logistics—for the Agency to be responsive to a diverse group of stakeholders. At this early stage of the Scheme, it is understandable that there will be some uncertainty, confusion and even anxiety from all stakeholders—participants, carers, family members, service providers and advocates. It is reasonable that these stakeholders should expect a timely response from the Agency.

The NDIA's feedback systems

6.27 The committee also acknowledges that for the past 12 months, the NDIA has had in place systems to lodge stakeholders' complaints, monitor the timeliness of the Agency's response and analyse the outcomes and the reasons for these outcomes. As Ms Cairns told the committee in July 2014:

We have had a quality framework in place since July last year. I have just recruited a new quality and innovation team that is taking the existing framework, which I think has provided us with some useful information to date, but clearly needs to be expanded, both in response to this process and also in response to where we are in our organisation.

So it will catch all the possible sources of information, including the qualitative customer satisfaction engagement that we need to do in addition to the survey. It will look at complaints. It will drill into records in terms of timeliness of responses. Then we will run that through a continuous improvement process. The outcome of that will effectively be a recourse analysis: what is the change; what is the reason for a particular issue or deficit; is it about an individual staff member; is it broader than that; is it a training issue; does it need to be dealt with by way of a process change?

The other thing we are introducing is a set of KPIs for the operation staff, which will talk to the key deliverables of the scheme—for example, client outcomes being achieved and scheme sustainability. But in response to this particular issue we have two. One is around timeliness; particular time frames around responsiveness to phone calls, emails and written communication. And an aspect of the KPI for each individual will be their score against our behaviours and values.²⁷

25 Mrs Louise Trinkle, *Committee Hansard*, 7 May 2014, p. 20.

26 Ms Van Den Broek, *Committee Hansard*, 7 May 2014, p. 20.

27 Ms Liz Cairns, *Transcript of meeting with the NDIA*, 8 July 2014, p. 3.

6.28 Mr Bowen told the committee that the Agency has put into the system a record of how individuals prefer to be communicated with.²⁸ The committee commends this initiative.

6.29 In response to a question on notice requesting details of processes that the NDIA currently has in place to facilitate a formal feedback system, the NDIA told the committee:

In addition to the formal feedback mechanism, trial sites utilise a number of mechanisms at the local level to receive and record qualitative feedback from participants, including focus groups and individual interviews or surveys. These participant engagement mechanisms will be captured in the National Quality Action Plan (currently under development) which will also include engagement processes across the sites to capture system wide feedback on particular issues. The qualitative information gathered from these activities will be analysed to identify systemic issues and will be fed back through the continuous improvement cycle to improve the performance of the Agency.²⁹

6.30 The committee understands that Mr Bowen and Ms Louise Glanville, Deputy Chief Executive Officer, have scheduled visits to all trial sites in June, July and August to meet with participants and providers and talk about feedback processes.³⁰

6.31 The committee is concerned that these internal processes are not publicised and not widely known or understood by stakeholders.³¹ It encourages the Agency to publicise information on its feedback system and its performance against performance indicators on its website and in its Annual Report. It is important for the public to see that the Agency is taking the feedback it receives seriously, and that it is open about its successes and its shortcomings in this area. The committee also believes that it will be in the Agency's best interests to publicise this data to show that it is—over time—learning and building.

28 Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 3.

29 National Disability Insurance Agency, *response to question on notice number 37*, received 16 June 2014, Appendix 3.

30 National Disability Insurance Agency, *response to question on notice number 37*, received 16 June 2014.

31 See the comments of Miss Gwalter from Recovery Station and Occupational Therapy Australia, *Committee Hansard*, 5 May 2014, p. 35.

Recommendation 8

6.32 The committee recommends that the National Disability Insurance Agency publicise details about its internal systems for receiving and responding to feedback. The key performance indicators should be publicly listed and the Agency's performance against each indicator should be provided at regular intervals on the NDIA's website and in its Annual Report. The public should also be able to compare data sets over time.

6.33 Particularly at this early stage of the Scheme, it is understandable that the Agency is required to put considerable resources into answering questions and fielding and responding to queries and complaints from stakeholders. In this context, the committee makes the following two points. The first is that there is an important role for advocacy groups and local area coordinators to take the pressure off the Agency in terms of providing advice on what disability and mainstream services are available and who and where they can be obtained. The Agency obviously has strong vested interest in ensuring that these networks are developed and properly informed.

6.34 The second point is that the need for the Agency to field and respond to queries and complaints will reflect in part whether its information and its processes are clearly communicated. This goes to the issue of clarity raised earlier in this chapter.

Surveying participants and reporting the results

6.35 Chapters 2, 3, 4 and 5 of this report all noted the positive feedback the Agency had received from its survey of participants. The *Third Quarterly Report* contained a table with the results of a survey gauging participants' satisfaction with the Agency and, in particular, the planning process. On a scale from -2 (very dissatisfied) to +2 (very satisfied), the overall score of respondents was +1.66. Dr Bonyhady provided the committee with more detail:

There were 784 people surveyed up until the end of March, and that was done on a confidential basis and on the basis that people could withhold their name if they wanted to. In other words it was a quite standard survey technique. Of those 784, 571 were very satisfied, 169 were satisfied, 33 were neutral, just 10 were dissatisfied and only one was very dissatisfied.³²

6.36 The committee encourages the NDIA to be more open and systematic in its reporting of survey results. The Quarterly Reports need to include some of the data to which Dr Bonyhady refers (above). It needs to explain the methodology of the surveys—how respondents were selected, how the question was asked, the specific question asked, the timeframe of the survey, and whether carers could (and did) assist with participants' responses.

