

## Submission: 2021–22 Annual Pricing Review

### Key issues

- The DSWCM understates the costs of delivering core non-SIL and SIL by a magnitude of about 10 per cent; this needs to be rectified before there are more examples of market failure
- If the NDIA does not adequately adjust prices derived from the DSWCM, it will be evidence that an independent pricing authority for the NDIS should be introduced
- A Cost Model for each NDIS support (such as Support Coordination and Psychosocial Recovery Coaching) is required for transparency and to enable providers to design their business models
- The costs of compliance with both NDIS processes and systems and with NDIS Commission requirements is high and not adequately covered by the DSWCM; a greater allowance needs to be made in overheads
- Costs of compliance with the NDIS Commission is making providers question whether they should be registered; the loophole which allows high-risk supports such as SIL be delivered by unregistered providers must be closed
- Consideration of the new regulatory requirements—for example, the Emergency Management Practice Standards and requirements for Mealtime Assistance and Severe Dysphagia—needs to occur in this pricing review as the costs of compliance are substantial
- Estimating the cost impact of changes to the SCHADS Award, to be implemented from July 2022 is difficult; NDS requests a research project to assess the likely impacts be initiated with the sector
- The costs of moving to the new group pricing model are substantial; NDS suggests that both pricing models remain available for charging community and centre-based supports
- The TTP was welcomed by the sector as it is assisting providers implement system changes; the NDIA must uphold its commitment to only reducing it by the announced 1.5% per year
- After two years of no price adjustments, indexation must be re-introduced for therapy and similar capacity building supports
- NDS does not support consultation billing for therapy and related supports
- Recovery Coaching should be priced at the same level as Level 2 Support Coordination
- NDIA should undertake joint work with all relevant Government departments to identify ways of addressing the therapy (and like supports) shortages that are being experienced across the disability, health, aged care and veterans affairs sectors
- Re-introduce indexation for Support Coordination and Plan Management

- To assist in the drive for improved quality of Support Coordination, recommend to the NDIS Commission that it is a support that should be delivered by registered providers
- Undertake further work with providers in states and territories with substantial mining activity to quantify how their costs of delivering disability supports are being impacted
- Undertake further analysis of provider costs associated with delivering supports in regional and remote areas
- Allow providers to claim the full cost of travel, particularly in regional and rural areas but also for the delivery of specialised supports in metropolitan areas
- Review the funding provided (or able to be used) for participant travel

## **Introduction**

This Annual Pricing Review comes at a difficult time for the sector. The impact of COVID-19—with its significant lockdowns and restrictions on the provision of supports—is still with us as organisations take steps to assist participants to re-establish their lives in the ‘living with COVID’ environment. Some providers also have much to do to re-build their businesses.

The breadth of issues covered by this review are substantial. Some issues require research and analysis to understand particular cost impacts. We request the NDIA establishes a number of research and analysis projects to explore these cost issues in depth (such as the real cost of compliance and regulatory burden, the additional costs of providing supports in some parts of Australia, and the cost implication of changes to the SCHADS Award). They must undergo careful analysis.

Initiatives implemented by the Commonwealth Government, the NDIA and state and territory governments assisted parts of the sector during the period, most notably the JobKeeper payments. These payments kept some providers in business, the desired outcome. But they have also masked the difficulties providers have with NDIS price caps. The financial performance of some providers over the past two years looks much stronger than it actually is purely because of the JobKeeper payments.

This financial year will be different. Parts of the sector are struggling and we do expect some to close or cease delivering NDIS supports. Increasingly, providers report the pricing pressures will begin to impact quality, most likely beginning with cost savings being made in the training and supervision of staff.

The sustainability problems primarily centre on inadequacies of the Disability Support Worker Cost Model (DSWCM). NDS is on the record as stating that the NDIA has been using settings/allowances for costs within that cost model to generate prices that will help it control the expenditure on the scheme. This is creating pressures on providers, with quality supports at risk.

This submission includes an analysis of the DSWCM and populates it with cost information from NDS members. The prices generated are vastly different from those currently set by the NDIA. We request the NDIA considers this analysis and commits to working with us further to explore the problems emerging from how the DSWCM is currently used. Concerns about the how the price cap is impacting on quality drives this request.

The NDIS is at a critical juncture. Fairer prices are needed, generated either through this current pricing review or through the development of an independent pricing authority (which operates for hospital pricing and is being established for aged care). A summary of how such an independent pricing authority could work is found in the box below.

### **An independent pricing authority for the NDIS?**

Since the NDIS began in 2013, price caps set by the NDIA have not covered the full cost of delivering supports. Improvements were negotiated every year until 2019 but progress has now stalled. JobKeeper payments, a response over the past two years to assist organisations remain viable through the COVID-19 pandemic, have masked the looming financial pressures on the sector. Many providers are worried they will not be financially sustainable into the future.

The DSWCM is the most influential mechanism used by the NDIA to generate prices, with \$13.5b of the \$23.3b of supports purchased in 2020–21 being paid under price caps set by this Model<sup>1</sup>. The elements within the Cost Model are undervalued, with some set at levels few providers can reach (often at the level achieved by only 25% of providers).

The quality of NDIS supports is dependent on the quality of the workforce. Worryingly, prices generated by the DSWCM are putting pressure on providers to reduce the training and supervision of their workers.

If the sector is going to provide high quality and safe supports, this can't go on.

#### **What is needed?**

It is time prices for NDIA supports were determined by an independent body. Pricing in hospitals is set by the Independent Hospital Pricing Authority. A recommendation by the Aged Care Royal Commission will see this body expand and take on the function of undertaking an independent assessment of costs in aged care. This same body should be further expanded to independently assess the costs of delivering high quality and safe disability supports.

#### **Why is this necessary?**

Current arrangements, that have prices set by the NDIA, involve a conflict of interest. The NDIA should be trying to ensure there is a vibrant market for high quality supports but it also has a strong agenda—as evidenced by the public debate on the sustainability of the NDIS—on constraining costs.

