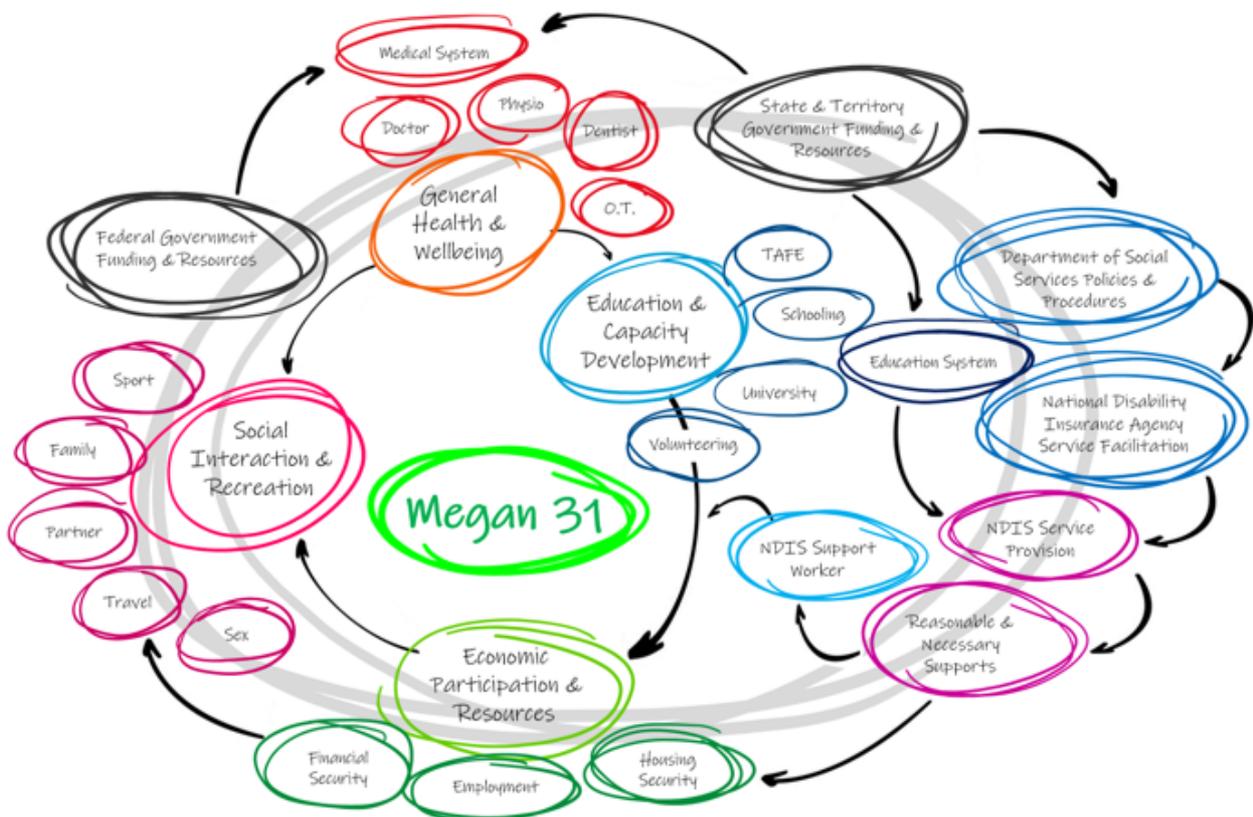




THE UNIVERSITY OF WESTERN AUSTRALIA

Six Years and Counting: The NDIS and the Australian Disability Services System

A White Paper





Synopsis

What are the issues?

- The NDIS is not working for many it is intended to support
- The 2018/19 \$4 billion+ underutilisation and clear signs of unsustainability in the disability services sector confirm this reality
- The roll out of the NDIS was always going to be difficult and mistakes were always going to be made. Good leadership means that we learn from this experience and modify our approach in a timely manner
- A significant part of the problem is the lack of an industry plan focused on reforming the Australian Disability Services System not just the NDIS, combined with a short-term approach to problem solving—changes being made are not positively modifying the system itself they are tinkering with band aid solutions
- We now have a significant body of evidence in 63 separate reports, primarily focused on the NDIS, written since 2013 relating to problems and potential solutions across the system
- People with disability are the shock absorbers for any volatility caused by poor policy and practice—they are the ones that ultimately feel the impact of systemic challenges
- There is a significant risk that being unresponsive to the gathering of evidence will cause destruction in terms of the system's capacity to deliver appropriate and fit for purpose services and supports, increasing difficulty for people with disability and cost for governments.

