Chapter 3

Delivery of services

3.1 This chapter reviews the impediments to delivery of appropriate and timely services under the NDIS, which have been identified throughout the inquiry by NDIS Participants, peak bodies, Governments and service providers.

3.2 Firstly, it discusses issues associated with the planning process leading to poor quality of Plans and need for Plan reviews. Then, it explores the concerns raised by submitters about Plan reviews and outcomes.

3.3 The second part of the chapter focuses on the barriers experienced by service providers to operate and provide quality services in the NDIS environment. This includes issues with the registration process, NDIS pricing caps and workforce shortages.

3.4 The final part of the chapter explores the rollout of ILC and reported issues associated with the quantum of funding allocated to ILC activities during the transition period; the funding model itself; and the emerging gaps in services.

Quality of Plans

3.5 Across all jurisdictions, submitters continue to report poor planning experiences and outcomes for Participants. These include inconsistencies in Plans; and inadequate levels of support in Plans leading to Participants asking for plan reviews.

3.6 Overall, the committee received significant evidence of inconsistent packages being granted to NDIS Participants across all jurisdictions, with some Participants with similar conditions and similar support needs receiving vastly different Plans. [1]

3.7 The quality of NDIS Plans appears to be dependent on two main factors: 1) the NDIS Planner's knowledge and expertise and; 2) the level of advocacy families and NDIS Participants can undertake and their knowledge of the disability sector.[2]

Planners' expertise

3.8 Many submitters reported a general lack of knowledge, expertise and experience of Planners resulting inconsistent and inadequate plans.[3] Some plans may be over-funded, whilst others are significantly under-funded.

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1 See for example: Allied Health Professions Australia, *Submission 6,* p. 7; Prader-Willi Syndrome Australia, *Submission 9,* p. 7; Mental Illness Fellowship of Australia, *Submission 44,* Mental Health Australia, *Submission 50,* p. 7; p. 8; Speech Pathology Australia, *Submission 62,* p. 11.

2 See for example: Professions Australia, *Submission 6*, p. 7, Summer Foundation, *Submission 22*, p. 17, Department of Premier and Cabinet NSW, *Submission 27*, p. 2; Allied Health.

3 See for example: Anglicare Australia, *Submission 8,* Attachment 1, p. 8; National Disability Services, *Submission 12,* Attachment 1, p. 6; Occupational Therapy Australia, *Submission 26*, p. 3; Multiple Sclerosis Australia, *Submission 31*, p. 6.

3.9 The NSW Department of Premier and Cabinet noted that 'it appears that Planner knowledge and capability is highly varied, as is their interpretation of reasonable and necessary supports'.[4]

3.10 Allied Health Professions Australia reported that 'understanding of allied health professions is poor among Planners, leading these supports to be absent from Participant packages'.[5] For example, the committee received evidence that Assistive Technology supports are often inconsistent and expert recommendations are often ignored by Planners.[6]

3.11 MJD Foundation (MJDF) reported that 'the variable quality of Planners has meant that clients of the MJDF have experienced a range of planning outcomes'.[7]

3.12 In its submission, Speech Pathology Australia conveyed the view of its members:

> Speech pathologists report that the NDIS Planning process and the decisions made by the NDIS Planners themselves generally demonstrate a lack of understanding of the complexity of needs for individuals with disability and the complexity involved in developing an outcome based plan for supports and services.[8]

3.13 At a public hearing in Melbourne, Ms Rachel Norris, CEO of Occupational Therapy Australia (OTA), summarised the views of OTA members:

> The quality of NDIS Plans varies considerably from person to person and depends on the planner's level of experience and understanding of the breadth of services available to Participants. Planners are recruited from a variety of backgrounds, and it is clear that they frequently underestimate the hours of therapy required for a participant to achieve their goals, which subsequently affects the quality of their plan. Nor do they understand occupational therapy's key role in the prescription and review of assistive technology and home modifications.[9]

Advocacy and access to pre-planning

3.14 Mental Health Australia noted that 'strong anecdotal evidence indicates that consumers who are well supported by strong advocates (whether they happen to be carers, support workers, formal advocates or others) continue to receive Plans which better suit their needs'.[10]

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4 Department of Premier and Cabinet NSW, *Submission 27*, p. 2.

5 Allied Health Professions Australia, *Submission 6*, p. 7.

6 See for example: Can: Do Group, *Submission 25*, p. 10; Vision Australia, *Submission 24*, pp.5–6; Occupational Therapy Australia, *Submission 26*, p. 3.

7 MJD Foundation, *Submission 7*, p. 5.

8 Speech Pathology Australia, *Submission 62*, p. 12.

9 Ms Rachel Norris, Chief Executive Officer, Occupational Therapy Australia, *Committee Hansard*, 8 November 2017, p. 4.

10 Mental Health Australia, *Submission 50*, p. 8.

3.15 Ms Rachel Norris, CEO of Occupational Therapy Australia, also pointed out that 'too often the quality of a plan comes down to how effective the participant or advocate is at stating their needs during plan development conversations'.[11]

3.16 Ms Natalie Siegel-Brown, the Public Guardian (Queensland), explained how having an advocate during the planning process can make a real difference in outcomes:

> […]sometimes just having an advocate sitting beside a person in the NDIS-planning process with a planner will reap a different quantum of funds compared to a very similarly profiled person who doesn't have an advocate sitting there and who is in front of the same planner.[12]

3.17 Cohealth related the following example, which illustrates the critical role of advocacy during the planning process:

> For example, two consumers of cohealth mental health community support services, with very similar conditions and circumstances received very different Plans. The main difference appeared to be that one had an advocate/support accompany them to the planning meeting.[13]

Importance of pre-planning

3.18 According to submitters, pre-planning also plays a fundamental role and can make a significant difference in quality of outcomes for Participants.[14]

3.19 For example, Neurological Alliance Australia reported that the 'lack of pre-planning can result in ineffective Plans which require an NDIS review and / or result in negative health impacts for people with a progressive neurodegenerative disease'.[15]

3.20 The Summer Foundation also reported the importance of supporting people during the pre-planning and planning process and identified funding gaps:

> A lack of preparation support for planning means significant gaps have emerged because individuals are unable to articulate their complete needs and goals as is required for a good outcome from planning. The important work of supporting people with NDIS pre-planning and through the planning process is not being funded in the national rollout, and services such as case management that could have assisted are being de-funded prematurely as the NDIS rolls out.[16]

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11 Ms Rachel Norris, Chief Executive Officer, Occupational Therapy Australia, *Committee Hansard*, 8 November 2017, p. 4.

12 Ms Natalie Siegel-Brown, Public Guardian, Public Guardian Office of Queensland, *Committee Hansard*, 26 September 2017, p. 11.

13 Cohealth, *Submission 34*, p. 5.

14 See for example: Community Mental Health Australia, *Submission 3*, p. 8; Victorian Healthcare Association, *Submission 11*, p. 5; VCOSS, *Submission 65*, p. 8.