32 Dr Bruce Bonyhady, *Transcript of meeting with the NDIA*, 8 July 2014, p. 1.

Recommendation 9

6.37 The committee commends the National Disability Insurance Agency (NDIA) for the survey results it has achieved to date. To improve the transparency and integrity of future survey results, the committee recommends that the NDIA consults with the Australian Bureau of Statistics Statistical Clearing House about the design and methodology of surveys to ensure that they are fit for purpose and consistent with best practice survey design principles. The NDIA should publish the methodology of surveys on its website and in its Quarterly Reports to the Ministerial Disability Reform Council.

The committee also recommends that the survey is extended to include carers and parents.

6.38 In future, the NDIA's surveys should also aim to include a qualitative dimension. The committee hopes that the evidence from its own public hearings is of use to the Agency in terms of gathering some of this qualitative feedback. But the Agency needs to find additional avenues to develop its own qualitative feedback. It supports the recent comments of Dr Bonyhady:

...we recognise that getting people to talk about their experiences, as well as fill out survey forms, is very important. We are therefore introducing more-qualitative ways of capturing client feedback and responding systematically. This will add to the evidence from the satisfaction scores. In going about this we are particularly going to focus on people who are less likely to give us feedback—people from non-English-speaking backgrounds and people from disadvantaged backgrounds, with low education—so that we try to ensure the scheme is truly equitable.³³

6.39 The committee will monitor developments in this area with interest. It will be seeking more details of the ways in which the Agency is gathering qualitative feedback and the internal systems it puts in place to respond to this feedback.

Recommendation 10

6.40 The committee recommends that the National Disability Insurance Agency develop a systematic way of gathering qualitative feedback from National Disability Insurance Scheme (NDIS) participants and carers of NDIS participants. Careful thought should be given to ensuring a broad cross-section of feedback, encouraging views from people from non-English speaking backgrounds.

Flexibility and adaptability in processes and staffing

6.41 A key part of an organisation's ability to respond effectively to stakeholders is to have in place systems and staff that are flexible and adaptive. One of the

33 Dr Bruce Bonyhady, *Transcript of meeting with the NDIA*, 8 July 2014, p. 1.

committee's concerns with the NDIA to date is that its systems and its mindset have been too rigid. This is perhaps to be expected in the early months of an organisation where the key is to establish clear and rigorous processes. As the Barwon trial site manager told the committee in April 2014:

I heard yesterday many devastating stories about views of our planner inconsistency and inflexibility. I do believe that what we are seeing now is a bit of a pendulum swing. When we started we had new staff from many different backgrounds with different cultures, values, skills and experiences; we had a new IT system; we had new legislation that had no case law to guide us; we had limited practical considerations and expansion of the issues that we wanted to explore within the legislation. I think that our actions have swung to one side—to the letter of the legislation, to ensure our compliance, rather than to the intent. With our learning commitments, our sharing across our sites, the gathering of data and the development of evidence, we are now seeing our ability to move back the other way—more into that centre—to be more flexible, innovative and responsive to individual need. We are confident of that.³⁴

6.42 Ms Gunn also identified the challenge of creating a flexible approach among the NDIA's planners:

The task is to build a team overnight and to create not only an APS culture which we will embed but one which is about flexibility and responsiveness and the ability to work in this grey, not in black, not in white, and acceptance that you are no longer working in a rationed and sanctioned system but one where it is your personal judgement about reasonable and necessary. The thing that I need to build more into our planners, which I suspect is at the basis of most of those concerns, is understanding and empathy and listening and being able to connect to that family and their circumstances and truly understand what a person-centred, family-centred approach is. Some of our planners have lived and breathed and dealt with that for many years. Some of them have come from perhaps a more academic background, or a more structured and constrained background, and they are struggling to have I suppose the individualised responsiveness.³⁵

6.43 The committee believes that it is important that planners are given clear messages from NDIA management about priorities. As the Capability Report noted:

The effective management of Scheme performance requires clarity about what exactly is required from front-line staff. Client satisfaction? Long-term outcomes? Short-term cost containment? Performance in one of these

34 Ms Stephanie Gunn, Barwon trail site manager, NDIA, *Committee Hansard*, 15 April 2014, pp 18–19.

35 Ms Stephanie Gunn, *Committee Hansard*, 15 April 2014, pp 18–19.

dimensions can undermine other dimensions. There is no clarity about relative weight given to each.³⁶

6.44 In its progress for year one, the NDIA stated that it has recruited over 450 staff of which 11 per cent identified as having disability. The committee stresses the importance of ensuring that there is greater representation of people with disability in its staffing profile, particularly in the planner's role.

Recommendation 11

6.45 The committee recommends that the Agency continue to ensure greater representation of people with disability in its staffing profile, particularly in the planner role.

6.46 The committee is encouraged that the Agency is seeking to create a more flexible approach to the structure of plans. The catalogue of supports that was once provided to participants is now in the form of three bundles, with core support being completely flexible. Mr Bowen told the committee in July 2014 that:

One of the criticisms of this scheme, which has been legitimate, has been the construction of these plans in a way that is complex and not flexible. That is because the whole planning conversation has been around this catalogue of supports; identifying episodes of individual service and just putting them all together.