What do we need?

- Leadership must accept the challenges and have the courage to drive forward in new ways where experience tells us what we are currently doing is not working
- Leadership must accept that the successful implementation of the NDIS requires a fit for purpose approach driven by a culture of clarity, certainty, accountability, collaboration and flexibility
- A comprehensive industry plan and responsible investment funded out of the savings from underutilisation, to guide the development of industry and support government decision making, and which utilises the decades of experience & capacity that exists nationally to ensure the whole system works
- A national governance model and policy framework allowing for policy and investment to be informed collaboratively by all involved in the system including people with disability, governments and provider peak bodies
- A local decision-making model providing fit-for-purpose allocation of resources and capacity to make decisions in the community where those decisions have to be lived with
- Transparency of outcomes to ensure we are all working toward a future where people with disability are receiving fit for purpose services & supports and are maintaining decision making capacity and agency



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How did we get here?

The Australian Disability Services System as we know it developed over the second half of the twentieth century separately in the states and territories. By 2010, all jurisdictions had a state/territory run disability services system but these systems were different in relation to how they were funded, how supports and services were allocated and how these elements articulated with other services such as Health and Education. It was not a federated model. Some of these elements were effective and successful but many were identified as inadequate. The NDIS arose out of dissatisfaction with both the quality and variability of services and a generally accepted observation that, in a wealthy country such as Australia, we can do better.

Following considerable national discussion over an extended period, in 2011 the Australian Productivity Commission's report "[Disability Care and Support](#)" set out a vision for a federated funding model established on an insurance basis. The NDIS was legislated in 2013.

The Commonwealth and states/territories funded the NDIS via separate bilateral agreements. The Commonwealth agency, the National Disability Insurance Agency (NDIA), was charged with establishing and rolling out the NDIS nationally and the NDIS was launched in a trial phase in 2013.

The intention of the NDIS was to fund disability services and supports in a model that gave the users of these services (participants) choice and control within a framework designed to fund reasonable and necessary

supports. Much was made of the economic and other benefits expected to flow from the NDIS as a result of the then estimated \$22 Billion operational expenditure value of the scheme. However, the process for rolling out the NDIS was overly dependent on market economics notwithstanding it was never meant that market operations should be applied to fund all types of disability services and supports. Perhaps most tellingly, the NDIS was, famously, [built while it was being implemented](#).

Importantly, unintended consequences of this implementation process have included: a break down in pre-existing inter-governmental and intra-governmental service structures; increased uncertainty preventing investment and expansion by service providers; significant workforce issues; and pricing based on funding availability rather than sound data on needs and costs of services. Most importantly, these changes have increased the risk that people with disability will not get the outcomes promised and are exacerbated by a lack of timely investment capital.





In the intervening six years much discussion, research and experimentation has taken place relating to many aspects of the NDIS, including but not limited to supporting complex needs, mental health services, difficult behaviours supports, workforce, pricing, and the impact of the NDIS business arrangements as well as with respect to the roll out of the NDIS itself. We also have much research and experience of similar models adopted earlier in other countries. Indeed, we have identified [63 reports](#) written by universities and industry bodies that identify major weaknesses and improvements needed to ensure success of the NDIS in the context of the wider Australian Disability Services System.

It is now timely and appropriate to take an objective look at the current status of the Australian Disability Services System and to consider if alternative arrangements at the policy level are needed.

This White Paper

This white paper utilises the observations and comments of a wide range of stakeholders and research about the implementation of the NDIS and its impact on the Australian Disability Services System. It is also informed by international experience and academic literature focused on economic models and policy frameworks that are similar to the NDIS.

It has been six years since the commencement of the NDIS and it is now timely to step back and objectively assess what has and has not been achieved, including in terms of the 63 reports published that are relevant to the NDIS.

In this context, this white paper is focused on describing a policy and practice framework necessary to realising the objectives of the Australian community in funding the Australian Disability Services System.

Among other things, many policy leaders, stakeholders, even service users have taken for granted that market solutions will result in better services and outcomes for people with disability, while also improving the efficiency of supply and value for money for taxpayers.

In trying to make these market solutions work, much tinkering has been undertaken at the grass roots level (e.g. in relation to pricing; transport). This has been critical in helping to decrease the risk of supply side failure (that is, service providers closing their doors or exiting the system), but a systemic view has not been taken. As the proportion of services and supports funded by the NDIS over takes that funded from the legacy funding systems, and as the linkages between the NDIS-funded services and those still funded by states and territories (or worse, no longer funded, such as in the case of provider of last resort in a number of jurisdictions) start to unravel, the risk related to service supply becomes greater—a risk borne by people with disability.