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<sup>1</sup> See Annual Pricing Review 2021–22 Consultation Paper at <https://ndis.gov.au/providers/pricing-arrangements/making-pricing-decisions/annual-pricing-review>, p.23

## **An independent pricing authority for the NDIS?—continued**

Over the past two years, the sector believes the NDIA has stepped away from acknowledging the true costs of providing supports and undertakes a cynical manipulation of the DSWC designed to keep prices stagnant. In the recent review of Supported Independent Living (SIL) prices it failed to acknowledge the costs of the practice governance necessary to ensure the health and wellbeing of participants receiving SIL supports.

An independent assessment of the costs of disability supports would give the sector more confidence in the system not least because it should consider all that is necessary to deliver high quality supports.

### **What would it do?**

We recommend that the functions of an independent pricing authority for NDIS supports would be similar to those outlined by the Aged Care Royal Commission<sup>2</sup>, that is they should include:

- reviewing data and conducting studies relating to the costs of providing disability supports
- determining prices for disability supports based on estimates of the amounts appropriate to the provision of high quality and safe supports
- evaluating, or assisting the Government to evaluate, the extent of competition in particular areas and markets
- providing expert advice on funding arrangements for particular types of disability supports and in particular market circumstances
- advising on appropriate forms of economic regulation, and implementation of such regulation where necessary.

Similarly, the objects of the pricing authority should be guided by:

- to ensure the availability and continuity of high quality and safe supports for NDIS participants
- to ensure the efficient and effective use of public funding in the provision of high quality and safe supports
- to promote efficient investment in the supply of high quality and safe supports
- to promote the development and retention of a highly motivated and skilled workforce necessary for the provision of high quality and safe supports.

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<sup>2</sup> See [https://agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-volume-1\\_0.pdf](https://agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-volume-1_0.pdf), pp.150-153, viewed 10/10/2021

## A critique of the DSWCM

NDS engaged a consultant to critique the NDIA's Disability Support Worker Cost Model (DSWCM). This work included obtaining cost data from a number of NDS members that are delivering 5.5% of the NDIA's \$23.5 billion in annualised core expenditure. These providers varied in size, geography and support mix types.

The providers supplied data on the cost of delivery of non-SIL and/or SIL core supports as at 1 July 2021 for ordinary hours based on the categories within the DSWCM.

### Summary findings

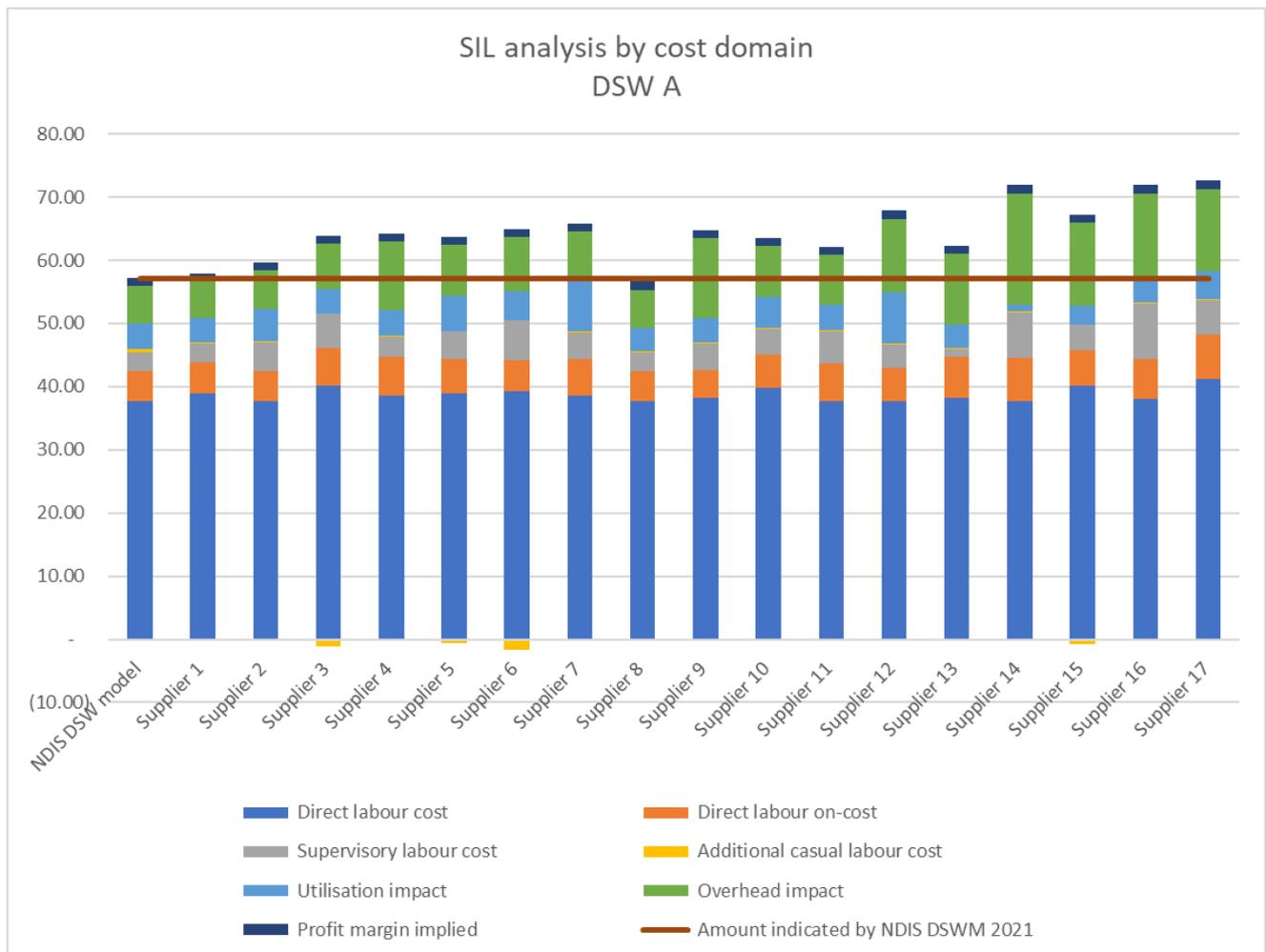
- The NDIS DSW model assumes a support margin based on 2% of *delivery cost*. This compares to a reported support margin in the comparable aged care market of 8% of *revenue*. If NDIS prices were adjusted to include a margin of 8% of revenue (rather than 2% of cost), the DSWA core price generated is **\$67.42** per hour in non-SIL core and **\$70.42** in SIL based core.
- Even when the Agency's current approach of allowing a 2% cost of support margin is used, this indicates a \$6.13 adjustment is required to non-SIL core prices and an \$8.93 adjustment to SIL prices as at 1 July 2021 (resulting in prices of **\$63.24** and **\$66.04** respectively).
- The survey indicates that the NDIA's DSWCM does not reflect actual costs of support delivery:
  - Only two out of 17 suppliers surveyed in SIL and non-SIL contexts currently deliver below the disability support worker model cost assumptions. Please note the survey does not control for client satisfaction, support quality, NDISQS compliance or organisational risk.
  - Non-labour costs are understated in the DSW model by at least \$4.27 per hour. Recent changes to the NDIS compliance framework will add to these costs over the next 6 months
  - Providers are struggling to recruit and retain enough employees to service demand on an average of SCHADS 2.3 base salary
  - Most providers are paying significantly more than the DSWCM allowance of 1.7% in workers compensation premiums. The risk of lost time injuries appears to be more significant and prevalent in NDIS supports than the model assumes.
  - Utilisation continues to be impacted by the part-time nature of most support work
  - The expected supervisory span of control in SIL is rarely met. While the model calls for a span of 15 FTE for each supervisor, the reality varies between 1:7.5 and 1:24 FTE
  - The model assumes 0% payroll tax, which is likely to be a barrier to for-profits who pay more than \$700,000 in wages
  - There are observable decreases in reasonable and necessary support volume and value, being seen in:

