



Council of Regional Disability Services

# **NDIS Annual Price Review 2021-22**

## **Council of Regional Disability Organisations**

### **Background**

The Council of Regional Disability Organisations (CORDS) provides this submission on the consultation issues paper released by the National Disability Insurance Agency (NDIA) on the Annual Price Review 2021-22.

The CORDS was established in 2004 for people in leadership roles in regionally governed disability services to share information and address common challenges. Its purpose is to provide a strong coalition voice for regional organisations working in the disability field. We provide feedback to funders, government and peak disability groups on regional issues and concerns acting as a regional network of service providers.

CORDS is in a unique position to identify issues and concerns specific to regional service organisations and NDIS participants with respect to this consultation. We have engaged and extensively consulted with regional members in WA to identify key pricing issues and areas of further improvement to work towards building a pricing regime that is responsive to WA economic conditions both in the Perth metropolitan area and in particular the many regional and remote communities spread across the vast State.

The comments provided in this paper are largely sourced from the consideration of stakeholder feedback from our engagement with NDS members. This has included targeted consultation with NDS member service organisations to provide where possible, evidence to this Review to substantiate or demonstrate the impact of issues of concern on their services/business operations as well as the impact on supports provided to NDIS participants.

Our approach has been to develop a narrative about the cost elements of concern to regional members and to bring into the narrative supporting descriptive data that supports the proposition that the current NDIS pricing regime is inadequate and most particularly for regional and remote parts of WA.

## **The Annual Price Review 2021-22**

The NDIS annual pricing review looks at the adequacy of the current NDIS pricing regime. Two areas of focus that are important to WA include price controls and regional, remote, and very remote price limit loadings.

The Review specifically looks at:

- Regional, remote, and very remote price limit loadings.
- Price controls by state and territory, where economic trends may be countercyclical to trends in other states and territories, addressing the outstanding recommendation of previous WA Market Review including an assessment of impact of WA economy on labour costs and operating costs.
- NDIS Disability Support Worker Cost Model.
- Group-based supports and unintended consequences.
- Temporary transformation payments.
- Support coordination and plan management.
- Therapy and nursing supports.

Our submission is informed by work undertaken by National Disability Services (NDS) in WA who have conducted targeted stakeholder consultations for each of these areas in November 2021.

Prof David Gilchrist (University of WA) has also collected NDS member cost data to inform our analysis. Although this data is not comprehensive and not complete in a lot of cases it highlights areas of concern which require further investigation. The NDIS Pricing Review Western Australian Costs Assessment – Cost Increases paper by David J. Gilchrist & Ben Perks, Not-for-profits UWA Research Team is attached for further information shown at Attachment 1.

## **Key Issues**

The most significant and immediate issue facing providers is pricing. Pricing impacts providers' ability to provide supports required by participants. That is why sustainable pricing is required to secure and sustain a successful implementation and operation of the NDIS. To date, pricing limitations have impacted on organisations' ability to provide innovative services and to invest in new service options. For some service types, pricing limitations have affected the viability of services or outlets.

While some new pricing arrangements announced since March 2019 for therapy, attendant care and community support services are welcomed, some of the increases are temporary and other pricing issues are yet to be addressed. NDS believes that the NDIS Disability Support Worker Cost Model (DSWCM) is still a blunt pricing mechanism lacking sophistication and transparency and with it based around the inherent complexity around how the NDIA process are set.

CORDS urges the NDIA to adopt a more comprehensive and flexible WA-based cost model that reflects local market experience and evidence-based best practice including for regional and remote parts of the State. We support a NDIS pricing regime for WA that accounts for the true cost of supports in this state. This approach would provide greater confidence in the pricing framework used by the NDIS and build long term sustainable supports for NDIS participants.

A constructive recommendation is for the NDIA to consider the pricing in the context of service type, CALD impacts, location, thin markets and other variables. This will represent far better value for money as compared to the current price plus arrangement that is not connected to any fundamental structural element.

The Modified Monash Model has historically been used for medical and health services and was not designed for an individualised service model, most providers operating under health contracts would be in block funded programs of support, either recurrent or non-recurrent.

Taking into consideration the above comments, CORDS provides the following comments about key issues in each of the Review areas.

## **Key issues in each of the Review areas**

### **Inadequate regional, remote, and very remote price limit loadings.**

CORDS highlights that the existing pricing regime largely does not account for WA's significant cost differential to deliver services across the many regions of WA which are much more pronounced for regional and remote communities including the significant disability workforce pressures and competition for labour from the others sector, including mining.