Why a White Paper?

In Australia, a white paper is a document produced by government or industry that seeks to fully inform readers on a specific topic and to present an argument for change.

White papers may focus on describing the problem or the solution, or both, and are authoritative documents based on expert opinion and research.

This white paper aims to communicate to government that change is needed now. It summarises the key findings and opinions of the many reports on the NDIS and the NDIA since 2013. It identifies common themes, reasons that remedial actions are not working and will not work, and recognises that, given the NDIS is only part of the national disability services system, it is time to plan for the whole Disability Services System.

Band aid solutions are always expensive, but never really work and they certainly do not contribute toward an effective, efficient and reliable supply of services across the board. Importantly, the outcomes for people with disability, our communities—indeed all stakeholders—will be negatively impacted. In light of numerous Royal Commissions into the care and support of vulnerable people in Australia, we cannot get this wrong.



We acknowledge that the solutions and suggestions put forward in this paper will require further development and, possibly, legislative, regulatory and other changes at a national and sub-national level. We also recognise that the individual bi-lateral agreements between the Commonwealth and the various states and territories may need to be changed. We do not think, however, that such requirements should prevent the adoption of better ways and approaches, especially given the personal impact on about 500,000 participants and their families, and the cost to taxpayers when things go wrong.

In essence, this white paper proposes that governments, advocacy bodies and industry peak bodies work together to reform the Australian Disability System, inclusive of the NDIS element, rather than focusing on the NDIS as a standalone element, utilising a timeframe and industry planning structure that is inclusive of all.

The paper has been designed to be readily accessible for people in policy and practice and to focus on the solutions necessary for the development of an effective Australian Disability Services System. However, the System (like the NDIS) is large and complex and there is a large body of research and other materials that have been reviewed and that support this paper. To improve the readability and comprehension of the findings from this research, we have not included all workings and reference materials in this document. Instead, we have developed a set of resources and discussion papers which examine specific issues related to this white paper and have collated the reports we rely upon on a project-specific website.

We encourage readers to examine the materials in the project website as these form the basis for our conclusions and recommendations. We also welcome your questions or comments.



The NDIS is not the Whole System

It is important to emphasise that the NDIS was not intended to be the whole system—nor can it be. Of the approximately 4.3 million Australians living with disability, the NDIS will support around 500,000 participants at full roll out. However, states and territories will still provide funding.

Like everyone in the community, people with disability have a broad range of needs, including health care, housing, education, employment, social opportunities—in short, a big part of the national discussion leading up to the establishment of the NDIS related to giving all Australians a fair go to live their lives as fully as possible.

As a result, the system is complex because the population of people with disability are not a homogenous cohort. Their needs, opportunities and aspirations are as varied as the communities in which they live and the natural supports they enjoy. Of course, their families, friends, employers and other natural supports are just as varied in their capacity, interests and priorities too. For the system to be considered effective, it must support all people with disability effectively and efficiently in the context of individual choice and control, and where this is not possible, by offering equity of access.

The Australian Disability Services System is also structurally complex, partly because of the people it serves and partly because it includes the Commonwealth, state and territory Governments—including different departments such as health and education—disability services providers, the NDIS, as well as the broader industry components such as businesses involved in providing services like transport and recreation support. Figure 3 provides a simplified schematic view of the complexity of the system.

For the Australian Disability System to be efficient and effective—and for the value in the NDIS to be fully realised—we must accept that the policy and practice frameworks (the system) must be comprehensively developed, seamless and fully integrated with existing state and Commonwealth services. Its development and operation must also be transparent to all, thereby ensuring access and accountability.

