

# Stride Response

## Inquiry into the NDIS Quality and Safeguards Commission

July 2020



## Inquiry into the NDIS Quality and Safeguards Commission

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## Inquiry into the NDIS Quality and Safeguards Commission

### Preface

**Stride Mental Health (Stride)** is Australia's longest-established mental health charity and has provided specialist mental health services to people with persistent mental illness and complex needs since 1907.

Today Stride employs over 750 staff providing community outreach, residential and integrated mental health services for over 15,000 Australians in NSW, Qld and Vic. Half our income is derived from the NDIS. Our two key priorities are (i) services for people with persistent mental illness and complex needs and (ii) an increasing focus on early intervention with children, young people and families.

Our services encompass:

- **Community-based services** for people with persistent mental illness and complex needs –funded primarily through NDIS with additional grant funding support from Continuity of Support and National Psychosocial Measure programs (formerly PHaMs and PIR programs) in particular. We also provide community services under State grant programs.
- **Residential services:**
  - Under NDIS “Supported Independent Living” (SIL) funding, for adults
  - For young people – we operate a range of state-funded services including recovery-oriented services focused on social and emotional wellbeing, education and employment outcomes, and some services for complex cases involving the out-of-home-care system.
  - An acute Youth Step-Up Step-Down service in partnership with the Cairns and Hinterland Hospital and Health Service.
- **Integrated services:**
  - For young people: we operate six “headspace” centres – Stride is the largest operator of headspace centres in Australia
  - For adults: we operate four integrated mental health services centres – two in NSW (under State funding for “LikeMind”) and two in Queensland (under our own name “Stride Hub”).
  - For children and families: we operate two mental health centres in Ipswich and North Brisbane, called “Stride Kids”.

We welcome this opportunity to contribute our views regarding the NDIS Quality and Safeguards Commission, specifically in response to the Terms of Reference. Our extensive history in the service provision of psychosocial supports and our breadth of services means we have an extensive range of experiences and issues to draw from in our response. Stride's more recent experience includes undertaking our registration renewal and certification with the NDIS Quality and Safeguards Commission across the three states in which we operate NDIS services.

### Contact

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## Summary

- At a high level we have found the NDIS Quality and Safeguards Commission to be sometimes slow to respond (for example, we lodged an extremely positive external audit report in December 2019 but in spite of many follow-ups we still do not have confirmation of our registration), and in some cases inconsistent and unclear in communication (a variety of examples are given in this submission).
- Stride recognizes that more recently the Commission's responsiveness to critical matters has improved, as evidenced by recent advice and recommendations as COVID-19 continues to challenge Australia.
- We add that the Commission's core aim – quality and safety – is fundamentally undermined by the NDIA pricing approach which we believe fails to consider quality or safety. In Stride's case our quality and safety practices are funded out of our own pockets and are not subsidised by NDIS income (with the result that we are making unsustainable losses).
- Stride acknowledges the size of the role the Commission fulfils and the scale of the Commission's functions across Australia. The Commission has established itself during a time of rapid change and turbulence for Participant, carers and Providers. Stride looks forward to continuing to support the Commission to ensure the provision of quality and safe supports for all Participant and welcomes any requests for further information on the contents of this Submission.