Regional service organisations have indicated that the existing regional and remote loadings of the pricing regime and its categorisations do not capture the cost of providing services in non-metropolitan Perth. The one size fits all approach that is mostly informed by metropolitan and large town service provision costs needs to focus on actual costs and be informed by an understanding of the factors contributing to higher costs for regional service provision – for example, the higher NDIS quality and safeguarding compliance cost, higher staff labour costs including salary and for staff housing, the lack of an application of a geographic lens to planning or the higher costs associated with provision of staff safety and security which are impacted by the significantly higher crime rates in regional and remote communities.

Participants in rural and remote areas are highly disadvantaged. Limited supply means limited choice and control over their services, and they have inadequate access to services to benefit from the NDIS. Choice is further constrained where the higher cost structures of supplying services to these areas is not adequately recognised; travel costs being the obvious example. Pricing for travel in regional WA is an ongoing issue, largely because of planners' failure to include enough travel time and also the caps in price guide on travel amounts. The NDIS push is for the pricing regime to encourage participants to use services close to them, however many parts of regional and remote WA have very thin markets. Actual time spent to get to the consumer is not adequately covered in the current pricing regime resulting in organisations having to subsidise this cost.

The NDIA should explore options that set aside an extra category/bucket of funding for travel costs that did not impact on people's service delivery/therapy provided. For example, one regional provider highlighted that one very remote community in the Kimberley has 8 people who permanently live there. Two have NDIS plans but there is no opportunity for coordinated commissioning or sharing costs to provide support services as the market is too thin.

Regional and remote service organisations have also commented that the number of providers in MM6 regions reporting included in the Financial Benchmark survey was found to be 2-8 providers and the sample size too small, so they were not reported on. Therefore, it is questionable whether the benchmarking survey has adequately captured data to accurately reflect the true cost of remote service provision.

In addition, they also note that the pricing regime should take into consideration the following regional/remote specific issues:

- All WA regional and remote providers are facing workforce shortages and are now in the position where Coordinators are covering direct shifts. The cost model assumes this work is performed by a support worker.
- The cost model looks at span of control for supervising direct care workers. In remote areas staff will have much higher costs due to the vast geographic distances and travel required to effectively monitor provision of services. The benchmarking survey did not contain any span of control data for WA where large areas of the state will have service providers covering large geographic areas, operating more offices, or travelling long distances to deliver and monitor services.
- The WA government built into previous contracts that providers had to actively work to reduce casual staff, changes to the SCHADs award also saw providers reduce the number of casual staff. The impact of this is felt in the regions impacted by cultural activities such as lore, where families and participants may be away for extended periods of time in the latter half of the year, movement around the region for funeral and other family and cultural obligations, wet season and movement of people who may otherwise be isolated in a remote community and road closures and cyclone events. Offices need to remain open and staff contractual obligations met when there can be a significant reduction in service delivery.
- Many remote areas have higher turnover and more transient workforces leading to higher recruitment, retention, operating and training costs. The NDIA pricing regime needs to acknowledge these costs as well as many other costs such as higher support worker travel costs, the provision of suitable staff housing (in an WA context where there is minimal rental housing available in regional WA) and significant additional staff security measures required due to high crime rates. To build connections with regional communities, including many remote Aboriginal communities, the NDIA needs to acknowledge these issues in its cost model and pricing regime. The maintenance of a resilient quality regional/remote workforce needs investment and must be factored into the pricing regime.

### **Regional and Remote—Costs and Regulatory Burden Case Study**

The NDIS Pricing Review Western Australian Costs Assessment – Cost Increases paper, (Attachment 1) highlights the experience of the regional and remote service provider in Case 7 which was largely consistent with the cost issues commonly associated with service delivery in these regions. The costs related to service facilities, other direct costs and travel costs increased by 36%, 42% and 35.19% respectively.

Further major cost drivers were related to training, quality control/compliance and the reporting IT infrastructure. IT subscription costs increased by 37.79% and quality control/compliance requiring an investment of \$250,000 in 2021 along with a staffing cost of \$85,000. Although a portion of these costs is attributable to increased service support hours over the period, plan utilisation remained constant at 55% between 2019-2021. This suggests that the compliance burden and incremental costs associated with increased service are insufficient in fostering the capacity to extend service delivery across more of each participant's plan.