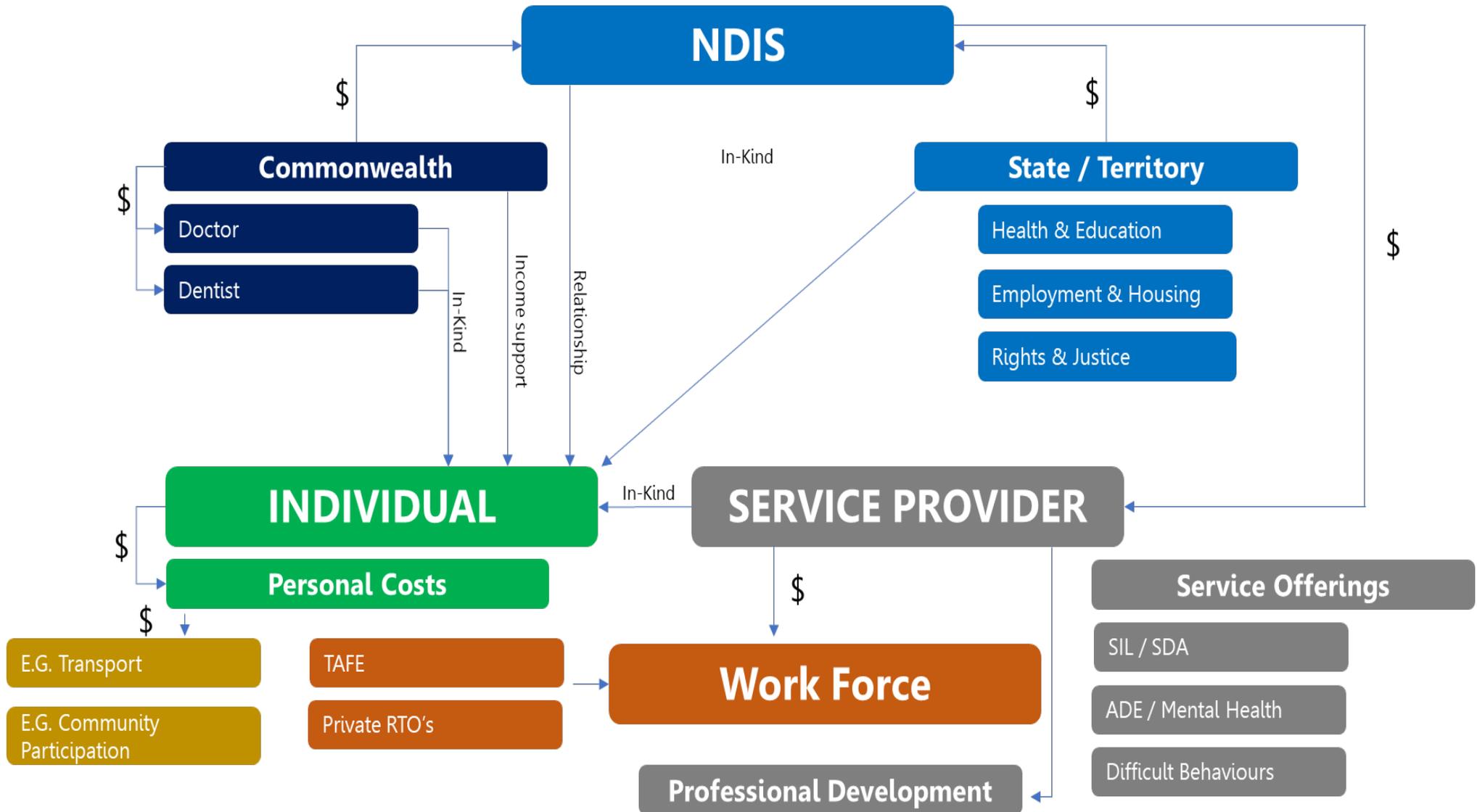
For the System to be efficient, it should meet these needs by ensuring all NDIS funded services and other state/territory funded services are articulated at the local level. This will involve state/territory level planning and local planning and control. It will also require involvement of all parties: people with disability, their advocates, governments and service providers.

Thus, efficiency and effectiveness means linking and adjusting existing health, education and other services to achieve equity, while also having sufficient flexibility to enable additional adjustments or to provide additional supports to meet individual requirements.

Therefore, the context in which we consider the successes and challenges of the NDIS roll out is complex. It is too simplistic to speak of the NDIS outside of the broader structural arrangements in which our government and other services operate or even as a single element within the system. Indeed, the purpose of this paper is to encourage a national discussion focused on building upon the national asset that is the Australian Disability Services System by learning from our experience of the NDIS roll out up to this point in time and applying those lessons to build a more effective policy and practice framework.

Importantly, in developing this white paper, we recognise that there are people living with disability who find the current arrangements effective and for whom those arrangements should be maintained. The System must be fit-for-purpose, not one-size-fits-all.

Figure 3: The Australian Disability Services System



It's not about the money

Reform costs money—the more complex the system being reformed and the bigger the change, the greater the cost. However, Australia is already committed to this reform process and efficiency combined with effectiveness is the key issue. A well-considered, comprehensive and transparent approach to the reform process, via the establishment of an industry plan, decreases investment costs, reduces risk and increases the likelihood of successful outcomes.