- Participants being regularly downgraded from complex (DSW C and D) to standard (DSW A) without reference to complex health needs, behaviours of concern or other factors
- Participants being moved from active overnight supports to sleepover shifts even where expert opinion supports a continuing support need
- Rosters of care being capped without reference to complex health needs, behaviours of concern, expert opinion or other factors
- Transport being provided at standard levels 1-3 regardless of remoteness or transport (a barrier to inclusion)

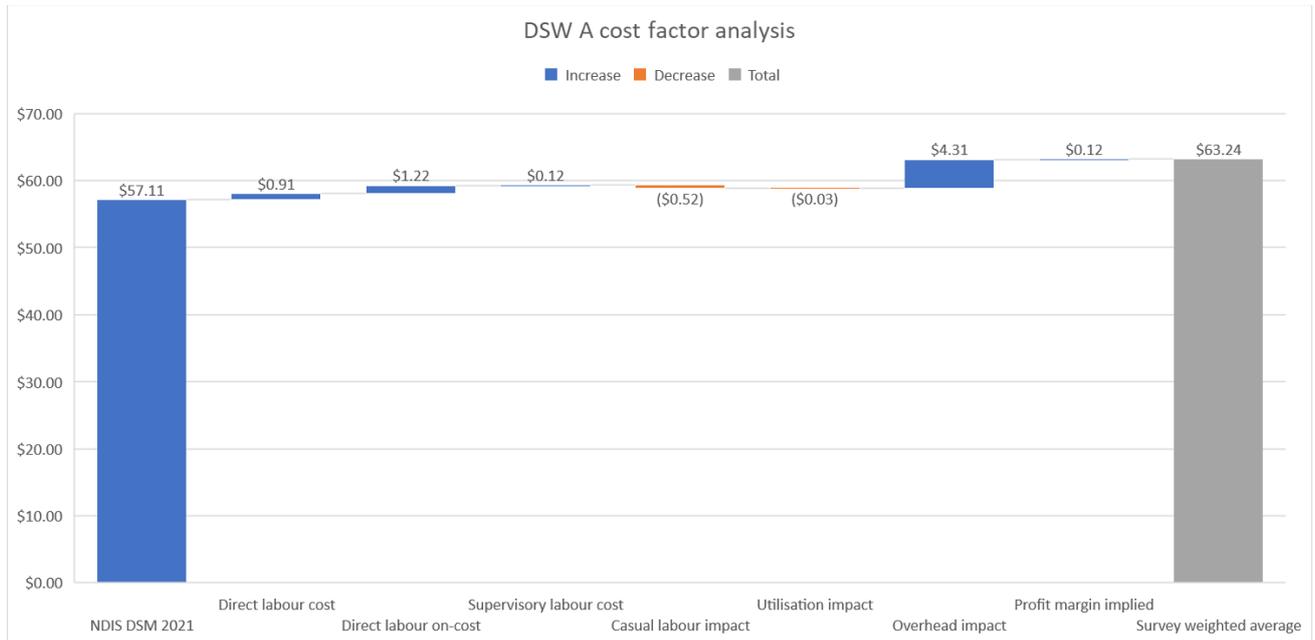
**Survey summary holding to Disability Support Worker Model assumptions**

Holding the support margin constant at 2% of accumulated delivery costs, the survey results are as follows:

• **Non-SIL core survey summary – DSW A**

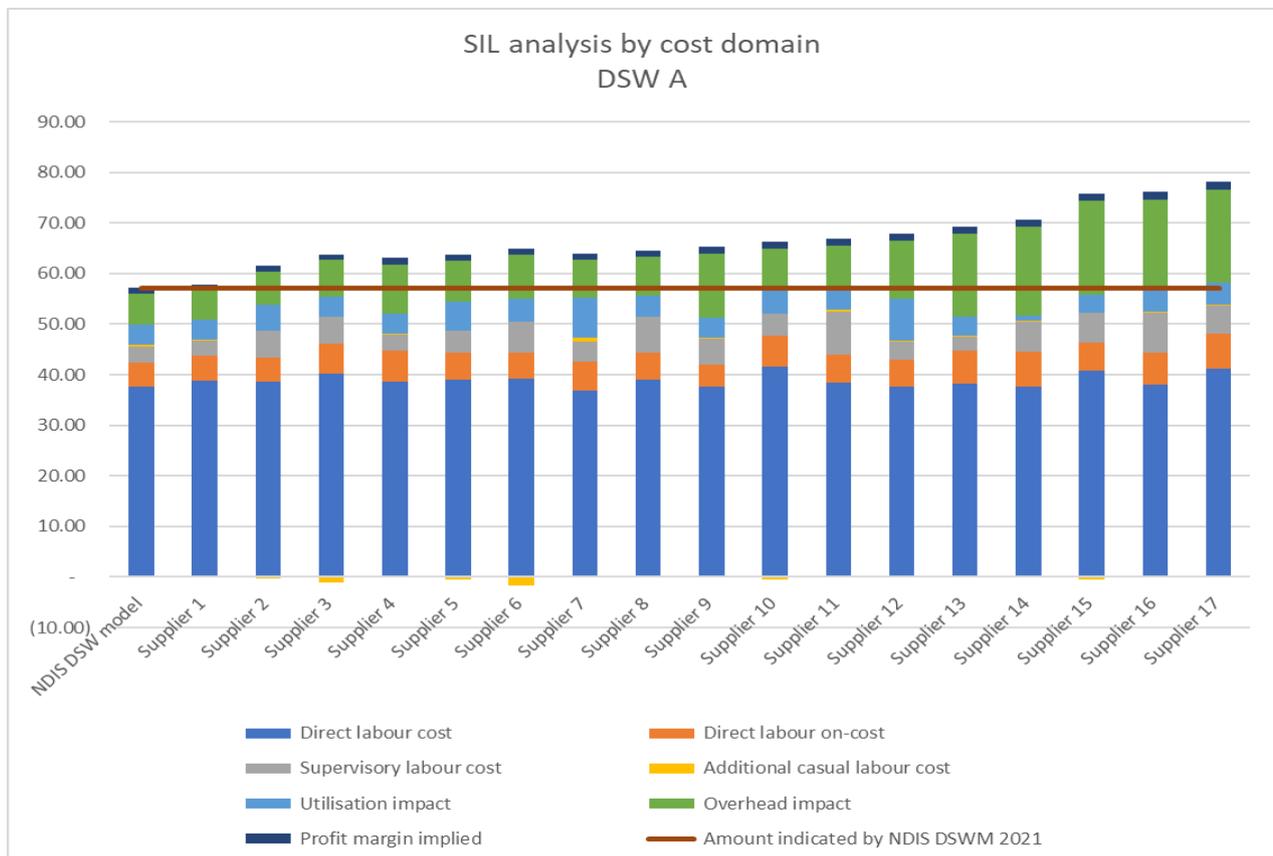


• **Comparison of DSWA and survey average – non-SIL core with margin held at DSW A assumptions**

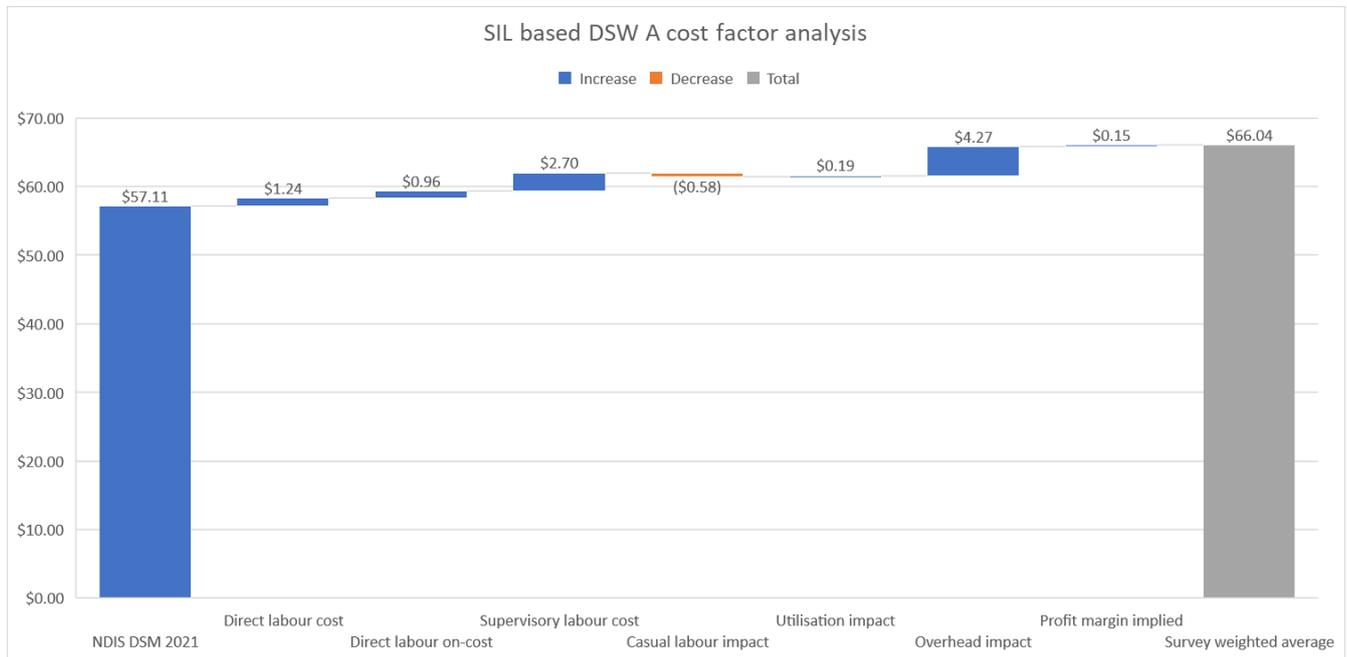


Note: Even where the Agency’s 2% of cost support margin is accepted, this indicates a \$6.13 adjustment is required to non-SIL core prices as at 1 July 2021. This analysis indicates the non-SIL core price, should be \$63.24 per hour of weekday, daytime support.

• **SIL based core survey summary – DSW A**



• **Comparison of DSW A and survey average – SIL core with margin held at DSW A assumptions**



Note: Again, even where the Agency’s 2% of cost support margin is accepted this indicates a \$8.93 adjustment is required to SIL core prices as at 1 July 2021. This analysis indicates the SIL core price, should be \$66.04 per hour of weekday, daytime support.