CORDS seeks to ensure that everyone can be supported, no matter where they live. Suggested solutions range from better processes for addressing travel viability cases through to engaging large providers in partnership with government/s to assist in areas with significant supply issues and with integrating more fully across health and human services funding and operations.

Further review of the pricing arrangements that apply to supports delivered in regional, remote, and very remote areas is critical to ensure continued access to appropriate supports for participants living in those areas. A more accurate regional and remote pricing regime needs to be developed and implemented based on real WA service costs.

### **Price regime does not allow for WA's significant cost differential**

The Annual Price Review 2021-22 is required to explore price controls by state and territory, where economic trends may be countercyclical to trends in other states and territories.

CORDS focus in this area is to address an outstanding recommendation of the previous WA Market Review including an assessment of the impact of WA economy on labour and operating costs. The Annual Price Review 2021-22 is to specifically:

1. Review the pricing arrangements that apply to supports delivered in regional, remote, and very remote areas to ensure continued access to appropriate supports for participants living in those areas.
2. Examine, in line with Recommendation 2 of the 2019 WA Market Review, whether the current economic conditions in states where economic trends are often counter cyclical to the trends in other states and territories (and, in particular, in Western Australia, Queensland and South Australia) are such as to require temporary adjustments to price controls in those states in order to proactively manage any potential impacts on the supply of disability goods and services.

**CORDS highlights the inadequate NDIS pricing regime for WA.** The current NDIS pricing regime largely does not account for WA's significant cost differential to deliver services across our vast State relative to the other Australian jurisdictions. This pricing does not take account of the significant disability workforce pressures in WA resulting from the lowest unemployment rate in the country, the effects of COVID 19 on migration and a mining and housing boom putting upward pressure on wages. There is also the added competition from other human services sectors – namely the aged care and mental health sectors – where Governments are investing huge amounts of funding which in turn, impacts the supply of suitable workers seeking employment in the disability sector. This exacerbates the already tight labour market in WA which is much more of an issue in regional areas of WA.

## **WA Provider experience of NDIS Pricing –**

Evidence that supports the above comments is presented below.

**1. A Green Paper 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 also gained access to data provided by a small number of disability service providers operating in WA to find:

- 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 because 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. The November 2021 NDS national survey discussed earlier in this briefing paper further supports the proposition that SIL core supports are underfunded.
- Underutilisation of plan funding in WA of 38% as of 31 March 2021 and of 35% in 2019/20 underscores the lack of capacity in disability service provision.
- This situation is likely to worsen into the medium-term.

The full Green Paper is attached for information and more detail at Attachment 2.

The findings of the Green Paper are supported by the Chamber of Commerce and Industry in WA (CCIWA) business confidence survey (September 2021) which highlights that the sector is facing significant challenges with their sustainability strained and the risk of operators leaving the sector, putting more pressure on government. Additionally, it faces a struggle to attract the skilled workforce it needs for the NDIS as it cannot compete with the higher wages and salaries offered by the mining, aged care, and health sectors. The CCIWA survey indicates that:

- 73% of businesses indicate they struggle to hire a particular skillset.
- 64% identified the availability of skilled labour and 45% identified rising operating costs as barriers to growing the business.
- Skill shortage responses of organisations were focussed on upskilling exiting employees (73%), investing in training new employees (64%) or boosting existing employees base wage (36%).

## **2. Findings of the NDIS Pricing Review Western Australian Costs Assessment (David J. Gilchrist & Ben Perks, Not-for-profits UWA Research Team)**

In developing this contribution to the Western Australian provider sector's response to the NDIS Pricing Review, an analysis of the experience of nine service providers over the 2019, 2020 and 2021 financial years was undertaken. The primary aim of this analysis was to gain insight into the cost pressures that are exposing Western Australian providers to unsustainable operation under the current NDIS pricing and operational model. As such, the focus was on four key service types and sought data from selected organisations that we felt were representative of these service types. This allowed the consideration of costs associated with the nine providers selected who provided data specific to the following service types:

- 3 from disability support work (DSW);
- 3 from supported independent living (SIL);
- 1 from regional and remote (R&R); and
- 2 from therapy.

The selection of these service areas was prompted, firstly, by the fact that they represent a significant component of all NDIS services and incurred Scheme costs. 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, Weier et al. 2019, Carey 2020, Gilchrist 2020).