The Australian Disability Services System is multifaceted. The NDIS element of its reform is predicated on the theory of market economics with much work being done on issues such as pricing, plan design and funding allocation. In an immediate sense, these are important, as continuation of service delivery is critical—but addressing these issues will not result in reform. Indeed, without a systemic approach to planning and reform combined with flexibility in funding and access arrangements, there is very significant risk of systemic failure—not just market failure. Such failure will:

- Impact many people with disability as they will not receive the services and supports they need. People with disability and their families are positioned as the shock absorbers for any volatility caused by poor policy across the system;
- Impact governments because rectification will cost tax payers more and divert focus from the real work of achieving an efficient and effective system—prevention is better than cure; and
- Reduce supply as disability service providers face increasing financial pressure, uncertainty (preventing investment) and are increasingly incentivised to exit service provision.

Importantly, these are not simply “transition problems” or “risks that will be solved as markets adjust”. The current state of the system is the new system. It is a system that only works for some service users and for some service providers. It is increasingly evident that it leaves major gaps in terms of responsibility allocation and funding capacity between state/territory and the Commonwealth governments in critical service areas such as housing, health, education and employment. It also leaves states and territories to pick up the bill when people with disability are diverted to other health and welfare systems due to supply breakdown.

Figure 4: Effective Planning Horizons – work to be done to get there

Short Term Tactical	Medium Term Strategic	Long Term Visionary
Build data assets	Apply data assets and learnings	Systematise and implement learnings
Ensure supply capacity	Develop Local systems	Enhance industry collaboration
Learn from operational practice	Invest time and money for change	Facilitate industry transformation
Process and practice development	Communicate strategic objectives	Expand industry service offering
Identification and mitigation of key risks	Develop mature system componentry	Complimentary industry penetration
Transparency at local level	Redefine what success looks like	Re-invent the perception of industry
Align tactical and strategic intent	Resource development priorities	

It is unlikely that we can quickly and effectively implement such a significant change and transition to the desired state of the Australian Disability Services System with the attributes listed in figure 5 below without a comprehensive industry plan. We also observe that any industry going through significant change—regardless of whether they are as complex as those impacting the Australian Disability Services System—should be supported through that change via the establishment of three strategic horizons to be pursued concurrently: short-, medium- and long-term (see figure 4 above), each with specific goals including a vision of what the industry needs to look like at maturity. Such goals should be included in an industry plan that sets out the path to realisation of those goals and the impact on all parts of the system. Importantly, the real cost of failing to reform this system will not be borne by service providers, tax payers or governments, but by people with disability. To develop and implement a good industry plan, five key elements are needed:

- **Knowledge:** the development of open-source data assets that can be used by all stakeholders to inform policy development and guide investment. This will also help to engender a culture of certainty, collaboration, trust and openness.
- **Transparency:** clear goals including the definition of success, timing and investment are required to reduce uncertainty and agree and communicate priorities across the system.
- **Clarity:** the development of a vision of the mature future state will support decision making, increase confidence and communicate priorities to people with disability, service providers and governments, increasing likelihood of investment and satisfaction.
- **Certainty:** stakeholder certainty and confidence impacts peoples' capacity to exercise choice and control, encourages the investment needed for change and innovation; allows for a long-term planning approach and ultimately decreases costs to government.
- **Collaboration:** the emphasis on market economics philosophies (competition) to drive the policy and reform agenda including the implementation of the NDIS is poorly informed and will result in market and value destruction, not growth. Without collaboration between all parties, including advocacy groups supporting people with disability, the system will not suitably allocate resources to priority areas, communicate rationales for decision making nor elicit the decision-making behaviour sought. In this case, deficiencies will likely be hidden, as only the economic information drives the decision making.

As such, a holistic, systemic approach to developing and implementing a national industry plan, using resources from underutilisation, will serve as a policy and practice framework in which the national objective can be achieved.

What is an industry plan?

Industry plans are developed when a government and/or industry have identified the need for significant change. In this case, as a nation we have agreed that the Australian Disability Services Systems needs reform.

It communicates:

- What the future state looks like
- Expectations on all parties
- What the plan is to get there
- What the priorities are and the order in which those priorities will be tackled
- Where the resources will come from for implementing the necessary change
- The structural processes required to achieve the plan goals
- The arrangements for the creation of data assets and transparency in support of decision making and accountability
- Identifies resource shortfalls and plans to mitigate them

Importantly, an industry plan is collaboratively devised and implemented on the basis that good planning reduces risk of ultimate failure.