It took us some time...to convert the system, which was building a payment system, to one where we have that flexibility where people will be getting their plans in bundles. We have completely retrained our staff for the 1 July on how to conduct planning in this new framework. We have re-emphasised this position, which I have said right from the start: 'You are employed for your expertise in working with people to help them identify the services and supports they need to meet particular goals. But they are the experts in their own life.' I do not know how many times I have said that to our staff.³⁷

6.47 Mr Bowen told the committee that as a result of the system change to enable bundling of supports, the Agency anticipates that the number of people who are self-managing part of their package 'will rise significantly'.³⁸

Young people living in residential aged-care

6.48 Chapters 2 and 4 of this report discussed the issue of young people living within residential aged-care homes. With the expansion of the trials in the Hunter and Barwon, it is important that the NDIA inform young residents in these homes of their options under the NDIS. The committee believes that an information campaign could

36 Mr Jeff Whalan AO, Dr Peter Acton and Dr Jeff Harmer AO, *A review of the capability of the National Insurance Disability Agency*, January 2014, p. 30.

37 Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 4.

38 Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 4.

be put together to inform those young people living in residential nursing homes across all trial sites of the process for applying to become a participant with the NDIS.

Recommendation 12

6.49 The committee recommends that the National Disability Insurance Agency develop and implement an information campaign to inform and assist young people living in residential nursing homes in the trial sites of the process for applying to become a participant with the NDIS.

The challenges facing the National Disability Insurance Scheme

6.50 The remainder of this chapter looks at some of the key challenges for the NDIS in moving to full Scheme. It draws attention to the work that is currently in train within government and the Agency to address some of these challenges (see Box 2).

The transition to full Scheme and the viability of the market

6.51 A key issue currently before the federal and state governments is to develop the details for transition to full Scheme. The committee has heard that the Commonwealth and state governments have failed to agree on key implementation data. This was one of the contributing factors for the delay in timely information being available for the next phase of the South Australian rollout.

6.52 Delays between the Commonwealth and the state governments in agreeing on final negotiations on transition phase risks unnecessary and unreasonable time pressures for the sector. This in turn puts pressure on participants, families and carers. The committee strongly recommends that work be done to ensure that delays are avoided in the future.

Recommendation 13

6.53 The committee recommends that all future bilateral negotiations and amendments to transitional arrangements are finalised and publicised well in advance of commencement dates to ensure and provide confidence and certainty for all stakeholders.

6.54 In regard to the current rollout by age cohorts in South Australia, the committee is of the view that these arrangements are unsuitable for use in very remote Indigenous communities where there are major cost constraints about going to very remote communities for very small numbers.

BOX 2**KEY POLICY WORK FOR THE NDIS BEING UNDERTAKEN BY OFFICIALS**

- 1. DISABILITY WORKFORCE STRATEGY – AN INITIAL REPORT CONTRIBUTING TO THE DEVELOPMENT OF A NATIONAL WORKFORCE STRATEGY IS BEING PREPARED TO INFORM A DISABILITY WORKFORCE STRATEGY FOR COAG’S CONSIDERATION IN EARLY 2015.**
- 2. QUALITY AND SAFEGUARDS – DEVELOPING A NATIONAL APPROACH TO QUALITY AND SAFEGUARDS WORKING WITH STATES AND TERRITORIES. CONSULTATION PERIOD FOR COAG CONSULTATION RIS – DECEMBER 2014 – MARCH 2015. COAG DECISION RIS CONSIDERED BY DISABILITY REFORM COUNCIL – MID 2016.**
- 3. MAINSTREAM INTERFACES – CONTINUING TO CLARIFY THE RELATIONSHIP BETWEEN THE NDIS AND OTHER SERVICE SYSTEMS. INTERIM REPORT FOR COAG’S CONSIDERATION BY AUGUST 2014, APPLIED PRINCIPLES AND TABLES OF SUPPORT TO THE REVIEWED BY NOVEMBER 2014, AND A FINAL REPORT FOR COAG’S CONSIDERATION IN MID-2015.**
- 4. AGREED APPROACH TO PLANNED REVIEWS OF THE NDIS – PROPOSING AN APPROACH TO COAG FOR THE PLANNED REVIEWS OF THE NDIS, INCLUDING OF THE NDIS ACT, TO ENSURE THAT KEY DESIGN FEATURES THAT DRIVE SCHEME COSTS ARE ASSESSED IN THE REVIEWS (INCLUDING ELIGIBILITY, REASONABLE AND NECESSARY SUPPORTS, BUILDING AND NURTURING INFORMAL SUPPORTS THROUGH EFFECTIVE PLANNING AND ASSESSMENT PROCESSES, TIER 2 SERVICES AND LOCAL AREA COORDINATION), AND HOW LESSONS FROM THE WA MY WAY APPROACH WILL BE CONSIDERED IN THE REVIEW PROCESS. FINAL REPORT FOR THE DISABILITY REFORM COUNCIL’S CONSIDERATION BY SEPTEMBER 2014.**
- 5. LESSONS LEARNT FROM TRIAL – DEVELOPING A STRATEGY FOR CAPTURING THE OPERATIONAL AND POLICY LESSONS LEARNT FROM THE TRIAL PHASE TO INFORM THE SCHEDULED REVIEWS OF THE NDIS. STRATEGY FOR REVIEW TO BE AGREED BY OFFICIALS BY NOVEMBER 2014. REVIEW ACTIVITY OVER 2015 WITH A REPORT FOR COAG’S CONSIDERATION IN MID-2016.**
- 6. DEVELOPING THE SCOPE FOR THE REVIEW OF THE INTERGOVERNMENTAL AGREEMENT FOR THE NDIS TO BE UNDERTAKEN IN CONJUNCTION WITH THE STATES AND TERRITORIES. REVIEW PLANNING TO BE COMPLETED BY NOVEMBER 2014 AND TERMS OF REFERENCE AGREED WITH STATES AND TERRITORIES BY MARCH 2015.**
- 7. MARKET READINESS – DEVELOP STRATEGIES WITH STATES AND TERRITORIES TO DEVELOP THE NECESSARY MARKET CONDITIONS TO SUPPORT THE NDIS FULL SCHEME TRANSITION INCLUDING THE NON-FOR-PROFIT SECTOR. FINAL REPORT FOR THE DISABILITY REFORM COUNCIL’S CONSIDERATION BY NOVEMBER 2014.**
- 8. EVALUATION OF NDIS TRIALS – BASELINE REPORT ON THE EXTERNAL EVALUATION OF THE IMPACTS OF THE NDIS ON PEOPLE WITH DISABILITY AND THEIR FAMILIES AND CARERS, THE DISABILITY SECTOR AND WORKFORCE, MAINSTREAM PROVIDERS AND SERVICES, AND THE WIDER COMMUNITY DUE IN OCTOBER 2014. INTERIM REPORT DUE IN APRIL 2015 AND FINAL REPORT IN JUNE 2016.**