15 Neurological Alliance Australia, *Submission 31*, Attachment 2, p. 3.

16 Summer Foundation, *Submission 22*, p. 17.

3.21 Other submitters[17] identified a lack of funding available for pre-planning, which is why organisations such as VCOSS[18] and Neurological Alliance Australia[19] are calling for funding comprehensive pre-planning support.

3.22 However, some organisations receive funding from state governments to provide pre-planning support. For example, Mr Kevin Stone, CEO of VALID, told the committee that VALID is receiving funding from the Victorian Government's Transition Support Package to provide information and support to people during pre-planning:

> That fund allows us to do a number of different things. Our main strategy is to provide information sessions to people with disability and to families about the NDIS and its operation. That's what we basically call a NDIS 101 session. […] That equips parents or family members in the skills of person centred planning, goal setting, supporting their sons and daughters to self-advocate et cetera. Basically, it supports them to negotiate the system. The evidence that we have is that families who go through that process are much better equipped to enter into the NDIS process.[20]

3.23 The NSW Government is also funding a few organisations to deliver pre-planning support and information. Ms Serena Ovens, Executive Officer at Physical Disability Council of NSW, explained:

> Currently, we're funded by the New South Wales department of disability, ageing and home care, and that's just approximately five to six organisations in New South Wales, to assist in pre-planning. So we do have limited capacity to assist some people to work with us one on one for a far greater period of time than they will do in their own planning meeting. We have the ability to go back and forth and show a pre-plan to them, talk about it, look at what might be missing and redo and readjust more than once for those people before they even get to their NDIA or LAC planning meeting.[21]

Plan reviews

3.24 According to submitters, poor planning has led to an increase in the number of reviews being requested.[22]

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17 See for example: Ms Sarah Pastro, Placement Coordinator, Baptist Care, *Committee Hansard*, 27 September 2017, p. 6; Victorian Healthcare Association, *Submission 11*, p. 5; Mental Health Australia, *Submission 50*, p. 7.

18 Ms Emma King, Chief Executive Officer, Victorian Council of Social Service, *Committee Hansard*, 8 November 2017, p. 1.

19 Neurological Alliance Australia, *Submission 31*, Attachment 2, p. 3.

20 Mr Kevin Stone, CEO, VALID, *Committee Hansard*, 19 September 2017, p. 24.

21 Ms Serena Ovens, Executive Officer, Physical Disability Council of NSW, *Committee Hansard*, 3 October 2017, p. 9.

22 See for example: Family Advocacy, *Submission 52*, p. 18; Ms Serena Ovens, Executive Officer, Physical Disability Council of NSW, *Committee Hansard*, 3 October 2017, p. 6; Anglicare Australia, *Submission 8*, Attachment 1, p. 10.

A slow and frustrating process

3.25 Feedback received by Family Advocacy through a survey of 100 families reveals that 'the review process is slow, frustrating and stressful'.[23] For example, one family related the following experience:

> Too long to tell. Three Plans in eight months - none of which were instigated by us but because planner had stuffed up. Had to appeal but appeal was dismissed as having 'no grounds'. Received a phone call this week by NDIS saying there had been a 'programming error' and they would like the opportunity to have a face to face meeting with them.[24]

3.26 Occupational Therapy Australia noted that plan reviews are lengthy and this can jeopardise Participants' ability to progress toward achieving their goals:

> These reviews can take months to complete, resulting in added frustration for families and potentially affecting the relationship between participant and provider. In addition, the long wait associated with plan reviews frequently results in any progress that the participant has made towards their goals being lost due to lack of continuity. This ultimately results in increased supports being required to re-establish progress.[25]

3.27 At a public hearing in Melbourne, Miss Grace Poland, an NDIS Participant, told the committee that she requested a review of her NDIS Plan and 'it took 11 weeks to get a response'.[26]

3.28 Allied Health Professions Australia also reported that 'reviews are currently taking weeks and even months to complete, resulting in added frustration for families and potential service gaps'.[27]

3.29 Anglicare Australia raised the issue of people not having access to services because of reviews taking too long:

> With reviews often taking months rather than the stipulated two weeks the result is people in limbo without access to services critical to their health and wellbeing.[28]

3.30 The Office of the Public Advocate (Victoria) identified a need for the NDIA to address the long wait time for plan review.[29]

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23 Family Advocacy, *Submission 52*, p. 10.

24 Family Advocacy, *Submission 52*, p. 19.

25 Occupational Therapy Australia, *Submission 26*, pp. 3 and 4.

26 Miss Grace Poland, Summer Foundation, *Committee Hansard*, 19 September 2017, p. 11.

27 Allied Health Professions Australia, *Submission 6*, p. 8.

28 Anglicare Australia, *Submission 8*, Attachment 1, p. 10.

29 Office of the Public Advocate, *Submission 69*, p. 24.

Plan reviews leading to reduced funding

3.31 Submitters told the committee that there are instances where Participants have sought a Plan review which has resulted in a reduction in funding.[30]

3.32 The ACT Government was approached by a number of Participants whose Plans are being cut after a plan review and reported:

> In some occasions Plans are being cut by up to 80%. The ACT has also been informed that Participants are unwilling to ask for a plan review as they are concerned their Plans will be cut.[31]

3.33 In its submission, Carers NSW said 'there have been widespread reports in NSW of funding being significantly reduced following a Plan review' and provided the following examples:

> Ariana cares for her daughter Jocelyn and was forced to participate in a phone based plan review. […] When the plan came back, the funding allocation had been reduced by three quarters, placing Ariana's employment at risk.
>
> Fatimah's son Mohamed is nonverbal and exhibits behaviours of concern. When his plan was reviewed, the funding allocated to Mohamed was drastically reduced, leaving only around $700 for the year to cover respite, and no funding at all for vacation care. This loss of funding greatly distressed Fatimah, who will not be able to work until the matter is resolved.[32]

Committee view

Planning process

3.34 The committee acknowledges the work undertaken by the NDIA to improve the planning process and Participants' experiences and outcomes. The new Participant Pathway,[33] which is currently being piloted, is a step in the right direction to improve the pre-planning and planning processes. The pilot is expected to be completed by the end of April 2018 and then rolled out nationally. The committee recommends the NDIA ensure that ability for Participants to see, discuss and potentially amend their draft Plan before it is finalised is rolled out nationally as soon as possible.

3.35 The committee noted the importance and benefits of pre-planning supports, and is aware that, currently, some state Governments are funding such activities. The

30 See for example: Queensland Advocacy Inc, *Submission 21*, p. 4; Carers NSW, *Submission 55*, p. 12; Queensland Government, *Submission 72*, p. 10.