Figure 5: The Attributes of a Fit-for-purpose Australian Disability Services System

Objective	Attributes		
	Participants	Governments	Industry
Choice & Control	<p>Appropriate Plan Control Equity of access being the priority Participant involvement in planning and service design Provider expertise and experience available to build capacity for choice and ensure plans are actionable Choice and control extends to support community-level priorities where cultural priorities are identified Resources available where necessary for supports and services to be provided during the period to plan acceptance Funds are provided in a way that supports choice and control where possible and equity of access where not and allows for cultural and other priorities associated with each cohort in the context of their geographic location, disability type and economic capacity</p>	<p>Acceptance that working with the NDIS costs service providers and that these costs must be supported in the pricing structures A policy framework that includes ongoing input from participant advocates & the disability services sector Clarity in what choice and control means Local decision making frameworks allowing for divestment of control to the local level within a national policy and governance framework Acceptance that differing cultural priorities impact the priorities of people with disability and the way they interact and prioritise within their community Acceptance that the disability services industry needs to be supported—like any other industry—to make the significant changes needed for achievement of the national goal</p>	<p>Adequate resourcing to support cost of the NDIS engagement process Participation in planning and service design Participation in the policy development framework including in relation to transparency and governance Responsible resourcing to support change management and investment to change from being fit-for-purpose under old government policy frameworks to being fit-for-purpose under new frameworks</p>
Reasonable & Necessary Services and Supports	<p>Clarity of entitlement Equity of Access Service type descriptions have clarity, uniformity and commonality so that participants are able to discern their requirements Comprehensive, seamless, joined up service provision regardless of source of supply (government, provider) Avoidable risk is managed out of the system</p>	<p>Liaise with participant advocates and disability services sector to develop service descriptions and quality framework Acceptance that registered participants require services and supports regardless of the stage of planning they are in and that these needs must be funded Invest to co-design and develop an integrated national disability services system Invest in the development and efficient distribution of provider of last resort capacity Invest in staff development and infrastructure to raise capacity of all staff within the NDIS relevant to disability needs and care</p>	<p>Participate at industry and local level to contribute data and experience to development of policy and practice frameworks Industry participation in design and implementation of provider of last resort capacity recognising that not all providers can participate in this area</p>
Sustainability	<p>Services are able to be accessed in a timely fashion, regardless of formal plan status Services provided are comprehensive and appropriate in clinical and quality terms Participants are not impacted by the distribution of government responsibilities between governments and within governments</p>	<p>Investment to develop and analyse data sets to raise understanding, identify strengths and weaknesses, and increased transparency in terms of positive and negative outcomes Funding of a national disability industry plan with short-, medium- and long-term planning horizons designed to resolve immediate, high priority supply issues and ensure the future state is reached by communicating with all stakeholders and investing responsibly.</p>	<p>Investment in training and development for personnel is supported in funding framework Provision of data for efficiency and effectiveness reporting with appropriate resourcing for same Participating in the development of a national disability industry plan</p>

A Fit-for-purpose Policy, Planning & Governance Structure

It is necessary to contextualise the industry plan into the proposed national policy, planning and governance structure. The proposed structure is provided schematically in figure 6 below. It will be seen there are three broad elements to the framework: (1) the National; (2) the states and territories; and (3) local communities.

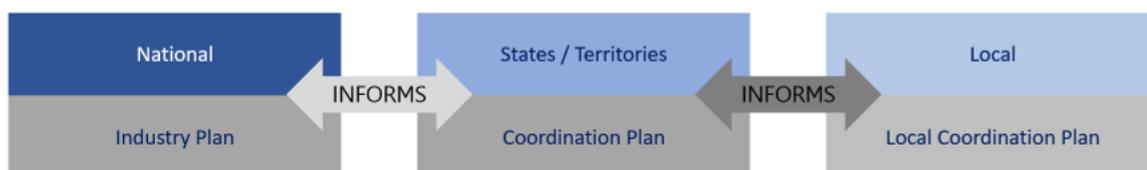
In a federated country like Australia, where the Commonwealth and states/territories have differing roles and responsibilities that combine with the roles of service providers and advocacy organisations to form the policy, planning and governance structure for the disability services system, market economics cannot be relied upon to achieve the outcomes sought. The complexity of disability service provision itself, combined with the dispersed nature of the system mean that, for it to be effective, key attributes need to be present. These include:

- Clarity and transparency over roles and responsibilities.
- Flexibility in terms of policy and practice application to meet the needs of specific cohorts.
- A truly collaborative approach to policy, planning, and governance so that advocacy organisations and industry bodies are able to contribute effectively, transparently and authoritatively to the development and implementation of the structure.
- A risk-based assurance process so that the application of scarce resources in terms of oversight and assurance are applied where they can mitigate the greatest risk to the tax payer.