Source: Department of Social Services, document provided 25 July 2014.

6.55 The committee is also conscious of the cultural sensitivities of implementing the current age cohort assessment approach in very remote Indigenous communities. There is a possibility that the communities could perceive such action of addressing children before the older more senior Indigenous community members as neglectful which would be inappropriate.

Recommendation 14

6.56 In accordance, with the progressive roll-out of the NDIS to remote Indigenous communities, the committee recommends that governments work together through the Ministerial Disability Reform Council to consider adopting an approach, in consultation with the appropriate Indigenous organisations, to phase in all NDIS-eligible persons at the same time in each community.

The capacity of service providers to deliver requisite supports

6.57 An issue vital to the success of the NDIS will be the capacity of service providers to deliver the supports in participants' plans. The NDIA Board has told the committee that it will consider ways in which assistance can be made available to service providers who are considered at risk of failing financially. The priority areas are the need for back-office systems at a reasonable cost, and business advice on how to restructure their business model to respond to the needs of participants. The NDIA notes that this assistance may be made available through the Sector Development Fund. The NDIA told the committee that it will continue to work with National Disability Services to address provider issues.³⁹

6.58 The NDIA recognises that that the capacity of service providers to adapt to a changing business environment will depend in part on the pace of Scheme rollout. As Dr Bonyhady told the committee in July 2014:

When we come back to you to talk about transition to the full scheme, we will certainly be focusing almost exclusively on the capacity of the market to grow—the capacity of the supply side to match the growth in demand with quality services. We very much look forward to that discussion because, as you say, not all of those issues lie in our bailiwick. If the structures around the scheme are not right, then the pressures on the scheme will become unsupportable.⁴⁰

6.59 The committee has had the opportunity to view the findings of an interim report by KPMG on the *Review of the optimal approach to transition to the full NDIS* (KPMG Interim Report). The KPMG Interim Report, prepared for the NDIA Board, was published in July 2014. It emphasised that successful transition to the full Scheme will be dependent on the:

39 Mr David Bowen, *Correspondence with Committee*, 8 July 2014, pp 1–2.

40 Dr Bruce Bonyhady, *Transcript of meeting with the NDIA*, 8 July 2014, p. 15.

- capacity to deliver—this relates to the level of resources required to effectively deliver; and
- capability to embrace new approaches to service funding and delivery, invest and innovate, and learn and evolve over time—this will be dependent on processes, systems and the workforce to deliver on stated objectives.⁴¹

6.60 KPMG stated that the 'overarching finding' of its review is that there are opportunities to improve market capability, in particular through planning and delivery. KPMG emphasised that:

Without more detailed analysis and strategies to support participants, suppliers, and the Agency, there are serious risks for the effectiveness and sustainability of the full Scheme transition.⁴²

6.61 The Committee notes that a number of these items raised by the KPMG Interim Report are being pursued through COAG as indicated in Box 2.

The interface with mainstream services and Tier 2

6.62 The NDIA states in its guide on mainstream services that the NDIS is not intended to replace other mainstream services, and that the financial sustainability of the NDIS depends on other systems continuing their efforts to support people with disability. To this end, it notes that:

Governments have agreed to key principles in key areas that determine whether the Scheme or another system is more appropriate to fund supports for individuals.⁴³

6.63 The NDIA's *Third Quarterly Report* notes that at least two-thirds of current NDIS participants are accessing mainstream supports. In the Barwon trial, the figure is 92 per cent of participants (see Table 2.1). Still there were some concerns put to the committee that participants had lost access to mainstream services as a result of becoming a participant in the NDIS.⁴⁴ The NDIA has itself acknowledged:

[T]here are gaps in supports in mainstream services, which continue and participants are frustrated by.⁴⁵

6.64 The New South Wales Government told the committee that following full scheme NDIS rollout, it will not provide any residual specialist disability or basic

41 KPMG, *Review of the optimal approach to transition to the full NDIS*, 16 July 2014, p. 10.

42 KPMG, *Review of the optimal approach to transition to the full NDIS*, 16 July 2014, p. 10.

43 National Disability Insurance Agency, *The NDIS and mainstream interfaces, How the NDIS works with other mainstream system*, 16 January 2014, p. 2.