31 ACT Government, *Submission 58*, p. 19.

32 Carers NSW, *Submission 55*, p. 12.

33 NDIS, *The NDIS pathway experience*, https://www.ndis.gov.au/pathways-experience (accessed 20 December 2017).

committee recommends the NDIA ensure that across all jurisdictions people with disability can access pre-planning supports.

3.36 The committee understands that the NDIA is continuing to develop tailored pathways for people with psychosocial disability; children; people from Aboriginal and Torres Strait Islander communities; those from culturally and linguistically diverse backgrounds and Participants with more complex needs.[34] Whilst the committee is pleased to see such work under way, it is concerned with the long time it is taking for the NDIA to respond and address the planning issues experienced by these cohorts. The committee urges the NDIA to ensure these new pathways are piloted as soon as possible and then promptly rolled out nationally.

Recommendation 10

3.37 The committee recommends the NDIA ensure that across all jurisdictions people with disability can access pre-planning supports.

Recommendation 11

3.38 The committee recommends the NDIA urgently finalise and start piloting the tailored pathways it has been developing for people with psychosocial disability; children; people from Aboriginal and Torres Strait Islander communities; those from culturally and linguistically diverse backgrounds and Participants with more complex needs.

Plan review

3.39 The committee believes the number of requests for plan reviews due to inadequate Plans should drop once the practice of allowing Participants to see and comment on their draft Plan before it is finalised is implemented. The committee notes that the NDIA is currently not reporting in a consistent manner on the number of unscheduled plan reviews. The committee agrees with the recommendation made by the Productivity Commission that the NDIA publicly report on the number of unscheduled plan reviews, on reviews of decision, review timeframes, outcomes of reviews and stakeholder satisfaction with the review process.[35]

3.40 The committee is concerned with widespread reports of funding in Participants' Plans being significantly reduced following a Plan review. Whilst the committee acknowledges there is no publically available data to determine the extent of the practice of cutting funding at Plan reviews, the anecdotal evidence from a number of sources suggests a trend in reduction of funding and supports in Participants' Plans after a Plan review. More clarity and transparency around review processes and outcomes are urgently required. The NDIA must publically and regularly report on the outcomes of reviews and undertake an analysis as to why funding in Plans may have been reduced in some cases.

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34 NDIS, *CEO Opening statement - Senate Estimates*, 25 October 2017, https://www.ndis.gov.au/news/ceo-senate-estimates-25oct.html (accessed 20 December 2017).

35 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs Study Report*, Canberra, October 2017, p. 61.

Recommendation 12

3.41 The committee recommends the NDIA publish data and analysis on the following in its Quarterly Reports:

- **number of plan reviews;**
- **waiting times Participants face for reviews;**
- **outcomes of plan reviews in terms of whether the overall package has been increased or decreased;**
- **satisfaction rating of Participants following a plan review.**

Waiting times

3.42 The committee is concerned with the lengthy waiting times experienced by Participants in getting their Plans approved, activated and reviewed. This is impeding on Participants' access to initial services and continuity of supports.

Recommendation 13

3.43 The committee recommends the NDIA focus all necessary resources and efforts on reducing waiting times at all points of the Scheme, specifically for plan approval, activation and review.

Impediments to deliver services

3.44 The following section deals with the impediments to deliver services identified by service providers during the course of this inquiry. Barriers to deliver services include the registration and administrative burdens experienced by providers; the inadequacy of NDIS pricing caps; and disability workforce shortages.

Registration processes and costs

3.45 At present, during the transition period, ensuring the quality and safeguards of disability supports remains the responsibility of the Commonwealth, state and territory Governments. As the quality and safeguards arrangements differ between jurisdictions, providers must comply with the individual requirements of each jurisdiction in which they are providing supports.[36] As a result, the registration requirements and processes to become an NDIS service provider differ across jurisdictions.

3.46 Overall, submitters expressed concerns about the inconsistent provider registration requirements across jurisdictions, arguing it is a significant barrier to entry into the NDIS marketplace.[37]

36 NDIS, *Provider Guide to Suitability V 1.07*, November 2017, p. 5.

37 See for example: Allied Health Professions Australia, *Submission 6*, p. 8; Royal Institute for Deaf and Blind Children, *Submission 35*, p. 15; Dietitians Association of Australia, *Submission 36*, p. 5.

3.47 For example, Dietitians Association of Australia described the registration process as difficult for some providers, 'with some States requiring compliance with onerous processes'.[38]

3.48 Some occupational therapists have reported that 'the registration process can be quite lengthy, which may deter some people from signing up as providers'.[39]

3.49 A provider in Victoria reported that to register as a provider for NDIS Early Childhood Supports is 'overly onerous, particularly for sole traders and small organisations'.[40]

3.50 Speech Pathology Australia explained that after receiving 'concerning feedback' from many of its members seeking to register as NDIS providers, it examined the requirements in each state and territory and formed the following view:

> […] it is the view of Speech Pathology Australia that the requirements have been designed (and are entirely appropriate) for assessment of larger disability specific organisations. When these requirements are applied to small or solo allied health businesses, they act as a significant disincentive for speech pathologists to become NDIS registered providers within some states.[41]

3.51 Speech Pathology Australia noted that 'alternative arrangements have now made for small speech pathology and occupational therapy practices within New South Wales (NSW) and in Northern Territory (NT)'.[42]

Third Party Verification

3.52 According to Allied Health Professions Australia, the requirement for third party verification in particular has been a frequent issue reported by small providers, especially in NSW and Victoria.[43] Similarly, Making Connections Together argued that 'providers have their hands tied by Third Party Verification which is excessive for small businesses'.[44]

3.53 Dietitians Association of Australia also expressed concerns about the process of verification within registration to be implemented from July 2018, arguing that 'the proposed process presents considerable burden to providers compared to the current allied health application for provider with Medicare' and that 'whereas there is no cost to register with Medicare, it is likely that the NDIS verification process and

38 Dietitians Association of Australia, *Submission 36*, p. 5.

39 Occupational Therapy Australia, *Submission 26*, p. 3.

40 Name Withheld, *Submission 4*, p. 1.

41 Speech Pathology Australia, *Submission 62*, p. 16.

42 Speech Pathology Australia, *Submission 62*, p. 16.

43 Allied Health Professions Australia, *Submission 6*, p. 8.

44 Making Connections Together, *Submission 43*, p. 1.

components such as police checks and working with vulnerable person checks will cost some hundreds of dollars'.[45]

3.54 Speech Pathology Australia reported that the average estimated cost of Third Party Verification is around $4,500 and is a reason for not registering, with one provider saying:

> I deliberately have not registered for supports that require 3rd party verification, it is not worth it for a sole trader.[46]

3.55 Occupational Therapy Australia recently conducted a survey which revealed that reasons provided by therapists for not registering included 'negative feedback from colleagues about the NDIS, and the administrative work and costs involved in registering'.[47]

Administrative burden

3.56 Submitters raised concerns about the additional administrative burden of providing services through the NDIS.[48] This is resulting in additional costs borne by service providers as well as some providers choosing not to register as NDIS providers.[49]

3.57 Speech Pathology Australia members explained the situation:

> Members reported the increased administration burden of providing services through the NDIS (in comparison to other funding streams including Better Start for Children with Disability, Medicare, Department of Veteran Affairs and private health insurance). Many practices have resorted to employing additional administrative staff to work solely on NDIS administration processes in the transition. The additional excessive administrative burden cannot continue to be absorbed into the per hour NDIS fee for speech pathology services for many private practitioners.[50]

3.58 This is resulting in speech pathologists 'delaying entering the NDIS market, reducing the share of their practice case load of NDIS clients and/or restricting service to self-managed clients to avoid the costs associated with excessive administrative burden'.[51]

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45 Dietitians Association of Australia, *Submission 36*, p. 6.