These attributes manifest differently in the context of the three levels of the system we have identified in figure 6—national, state/territory and local. Each of these levels have differing roles and responsibilities attached to them with different expected outputs. At the national level the focus is on policy, assurance and reporting; at the state/territory level, on co-ordination and systems. At the local level the focus is on service delivery, inclusivity and realisation of the aspirations of the system, including those of the NDIS which are the very purpose of the system itself.

For instance, we believe that for the system to be integrated and work effectively and efficiently, each of these levels of policy, planning and governance need a plan that is collaboratively established, transparently implemented, integrated through the policy framework and for which the parties are accountable via a system of independent assurance.

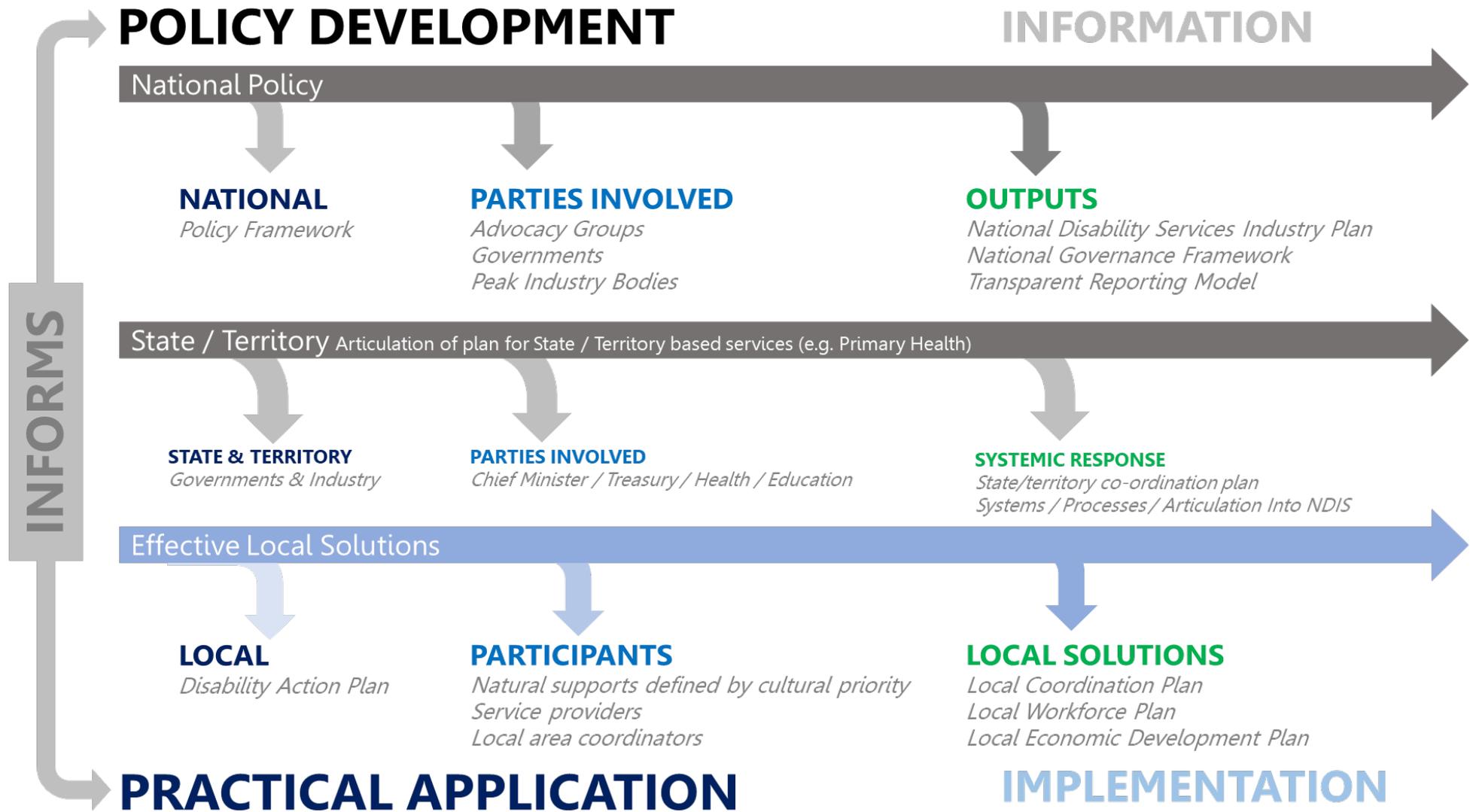
At the most summarised level, these plans would include:



The plans would also articulate and be cross-informing so that learnings, processes and practices are able to be replicated where they work and so that local solutions can be found where they are more appropriate. Additionally, they would also focus on secondary objectives such as economic development at the local level.

We recognise that the development of a national policy, planning and governance framework will, like the reform of the system itself, be an ongoing and iterative process. Change will be required as practice reveals learnings and as the system matures.

Figure 6: Australian Disability Service System Policy Structure



Way Forward

The next steps are critical for the future of the Australian Disability Services System. The development of an industry plan is a primary priority as this will guide all further actions. However, in contemplating an industry plan, a future state of the system needs to be articulated. This should be developed via a collaborative process including all stakeholders.

The industry plan should then be developed while the momentum of the current disability services processes is maintained to ensure services and supports continue to be provided, ensure people who are currently satisfied with the NDIS arrangements particularly are able to continue to remain satisfied, and to ensure supply of these is protected until a future state and plan can be established.

Importantly, work to be undertaken in pursuit of each of the strategic horizons should be concurrent so that we are ensuring continued supply of services and supports, reducing the difficulties being experienced in the immediate term while also driving for the medium- and long-term outcomes.

If we do not pursue the ultimate outcomes in a transparent and deliberative way, we will be having the same conversations and experiencing the same frustrations but the risks we currently face will crystallise such that real hurt will be felt by those Australians that rely on the disability services system.

The Australian Disability Services System, including the providers and advocacy organisations, is a national asset. It has been built over decades by communities as well as via tax payer money. It is not replicable, replaceable or able to be thrown away. As a nation, we must protect this asset and drive change processes that are thought out, have clarity and are transparent so that any destructive process is guided and will ultimately improve outcomes for people with disability.

Responsible investment by government and using the funds already allocated to the NDIS but unspent will be an important investment in restructuring to ensure this asset is fit-for-purpose. Without adequate funding, change management, systems development, staff training and development as well as IT needs will all remain unready. Such investment is critical to the ongoing capacity of the disability services sector as previous government policy has ensured the balance sheets of these organisations are largely unable to support investment of the level necessary—this is not a result of poor governance but, rather, a result of government spending priorities over many years.

Overall, the Australian Disability Services System is complex and effective reform will take time. This is not unusual and other reform processes within the Australian economy have also taken considerable time to affect. It is far better to get it right than to foot the bill for mitigations in a crisis situation—a bill that is felt in reduced or removed life choices and experiences for people with disability not just financially by tax payers.



This Document

Funding

This paper was funded, developed and written by the University of Western Australia AccFin Not-for-profit Research Team. No external funding was received to fund this project.

Citation

This paper should be cited as follows:

Gilchrist, D.J., P. A. Knight, C. A. Edmonds and T. J. Emery, 2019, Six Years and Counting: The NDIS and the Australian Disability Services System - A White Paper, a Report of Not-for-profits UWA, University of Western Australia, Crawley, Australia.

Transparency Statement

Professor David Gilchrist is a professor in the UWA Business School at the University of Western Australia. He has received funding for research and consultancy from the National Disability Insurance Agency, National Disability Services Ltd, and several disability service providers from various locations across Australia. He is a director of consultancy BaxterLawley Pty Ltd and has been a director and chair of a number of human services organisations including in disability services. David has provided advice to many Not-for-profit and For-profit human services organisations.

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Craig Edmonds is a research fellow at the University of Western Australia and has participated in this role in a number of funded research projects as part of the University of Western Australia's Not-for-profit Research Team. This has meant that he has been involved in projects funded by the National Disability Insurance Agency, National Disability Services Ltd and several private Not-for-profit human services providers as well as industry peak bodies.

Tom Emery is a Research Fellow at the University of Western Australia and has participated in this role in a number of funded research projects as part of the University of Western Australia's Not-for-profit Research Team. This has meant that he has been involved in projects funded by the National Disability Insurance Agency, National Disability Services Ltd and several private Not-for-profit human services providers as well as industry peak bodies.

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