

Background summary

Productivity Commission 2017 Report, *National Disability Insurance Scheme Costs*

In 2017, the Productivity Commission released its (533 page) report into costs of the NDIS. As part of its release, the Commission developed the following key points from the report, which provide a brief insight into both the opportunities and challenges facing participants and service providers as scheme establishment continues.

- *The National Disability Insurance Scheme (NDIS) is a complex and highly valued national reform. If implemented well, it will substantially improve the wellbeing of people with disability and Australians more generally.*
- *The level of commitment to the success and sustainability of the NDIS is extraordinary. This is important because ‘making it work’ is not only the responsibility of the National Disability Insurance Agency (NDIA), but also that of governments, participants, families and carers, providers, and the community.*
- *The scale, pace and nature of the changes that the NDIS is driving are unprecedented in Australia. To reach the estimated 475 000 participants in the scheme by 2019-20, the NDIA needs to approve hundreds of plans a day and review hundreds more. The reality is that the current timetable for participant intake will not be met. Governments and the NDIA need to start planning now for a changed timetable, including working through the financial implications.*
- *Based on trial and transition data, NDIS costs are broadly on track with the NDIA’s long term modelling, but this is in large part because not all committed supports are used. While some cost pressures are emerging (such as higher numbers of children entering the scheme), the NDIA has put in place initiatives to address them. The benefits of the NDIS are also becoming apparent. Early evidence suggests that many (but not all) NDIS participants are receiving more disability supports than previously, and they have more choice and control.*
- *In the transition phase, the NDIA has focused too much on quantity (meeting participant intake estimates) and not enough on quality (planning processes), supporting infrastructure and market development. For the scheme to achieve its objectives, the NDIA must find a better balance between participant intake, the quality of plans, participant outcomes, and financial sustainability.*
 - *Greater emphasis is needed on pre-planning, in-depth planning conversations, plan quality reporting, and more specialised training for planners.*
- *A significant challenge in the transition phase is developing the supply of disability services and growing the disability care workforce. It is estimated that 1 in 5 new jobs over the next few years will need to be in disability care, but workforce growth remains way too slow.*
 - *Emerging shortages should be addressed by independent price monitoring and regulation, more effective coordination among governments to develop markets (including intervening in thin markets), a targeted approach to skilled migration, and equipping participants to exercise choice.*
- *The interface between the NDIS and other disability and mainstream services is critical for participant outcomes and the financial sustainability of the scheme. Some disability supports are not being provided because of unclear boundaries about the responsibilities of the different levels of government. Governments must set clearer boundaries at the operational level around ‘who supplies what’ to people with disability, and only withdraw services when continuity of service is assured.*
- *NDIS funding arrangements should better reflect the insurance principles of the scheme. Governments need to allow flexibility around the NDIA’s operational budget and commit to establishing a pool of reserves.*

(source: <https://www.pc.gov.au/inquiries/completed/ndis-costs/report/ndis-costs.pdf>, accessed 6 February 2019).