**Adjusting support margins against comparative markets – aged care**

We have also compared the NDIA’s DSW A model with:

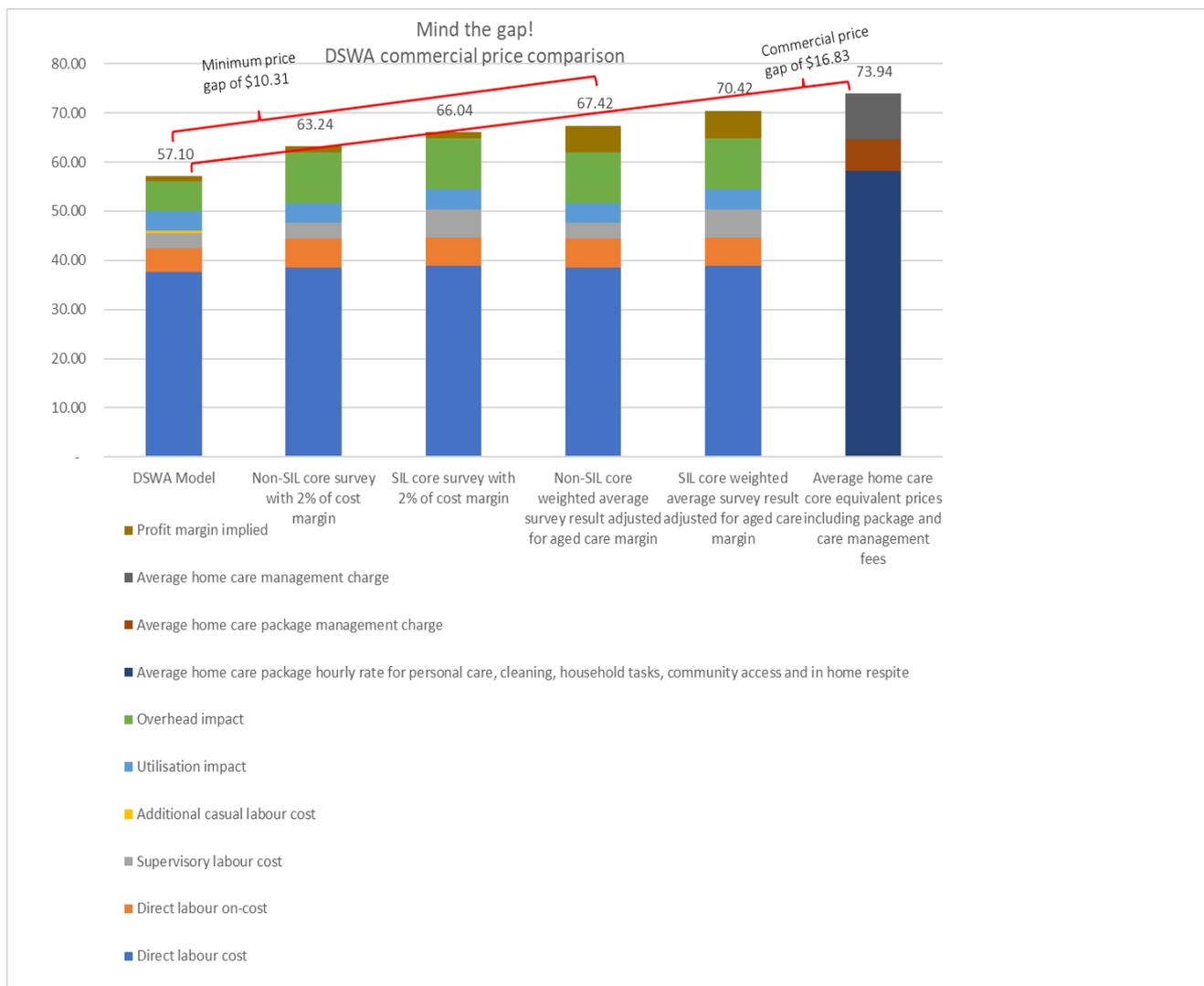
- **Real costs of support delivery (the survey results outlined above) adjusted for average home care EBITDA as at 31 March 2021.** The net weighted average of support cost pre-support margin was used as the base for this comparison. The 8.04% EBITDA is the most contemporary home care benchmarking outcome from Stewart Brown and Department of Health and Ageing and was released in July 2021.
- **Retail price averages for comparative aged care supports as at 31 March 2021,** including package and care management on an hourly rate basis. This data was based on the most recent price transparency data that is publicly available from Department of Health and Aging (Quarter starting 1 June 2019) adjusted for price inflation from the RBA. The package management and the care management charges used were the medians of 11% and 16% respectively.

This analysis suggests that DSW A prices should rise as shown in the graph below.

Similar adjustments are evident in:

- Analyses of DSW B, DSW C and DSW D base prices
- All shift-adjusted core prices
- Other prices derived from the DSWCM for DSW A

At the very least, the analysis undertaken by NDS’s research indicates the prices for a **non-SIL core hour of support** by the DSW A (currently \$57.10) should be in the range **\$63.24 to \$67.42**; and the price for a **core hour of support in SIL** (also currently \$57.10) should be in the range **\$66.04 to \$70.42**.



This current financial year has the hallmarks of being extremely difficult for many providers of NDIS support that are derived for the DSWCM. Without significant adjustment to the prices linked to the DSWCM, many will experience a substantial financial loss. **NDS urges the NDIA to make adequate adjustments to the DSWCM in order to fully cover the real costs of providing NDIS supports.**

**NDS also urges the NDIA develop and publish Cost Models for other relevant supports—such as SIL, Support Coordination and Psychosocial Recovery Coaching—for transparency and to assist providers structure their models of support.**

## **Cost of complying with regulation and working with NDIS processes**

The cost domain that is primarily responsible for driving higher costs for providers than the DSWCM allows is overheads; this survey shows that it is undervalued by about \$4.30 for every hour of support that has its price established by the DSWCM.

A significant and growing contributor to overheads is regulatory burden.

Current sources of the regulatory burden arise from working with cumbersome and expensive NDIA systems and processes and meeting the requirements of the NDIS Commission (together with elements of the quality and safeguards systems managed by the state and territory governments).