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

### **Key Indicators Demonstrated:**

- Per client labour costs have increased by 9% between 2019-20 and a further 15.96% between 2020-21 across the cohort.
- Having accounted for growth in service activity it is apparent that the ERO and other awards increases were outpacing package value and service hours suggesting that these increases were not supported by pricing levels.
- Due to employee vacancy rates, agency staffing costs increased with a percentage increase of 33.82% and 39.83% between 2019-20 and 2020-21 respectively. As a result, the proportion of agency costs to direct labour costs rose from 3.76% to 5.57% over the period.
- 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 in the DSW and SIL service areas causing increases in agency costs, recruitment costs and pre-deployment training costs.
- Mandatory training and professional development costs increased by 11.77% and 27.60% for each period. This increase adding further pressure to the development of new and existing staff.

- NDIS-specific clerical staffing costs have increased by 20.64% and 32.80% respectively across the cohort.
- Quality control and compliance costs have risen by 20.5% since 2019 placing greater regulatory strain across the cohort.

### **Synopsis of Increased Costs**

The following are the key areas where material cost increases have been identified negatively impacting the sustainability of providers. Importantly, these cost increases are not the only increases impacted but represent those significant increases. Key costs analysed are:

- Labour increases – increased wage rates (Equal Remuneration Order & annual increments), increased administration requirements to meet the NDIS system requirements, reporting requirements, higher technical capacities required.
- Facilities costs rising significantly into 2021 after a decline - possibility from reduced necessity due to COVID shock/transition to remote working for corporate staff
- Significant rise in marketing costs potentially to resume competition for participants and labour in tight/thin market environment.
- Increases in compliance and quality control requirements including the requirement to hire additional personnel and undertake additional control processes
- Audit processes have imposed a notable financial burden on sector
- Total costs increased by 2.61% in 2019-2020 and 5.65% in 2020-21.

### **The NDIS Disability Support Worker Cost Model**

- WA NDS members including those on CORDS have highlighted that the costing model assumptions and methodology understate actual NDIS service costs in WA and is not fit for this purpose. Utilisations rates are lower in WA and corporate overheads are higher than the model assumptions.
- This is on top of the findings of a November 2021 NDS national survey of members on the NDIS Annual Price Review which focused on the DSWCM including obtaining cost data from a number of providers, that was used to generate indicative prices based on the real costs of delivering attendant care or community participation-type supports. Attachment 3 provides a full summary of the NDS national survey results.
- The survey indicates that:
  - the NDIA's DSWCM does not reflect actual costs of support delivery. The results demonstrate the need for a substantial increase in NDIS prices that are generated by the DSWCM. The shortfall in current prices is substantial.
  - The NDIS DSWCM 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 of 1 July 2021 (resulting in prices of \$63.24 and \$66.04 respectively).

- 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).
- CORDS also highlights that there are no geographical / isolation factors being built into SIL planning or consideration that there is no market for congregate models of care for SIL due to cultural / family barriers.
- The costing model does not recognise the full costs associated with disability service organisations implementing the Quality and Safeguarding Commission requirements which some organisations have indicated are substantial adding another layer of complexity and cost. Examples of costs incurred by some large organisations to prepare for and support the audit process range from \$700,000 to \$1M. The transition to the NDIS Quality and Safeguarding Commission in WA has resulted in sector concerns about the increasing costs of additional administration and regulation and the loss of capability and expertise within State Government.

We highlight that the WA experience of the Commission in the past year is a replication of the onerous implementation experiences of other jurisdictions, including NSW, that indicates that the Commission is becoming more intrusive and prescriptive, and its actions are often not aligned with NDIS funding. While

independent and effective oversight mechanism is seen as essential to a flexible market which maximises choice and control for people with disability without sacrificing quality and care, substantial concerns remain about the relationship between the NDIA and the Commission and the significant additional cost to providers of serving people with disability.

CORDS notes that in addition, there is not a level playing field with non-registered providers being paid the same prices without meeting the compliance costs.

- The costing model also does not recognise costs associated with organisations becoming de facto providers of last resort, filling the responsibilities vacated by State and Federal Governments during the NDIS transition. Crisis responses should reduce as the NDIS matures, however the need for the right crisis responses for participants with disability will continue. Such crisis responses will continue to require close liaison with other agencies and services, including at federal and state government levels. These relationships were once well established in state-managed systems but are at risk of fracturing under the NDIS, under a pricing regime that is inadequate. Potential solutions may be to fund and utilise providers to enable emergency costs to be distributed across health and human service agencies rather than be restricted to the NDIS.
- While the Terms of Reference (ToR) of the APR 2021-22 does not mention supported independent living (SIL) pricing, NDS highlights our member concerns around SIL via the examination of adequacy of the DSWCM. SIL services are for a group of people who typically require substantial levels of NDIS supports and for whom it is important to ensure that accommodation requirements do not restrict their choice and control.