Recommendation	Section
<b>Key Recommendations: NDIS Pricing</b> <ul style="list-style-type: none"> <li>▪ The Quality and Safeguards Commission should play an explicit and significant role in price-setting for the NDIS, expressing its opinion on key parameters underpinning the NDIA Cost Model.</li> <li>▪ An independent NDIS Price Commissioner could be established, balancing the views and input from the NDIA, Providers and Participant, considering quality and safety among other factors.</li> </ul>	h: NDIS Pricing
<ul style="list-style-type: none"> <li>▪ The Commission should clarify the definition of "in connection with" and broaden reporting requirements to include all Participant deaths.</li> <li>▪ The Reportable Incident process should include unregistered Providers.</li> </ul>	a: Monitoring, investigation and enforcement
<ul style="list-style-type: none"> <li>▪ The Commission should improve response times for review and feedback of all reportable incidents, including the process and communication with Providers.</li> <li>▪ The investigation process including requests for further information should be streamlined in the best interests of Participant and Providers.</li> <li>▪ Conflicting information on the criteria for a Reportable Incident should be removed and information be made available consistent within guidance material and Commission feedback to Providers.</li> <li>▪ Participant should continue to be encouraged and supported to make complaints.</li> </ul>	b. Responsiveness to concerns and complaints
<ul style="list-style-type: none"> <li>▪ Review of the Code of Conduct and consider mechanisms such as application of the Code of Conduct to unregistered Providers to ensure their accountability for the provision of safe and quality supports.</li> <li>▪ Reflect the costs of accreditation, quality and safety in NDIS pricing.</li> </ul>	c. Code of conduct and practice standards
<ul style="list-style-type: none"> <li>▪ Access to worker and Provider information, including the Worker Screening process, should be expedited and enhanced.</li> <li>▪ The Commission should consider the impacts on Providers of undertaking registration and how it might engage with Providers to make the process and communication from the Commission more efficient and cost-effective.</li> </ul>	d. Provider registration and worker screening
<ul style="list-style-type: none"> <li>▪ Improve collaboration between The Commission and state and territory authorities to reduce administrative costs for the NDIS and Providers.</li> </ul>	e. Communication between Commission and state and territory authorities
<ul style="list-style-type: none"> <li>▪ Improve or redeploy Commission resources to improve effectiveness and timeliness of communication and key processes like accreditation.</li> </ul>	f. Commission resources

## Detailed Responses and Recommendations

### a. The monitoring, investigation and enforcement powers available to the Commission, and how those powers are exercised in practice

- The Reportable Incidents Guidance requires the death of NDIS Participant to only be reported when the death occurs in connection with NDIS supports. The definition of “in connection with” is frequently queried by the NDIS workforce and deciding whether a Participant death meets this definition can be difficult, especially when a Provider initially is informed of the death. At the time of reporting, the Provider often has little information pertaining to the circumstances of the death and this may result in under-reporting.
- As a statutory body responsible for Participant safeguards, clearer definition of “in connection with”, and broadening the scope to include all deaths of NDIS Participant would enrich this process and the Commission’s data. This would improve the Commission and the disability sector’s contribution to preventing the deaths of this vulnerable cohort.
- A key example is the death of Participant from physical health comorbidities. Stride is concerned about an increasing trend we are observing in the psychosocial supports sector related to death from physical causes and want to emphasise, and continue to build, the capability of the psychosocial workforce to support Participant access physical health care supports.
- As above for a death of a Participant, the feedback on the definition of “in connection with” similarly relates to other serious incidents such as financial abuse. We would like to see the definition broadened so that all serious incidents are reported.
- The current Reportable Incident process excludes unregistered Providers. Stride would like to see this changed to include both registered and unregistered Providers. With the increase in Financial Plan Management and self-managed plans, this is an area of concern and potentially a gap for vulnerable cohorts where serious incidents are not being identified and reported.

#### **Recommendations**

- The Commission should clarify the definition of “in connection with” and broaden reporting requirements to include all Participant deaths.
- The Reportable Incident process should include unregistered Providers.

### b. The effectiveness of the Commission in responding to concerns, complaints and reportable incidents – including allegations of abuse and neglect of NDIS Participant;

- The most significant impact on the safety of Participant, the quality of supports provided, and the wellbeing of the disability and psychosocial workforce is the timeframes in which the Commission responds to complaints and reportable incidents. In Stride’s experience there are long delays up to months and occasionally up to a year before an incident receives a final report or is closed. This is not in the best interest of the Provider and staff member/s (who may be temporarily stood down or anxiously awaiting an outcome). This is not in the best interest of the Participant who requires a timely outcome and confirmation that their concern / incident has been appropriately investigated in a timely manner, including recommendations made and put in place to mitigate further complaints or incidents.

The ultimate impact is the ongoing risk to Participant from exposure to unsafe and/or low-quality supports and frustration of Providers and our workforce with a risk that the frustration disincentivises reporting of incidents in a timely and professional manner.