46 Speech Pathology Australia, answers to questions on notice, 8 November 2017 (received 27 November 2017).

47 Occupational Therapy Australia, answers to questions on notice, 8 November 2017 (received 24 November 2017).

48 See for example: Municipal Association of Victoria, *Submission 30*, p. 2; VICSERV, *Submission 33*, p. 3; cohealth, *Submission 34*, p. 3; VCOSS, *Submission 65*, p. 3.

49 See for example: Department of Premier and Cabinet, Victoria, *Submission 54*, p. 12; Speech Pathology Australia, *Submission 62*, p. 16.

50 Speech Pathology Australia, *Submission 62*, p. 16.

51 Speech Pathology Australia, *Submission 62*, p. 16.

Committee view

3.59 The committee acknowledges that during the transition period and until the NDIS Quality and Safeguarding Framework (the Framework) is implemented, the Commonwealth, state and territory Governments remain responsible for quality and safeguarding arrangements, including registering providers. The current situation is obviously creating disparities in processes and potentially deterring some providers, especially sole traders or small organisations to become NDIS providers. The committee is concerned that some small providers may not register as NDIS providers due to current onerous processes. This may restrict choices and availability of providers for Participants.

3.60 The committee understands that, as part of the Framework, a risk responsive registration system for service providers will be established. One of the responsibilities of the Independent NDIS Quality and Safeguards Commission to be established in early 2018 will be to register NDIS providers and oversee provider quality once at full Scheme. The committee suggests that consideration be made to establish different levels of registration requirements based on size of the organisations to ensure that sole providers and small organisations have capacity and resources to go through the registration process without excessive burdens. Meanwhile, during transition, the committee encourages state and territory Governments to put strategies in place to support sole traders and small organisations through the registration process. The committee will further consider this issue in the context of its inquiry into market readiness.

Recommendation 14

3.61 The committee recommends state and territory governments put strategies in place to facilitate and support the registration of providers during the transition period.

NDIS pricing

3.62 Submitters raised concerns about the current NDIS price caps and argued they do not always reflect the real cost of service delivery.[52] It risks the sustainability and growth of the disability sector as well as reducing quality and availability of services for Participants.

3.63 For example, Catholic Social Services Australia reported that 'the inadequacy of this transitional pricing methodology has been consistently raised by the sector' and 'is threatening the viability of providers and safety of Participants, and risking market failure for particular service types'.[53]

3.64 Similarly, Ms Emma King, CEO of VCOSS explained:

> NDIS pricing policies directly affect service quality and coverage. Members report the prices are insufficient to recruit and retain experienced

52 See for example: Community Mental Health Australia, *Submission 3*, p. 13; Catholic Social Services Australia, *Submission 32*, p. 2; VCOSS, *Submission 65*, p. 3.

53 Catholic Social Services Australia, *Submission 32*, p. 5.

> and qualified workers and the prices do not cover the services of quality service provision, including professional development, adequate supervision or administration.[54]

3.65 National Disability Services pointed out that service providers are losing money on delivering one-to-one supports, noting that 'this situation is not sustainable' and that 'the NDIS maximum price is significantly lower than the comparable community aged care price'.[55]

3.66 MJD Foundation (MJDF) argued that 'the NDIS unit pricing for the supports that the MJDF expects to deliver under the NDIS are significantly lower than MJDF's unit costs'.[56]

3.67 The Australian Services Union is concerned that the 'NDIS pricing assumptions do not meet the minimum Award conditions, nor do they reflect the reality of disability support work' and 'this will only exacerbate the workforce shortages in the sector, and mean less quality and continuity in support for people with disability'.[57]

3.68 Mr Robbi Williams, CEO of JFA Purple Orange, raised concerns about fixed pricing and impacts on quality and differentiation of services:

> I'm concerned that, in the implementation of the Scheme, this focus on fixed price for services is causing enormous problems for service providers who want to differentiate on quality elements but cannot afford to do so with the fixed price.[58]

Inadequate pricing for psychosocial supports

3.69 Some submitters are concerned about the inadequate pricing for psychosocial supports, which is impeding on quality of services.[59] Mental Illness Fellowship of Australia noted:

> Since rollout commenced, mental health providers have repeatedly highlighted that the price of supports is set well below the hourly rate for psychosocial support work currently delivered by suitably qualified people. There is no hourly price for psychosocial support services in the NDIS Price Guide, and mental health providers have had no involvement in the process to set prices for different support types.[60]

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54 Ms Emma King, CEO, Victorian Council of Social Service, *Committee Hansard*, 8 November 2017, p. 1.

55 National Disability Services, *Submission 12*, p. 5.

56 MJD Foundation, *Submission 7*, p. 10.

57 Australian Services Union, *Submission 57*, p. 5.

58 Mr Robbi Williams, CEO, JFA Purple Orange, *Committee Hansard*, 27 September 2017, p. 15.

59 See for example: Community Mental Health Australia, *Submission 3*, p. 13; VICSERV, *Submission 33*, p. 3; cohealth, *Submission 34*, p. 4, VCOSS, *Submission 65*, p. 15.