CORDS notes that NDS in WA gained access to data provided by a small number of disability service providers operating in Western Australia to find the impact of increasing costs and competition for labour in WA because of poor job quality is exacerbated by the 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 is supported by the comments received by some organisations that the SIL pricing had deteriorated over the last three months in the last data collection. The 6.8% average decrease is likely to be understated given that in the last three months of the data collection since the financial years 2020/21, average prices had fallen much more at 11.9% on average with 24 participants at 14%, and 10 of those ranged from 15-27%. Our more recent discussions with NDS members is that the most common experience is between a 6 – 34% decline in SIL prices.

SIL providers also highlight their experience with major delays in receiving payments for accommodation services provided to participants. Many are also having serious cash flow issues arising from this, compounded by inadequate vacancy management funding arrangements. Taken together, these two issues risk the viability of providers supplying this crucial component

of NDIS services. Their failure will produce very adverse consequences for overall NDIS outcomes.

Improved SIL processes are critical - secured independent living remains complex, cumbersome, and inefficient. Solutions range from changed processes to better links across funding requirements, handling of vacancies and planning timeframes.

### **Group-based supports and unintended consequences**

The Review examines the unintended consequences that the new pricing for group-based community participation supports have on overheads and administrative complexity. Service organisations report mixed views on the new group pricing model.

CORDS members indicate that a more tailored model is required to best price group supports. Many organisations have not moved to the new pricing for group-based supports or moved to the new model but have not introduced programs to support this pricing structure.

The NDIA's intent that the new group supports pricing structure would benefit organisations has not been realised in many cases. Organisations report that the effort to implement the new programs of support is significant - it is administratively costly, including the significant increase in the amount of time and effort to document the change.

Those that have moved to the new group support pricing structure report high implementation costs, lengthy preparation time required and higher administrative costs which has put pressure on support teams and led to reduced effort of direct support the organisations can provide. Participants and families have also indicated their reluctance to move to it citing the lost flexibility how they can access supports as a consideration.

The anticipated increased flexibility and additional benefits envisaged from the new group support pricing are not being realised. The sheer increase in administrative costs is also a barrier to transition to the new group pricing structure.

Organisations also report the lack of information provided to participants and families who report difficulty in understanding the new group pricing structure commenting that it makes everything more complex than the older model.

A common assessment made by organisations is that the NDIA is constantly changing the pricing model which is detrimental as it adds significantly to additional administration costs and that providers are not paid to implement the transitional changes.

## **Support coordination and plan management**

Regional disability organisations have flagged numerous examples where their most at risk customers, have no support coordination funded in plans leaving these participants without the opportunity to build their own capacity. They have commented that they have not seen any increase in Tier 2 supports to compensate for this.

Support coordination is a critical role in assisting participants implement their plans and on a national level, a relatively new role in the disability service system under the NDIS (although was a strong feature of the disability funded supports provided by the former Disability Services Commission in WA). As a new function, the cost of support coordinators need to be adequately factored into the pricing regime – they need to be skilled in assisting people understand plans and seek and review service options. Like local area coordinators and planners, experienced and skilled staff need to be available to fill these roles. Support coordinators also need direct and clear access to information about types of services, different providers and NDIA pricing and process arrangements.

NDS and CORDS members have clearly reiterated the continuing need for Support Coordination (it provides participants opportunity to better exercise choice and control – and to meet their NDIS goals) and the significant level of subsidization that many organisations are undertaking due to the inadequate NDIS pricing for these services. This is contrary to the perceived NDIA view that prices are already too high.