- The Commission has provided conflicting information to Stride following submission of incidents which are deemed reportable according to the Reportable Incidents Guidance. For example, feedback that all supports that occur outside of direct NDIS support are closed as they are 'out of jurisdiction'; this conflicts with guidance on the Commission website stating that Reportable Incidents covers incidents that:
  - May not have occurred during provision of supports or services;
  - Arise out of the provision, alteration or withdrawal of supports or services; and/or
  - May not have occurred during the provision of supports but are connected because it arose out of the provision of supports or services.
- The investigation process related to reportable incidents can delay findings and implementation of improvements, for example, we have experienced repetitive requests for information that has been supplied and information that is not available from a community organisation and that is the domain of a treating clinician or secondary / tertiary Provider.
- The effectiveness of the Commission's role in the protection of Participant could be enhanced by broadening the scope of Reportable incidents. An example is when a Provider has made a police report pertaining to a Participant matter, but the matter does not meet the Reportable Incident criteria as currently defined. This data would contribute to more rigorous identification of vulnerable Participant and monitoring of the safety and quality of supports by cohorts, regions and that guide and focus Community visitors to areas of concern.
- Similarly, the Commission could consider the reporting of critical incidents in relation to the provision of psychosocial supports. Such incidents are out of scope but present considerable risk to a Participant, an example is suicidal ideation and non-suicidal self-injury. Reporting of such incidents needs to be considered against maintaining the privacy and rights of Participant.
- The complaint process would benefit from consideration of the risk of retribution and vulnerability that Participant can experience and that can prevent complaints being made. This is especially pertinent to Participant residing in homes provided by NDIS accommodation Providers who can fear homelessness as a result of complaining. Whilst Stride does not consider this a wide-spread problem, we are aware that complaining to the Commission can at times generate anxiety and fear in Participant and encouragement and reassurance is required.

#### **Recommendations**

- The Commission should improve response times for review and feedback of all reportable incidents, including the process and communication with Providers.
- The investigation process including requests for further information should be streamlined in the best interests of Participant and Providers.
- Conflicting information on the criteria for a Reportable Incident should be removed and information be made available consistent within guidance material and Commission feedback to Providers.
- Participant should continue to be encouraged and supported to make complaints.

### **c. The adequacy and effectiveness of the NDIS Code of Conduct and the NDIS Practice Standards;**

- The Code of Conduct is an effective document in that it succinctly describes how Providers must conduct provision of supports and aligns with best practice organisational codes of conduct. The Code of Conduct is the only document that sets out the expectations for unregistered Providers versus registered Providers who also must adhere to the Practice Standards and other registration requirements.
- It may be timely to review the Code of Conduct and its applicability across the diverse range of Providers and support items now that the scheme has been in place for several years and support items such as Recovery Coach are now available.

- The Worker Orientation Module 'Quality, Safety and You' is an excellent resource that describes the Code of Conduct practically and is a valuable resource for Providers that supports them in ensuring all workers understand their obligations. The development of more modules to assist NDIS workers and Providers would be helpful, for example, this could cover the Reportable Incident guidelines or each of the Practice Standards.
- The NDIS Practice Standards are comprehensive as they need to apply to all Providers, including Providers of physical supports and psychosocial supports. For Providers of psychosocial supports some content is irrelevant, for example, high intensity daily personal activities. To address this, we recommend inclusion of content that reflects the provision of psychosocial supports e.g. challenging behaviours for which there are currently no modules.
- The fair assessment and evaluation of psychosocial supports Providers against the Practice Standards is compromised when there are modules for which no evidence can be supplied as for no as the module does not refer to psychosocial supports. Stride has recent experience with this via the accreditation process and welcomes the opportunity to provide more examples and contribute to enhancing the Practice Standards for applicability to psychosocial supports.
- In contrast, the detail within the Practice Standards presents challenges to small business and sole traders to both interpret and implement/adhere the Standards. These Providers may lack the resources and financial support, such as from alternative funding/income streams, to dedicate the time to interpret and apply the Standards.
- The compliance requirements for NDIS Providers are high, in terms of both costs and resources. In 2019 Stride (formerly Aftercare) underwent registration renewal and certification.
  - The total cost for an external auditor to perform the desktop audit and six site visits across New South Wales, Queensland and Victoria was \$19,267.
  - This cost excludes Stride's costs associated with preparing for and undertaking this process, for example the expertise involved such as Stride's National Manager of Quality, Safety and Governance and the project management required to demonstrate compliance with the Practice Standards.
  - The process included six site visits resulting in lost NDIS income for at least half a day per site to enable both staff and Participant to attend the audit at no charge.
- The NDIS cost model does not cover the costs associated with professional and consistent quality supports, staff supervision and training.