60 Mental Illness Fellowship of Australia, *Submission 44*, p. 3.

3.70 At a public hearing in Hobart, Ms Elinor Heard, Sector Reform Lead at Mental Health Council of Tasmania, recommended that prices for psychosocial supports be aligned with the award rate of pay for qualified staff:

> We recommend that the NDIS pricing structure be adjusted to address the well-documented disconnect between line item unit pricing and the award rate of pay for qualified mental health workers. At the moment we have members operating at a 50 per cent loss per episode of care as a result of this discrepancy. We hope that the independent pricing review will endorse action in this area.[61]

3.71 Similarly, Anglicare Australia reported that 'there is enough evidence to show that the current unit pricing is insufficient to purchase services which can meet the needs of people with higher needs and complex psychosocial disability'.[62]

Inadequate pricing for supports for people with complex needs

3.72 Submitters stressed that NDIS pricing is particularly inadequate for delivering services to people with complex needs, who are likely to require workers with more specialised skills.[63]

3.73 ACT Minister for Disability, Children and Youth, Ms Rachel Stephen-Smith, reported that 'from the feedback we've had from providers, there are genuine issues with the appropriate pricing of support for people with high and complex needs'.[64]

Impacts on the disability sector workforce

3.74 A risk identified by submitters is that the inadequacy of prices may drive skilled workers to stop engaging with the NDIS. For example, the Victorian Government pointed out that 'current pricing may incentivise existing skilled workers to seek roles in other sectors (for example the aged care sector)'.[65]

3.75 At a public hearing in Melbourne, Ms Kym Peake, Secretary of the Department of Health and Human Services, Victorian Government reinforced the view that adequate pricing is needed to grow the workforce:

> […] Certainly, our stakeholders raise with us that current price setting do not take into account the real cost of service delivery. Pricing will also be fundamental to growing a skilled workforce, and it must be addressed head-

61 Ms Elinor Heard, Sector Reform Lead, Mental Health Council of Tasmania, *Committee Hansard*, 4 October 2017, p. 18.

62 Anglicare Australia, *Submission 8*, Attachment 1, p. 6.

63 See for example: Ms Emma King, CEO, Victorian Council of Social Service, *Committee Hansard*, 8 November 2017, p. 1; Anglicare Australia, *Submission 8*, Attachment 1, p. 6; Department of Premier and Cabinet, Victoria, *Submission 54*, p. 18.

64 Ms Rachel Stephen-Smith, Minister for Disability, Children and Youth, ACT Parliament, *Committee Hansard*, 20 October 2017, p. 9.

65 Department of Premier and Cabinet, Victoria, *Submission 54*, p. 18.

> on during transition so that there is an appropriate provider market with a workforce with the right skills and competencies.[66]

3.76 National Disability Services warned that 'without resolution of pricing issues, the market will not grow to meet the increase in demand under the NDIS.'[67]

3.77 Similarly, in its submission, the Department of Premier and Cabinet NSW said:

> The market for the provision of supports is developing, but this will likely be slow if there is uncertainty regarding the ability of service providers to recover their reasonable costs.[68]

3.78 In its *NDIS Costs Study Report*, the Productivity Commission noted that the NDIA's approach to setting price caps 'has hindered market development' and 'it has led to poor participant outcomes, especially for those with complex needs'.[69]

An independent body for price-setting

3.79 Overall, submitters suggested that pricing decisions should be the responsibility of an independent price regulator, not the NDIA.[70] In its report, the Productivity Commission recommended that an independent body be responsible for regulating the price of supports under the NDIS.[71]

3.80 At a hearing in Canberra, the NDIA explained its position in relation to the Productivity Commission findings and recommendation on an independent price regulator:

> I would like to add is that the board and management did also make a statement about the Productivity Commission report. In that statement they also drew attention to their view that they didn't agree with one of the recommendations in the report. That was for the independent pricing regulator to be established. I think that the board and management would probably want it stated that their reasons for that is that they believe that at this moment, while we do want to get to a point of deregulation of the market altogether, while the market is developing it's in the interests, of Participants particularly, to have an active oversight of price caps so that Participants aren't taken advantage of. I'm not suggesting that providers would do this; simply that there is a risk that that may happen where the

66 Ms Kym Peake, Secretary, Department of Health and Human Services, Victorian Government, *Committee Hansard*, 19 September 2017, p. 3.

67 National Disability Services, *Submission 12*, p. 6.

68 Department of Premier and Cabinet NSW, *Submission 27*, p. 4.

69 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs Study Report*, Canberra, October 2017, p. 55.

70 See for example: Anglicare Australia, *Submission 8*, Attachment 2, p. 6; Vision Australia, *Submission 24*, p. 7; Multiple Sclerosis Australia, *Submission 31*, Attachment 1, p. 8; Department of Premier and Cabinet, Victoria, *Submission 54*,p. 4.

71 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs, Study Report*, Canberra, October 2017, p. 55.

> market is thin. It's happened in other markets. There are a range of other reasons. We want to make sure we can price accordingly to get the outcomes for Participants that we need and that's the focus that we want to bring to pricing. We want to be transparent in the way that we do that, but I think they believe that in terms of their stewardship role of the agency they need to maintain some oversight of that, particularly in relation to the impact of that on sustainability of the Scheme. They believe that it's best left at the moment with the NDIA.[72]

Independent Pricing Review

3.81 In June 2017, following the outcome of the FY2017-18 pricing review, the NDIA announced an Independent Pricing Review to be undertaken by McKinsey & Company and completed by the end of 2017.[73]

3.82 The Review was tasked to:

- Provide recommendations in relations to improved pricing effectiveness, including but not limited to:
- National versus regional pricing;
- Pricing of services with different levels of complexity;
- Pricing of short stay support, and for emergency and crisis supports;
- Thin and undersupplied markets, particularly in regional and remote areas;
- Relative provider efficiencies (including overheads);
- Adequacy of provider returns; and
- Effectiveness of the Hourly Return approach used to set prices.
- Provide recommendations in relation to the potential early de-regulation of price in more mature sub-markets and the glide path for the eventual de-regulation of price more generally.[74]

Committee view

NDIS Pricing

3.83 The committee noted that many service providers are of the view that the current NDIS pricing caps have potential to negatively impact on the capacity for providers to deliver quality services. The committee is particularly concerned that the

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72 Ms Vicki Rundle PSM, Acting Deputy Chief Executive Officer, Market and Supports, NDIA, *Committee Hansard*, 20 October 2017, p. 28.

73 NDIS, *Letter to Registered NDIS Providers from CEO David Bowen*, 12 June 2017, https://www.ndis.gov.au/news/letter-to-ndia-registered-providers.html (accessed 20 December 2017)

74 NDIS, *Letter to Registered NDIS Providers from CEO David Bowen*, 12 June 2017, https://www.ndis.gov.au/news/letter-to-ndia-registered-providers.html (accessed 20 December 2017)

pricing for supports for psychosocial supports and for people with complex needs appear to be well below industry standards.

3.84 The committee is aware that the NDIA Board is currently considering the Final Report of the Independent Pricing Review undertaken by McKinsey & Company with the intent being that the Report and the NDIA's response be published by mid-March 2018.[75] The committee will consider the Report, issues of pricing and the establishment of an independent price regulator in the context of its inquiry into market readiness.