44 Mr Michael Forwood, *Committee Hansard*, 7 May 2014, p. 29.

45 Ms Meryl Zweck, *Committee Hansard*, 8 May 2014, p. 21.

community care services.⁴⁶ Until full scheme, the NSW Government will contribute all funding available for specialist and other disability services and supports, including the Ability Links program and other Tier 2 services in place in NSW.

6.65 The committee raised the issue of the loss of mainstream supports with the South Australian Department of Community Services and Social Inclusion. Mr Caudrey told the committee:

If they [participants] go to the NDIA and then six months later the NDIA says, 'Well, we're going to cut your package,' but that package is still bigger than we historically provided, that is a matter for the NDIA.

...

If it is smaller than we [Disability SA] historically provided, then there is an issue.⁴⁷

6.66 The South Australian Government also provided the following evidence regarding its commitment to maintaining and contributing to mainstream services:

What we have done is to go through a process where we identify those things which the other government departments, whether it is education or health or transport, currently do which is NDIS-able—which is part of the state contribution to the NDIS. They will be held accountable for providing those services. If they resile from them or start removing those services which are part of accounting towards the state contribution, then we would be aware of this and they then report.

...

[W]e have got 11 different government departments. Take Health as an example. We have been very clear about what Health currently does, which will be countable towards the NDIS, which is part of their effort. We are holding them to that. We have all sorts of memorandums of agreement and so on, and we work with the NDIA about these interfaces. At the moment, of course, we are really only dealing with small children, but it is a pretty big interface even with small children.⁴⁸

6.67 However, KPMG's Interim Report observed that:

[I]t is not yet clear how the linkages will work with mainstream service provision (e.g. health, criminal justice, education, child care/protection), and a clear understanding of the impacts of the NDIS on the demand for, and delivery of, mainstream services. There is a need to consider and develop the most effective set of incentives to shape the market upfront and

46 Ageing, Disability and Home Care, *response to question on notice number 4*, received 29 May 2014. See also Ms Samantha Taylor, *Committee Hansard*, 6 May 2014, p. 20.

47 Mr David Caudrey, *Committee Hansard*, 8 May 2014, p. 8.

48 Mr David Caudrey, *Committee Hansard*, 8 May 2014, p. 9.

also allow it the flexibility to grow and evolve over time to interface with mainstream service provision.⁴⁹

6.68 Dr Bonyhady told the committee in July 2014:

We are collecting the evidence where there is a gap or a failure in mainstream services. We try to fix that locally but there are escalation provisions to push it up through to the senior officers working group, which reports to the COAG council on disability reform. In fact, we already have a number of matters to start to push through that process for policy direction to the agency because we do not feel we should be making a decision on this.⁵⁰

Tier 2

6.69 From the evidence to the committee to date, Tier 2 service provisions clearly need to be better articulated. As of 31 March 2014, the NDIS had 8,021 access requests. Of this number, only 5,401 people have received a package. This leaves approximately 2,620 people who felt sufficiently incapacitated to seek assistance but were ineligible for a package.

6.70 The NDIA informed the committee that during the trial phase of the NDIS, state and territory governments have responsibility for maintenance of existing Tier 2 supports whilst national policy work is completed on Tier 2 for the full Scheme. As Mr Bowen told the committee:

...under the intergovernmental agreement the states and territories are required to maintain tier 2 services during the trial phase, up until full speed. But you are right, we are seeing withdrawal of those services. We have been discussing it in two contexts. One is in the context of this work on full-scheme transition—that one of the significant problems with the current system, and probably the largest one, is that the first point of contact for a person with the agency is a discussion around a funded support package. We need a stronger community based gateway into the scheme.⁵¹

6.71 The NDIA noted that it has recently appointed Mr Eddie Bartnik (former Western Australian Mental Health Commissioner and disability expert) as Strategic Adviser on matters related to Tier 2, mental health/psychosocial disability, and Local Area Coordination. Mr Bartnik commenced this work at the end of April 2014. Mr Bowen told the committee that Mr Bartnik's work would look at:

...identifying what would be the appropriate mix of community and individualised support for the mental health group, given that there are people who have episodic support needs that would be best supported by

49 KPMG, *Interim report: Review of the optimal approach to transition to the full NDIS*, 16 July 2014, p. 8.

50 Dr Bruce Bonyhady, *Transcript of meeting with the NDIA*, 8 July 2014, p. 15.

51 Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 13.

something like the current Personal Help and Mentors program, rather than push them into a tier 3 package. But this is early days on that work. We are doing it in a very consultative way.⁵²

6.72 In this context, the committee is particularly concerned that arrangements for the provision of mental health services are clarified. Psychiatric Disability Services of Victoria noted in correspondence to the committee that there is currently a lack of clarity about how the needs of Tier 2 clients will be addressed.⁵³ Chapter 2 noted the concerns of the Geelong Mood Support Group that the removal of block funding threatened the Group's viability.⁵⁴ The Victorian Department of Human Services has recognised the complexity of this issue and told the committee that it is ongoing work.⁵⁵

6.73 The KPMG Interim Report described as 'critical' the need for clarity on how Tier 2 will be designed, including how it will be linked to the broader human services sector in each jurisdiction. It argued that the development of Tier 2 is required 'as soon as possible' to ensure that appropriate supports are in place for those not eligible for an NDIS package.⁵⁶

6.74 The committee understands that the South Australian Government has considered contingency plans for Tier 2 funding and will ensure that there will be funds to cover Tier 2 services.