#### **Recommendations**

- Review of the Code of Conduct and consider mechanisms such as application of the Code of Conduct to unregistered Providers to ensure their accountability for the provision of safe and quality supports.
- Reflect the costs of accreditation, quality and safety in NDIS pricing (see section h for detail).

#### **d. The adequacy and effectiveness of Provider registration and worker screening arrangements, including the level of transparency and public access to information regarding the decisions and actions taken by the Commission.**

- The availability of information to the public is a very positive step for the sector and Stride encourages the Commission to continue to enable transparency that helps the public understand its role and decisions made.



- From a Provider perspective, the availability of information contributes to quality and safety of supports but it is difficult for Providers to currently find banned and suspended workers and organisations, and to then identify updates/changes. For small and large organisations alike, this adds administrative time to recruitment processes. For Participant and Providers, this hinders and can prevent checks against Provider registration when required.
- The information on Worker Screening has been delayed and is now overdue presenting another challenge to Providers to respond effectively and in the timeframes required to the new requirements and to integrate with existing systems. This add time and cost and risks the Worker Screening process being compromised rather than achieving its objective of adding to the safety and quality of the scheme.
- The approval for Support Workers remains state based as a result of the delay to Worker Screening. This creates additional administrative burden for Providers operating across multiple states/territories.
- In addition to the points under section (c) above, Stride's experience of the registration renewal process as an organisation operating the NDIS across three states, was arduous. The requirements for submission in the portal were poorly communicated and we received inconsistent information from different staff in the Commission Registrations Team. This resulted in a process that was unduly lengthy and complicated. To assist Stride, we accessed an external for guidance on the application process and this added to the high costs associated with this process.

#### **Recommendations**

- Access to worker and Provider information, including the Worker Screening process, should be expedited and enhanced.
- The Commission should consider the impacts on Providers of undertaking registration and how it might engage with Providers to make the process and communication from the Commission more efficient and cost-effective.

### **e. The effectiveness of communication and engagement between the Commission and state and territory authorities;**

- All state and territory departments play an integral role in supporting people in the NDIS however fail to truly collaborate and work together in an effective and timely manner to effectively support Providers and achieve quality supports. Examples Stride has experienced include:
  - The Restrictive Practice authorisation process is still state based resulting in additional processes and training for organisations that operate across more than one state. Again, the NDIS cost model allows little to no costing to be attributed to this function and training which puts at risk a Provider's ability to fully comply with the Restrictive Practice authorisation process, ensure staff are trained appropriately which in turn could place Participant at risk.
  - The Restrictive Practice authorisation process is a two-step process for most states/territories. Stride's experience with this process via our Residential SIL Participant is that it is complicated and unwieldy which contributes to an already high administrative workload and risks non-compliance with Restrictive Practice requirements. We recommend streamlining the process and increasing support for Providers and clinicians to understand the process, Portal access and usability, and timeframes.
  - Worker Screening remains state based resulting in multiple administrative processes when working across states and territories. The NDIS cost model is the same irrespective of an organisation's geographical reach and hence varying compliance processes.
  - The Community Visitor program is also state based. Stride has witnessed often sporadic visits and reports are provided to the Provider but not to the NDIA.
  - Adult Guardian and the public trustee are state based and there is no communication between these and the NDIA. The guardian allows for service bookings to be created for a Participant through



Guardian approval but there is no follow up with how that support is being delivered which presents a risk to the NDIS, Participant and Providers.

**Recommendation**

- Improve collaboration between The Commission and state and territory authorities to reduce administrative costs for the NDIS and Providers.