Workforce shortages

3.85 Submitters raised the issue of workforce shortages.[76] As described by the Productivity Commission in its recent *NDIS Costs Study Report*, the disability sector workforce will need to double and in some regions triple or more over the transition period to meet demand.[77]

3.86 Allied Health Professions Australia is of the view that it will not be possible to increase the NDIS workforce without changes that address 'workforce planning, education and training issues'.[78]

3.87 In its submission, the Queensland Government considered that the workforce constitutes 'one of the biggest risks of the rollout of the NDIS'.[79]

3.88 The Australian Services Union identified the need for developing a workforce plan:

> There is presently no comprehensive plan that deals with careers or training for disability support workers under the NDIS. This, along with pricing that supports decent pay and conditions, is essential to attracting and retaining a stable and skilled disability support workforce.[80]

3.89 Community Mental Health Australia identified a 'need to develop a National Mental Health Workforce Strategy and conduct regional Communities of Practice to support NDIS transition'.[81]

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75 NDIS, *Media Statement: NDIA Board receives NDIS Independent Pricing Review Report*, 30 December 2017, https://www.ndis.gov.au/news/ndis-pricing-review-30dec.html (accessed 30 January 2018)

76 See for example: Allied Health Professions Australia, *Submission 6*, p. 10; Multiple Sclerosis Australia, *Submission 31*, Attachment 1, p. 9; Australian Services Union, *Submission 57*, pp. 4–5; Office of the Public Guardian NT, *Submission 63*, p. 5.

77 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs Study Report*, October 2017, p. 36.

78 Allied Health Professions Australia, *Submission 6*, p. 10.

79 Queensland Government, *Submission 72*, p. 6.

80 Australian Services Union, *Submission 57*, p. 8.

81 Community Mental Health Australia, *Submission 3*, p. 14.

3.90 National Disability Services stated that 'a clear and coherent national industry plan is required to support the sector's development and transition to the NDIS market'.[82]

3.91 In its submission, the ANAO reiterated the findings it made in its performance audit report No. 24 of 2016–17, National Disability Insurance Scheme–Management of Transition of the Disability Services Market:

> The magnitude of the growth and change required to the disability services market cannot be underestimated, and the transition to full Scheme elevates an already high risk environment. This requires ongoing monitoring and active management. Within this context, both DSS and the NDIA need to invest in their capability to identify and resolve emerging market concerns for many years to come.[83]

Initiatives to build the NDIS workforce

3.92 In April 2015, the Disability Reform Council agreed the NDIS Integrated Market, Sector and Workforce Strategy in preparation for the full roll out of the NDIS. The strategy was developed by the Commonwealth, state and territory governments and the NDIA to provide a clear plan to align market, sector and workforce development activities.[84]

3.93 In its submission, the Department of Social Services explained 'it has been working with state governments, the NDIA, and the sector, to support disability workforce development' and that 'the Boosting the Local Care Workforce 2017–18 budget measures will invest $33 million over three years, to boost local job opportunities in care work, particularly in rural, regional and outer suburban areas'.[85]

3.94 Allied Health Professions Australia noted that 'initiatives such as the Sector Development Fund (SDF) and Innovative Workforce Fund (IWF), which allow individuals and organisations to apply for grants to support the development of the disability workforce, are valuable ways to ensure a ready and appropriately skilled workforce'.[86]

3.95 The Victorian Government has developed a plan to build the disability workforce, recognising that the NDIS is bringing major changes and that the Victorian disability workforce will need to grow by approximately 76 per cent over the next three years. As part of the plan, $26 million will be invested in workforce development, training and skills initiative.[87]

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82 National Disability Services, *Submission 12*, Attachment 1, p. 14.

83 ANAO, *Submission 10*, p. 2.

84 Department of Social Services, *NDIS Integrated Market, Sector and Workforce Strategy*, https://www.dss.gov.au/disability-and-carers/programmes-services/for-people-with-disability/ndis-integrated-market-sector-and-workforce-strategy (accessed 20 December 2017)

85 Department of Social Services, *Submission 29*, p. 12.

86 Allied Health Professions Australia, *Submission 6*, p. 10.

87 Department of Premier and Cabinet, Victoria, *Submission 54*, Attachment 1, pp. 5–6.

3.96 Queensland has invested $2.8 million to establish WorkAbility to drive the expansion and diversification of the Queensland workforce over the transition period, by engaging, attracting and connecting people to jobs in the sector.[88]

3.97 In its submission, the Australian Government Department of Education and Training listed its recent initiatives to address workforce shortages. This included providing funding for the Disability Workforce Innovation Network Innovative Project (DWIN). Through the DWIN, Workforce Advisers worked to develop workforce action plans in each state and territory; identify workforce planning needs and collect workforce data to identify gaps and inconsistencies. A workforce planning and profiling tool was developed to assist provider identify workforce needs and is now available on the National Disability Services website.[89]

3.98 The Productivity Commission made the following recommendation in regard to roles and responsibilities of different parties to develop the disability workforce:

> The roles and responsibilities of different parties to develop the National Disability Insurance Scheme (NDIS) workforce should be clarified and made public by the beginning of 2018.
>
> - State and Territory Governments should rely on their previous experience in administering disability care and support services to play a greater role in identifying workforce gaps and remedies tailored to their jurisdiction.
> - The Australian Government should retain oversight of workforce development, including how tertiary education and aged care policy interact and affect the development of the workforce.
> - The National Disability Insurance Agency should provide State and Territory Governments with data and analyses held by the Agency to enable those jurisdictions to make effective workforce development policy.
> - Providers of disability supports should have access to a clear and consistent mechanism to alert the National Disability Insurance Agency, the NDIS Quality and Safeguards Commission, and the Australian, State and Territory Governments about emerging and persistent workforce gaps.[90]

Committee view

3.99 Growing the disability care workforce to meet the needs of NDIS Participants is a significant challenge, which has been identified by all stakeholders. In its Study Report, the Productivity Commission found that 'the disability care workforce will not be sufficient to deliver the supports expected to be allocated by NDIA by 2020'.[91]

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88 Queensland Government, *Submission 72*, p. 7.

89 Department of Education and Training, Australian Government, *Submission 64*, p. 13.

90 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs, Study Report*, October 2017, p. 57.

91 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs Study Report*, October 2017, p. 336.

3.100 The committee notes the different initiatives undertaken by the Australian and state governments to address workforce development issues. However, it appears that, at present, the roles and responsibilities of the Australian, state and territory governments and the NDIA are not clearly defined. The committee agrees with the Productivity Commission's recommendation that the roles and responsibilities of different parties to develop the NDIS workforce should be clarified and made public by the beginning of 2018.[92]

3.101 The committee received evidence that workforce remuneration, training and professional development issues contribute to current challenges. The committee believes these important issues warrant further work and analysis, and will be considered within the context of the committee's inquiry into market readiness.

Rollout of the ILC

3.102 As described by the NDIA in its submission, the Information, Linkages and Capacity Building (ILC) Program is designed to provide people with disability — both inside and outside of the NDIS — with access to appropriate services.