6.75 The committee commends this approach. It believes that Tier 2 supports are an area in which COAG should become better engaged with the NDIA and the states and territories to establish clear obligations and commitments to the provision of these services. The committee notes that this matter is currently before COAG.

Recommendation 15

6.76 The committee recommends that the Ministerial Disability Reform Council expedite roles and responsibilities and any funding arrangements for Tier 2 services. The committee commends the attitude and direction that the South Australian Government is taking in its involvement with Tier 2 and the sector, and recommends that states and territories adopt this approach.

52 Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, pp 13–14.

53 Psychiatric Disability Services of Victoria, *Correspondence received 12 June 2014*, p. 2.

54 Mr Reid Maxwell, *Committee Hansard*, 14 April 2014, p. 26.

55 Ms Chris Faulkner, *Committee Hansard*, 15 April 2014, p. 5.

56 KPMG, *Interim report: Review of the optimal approach to transition to the full NDIS*, 16 July 2014, p. 8.

Respite care

6.77 The committee recognises the importance of respite care for the well-being of both the carer and people with disability. There is a growing unmet demand for respite services and many of the service outlets rely on volunteers.⁵⁷

6.78 The committee has received correspondence from the National Respite Association that notes that it is 'about to undertake significant research' with the Social Policy Research Centre at the University of New South Wales. The research will map the respite outputs currently delivered in the disability and aged care systems and conduct cost-benefit analyses of different transition scenarios.⁵⁸ The committee encourages the Association to publicise this research and inform the COAG Disability Reform Council of the findings. The committee will monitor work in this area.

Developing the disability sector workforce

6.79 For the NDIS to work effectively, it is crucial that a high quality disability sector workforce is developed and sustained. There is currently a significant shortfall in the number of workers needed to sustain full scheme. A 2012 PricewaterhouseCoopers report noted that while the shortage of skilled workers was then an issue in many states and territories, the extent of these shortages was unclear. The report observed that the reasons for these shortages may include low wages, emotional and physical demand, and the transient nature of employees. It also cited a study by the National Institute of Labour Studies which found that non-professional vacancies were easier to fill than professional or managerial/administrative roles due to the lack of appropriately skilled applicants.⁵⁹

6.80 In 2012, COAG committed to the development of a National Disability Workforce Strategy. In early 2014, the Department of Social Services contracted National Disability Services (NDS) to provide advice on the development of this Strategy.⁶⁰ Based on the timeframe in Box 2, above, COAG is due to consider the findings of the NDS Report in early 2015. The committee is of the view that to ensure adequate time for implementation of the Report's findings, it would be preferable for COAG to consider such findings in 2014.

6.81 In April 2014, the NDS released a discussion paper on workforce issues. The paper noted the following strategies to address workforce challenges and ensure the workforce is expanded sustainably:

57 National Respite Association, *Correspondence provided to the committee on 14 July 2014*, p. 1.

58 National Respite Association, *Correspondence provided to the committee on 14 July 2014*, p. 1.

59 PricewaterhouseCoopers, *Planning for a sustainable disability sector*, November 2012, p. 16.

60 National Disability Services, *National Workforce Strategy Project*, <http://www.nds.org.au/projects/article/179> (accessed 14 July 2014).

- adapting the industrial relations framework noting that service providers are keen that employers and employees develop agreed employment and industrial relations standards or principles. This would include ensuring that job classifications, travel, pay and working hours in the award are suited to the NDIS;
- ensuring that NDIS pricing covers workforce costs.⁶¹ This may include revising hourly prices for services to cost in things including the intake process, travel time, the costs for a worker attending an activity to support a participant and training and professional development;
- community campaigns to raise the profile of disability work;
- improve the quality and consistency of accredited training; and
- collaborate on functions and create service alliances.⁶²

6.82 The KPMG Interim Report argued that the Workforce Development Strategy should consider:

- the competitive nature of the market, particularly in the context of changes occurring in health and aged care markets as a result of demand pressures and policy reform;
- all components of the workforce, in particular how the new market changes the role and funding of individuals within support networks;
- flow-on workforce implications, for example in respect to increased participation of Scheme participants and support workers; and
- the potential impact of different market development and market failure scenarios on workforce capacity and skills – this will help to illustrate a range of potential outcomes, given limitations in respect to data.⁶³

6.83 The committee has received some evidence from stakeholders on the challenge of developing a disability sector workforce that can meet the demands of the rollout schedule for full Scheme. It recognises that workforce development is also a challenge that faces the community services, health and aged care sectors.⁶⁴ There is—and will continue to be—competition for workers between these sectors. While wage levels are not the only determinant of the sector to which workers will gravitate, it is obviously an important factor. The committee flags its future interest in

61 This issue was flagged in evidence to the committee by Ms Margaret Kime, *Committee Hansard*, 5 May 2014, p. 49.

62 National Disability Services, *Forming a National Disability Workforce Strategy*, April 2014, pp 8–9.

63 KPMG, July 2014, p. 11.

64 See comments of Mrs Faulkner, Victorian Department of Health and Human Services, *Committee Hansard*, 15 April 2014, p. *.

examining strategies to develop the size, skills-base and geographic distribution of the disability sector workforce.

Recommendation 16

6.84 The committee is aware that there is currently a shortfall in the number of workers in the disability sector, particularly in professional roles. It is aware of research that the number of full time disability sector workers will need to increase substantially to meet demand by full Scheme in 2018. The committee recommends that a workforce strategy be developed under the auspices of the Ministerial Disability Reform Council that identifies the issues, challenges, options and recommendations to meet demand.