And the burden will increase as providers work to implement the new Emergency Management Practice Standard (effective in January 2022), and new requirements for mealtime management and for participants with severe dysphagia.

The Disability Royal Commission is also likely to result in new safeguarding requirements for providers.

There are two important observations to be made in relation to this regulatory burden:

1. They have arisen since the initial development of the 'reasonable cost model' during 2013-14 which forms the basis of the 2020-21 NDIS pricing
2. The cost impact of regulatory burden is felt throughout service provider organisations, from adding complexity to frontline service delivery to increasing the governance requirements on Board members to ensure that all regulatory obligations are met.

The service provider registration requirements include a risk-based assessment of their capability to deliver various categories of supports. Service providers are audited against the NDIS Practice Standards by an independent party.

The Q&S Commission has extensive powers to manage the performance of service providers: to monitor and investigate; to suspend or revoke registration, to impose civil penalties and issue infringement notices and restrict or prohibit practice. The NDIS Provider Register includes information about all registered service providers, including any investigation that results in a compliance activity; whether a service provider has been subject to an enforcement action or sanction order; and any suspensions or banning orders in effect. The Commission's authority extends to the continuity of support for people with disabilities who are 65 years and over.

While the external motoring of formal quality systems is particularly important, regular contact and a good working relationship with parents, families and carers is also crucial to maintain a high-quality disability services sector.

The relationship between a participant and a provider is managed through a Service Agreement which requires development, monitoring, updating, and review. The cost of working with these Agreements is substantial and is not covered by prices generated by the DSWCM. One of the requirements of the new Emergency Practice Standard requires providers to develop a specific emergency management plan for each participant and include it in the Service Agreement. This task alone (without considering the other requirements of the Practice Standard) will require substantial resources to implement.

**The allowance for costs of regulatory burden have never been adequately covered by the overheads allowance in the DSWCM and are becoming less adequate as new requirements are introduced. As noted in the analysis of the DSWCM, overheads are not fully covered by the prices it generates; the overheads allowance must be increased.**

NDS is shocked to see that some high risks supports—such as SIL, short-term accommodation and medium-term accommodation—can now be delivered by providers that are not registered. These supports should only be provided by organisations that undergo third party accreditation. The high costs of compliance associated with being registered by the NDIS Commission will result in more unregistered providers delivering high-risk supports or supporting participants with complex needs. This would be a perverse outcome.

### **Cost of changes to the SCHADS Award**

The review of the SCHADS Award is in the final throes, with a number of decisions handed down that will impact on the costs of providing NDIS supports from 1 July 2022.

The decisions that will have the most substantial impact on the cost of delivering NDIS supports are:

- New minimum shift period of two hours for part time employees. May require a variation of contract for some current part-time employees whose shift hours are less than two hours.
- Review of guaranteed hours – if a part-time employee has regularly worked more than their guaranteed hours for at least 12 months, the employee may request in writing that the employer vary the previous weekly guaranteed hours.
- Damaged clothing – new award provision to provide for payment for laundering of soiled clothing belonging to an employee and reimbursement of reasonable costs for repair or replacement where the extent of soiling or damage necessitates it.
- Remote response – new clause regulating the payment for remote work outside ordinary hours. A minimum payment of 15 minutes for such work between 6am-10pm and 30 minutes between 10pm-6am will apply.
- Broken shifts – (a) An employee required to work a broken shift with 1 unpaid break will be paid an allowance of 1.7% of the standard rate, per broken shift. (b) An employee who agrees to work a broken shift with 2 unpaid breaks will be paid an allowance of 2.5% of the standard rate, per broken shift.
- Client cancellation – Where less than 7 days and more than 12 hours' notice and no other work available at the time, allow the option of either paying the shift or arranging make up time to be worked within 6 weeks
- Overtime for part-time and casuals after 8 hours – An employee can seek an increase if their actual hours are consistently greater than contracted hours over 12 months (similar to casual conversion)
- Travel time between clients is payable. Changes to broken shift arrangements and minimum engagements will also have an impact on travel time arrangements as all three are interrelated.

Unfortunately, the best approach to respond to these additional costs is not straightforward as most cannot be attributed to a particular participant; an allowance

will need to be built into prices but determining (or even estimating) the value of this is difficult.

The financial impact on a provider will also vary depending on the:

- support types delivered
- models of support used by a provider
- availability of workers
- ability of the provider to reduce some impacts of the changes (such as rostering to reduce the number of split shifts)
- complexity of the support needs of participants (as some participants can only be supported by the workers with the required skills and training)

NDS does not believe it is possible to assign a value to these extra costs without research. **We request the Agency establish a research project with the sector to predict the likely impact of changes to the SCHADS Award (so an adjustment can be included in prices from July 2022) and to assess the actual impact post-July 2022.**

## **Group pricing**

The ability of providers to select from two pricing models for community and centre-based supports is working. The sector requests that the Agency leave this intact.

The work involved in moving to a new model of pricing is extensive and expensive. Providers that have done so report the need for dedicated staff working with participants and families for to best part of a year (and in some cases, longer). It is work that has needed to be funded from revenue outside of what has been generated by these support types. And it has taken much longer than providers anticipated.

Providers that have moved to the new pricing model want it to remain as they do not want to implement further change. Constant changes to NDIS processes and policies carries additional change burden for providers and results in expenditure that is not directed to the quality of supports being provided to a participant.

Concerningly, some providers are reporting that the use of Programs of Support are being undermined by Plan Managers and Support Coordinators. Even though a Program of Support has been agreed with a participant (and forms part of a service agreement) they are increasingly being requested for itemised invoices by a Support Coordinator or before a Plan Manager will approve payment. This defeats the purpose of a Program of Support agreement and makes the effort to develop it redundant.

Providers that have not moved to the new pricing model by now, don't wish to incur the very high costs of doing so. They have heard of the reported high costs of transitioning to the new model and either cannot afford to transition or do not believe it is a good use of resources.