3.103 The NDIA further explained the focus of ILC:

> The focus of ILC is community inclusion - that is, making sure that people with disability are connected to their communities and to appropriate disability, community and mainstream supports. This makes ILC a critical feature of the insurance approach, given its potential to have a significant impact on managing and reducing NDIS costs over time.[93]

3.104 In November 2016, after extensive consultation with people with disability, families and carers, as well as organisations working in the sector, the NDIA released the ILC Commissioning Framework, which identifies the priority focus areas for ILC investments.[94] The ILC Policy Framework identified five activity streams for ILC:

- Information, Linkages and Referrals
- Capacity Building for Mainstream Services
- Community awareness and capacity building
- Individual capacity building; and
- Local Area Coordination (which will also deliver the other streams).[95]

3.105 At present, the NDIA is assuming responsibility for funding ILC in each jurisdiction. The ACT was the first jurisdiction to commence ILC in 2017-18, with

92 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs Study Report*, October 2017, p. 57.

93 NDIA, *Submission 41*, p. 6.

94 NDIA, *Submission 41*, p. 7.

95 NDIS, *ILC Commissioning Framework co-design*, https://www.ndis.gov.au/communities/key-ilc-documents.html (accessed 20 December 2017)

NSW and SA commencing in 2018-19; and Victoria, Queensland, Tasmania and NT commencing in 2019-20.

3.106 To ensure an orderly transition of ILC-type activities funded by state and territory governments to those funded by the NDIA through ILC, Transition Plans have been agreed with each jurisdiction. The Transition Plans outline agreed actions to mitigate risks and to prepare organisations for ILC commissioning.[96]

3.107 The Transition Plans also include funding for jurisdictions to enhance or expand successful ILC type programs into other areas and to support current organisations to get ready for outcomes-based funding and ILC grant-based funding.[97]

3.108 In its submission, the NDIA pointed out that 'the effectiveness of ILC funding as an innovative means to increase inclusion of people with disability in the community is constrained. This is because during the transition years ILC funding is being provided to jurisdictions to fund legacy programs to ensure continuity of delivery. As a result, the full innovative benefits of having a nationally consistent approach to investing in ILC activities are likely to be delayed'.[98]

3.109 Given that the ILC is still in infancy, Carers NSW felt it did not have enough information to fully comment on the rollout of the ILC.[99] However, some submitters raised concerns about current level of funding; the funding approach of ILC activities; the capacity of LACs to perform their role; scope of ILC activities and capacity of ILC to deliver services to people ineligible to the NDIS.

Insufficient funding

3.110 Many submitters are concerned that insufficient funding has been allocated to the ILC Program during the transition period.[100] For example, Catholic Social Services Australia stated:

> The Information, Linkages and Capacity building (ILC) program is a fundamental component of the Scheme, however there is inadequate funding for this program, particularly in the transitional years. Funding for ILC should be increased, recognising these services provide crucial support and connections especially for Participants not eligible for NDIS individualised packages, and so promote the overall sustainability of the Scheme.[101]

96 NDIA, *Submission 41*, p. 7.

97 Department of Social Services, *Submission 29*, p. 8.

98 NDIA, *Submission 41*, p. 8.

99 Carers NSW, *Submission 55*, p. 13.

100 See for example: National Disability Services, *Submission 12*, p. 4; cohealth, *Submission 34*, p. 6; Mental Illness Fellowship of Australia, *Submission 44*, p. 9; Mental Health Australia, *Submission 50*, p. 11; Australian Red Cross, *Submission 67*, p. 6.

101 Catholic Social Services Australia, *Submission 32*, p. 1.

3.111 Submitters supported the recommendation of the Productivity Commission to increase funding for ILC to the full Scheme amount of $131 million for each year during the transition. [102] [103]

3.112 VCOSS pointed out that the former chair of the NDIA board had stated 'currently only $132 million (excluding LAC support) has been has been allocated to the ILC. This is not sufficient and means that one of the key foundations on which the NDIS is being built is weak.'[104]

3.113 In its response to the Productivity Commission Cost Review Position Paper, the NDIA welcomed the draft recommendation that the ILC budget be increased to its full Scheme (2019–20) allocation immediately. However, the NDIA pointed out that there is no capacity for this to come from its operating budget.[105]

Funding approach

3.114 At present, ILC activities are being funded through grants to organisations. Some inquiry Participants raised concerns about the current competitive grant model used for ILC commissioning.[106] For example, the Victorian Government said:

> The Victorian Government has concerns regarding the proposed grants model for commissioning and seeks clarity from the NDIA on the length of time grants will be allocated. To effectively build capacity in the community and mainstream services the NDIA will require a longer term view, with coordinated planning to ensure long term outcomes are realised. Careful consideration should be given to the efficacy of one-off grants or small amounts of funding for local information, peer support and capacity building programs.[107]

3.115 The ACT Government reported that 'many providers expressed concerns regarding the bureaucratic impost of the ILC grant program, including the onerous administrative burden, the process delays and allocation of only one year agreements to successful providers'.[108]

3.116 Mental Illness Fellowship of Australia argued that 'the short funding period and small amounts available disincentive tendering'.[109]

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102 See for example: Multiple Sclerosis Australia, *Submission 31*, Attachment 1, p. 7; VCOSS, *Submission 65*, p. 23.

103 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs Study Report*, October 2017, p. 52.

104 VCOSS, *Submission 65*, p. 23.

105 NDIA, *Submission 41*, p. 8.

106 See for example: National Disability Services, *Submission 12*, p. 4; Municipal Association of Victoria, *Submission 30*, p. 3; Ms Emma King, CEO, Victorian Council of Social Service, *Committee Hansard*, 8 November 2017, p. 2.

107 Department of Premier and Cabinet, Victoria, *Submission 54*, p. 15.

108 ACT Government, *Submission 58*, p. 22.

109 Mental Illness Fellowship of Australia, *Submission 44*, p. 10.

3.117 VCOSS is of the view that year-to-year funding is not suitable for many existing ILC-types services and recommended that funding for ILC projects be greater than twelve months in duration.[110] Autism Spectrum Australia made a similar recommendation.[111]

3.118 VCOSS is also concerned that 'grant-based projects may have limited geographic coverage, introducing uncertainty about equitable coverage within and between states and territories'.[112] It also pointed out that 'it is unclear whether ILC funding will be equitable for people with different disability types and from different population groups'.[113]

Direct investment outside grant process

3.119 National Disability Services (NDS) argued that 'there is no need to have a competitive grants round for activities that are essential and are being provided by organisations that are performing well, have strong track-records and have the confidence of funding departments'. NDS believes 'this type of organisation should receive funding outside the competitive grants process'.[114]

3.120 Similarly, JFA Purple Orange recommended that ILC activities are not solely funded through competitive grants but also 'include direct investment in existing community agencies delivering effective ILC services'.[115]

3.121 Some submitters argued that ILC should provide block funding for certain services and activities, including outreach.[116] For example, Mental Health Australia recommended that ILC provide block funding for specialist assertive outreach for people with psychosocial disability.[117]

Local Area Coordinators

3.122 Through the Partners in the Community Program, Local Area Coordinators (LACs) perform three key roles:

- Link people to the NDIS;
- Link people to information and support in the community; and
- Work with local community to make sure it is more welcoming and inclusive for people with disability.