**f. The human and financial resources available to the Commission, and whether these resources are adequate for the Commission to properly execute its functions;**

- There are indications that the Commission is deficient in the human and/or financial resources. Stride cites the example of the length of time for registration renewal, certification and verification to be completed. This has a negative impact on Providers and includes such detail as being unable to update outlet details for accurate information in the Provider finder presenting an issue for the NDIS, Provider and Participant.
  - In 2019, Stride commissioned an external auditor to complete our registration renewal and certification with the Commission. The external auditor found no major or minor non-conformities and was highly complementary of Stride's results, including understanding and adherence to the Code of Conduct and NDIS Practice Standards, our policies, procedures, risk management and continuous improvement.
  - The report was submitted to the NDIS Commission on 17<sup>th</sup> December 2019 and we have received no outcome to date (28<sup>th</sup> July 2020). Despite many follow up attempts via phone, in writing and with the State Director Queensland, Stride's certification and registration renewal remain outstanding at the consternation of our Board, CEO and workforce.
- The Commission's response time for COVID-19 related matters continues to be slow and lacks responsiveness in proportion to the gravity of situations.
  - For example, delays in confirming that the disability sector is an essential service left some Participant unnecessarily without face to face supports while Providers looked for guidance and advice that would ensure they keep both Participant, their workforce and the community safe. Improving the timeliness of communication of expectations from a compliance perspective to all Providers would be advantageous to all within the sector.
  - Further examples can be cited more recently in Victoria with the resurgence of lockdowns.
  - Participant and Providers look to the Commission for guidance and seek out up to date, evidence-based information from the Commission during crises.
- See also section (b) for information relating to delays in the investigation of reportable incidents and complaints.

**Recommendation**

- Improve or redeploy Commission resources to improve effectiveness and timeliness of communication and key processes like accreditation.

## **g. Management of the transition period, including impacts on other commonwealth and state-based oversight, safeguarding, and community engagement programs;**

- During this period Stride experienced delayed communication from the Commission about operating/reporting requirements for Restrictive Practice (working under NSW State guidelines). This created stress for our staff, and we required more guidance for the registration renewal process. The workload and pressure during this time could have been minimised with more timely information and support.
- Clarity of functions and role delineation between the two bodies, NDIA and NDIS Quality and Safeguards Commission has been poor. Stride's experience with the migration of data from the NDIA Portal to the Commission portal was cumbersome and poorly communicated with mixed messages from the Commission.

## **h. (Any related matters) NDIS Pricing**

### **Context**

The NDIS price limits for Core Supports are based on its Cost Model, published in 2019 and updated in June 2020 as a result of its 2020-21 Price Review (see <https://www.ndis.gov.au/Providers/price-guides-and-pricing/annual-price-review>).

The NDIA Cost Model depends on about five key parameters which in turn are based on a survey of Providers called the TPP Survey. The NDIA uses the 25<sup>th</sup> percentile for each of the key parameters, aiming to calculate the cost of an "efficient Provider", meaning a Provider at the 25<sup>th</sup> percentile of cost. This means that if the NDIA's methodology is correctly applied, 75 percent of current Providers are not sustainable at the NDIA's price limit.

### **The Key Issue**

In simple terms the NDIA price limit approach benefits and incentivises Providers to aim for *lowest cost*. There is a very significant risk that this comes at the cost of quality and safety. Providers do not believe that the NDIA is appropriately balancing quality and safety in its pricing model and pricing decisions.

**It is Stride's submission that the Quality and Safeguards Commission should play an explicit and significant role in price-setting for the NDIS, expressing its opinion on key parameters underpinning the NDIA Cost Model.**

**An independent NDIS Price Commissioner could be established, balancing the views and input from the NDIA, Providers and Participant, considering quality and safety among other factors.** This mirrors arrangements in place for aged care pricing (<http://www.acpc.gov.au/internet/acpc/publishing.nsf/Content/about>).

### **Cost Model Parameters, Price Implications and Comment**

The NDIA has acknowledged overwhelming Provider sector feedback that its Cost Model but has not increased prices in its recent review. The NDIA is also aware of errors made in its recent Cost Model calculations but has chosen not to address these.

The first table below summarises some of the key parameters in the NDIS Cost Model used to determine price limits, with comments about the basis of these assumptions and issues arising.

