

## **NDIS National Roll Out**

### **Overview of Major Issues**

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#### **Purpose & Impact**

- 25 years of practical experience in the sector coupled with long history of research including 10 years looking at disability service sustainability.
- The work is focused on using strong evidence in supporting the successful roll out of the NDIS in the interests of people living with disability via the provision of tools and solutions.<sup>i</sup> The Productivity Commission has supported our work.<sup>ii</sup>
- All of our predictions have been realised as a result of the strength of the research.

#### **Sustainability**

- The sustainability of a significant proportion (around a third) of the disability services sector in Australia was questionable prior to the advent of the NDIS.<sup>iii</sup> Significant cost increases, beyond the control of providers, will impact operational viability under current arrangements.<sup>iv</sup> We expect a material number of providers to collapse. The roll out of the NDIS is exacerbating a pre-existing problem in a number of jurisdictions as a result of poor pricing, the Equal Remuneration Order, the lack of resources to invest for change (previous funding arrangements did not allow them to make a profit) and the change in business arrangements.
- The sustainability of these organisations is threatened further by the cost of doing business with the NDIA; inefficiency of planning, the portal and the subsequent administrative and financing costs imposed on providers.<sup>v</sup>
- Because of uncertainty and poor pricing, a material number of organisations are selecting to opt out of disability services provision in order to focus their efforts and capital on areas of service delivery that they see as less risky.
- The collapse of organisations is not, of itself, an issue except that the impact of such “market” processes will see resources, including experienced staff, money and assets, being deployed outside of the disability sector at a time when latent demand requires that these resources be increased not decreased and while people with disability rely on these services.
- There is an over-reliance on a market mechanism to drive the reshaping of the disability services sector to meet demand. This is a significant problem for the NDIA for the following reasons:
  - Importantly, sustainability of the system equates to the reliable and timely delivery of clinically appropriate services to those people who rely on these supports to live their daily lives—it does not equate to organisations surviving.

- A material number of disability services organisations do not have the balance sheet strength to make the changes necessary by investing in infrastructure, change management and staff;
- There remains a lack of clarity as to the shape the sector needs to be in to respond to the NDIS, causing increasingly conservative responses to be undertaken by providers and decreasing the desire to invest where that is possible;<sup>vi</sup>
- Because the price is not based on an understanding of the comprehensive cost of providing services (including the cost of doing business with the NDIA), there is significant risk of clinical inadequacy and/or a reduction in quality where providers do choose to remain in the system; and
- Because the NDIS is only part of the disability services system in Australia, there is likely to be a material impact on participants and increased costs for the Commonwealth and state/territory governments as necessary elements are not supported by the NDIS.

In terms of a way forward, the following are logical processes to adopt in a broad sense:

- develop and fund a comprehensive industry adjustment plan;
- roll out the NDIS by cohort, focusing on that cohort of people for whom the NDIS in its current form will see them better off and allowing the NDIA and the sector to examine more closely the challenges associated with providing services to other cohorts (e.g. complex needs, difficult behaviours, remote service delivery) and to identify appropriate planning, funding and oversight arrangements for each cohort; and
- utilise a portion of the surpluses identified in the 2016/17 annual report of approximately \$600m and surpluses of \$2.8b in 2017/18 arising from under-utilisation to fund the development and roll out of the industry adjustment plan.

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<sup>i</sup> For instance, see the National Costing & Pricing Framework and the Costing & Pricing Learning Program at <https://www.cplp.nds.org.au/>

<sup>ii</sup> Gilchrist, D. J. & P. A. Knight, (2017), Australia's Disability Services Sector 2017: Report 2 – Financial Performance, Report for National Disability Services Ltd, Canberra.

<sup>iii</sup> For instance, a number of regimes did not allow disability service providers to retain profits and thus reduced their capacity to build their balance sheets, leaving them with diminished financial strength through no fault of their own.

<sup>iv</sup> For example, see: Gilchrist, D. J., and P. A. Knight, (2017), The 2012 Equal Remuneration Order: Sustainability Impacts on Human Services Delivery in Western Australia. A Report to the Western Australian Council of Social Service, Perth, Australia.

<sup>v</sup> Gilchrist, D. J., (2017), Person Centred Planning within the NDIS: Current Limitations—Prospective Opportunities, Report for the Independent Centre for Not-for-profit Studies, Perth.

<sup>vi</sup> National Disability Services Ltd, (2017), State of the Disability Sector Report 2017, A report to which D. J. Gilchrist and P. A. Knight contributed the research component.