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110 VCOSS, *Submission 65*, p. 24.

111 Autism Spectrum Australia, *Submission 40*, p. 4.

112 VCOSS, *Submission 65*, p. 24.

113 VCOSS, *Submission 65*, p. 24.

114 National Disability Services, *Submission 12*, p. 4.

115 JFA Purple Orange, *Submission 60*, p. 4.

116 See for example: Australian Blindness Forum, *Submission 13*, p.4; Vision Australia, *Submission 24*, p. 6; Municipal Association of Victoria, *Submission 30*, p. 3; Mental Health Australia, *Submission 50*, p. 13.

117 Mental Health Australia, *Submission 50*, p. 13.

3.123 In relation to linking people to the NDIS, LACs are tasked with helping people from understanding and requesting access, to developing and implementing their first NDIS Plan. LACs can also help with preparing for a plan review. However, LACs do not provide case management, act as an advocate for the person with disability, and they cannot approve an NDIS plan.[118]

3.124 The Royal Institute for Deaf and Blind Children observed that 'the majority of LAC time is spent on planning and that they do not have the capacity to support plan implementation and connection to community and/or mainstream supports'.[119]

3.125 Similarly, the Victorian Government reported that 'there are widely acknowledged concerns that LACs do not have sufficient time and capabilities to perform their role' and that 'a disproportionate focus by LACs on planning will come at the expense of building community infrastructure and mainstream capacity'.[120]

3.126 Ms Carly Nowell, Policy Adviser at VCOSS pointed out that LACs currently do not have capacity to undertake outreach work:

> […] the local area coordinators, as we know, are currently under the pump trying to work through the planning process. Whilst in theory they have some capacity to do some of that outreach and to engage and do the pre-engagement support, at the moment we're hearing that they're not.[121]

3.127 Mental Health Australia highlighted the importance of assertive outreach for people with psychosocial disability and is of the view that 'this is an area where generalist LACs currently simply do not have the right skills and connections'.[122]

3.128 The Physical Disability Council of NSW shared similar concerns and stressed that if LACs do not have the resources and capabilities for proactive outreach, some people will miss out on vital services.[123]

3.129 In its submission, the Queensland Government reported that, despite the terms of Queensland's bilateral agreement requiring NDIS LACs to commence in locations six months prior to transition, this has not occurred in the transition areas in Queensland. It noted that, 'as a result, Participants have not been well prepared during their pre-planning, and a significant lag in new Participants entering the Scheme has been experienced'.[124]

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118 NDIS, *Local Area Coordination*, https://www.ndis.gov.au/communities/local-area-coordination#do (accessed 20 December 2017).

119 Royal Institute for Deaf and Blind Children, *Submission 35*, p. 14.

120 Department of Premier and Cabinet, Victoria, *Submission 54*, pp. 15–16.

121 Ms Carly Nowell, Policy Adviser, VCOSS, *Committee Hansard*, 8 November 2017, p. 13.

122 Mental Health Australia, *Submission 50*, p. 12.

123 Physical Disability Council of NSW, *Submission 56*, p. 6.

124 Queensland Government, *Submission 72*, p. 4.

Gaps in services

3.130 Many inquiry participants expressed the view that ILC is not ensuring support for individuals not eligible for the NDIS or people at risk of falling through the disability gaps.[125] For example, the Australian Blindness Forum stated:

> The ILC program as it currently stands is not going to provide any useful ongoing services and it will not help ensure individuals do not fall through the cracks.[126]

3.131 At a public hearing in Canberra, Ms Jennifer Grimwade, Executive Officer at the Australian Blindness Forum, further explained:

> The original proposal was that the ILC would reflect programs such as the block funding and early intervention programs, and the goal of this was to continue to provide disability services to those who were not eligible for the NDIS. But this is not how it has turned out. We don't think it is going to provide any useful ongoing services for people who are blind or vision impaired, and we think those people who are not eligible will fall through the cracks.[127]

3.132 Mental Health Council of Tasmania is of the view that 'it is unclear how the ILC will cover gaps, which are emerging as the NDIS is implemented'.[128]

3.133 Can:Do Group observed that the ILC is not covering services, which were previously funded:

> Services such as our community Auslan interpreting services, provide vital community wide support but the current ILC framework does not support the successful tendering for the delivery of such services, nor does it acknowledge their importance to the community.[129]

Committee view

ILC Funding

3.134 The committee agrees with submitters and the Productivity Commission that, given the broad scope of the ILC Program and its important role during the transition period in ensuring that people with disability are adequately connected with appropriate services, funding for ILC should immediately be increased to the full Scheme amount of $131 million for each year during the transition.

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125 See for example: Macular Disease Foundation Australia, *Submission 28*, p. 5; Carers Australia, *Submission 51*, p. 6; Refugee Council of Australia, *Submission 59*, pp.5–6.

126 Australian Blindness Forum, *Submission 13*, p. 4.

127 Ms Jennifer Grimwade, Executive Officer, Australian Blindness Forum, *Committee Hansard*, 20 October 2017, p. 21.

128 Mental Health Council of Tasmania, *Submission 19*, p. 6.

129 Can:Do Group, *Submission 25*, p. 9.

Recommendation 15

3.135 The committee recommends the Australian Government increase funding for ILC to the full Scheme amount of $131 million for each year during the transition.

Funding approach

3.136 The committee is concerned that the current grant funding approach for ILC activities may result in service gaps for some essential services and has potential to disadvantage some cohorts because of their type of disability or their geographical location. Grants are currently awarded for up to two years. The committee acknowledges this may restrict the capacity of some organisations to deliver ongoing services and could lead to some individuals missing out on services because of potential changes of programs and service providers every couple of years.

3.137 The committee believes that an evidence base needs to be built and used to inform future decisions on appropriate funding models for ILC activities. The committee understands that, as part of the ILC program, the NDIA and the organisations that receive grants are required to collect data on ILC activities. The committee recommends that the NDIA uses this data to monitor the effectiveness of the current ILC grant funding model, with the view of introducing other types of funding, including block funding if required, to ensure appropriate and quality services are delivered across all jurisdictions.

Recommendation 16

3.138 The committee recommends the NDIA monitor the effectiveness of the current ILC grant funding model, with the view of introducing other types of funding, including block funding if required, to ensure appropriate and quality services are delivered across all jurisdictions.

Local Area Coordinators

3.139 The committee is of the view that, because of the need to meet bilateral estimates, LACs have been focusing too much on planning-related activities. As a result, LACs have not been able to perform their other key roles. It is also resulting in emerging gaps in service delivery. The committee believes that increasing funding for ILC to the full Scheme amount for each year during the transition will assist in addressing some of the gaps and enable LACs to perform their other functions.