The financial sustainability of the Scheme

6.85 The committee's terms of reference direct it to review the expenditure of the NDIS. The committee has had the opportunity to speak in private with the Scheme Actuary and to receive—on the public record—answers to questions on notice (see Box 1).

6.86 The committee asked the Scheme Actuary for information on the type of research that she may conduct to consider the causes of the risks to the financial sustainability of the Scheme.⁶⁵ Ms Johnson replied:

As a general comment, the provision of support through mainstream and informal services is to be encouraged and supported, in order to protect against inappropriate and over utilisation of the NDIS. It is therefore very important to monitor the trends in this service provision and utilisation.⁶⁶

6.87 Subsection 180(2) of the Act requires the Scheme Actuary to make quarterly estimates of Scheme expenditure and advise the CEO. The committee asked Ms Johnson the basis on which quarterly estimates of future expenditure are made. She responded:

As experience emerges, NDIS participant and utilisation data will be used to develop time-series trend analyses and actuarial models to project future utilisation and expenditure. Because the NDIS is still some way from a mature scheme, an approach to future estimates must currently seek a balance between the emerging experience and the initial cost estimates which are based on survey and census data. Moreover, within the trial

65 Section 180 of the Act establishes a scheme actuary. Ms Sarah Johnson was appointed on 4 November 2013 for a period of three years. Subsection 180(1) states that the actuary's annual report must contain an assessment of the financial sustainability of the Scheme, the risks to that sustainability, and any trends in provision of supports to people with disability other than through the NDIS. The annual report must also consider the causes of those risks and trends, and make estimates of future NDIS expenditure.

66 Scheme Actuary, National Disability Insurance Agency, *updated responses to questions on notice, question number 5*, received 7 July 2014.

period and even up to full scheme roll out, the agreed phasing timetables will influence emerging trends and future expenditure and also needs to be considered in the actuarial projections.⁶⁷

6.88 The committee also asked the Actuary to provide information on the reliability of the data over the first 12 months of the Scheme, given the likelihood of volatility from quarter to quarter and relatively small sample sizes. Ms Johnson responded:

There is a high degree of uncertainty in the ability to measure trial data against full scheme cost estimation. There are a number of causes of this uncertainty, including:

- the design of the trial sites, only two of which are designed as geographical full population trials allowing extrapolation to full scheme;
- the participant phasing agreements in the bilateral agreements, which mean that even for the geographical trials emerging experience may not be representative of the whole area;
- the adequacy of the national minimum data sets and other administrative data on disability services; and
- the previously mentioned difficulties with the NDIA information and data system. The information available at the end of 12 months of the NDIS will be a significant improvement on the previously available data, which underpinned the Productivity Commission assumptions. Information collected will allow a more robust estimate to be made of full scheme cost, distribution of support needs and the requirements of a robust community system to support participants with a disability utilising mainstream and informal services.⁶⁸

6.89 The NDIA's first Progress Report, released in July 2014, stated that the Scheme is at present:

...comfortably within the allocated budget—around \$107 million of support with flow to participants in 2013–14. This is well within the funding envelope of \$152 million for 2013/14.⁶⁹

6.90 The Productivity Commission's 2011 report indicated an average package cost at full Scheme of \$35 000 per participant.⁷⁰ Average package costs have fallen over

67 Scheme Actuary, National Disability Insurance Agency, *updated responses to questions on notice, question number 4*, received 7 July 2014.

68 Scheme Actuary, National Disability Insurance Agency, *updated responses to questions on notice, question number 9*, received 7 July 2014.

69 National Disability Insurance Agency, *Progress Report: Year One*, July 2014, p. 11.

70 See National Disability Insurance Agency, *Quarterly Report to the COAG Disability Reform Council*, 31 December 2013, p. 5. The report stated:

the first three quarters of the trial phase of the Scheme. At the end of September 2013, the average package cost was \$46 290. At the end of December 2013, it was \$40 466. At the end of March 2014, the average package cost was \$34 019.⁷¹

6.91 There is a significant skew in annual package costs towards the highest functional groups (as measured by the frequency of disability support requirements):

- the average cost of packages in the highest functional groups (FG1 and FG2) is close to \$150 000 per annum;
- 67 per cent of the cost of the Scheme is accounted for by 24 per cent of participants (FG1–FG4); and
- 55 per cent of participants (FG7, FG8 and FG9) account for only 12 per cent of the cost of the Scheme.⁷²

6.92 The committee asked the Scheme Actuary to comment on whether the number and cost of participants (in the second quarterly report) in each of the nine functional groups is as expected. She responded:

Based on the early data, there appear to be fewer than expected participants in the lower severity functional groups. It is possible that many of these participants were not receiving services under the previous National Disability Agreement, and so have not been targeted by the phasing arrangements in the agreements. Based on previous survey and census data there are certainly more people in the community with a disability than have applied for participant status. It is very important for the financial sustainability of the NDIS that strong community support allows these people to achieve positive outcomes using community and mainstream support. I also note that because these lower severity functional groups have relatively very small average package cost, their omission from the scheme makes little difference to the overall estimated aggregate cost.⁷³

6.93 The NDIA quarterly reports cautions relying too much on the data that has been published on the Scheme's cost to date. It highlights the fact that, at the time of writing, there have only been three quarters of data released and 5 400 people with

'The Productivity Commission report (released in August 2011) estimated that the number of participants in Tier 3 of the NDIS was 411,250 and the cost of providing care and support to these participants was \$12.8 billion in 2011 values. Projecting the expected number of Tier 3 participants using population projections, and cost using inflation (including the increase in the SaCS award), results in an estimated 419,516 Tier 3 participants and full scheme cost of \$14.7 billion in 2013/14 (which equates to an average cost of \$35,000 per participant per annum).'