Key areas of concern flagged by members in WA around pricing for Support Coordinators include the following:

- When the NDIS removed support coordination from core it came at a huge financial cost to organisations. Support coordination must be a registered support to ensure quality and requiring some sort of certification recognising that there are higher level of supervision required. Most organisations have commented that the Support Coordination pricing model is simply wrong with many already paying more than allowed for by the NDIA and some considering not providing this service.
- The pricing regime for support coordination does not recognise the complexity of the work and the need for highly qualified and experienced staff. Many organisations are paying much higher salary levels (SHADS Level 4-6) acknowledging that participants are still looking for Support Coordinators to be case managers and take on a lot of direct accountabilities for their wellbeing rather than just coordinating services. These roles require more supervision and training than is recognised, but the higher costs to deliver this is not reflected in current NDIS prices.
- Service organisations have questioned the integrity of how prices for Support Coordination are generated and do not believe that the use of the disability worker support cost model is appropriate. This supports the proposal that more cost models should be developed for other workers cost types.
- The lack of indexation in prices released in July 2021 is threatening the sustainability of these services. The combined loss of the 2 per cent increase on top of the costs associated with the required employer superannuation increase from 9.5 to 10 per cent are impacting the bottom lines of many service organisations.

## **Planning and Local Area Coordination**

CORDS highlights that these are also central to the success of the scheme. The skills, consistency, and ability of planners to support participants and families remains limited. Participants are not being adequately supported and empowered. Additionally, people with disability who are not eligible for the scheme are not being sufficiently supported to find alternative services.

There is a role for greater engagement between the NDIA, LAC partners and service providers which ultimately work with participants and implement plans. Additionally, the planning process and funding arrangements need to better integrate elements of the broader human services sector, such as health services, that impact on the lives of people with disability.

WA disability service organisations have highlighted significant concerns that planners and the NDIA may not have sufficient experience in understanding the requirements of people with complex and high needs and that this largely reflected in an inadequate pricing regime. There are also more Q&S requirements that apply for the supports typically required by these participant cohorts. While this disability cohort is smaller, specialist and often integrated supports cost more. There are some critical considerations around this including the requirement for greater investment in training and upskilling the current and future workforce, developing and applying a more consistent definition of 'complex' and 'high support needs' and investing in and developing specialised supports in 'thin' markets.

Many NDIS participants report that they are facing difficulties in having appropriate individual plans developed and are therefore not receiving the services and level of funding they need. The consequences for their life outcomes and costs to government can be extreme and are unnecessary.

## **Therapy and nursing supports**

Therapy supports for people with disability is fundamental to promoting independence and quality of life. For many participants they are a central element in ensuring successful NDIS outcomes.

We note that the NDIA position on pricing for therapists and nursing supports are that they are higher than some other schemes and they may be future consideration of realigning these costs to what is being paid in other markets unless the sector is able to provide evidence as to why servicing the NDIS market should be more expensive.

Our members have indicated that therapy services are not being effectively used because, among many reasons, inadequate expertise in accessing the services, pricing limitations, inadequate investment in higher skills development for therapists and lack of clarity on health versus NDIS responsibilities. There is also the issue of inadequate supply of allied health staff - turning away from NDIS due to billing pressures, excessive paperwork etc.

We also highlight that the NDIS has not applied indexation for a 2nd year in row to Therapy services and the current general shortage/supply of therapists in WA (particularly in regional and remote parts of the State) which particularly impacts the

disability sector is especially affected by this given other sectors can offer more competitive remuneration and work conditions.

The NDIA should ensure that the benefits from effective therapy services can be fully utilised to achieve long term life improvements for participants. Critical suggested solutions include addressing the interface with health responsibilities through to changes to pricing and planning arrangements.

CORDS notes that whilst the hourly rate is high, the salary and wages costs in remote areas are significantly higher as providers are competing with WACHS who provide annual return flights, air conditioner allowance, housing allowance and regional loadings for staff and additional leave.

In addition, plans are reducing in value like other areas of the NDIS and the unit cost to deliver is higher in smaller plans. The impact is reduced therapy for people, leading to a likelihood of higher long-term costs of the scheme and higher per unit costs for providers.

## **Focus areas of improvement**

Areas that the NDIA should focus on are:

- Ensuring price signals match policy intent. The NDIA must develop a pricing regime that fundamentally recognises the limitations of applying the concept of an NDIS “market” in regional and remote areas of WA.
- This will require the development of specific Regional and Remote NDIS Pricing Regime that is relevant to WA. This is currently not the case.
- The NDIA to consider the pricing in the context of service type, CALD impacts, location, thin markets, and other variables. This will represent far better value for money as compared to the current price plus arrangement that is not connected to any fundamental structural element.
- Reforming the funding model to attract service organisations to enter regional markets, expand tailored options for participants and to incentivise service innovation.



Kathy Hough  
Chairperson  
**Council of Regional Disability Organisations**

**November 2021**