**Given the strong opinions held by the sector on this, NDS strongly urges the Agency to maintain the status quo, that is, retain both group pricing models and allow providers choice in which they use.**

## Temporary Transformation Payment

A Temporary Transformation Payment (TTP) was introduced from July 2019 to assist providers to meet the high costs of transforming their organisations to operate efficiently in the NDIS market. The Price Guide from July 2019 states:

Providers of attendant care and community participation supports who meet the eligibility criteria set out below will have access to a higher price limit through a Temporary Transformation Payment (TTP). This conditional loading will assist providers to continue transforming their businesses in the move towards a more competitive marketplace. This replaces the Temporary Support for Overheads. In order to access the higher TTP price limits, providers will have to:

- publish their service prices;
- list their business contact details in the Provider Finder and ensure those details are kept up-to-date; and
- participate annually in an Agency-approved market benchmarking survey.

Providers must meet those three (3) TTP requirements, and to include in their contractual arrangements with their participants that they are entitled to use the TTP support items (and price limits).

When introduced, the NDIA stated it would reduce by 1.5% per year (for 2021–22, it is 4.5%).

The NDIA flags that not all eligible providers charge the TTP rates. The reasons for this include the fact that participants plans are not constructed from TTP prices so they do not wish to pay or the higher prices or providers are reluctant to charge at the higher rates. As NDS has argued, this was not a fair way to introduce higher prices for providers.

**NDS believes the NDIA should honour its commitment to only reduce the TTP at the 1.5% per annum rate.** Many providers are relying on this payment to fund the upgrade to their systems and processes. To remove it quickly would harm the relationship between providers and the NDIA.

## Therapy pricing

The NDIS has increased the therapy available to both young children and adults; a positive outcome. It does result in an increase in expenditure on therapy supports. Other drivers of increased expenditure are:

- the increased number of children accessing the scheme (therapy is their main support)
- increased use of therapists in prescribing assistive technology
- therapy involvement to ensure compliance to the Practice Standards (particularly for participants with complex support needs)
- the numbers of participants with very complex needs (children and adults)
- high administration, compliance and reporting requirements
- travel by—particularly—very specialist therapists who have skills that are in short supply (there are thin markets within therapies)

After two years without indexation, providers are challenged by costs increases: in wages (the competition from other sectors is intense); the superannuation guarantee; professional development (in specialised areas such as mealtime management and the prescription of assistive technology); supervision; and general CPI. This can't continue.

Recently, therapists were requested to submit time-consuming, self-assessment portfolios of evidence from provisionally recognised behaviour support clinicians to the NDIS Commission on short notice (estimated to have taken about a day). And there were, of course, the additional costs associated with the management of COVID-19.

Therapists (as well as other providers) increasingly absorb the travel costs beyond the 30 minutes in MMM1-3 areas and 60 minutes in MMM4-5 areas. Participants and families balk at the cost. They are also reluctant to pay for the non-face-to-face supports they receive; again these are often absorbed by providers.

A not insignificant proportion of young participants are in families who have complex lives (such as being involved with child protection, homeless services, justice, or domestic violence services). Working with these families, and any agencies involved in assisting them, involves significant time that can never be billed. It is, however, essential work.

Given how many participants require more therapy travel than can be claimed, the NDIA's expectation of utilisation rates (or billable hours) is unreasonably high.

When comparing NDIS therapy prices with other markets, it is important to note that the therapy pricing for Medicare or some other insurance schemes does not go near covering costs. Specialisations for NDIS therapists include:

- use of a wide range of assessments
- assistive technology prescription
- dysphagia and mealtime management
- specialist behaviour support
- Parent and support worker coaching, education and training
- hydrotherapy
- certification in specialist areas

**NDS would like it on the record that there is no support for consultation billing for therapy within the NDIS. It is likely to drive requests for 20-minute sessions which are totally unsuitable for NDIS participants.**

NDS is concerned that the NDIA seems to expect non-face-to-face supports to be charged at a different rate from direct supports. The cost to providers is the same, so the hourly rate charges will be the same.

While the NDIA allows charging for indirect supports, it does not signal this in the plans of participants. This needs to be addressed. Some non-face-to-face support is required for most participants receiving therapy supports; they need to be aware of this.

Supports such as psychology and dietitian services have also been subject to a price freeze over the past two years which must not continue. They experience many of the same difficulties outlined above, notably not being able to claim for all travel cost incurred or for all

non-face-to-face supports provided. They also require specialisations for work with complex NDIS participants, skills not necessarily widely used elsewhere.

**Many providers working to deliver ‘capacity building’ supports—including therapists, psychologists and dieticians—are highly specialised and in short supply. To ask them to absorb indexation and other costs for another year will exacerbate supply shortages.**

**These specialists are in short supply in disability but also in health, aged care and veteran affairs. NDS urges all relevant Government departments undertake joint work to identify ways of addressing these shortages.**

## **Support Coordination, Plan Management and Psychosocial Recovery Coaching**

NDS made a submission to the Agency’s consultation on Support Coordination in September last year but nothing has happened since. Information on the Agency’s plans for Support Coordination need to be released.

**In our submission, NDS recommended the removal of Support Connection which is rarely used. We still hold this view.**

The sector remains concerned about the varied quality of Support Coordination that is delivered. It is a support that should be delivered by registered providers and only by skilled staff. This is not currently the case. NDS members undertaking this work are generally paying the equivalent of at least L5 in the SACS stream of the SCHADS Award. They do this in order to employ skilled and experienced staff. Anecdotally, parts of the unregistered support coordinators are paying staff at L2 and L3 of the SACS stream of the SCHADS Award. This should not be possible.

**Support Coordination** done well, is a highly beneficial support delivered by skilled staff. The absence of indexation for this financial year (and not increasing the price to take account of the increase in the superannuation guarantee) will drive the quality of Support Coordination down and will do so quickly. **Indexation needs to be restored.**

The NDIA requests ideas for simplifying the Price Guide. **Standardising the price for Psychosocial Recovery Coaches with Support Coordination is one way of achieving that.** Providers of this support argue that the costs of delivering Psychosocial Recovery Coaching is on par with that of delivering Support Coordination.