**Table 1: NDIA Cost Model Key Parameters**

Parameter	NDIA Cost Model Assumption	NDIA Cost Model Basis	Issue/Comment
<b>Span of Control</b> (ratio of support workers per Supervisor)	1:15	The Span of Control parameter was increased for 1:11 (2019) to 1:15 (2020-21) on the basis of the 2020 TPP Provider Survey, which resulted in a calculation of 1:15 at the 25 <sup>th</sup> percentile for this metric	The TPP survey question asked about <i>headcount</i> but the result has been used to calculate span of control in <i>Full-Time-Equivalents (FTE)</i> . A team with 15 headcount probably has about ten FTE (on the NDIA's own data).  This is a simple error. The NDIA has been made aware of this but has not amended its cost model calculation.
<b>Utilisation</b> (percentage of a support worker's time that is billable)	92% (low intensity) to 87.7% (high intensity)	The Utilisation assumption for low intensity core supports is based on (slightly higher than) the TPP Provider survey (90% at the 25 <sup>th</sup> percentile)	The NDIA has received consistent feedback from the Provider sector that the Utilisation rate is unsustainable for organisations that employ permanent (rather than casual) staff.  Stride (and many others) believe the Utilisation assumption is even more unsustainable in high intensity supports where support workers are dealing with highly complex Participant and risks.  In addition, most work that results from Quality and Safety Commission requirements hurts Utilisation (and is effectively unfunded) – this includes time spent in accreditation and time spent reporting critical issues or following up a Participant death (for example).
<b>Overhead</b> (in the NDIA's definition, this means all costs other than the support worker and supervisor salaries)	12%	The TPP Provider survey showed that "overhead" (by the NDIA definition) is 19.8% at the 25 <sup>th</sup> percentile and 28.1% at the median.  The NDIA chose to ignore the survey data for this parameter on the basis that some Providers did not complete the survey and "probably have lower costs"	As the NDIA Price Review Report states; <i>"Submissions from Providers indicated widespread dissatisfaction with respect to the level of overheads allowed for by the cost model . . . the vast majority indicated that their actual level of overheads considerably exceeded . . ."</i>  Most quality and safety activity is funded through this parameter. The QSC should have a very material interest in this element of NDIS pricing.  In simple terms, under current NDIA pricing, the vast majority of Providers fund quality and safety activity including NDIS accreditation from their own pockets.

Table 2 (next page) compares the NDIA's Cost Model result with real-world costs for an organisation like Stride, for a Level 3 (high intensity) Support Worker. The figures presented for Stride Mental Health are in conservative (lower than actual current costs).

**On this basis Stride's cost per Support Worker is about \$13,000 (14.5%) per worker per annum higher than the NDIA's model.**



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**Table 2: NDIA Cost Model vs Stride Mental Health for a Level 3 Disability Support Worker**

Table Notes are on the following page.

Cost	NDIA Cost Model		Stride Mental Health		Comment
	\$/hr <sup>1</sup>	\$ pa per SW	\$ pa per SW	Calculation	
Salary and Oncosts - Support Worker	\$49.28	\$72,267	\$72,267	Calculation based on SCHADS level 3.2 and allows for leave, super and other entitlements	
Salary and Oncosts – Supervisor	(1:15) \$3.76	\$5,520	(1:10) \$8,279	Stride's average span of control ratio is not yet 1:11 (i.e. our cost is higher than indicated) but we are working towards this target	The NDIA basis for amending the <i>Span of Control</i> ratio to 1:15 is in error <sup>5</sup> . We believe 1:10 (FTE) is a reasonable efficient organisation target; higher risks safety and quality
Local training costs	nil <sup>2</sup>	\$0	\$805	Training cost included at 1% of S&W costs (a low benchmark)	The NDIA cost model provides for support worker time for training, but not for the direct costs of training
Other S&W Allowances	\$1.01	\$1,486	\$1,486	Assumption unchanged from NDIA cost model	
<b>Sub-Total Salaries/Oncosts</b>	<b>\$54.06</b>	<b>\$79,272</b>	<b>\$80,547</b>		
Local oncosts – office, utilities, consumables	nil <sup>2</sup>	\$0	\$3,500	A small shared office (rent \$25k pa; utilities \$5k pa; consumables \$5k pa) divided by ten support workers = \$3.5k pa per SW	Stride's true local office costs are significantly higher than this; we are working to reduce this cost over time (eg through shared offices)
Service quality, safety and governance overhead	nil	\$0	\$1,990	Service Quality team: 2.0 FTE in an organisation of 500 frontline staff; Supervisor's supervisor at a ratio of 1:10	The Service Quality team is responsible for policies and procedures, compliance, accreditation, complaints, investigations and more, as well as for reporting and communication to the NDIS QSC
Depreciation	Omitted <sup>3</sup>	\$0	\$884	Stride's depreciation (excluding motor vehicles) is 1.3% of services expenditure but we have used a conservative 1% in this model	The NDIA excluded depreciation "on the basis that it's a financing cost" but in practice depreciation includes for systems (to deal with the NDIS) and other relevant costs which must be funded
Corporate overhead (finance, IT, HR, marketing, risk, CEO & governance)	(12%) \$6.49	\$9,513	\$12,374	We have costed Corporate Overhead at 14% of other costs; this is our strategic target (current costs are about 20% above this)	There are benchmarked for corporate overhead that indicate costs are above the NDIA's 12% figure – for example, in the NDIA's own price review report which quotes a Nous Consulting study showing a median cost of 10.2% for finance, IT and HR functions alone
Cost of Capital	(2%) \$1.21	\$1,776	\$2,033	Assumption unchanged from NDIA cost model	
<b>Total "overhead"</b>	<b>\$6.76</b>	<b>\$11,289</b>	<b>\$20,781</b>		
<b>Total</b>	<b>\$61.76<sup>4</sup></b>	<b>\$90,561</b>	<b>\$103,679</b>		