71 National Disability Insurance Agency, *Report on the sustainability of the Scheme, 1 July 2013 to 31 March 2014*, p. 10.

72 See Table 3, National Disability Insurance Agency, *Report on the sustainability of the Scheme, 1 July 2013 to 31 March 2014*, p. 10.

73 Scheme Actuary, National Disability Insurance Agency, *updated responses to questions on notice, question number 16*, received 7 July 2014.

plans. By full scheme on 1 July 2018, there will be 20 quarters of data and in excess of 460 000 participants.

6.94 The committee looks forward to the release of the fourth quarterly report to the COAG Disability Advisory Council. It is satisfied that the Scheme is on budget. However, in terms of the long-term financial viability of the Scheme, the committee emphasises that the key challenge will be to ensure that there is a dynamic and competitive disability services sector that can innovate and best provide value for money. In the short to medium term, the challenge is to ensure that the sector is viable and is supported to make prudent and informed planning and investment decisions.

Promoting self-management of plans

6.95 The ability of a participant to self-manage their plan is fundamental to the principles of control and choice that underpin the NDIS. This report has noted that currently, very few participants self-manage their plans. There are good reasons for this. The first is that people will be unfamiliar with this option and lack the confidence and the skills to execute this option. The NDIA has informed the committee that many of the participants to date are transitioning from state funded programmes. It noted that in these programmes, 'the emphasis has been on attachment to a 'programme' provider rather than promoting individually tailored self-selection of supports'.⁷⁴

6.96 The second reason for the slow up-take of the self-management option relates to in-kind support. As Mr Bowen told the committee:

My hobbyhorse is the fact that the single biggest barrier to full self-management is in-kind support. In-kind support cannot be self-managed because the person has no choice over where they go and how that is used. I think we have got the Commonwealth and all the states to agree that in-kind is not appropriate in the full scheme and in fact we should start moving it out as quickly as possible...

I think it is accepted. It is so administratively cumbersome it has not yet been agreed.⁷⁵

6.97 The committee commends the NDIA for seeking to increase the proportion of participants who self-manage. Mr Bowen told the committee that a target of '30 to 40 per cent over time' has been discussed with both the Independent Advisory Council and the Board. He added:

The reason you want a stretch target is so we can work with the sector development fund and agency arrangements to see what additional work needs to be done to build people's capacity to self-manage.⁷⁶

74 National Disability Insurance Agency, *Correspondence received 21 July 2014*.

75 Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 11.

76 Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 11.

6.98 The committee notes that a participant may have an arrangement where there are elements of self-management, but payment is through a plan provider or directly through a service provider. The Agency told the committee that it would not regard this arrangement as full self-management. Notably, the NDIA observed that with the capacity to bundle supports from 1 July 2014, it expects the number of participants self-managing part of their package to 'rise significantly'.⁷⁷

Recommendation 17

6.99 The committee recommends that the National Disability Insurance Agency assist prospective and actual participants in building the necessary skills and knowledge to manage their own support package. Workshops should be available for participants who are seeking information on self-managing their plan. The committee believes that promoting self-management of plans will provide participants with choice and control which should in turn lead to greater innovation and responsiveness from service providers.

Committee conclusion

6.100 This report has identified the many achievements of the NDIS to date. The trials began on 1 July 2013 and more than 5 400 people had plans within the first nine months of the Scheme. The committee has heard many stories of participants' lives changing for the better, in ways that the architects of the Scheme intended. Participants are having choice and control in how they manage their supports and pursue their life goals.

6.101 This report makes a number of recommendations designed to improve the functioning of the Scheme. The recommendations are based on the evidence—documented in chapters 2, 3, 4 and 5 of this report—that the committee has collected in the Barwon, Tasmanian, Hunter and South Australian trial sites. They are designed to enhance the Agency's espoused values and build the culture that it desires.

The committee's forward work plan

6.102 This report has identified a number of challenges that face the NDIS. The challenges relate to a wide and complex range of issues that will require a coordinated effort from the NDIA, the federal government, the state governments, service providers, advocates and key peak organisations. This includes:

- the transition of people from state supports to the NDIS;
- the development and the readiness of the service providers to support the pace of Scheme rollout;
- the capacity of the disability sector workforce to support the pace of Scheme rollout;

77 Mr David Bowen, *Transcript of meeting with the NDIA*, 8 July 2014, p. 11.

-
- the interface of the NDIS with mainstream services;
 - the definition, development and funding of Tier 2 services;
 - resolving transport issues for both participants and service providers;
 - supporting people with disability to achieve greater economic and social participation through developing community supports;
 - supporting NDIS participants to find suitable accommodation;
 - assisting Indigenous people living with disabilities; and
 - providing ongoing advocacy.

The committee will carefully assess these and other issues as part of its forward work plan.

6.103 From 1 July 2014, Western Australia, the Northern Territory and the Australian Capital Territory all commenced an NDIS trial. The committee flags its interest in visiting these trial sites to take evidence and examine trial-specific issues.

The Hon. Mr Mal Brough MP
Chair