**Plan Management did not receive indexation for this financial year. Further cuts in the real price should be avoided.** As with all supports, participants have the right to request prices that are less than the price caps and can be assisted to do so by their informal supports or formal supports such as Support Coordination.

## **Regional, Remote, Very Remote & Western Australia, South Australia and Queensland pricing**

NDS will release information on workforce in coming days that will indicate the majority of providers across Australia are experiencing workforce shortages. They are reporting difficulties with recruitment and retention across a broad range of positions. The difficulties are some of the most severe reported to NDS.

Nine providers in Western Australia have been monitoring fiscal pressures over the past three years (2019 to 2021); some of the results are shared here (Attachment 1). The focus of the analysis was on:

- disability support work (DSW) (3 providers)
- SIL (3 providers)
- regional and remote (1 provider)
- therapy (2 providers)

The selection of these service areas was prompted, firstly, by the fact that they represent a significant component of all NDIS services. Secondly, issues related to provider and service sustainability, as well as participant outcomes within these areas have been noted in previous reviews and studies conducted (for instance, see: Carey, Weir et al. 2019; Carey 2020; Gilchrist 2020).

All statistical analysis has been undertaken accounting for cost increases net of provider service growth.

The findings indicate:

- Per client labour costs have increased by 9% between 2019-20 and a further 15.96% between 2020-21
- Having accounted for growth in service activity it is apparent that labour costs were adequately covered by price increases
- Due to employee vacancy rates, provider staffing costs increased 33.82% and 39.83% between 2019-20 and 2020-21
- Recruitment costs across the cohort have increased by 12% and 27.6% respectively in each period, while the employee turnover rate has remained high, especially among disability support workers, including those working in SIL
- Mandatory training and professional development costs increased by 11.77% and 27.60% for each year
- NDIS-specific administrative staffing costs have increased by 20.64% and 32.80% for each year
- Quality control and compliance costs have risen by 20.5% since 2019

The analysis suggests the most material cost increases are related to the following:

- Labour increases – increased wage rates and increased administration staff to meet the NDIS system requirements, including reporting
- Facilities costs rising significantly into 2021 after an earlier decline - possibility related to COVID-19 driving working from home, which has now reversed
- Significant rise in marketing costs potentially, particularly associated with attracting workers including for those in thin/tight markets

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- Increases in compliance and quality control measures resulting in the hiring of additional staff
- All the costs associated with audit

This analysis suggests total costs increased by 2.61% in 2019-2020 and 5.65% in 2020-21.

A Green Paper (Attachment 2) by the UWA Research Team analysed data from published sources and volunteered data contributions of disability service providers to identify and examine key NDIS delivery cost differentials and cost pressures likely to exist between Western Australia and the other jurisdictions in Australia. It found:

- Employee expenses as a share of total income continues to be significantly higher in WA compared to all other jurisdictions
- Job quality is poorest in disability services with the job quality gap growing, negatively impacting capacity of service providers to respond
- Competition for staff in WA continues to increase driven by the expanding mining sector despite the highest participation rate and lowest unemployment rate of all jurisdictions
- Evidence of the impact of these pressures is clear with 11 disability service providers reporting they have a combined 422.4 FTE vacancies representing 12% of their combined workforce
- As indicated, the impact of increasing costs and competition for labour as a result of poor job quality is exacerbated by the same 11 disability service providers reporting an average per client reduction in their SIL income (for instance) of 6.8% for 2020-21 compared to their experience of 2019-20
- This situation is likely to worsen into the medium-term.

The Green Paper is provided with this submission. Also provided is the 'NDIS Pricing Review Western Australian Costs Assessment – Cost Increases' paper which highlights the typical experience of a regional and remote service provider (Case 7). Other providers indicate this experience is typical of the costs associated with service delivery in the regions.

NDS has provided this evidence from Western Australia to indicate there are pricing pressures in that state that are additional to the problems already outlined by the analysis of the DSWCM.

**Additional cost pressures are likely to be being experienced in other states (particularly those with significant mining activity). Analysis of these is required. NDS requests the NDIA works with the sector to do this work.**

## Claiming rules

As an overarching statement, NDS wants the Agency to understand that providers incur substantial costs associated with changes to rules, processes, systems and claiming architecture. After eight years, changes to these aspects of the scheme should be minimal, but they are not.

For this reason, **NDS is not requesting wholesale changes to the claiming rules at this time.**

That said, NDS would ask the Agency to consider **removing what seems to be unnecessary duplication such as the extraordinarily long list of Provider travel – non-labour costs item numbers** (see Table below) and replacing it with a single line item.

While on the subject of travel, many providers are not able to charge for the full travel time of their staff, most commonly in regional and rural areas but also in metropolitan areas. **Capacity building support providers, such as therapists, psychologists and dieticians, are absorbing the costs of this travel where it can't be claimed. The sector needs a more sustainable solution.**

While not an explicit element of the Pricing Review, the allocation of insufficient funding to meet the transport needs of participants remains a problem, limiting options for participants. **Claiming rules for transport need review.**

## National Disability Services

Submission: 2021–22 Annual Pricing Review

Item Number	Item Name and Notes	Unit	National	Remote	Very Remote
01_799_0104_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0106_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0107_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0114_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0115_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0117_8_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0118_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0120_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0128_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
01_799_0132_1_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
04_799_0104_6_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
04_799_0125_6_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
04_799_0133_5_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
04_799_0136_6_1	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
07_799_0106_6_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
07_799_0117_8_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
07_799_0132_8_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
08_799_0106_2_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
09_799_0106_6_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
09_799_0117_6_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
10_799_0102_5_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
10_799_0128_5_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
10_799_0133_5_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
11_799_0110_7_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00
11_799_0117_7_3	Provider travel - non-labour costs	Each	\$1.00	\$1.00	\$1.00

**November 2021**

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**National Disability Services** is the peak industry body for non-government disability services. It represents service providers across Australia in their work to deliver high-quality supports and life opportunities for people with disability. Its Australia-wide membership includes more than 1200 non-government organisations which support people with all forms of disability. Its members collectively provide the full range of disability services—from accommodation support, respite and therapy to community access and employment. NDS provides information and networking opportunities to its members and policy advice to State, Territory and Federal governments.