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### Table Notes

1. This column replicates the NDIA Cost Model and is expressed as \$ per billable Support Worker hour (the final total is the NDIS Price so calculated).
2. The NDIA Cost Model does not include any provision for local direct costs including training, rent, utilities or consumables. These costs are either funded out of the NDIA's "overhead" provision (later in the model) or not at all.
3. The Deloitte report on the NDIS TPP Provider Survey (see <https://www.ndis.gov.au/Providers/price-guides-and-pricing/benchmarking-surveys-and-reports>) reported that the analysis of overhead excluded depreciation on the basis it is "typically considered capitalisation and finance expenses" (p16).
4. \$61.76 is the NDIA Cost Model price for the 2020-21 year.
5. The NDIA's TPP Provider survey asked for a ratio in headcount, but the cost model has applied the ratio in FTE terms. Based on the NDIA's own data on the proportion of casual workers, a team of 15 Support Workers likely has FTE of about 10.

### Impact of Utilisation

The comparison above shows that Stride's cost per Support Worker is about \$13,000 (14.5%) per worker per annum higher than the NDIA's model.

There is one more NDIA assumption that effects price, and therefore Provider income – the assumed Utilisation rate (the percentage of a Support Worker's paid hours that is billable to the NDIS). This assumption determines the rate the Provider is paid per billable hour.

The NDIA's Cost Model Assumption for a Level 3 (high intensity) Support Worker is a Utilisation rate of 87.7%. We believe that this is significantly too high for high intensity supports where the workforce is permanently employed (not casuals). The impact of this assumption is also significant; if, for example, a Utilisation rate of 80% is applied instead of 87.7%, the gap between Stride's cost and the NDIS price increase from 14.5% (calculated above) to 24%.

### Summary of Pricing Impact on Quality and Safety

The NDIS Quality and Safeguards Commission should have a very strong interest in NDIS pricing.

As illustrated in our analysis several of the costs that are not included or inadequately covered in the NDIS' pricing model are directly quality related, including the true cost of staff supervision at a reasonable management ratio and the cost of safety and quality, including costs of NDIS accreditation and reporting.

In addition, driving for unreasonably high utilisation rates when working with complex Participant adds significant risks both to client safety and to worker wellbeing.

The NDIA pricing approach is driving the sector towards a highly casual workforce with less supervision, reduced training, and reduced quality and safety support systems. This poses a key risk across NDIS services but especially in support of Participant with complex needs.

### Recommendation/s

- The Quality and Safeguards Commission should play an explicit and significant role in price-setting for the NDIS, expressing its opinion on key parameters underpinning the NDIA Cost Model.
- An independent NDIS Price Commissioner could be established, balancing the views and input from the NDIA, Providers and Participant, considering quality and safety among other factors.