

COUNCIL OF AUSTRALIAN GOVERNMENTS

Progress Report: Building a National Disability Insurance Scheme

All governments are committed to reforming disability services

On 10 August 2011, the Productivity Commission's report into disability care and support was released.

The Productivity Commission (PC) found that Australia's disability services system was underfunded, unfair, fragmented and inefficient. The report recommended that:

- A National Disability Insurance Scheme (NDIS) should be created to provide long-term care and support for all Australians with significant, ongoing disability who need it; and
- A National Injury Insurance Scheme (NIIS) should be created to provide long-term care and support on a no fault insurance basis for anyone who suffers a catastrophic injury.

The PC developed its recommendations after listening to people with disability and their families about the problems in disability services today and how they wanted future services to be delivered in Australia. The Commission held 23 days of public hearings, listened to 237 presentations and received over 1000 public submissions.

On 19 August 2011, the Council of Australian Governments (COAG), which is the peak intergovernmental forum in Australia, comprising the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association, welcomed the PC's report and agreed on the need for major reform of disability services in Australia through an NDIS.

COAG has agreed that the PC's recommendations provide a good starting point for the design and implementation of an NDIS and has agreed on a set of [high-level principles](#) to guide its work.

An NDIS would change the way disability services are delivered

Under an NDIS, access to support for people with significant disability would no longer depend on how or where a person acquired a disability, where they live or how long they have been on a waiting list. They and their families and carers would have certainty about how their care and support needs would be met over their lifetime.

Under an NDIS, access to care and support would be portable within and across States and Territories. This means that there would be continuity of support for a person who is receiving support if they move to another State or Territory.

An NDIS would be 'person-centred', giving people greater choice and control over what supports and services they receive and who delivers them. As a result, service providers would need to be innovative and respond to the needs and preferences of individual clients. Services would be better coordinated and responsive to local needs, with improved linkages between disability services and mainstream and community services, including health, aged care, employment, education, housing and transport services. Support would be available to assist people with disability to make choices and navigate the range of services. An NDIS would also recognise the essential support provided by families and carers and support them in their roles.

Governments recognise that safeguards would need to be in place to ensure people with disability can access quality supports and services. Work is under way to develop safeguards, including processes to hear and respond to complaints. The experiences and feedback of people with disability, their families and carers would also be at the centre of ongoing evaluation and improvement of the scheme.

Governments also recognise that an NDIS and the supports available under the scheme need to be simple to understand and navigate. This includes making sure the scheme does not place an unnecessary administrative burden on people with disability, their families and carers, or service providers.

Designing and implementing a scheme that will deliver these changes for people with disability is a large and complex task. At the moment, the States and Territories are primarily responsible for the delivery of disability services, with different arrangements in place in each State and Territory. This means the type and scale of change required to implement a nationally consistent scheme will be different in every State and Territory.

How are governments working together to design an NDIS?

The development of an NDIS is being led by COAG, reflecting the significance all governments place on improving the disability services and support system. COAG has established a Select Council of Treasurers and Disability Services Ministers (the Select Council on Disability Reform) to make recommendations to COAG on the overall design, governance and implementation of an NDIS, as well as threshold issues such as who will be able to receive funded support under the scheme and what funded supports will be available, what the scheme will cost and how it will be funded.

The Commonwealth has established an Advisory Group to help steer the development of an NDIS by providing advice to the Select Council on Disability Reform on foundation reforms required to deliver an NDIS. The Advisory Group will work closely with all governments and brings together a wealth of knowledge about the experience of people with a disability and carers and the challenges for the service sector and government administration. Some States and Territories have also established advisory groups.

In parallel, the Standing Council for Federal Financial Relations, (comprised of Treasurers from all governments), with advice from its own Advisory Group, which includes a diverse range of experts and key stakeholders, will consider the development of a National Injury Insurance Scheme (NIIS).

What's being done now to get ready for an NDIS?

The introduction of an NDIS would change how disability services and supports are currently delivered. This raises a number of important questions about how an NDIS should work for individuals.

How an NDIS would work for individuals

How would people access the scheme?

It is important that the scheme can be accessed locally. Local delivery would ensure the scheme is accessible to people with disability and responsive to local circumstances. The Select Council is considering how an NDIS 'gateway' would work and how it would assist people with disability in accessing support.

This includes looking at how people would access information about the scheme and be linked to community supports and mainstream services. It also includes looking at how individuals would be supported to navigate an NDIS (including working with locally-based coordinators).

Who would an NDIS be for?

Under an insurance approach (discussed later in this report), all Australians would be supported in the event of significant disability.

The PC recommended that the people who receive individually funded support under an NDIS should: have a significant disability that is, or is likely to be, permanent; have significantly reduced functioning in self-care, communication, mobility or self-management; and require significant ongoing support. The PC also recommended that people should receive individually funded support if they would benefit from early intervention support which is safe, cost-effective and would significantly improve their outcomes.

The Select Council is looking at what the PC's recommendations would mean for people with disability who need support and what this means for the cost of the scheme. As part of this work, the Select Council is considering the tools and criteria that should be used to determine who would receive individual support, to assess a person's support needs and identify the best response under an NDIS.

It is intended that an NDIS would provide continuity of support to people with disability currently receiving services, to ensure that they are not disadvantaged in the transition to an NDIS.

What support would people get from the scheme?

The support people receive from an NDIS would be based on their individual needs. The Select Council is developing a suite of national assessment tools to facilitate a consistent approach to assessing people's needs. This work involves defining how the assessment process should work, and evaluating existing assessment methods and tools used in Australia and overseas.

Any support provided by an NDIS would build on broader community supports, mainstream services (for example, health, aged care, employment, education, housing and transport services) and an individual's family support networks. An NDIS is not intended to replace the important care and support provided by families and carers, but to help make it more sustainable.

For some people, the support received from an NDIS would involve information and referrals to community supports and mainstream services. Assessment may also identify a one-off need for aids, equipment or specific supports which would be revisited at appropriate periods.

Some people with significant disability may also receive an ongoing, individually tailored support package. In all cases the aim is to provide support that is reasonable and necessary to meet the needs of the person with disability. The Select Council is working to refine the concept of 'reasonable and necessary', which was a term used by the PC in its report.

The Select Council is exploring how individualised funding would work under an NDIS, how support packages should be designed and what supports could be purchased. This work includes consideration of how aids and equipment should be provided and how positive outcomes from early intervention could be maximised.

The concepts of eligibility, needs assessment and 'reasonable and necessary' support are key elements of NDIS design and need to be considered in the context of the Select Council's other work on what the scheme will cost and how it should be funded and governed.

How would people get to exercise more choice and control?

Supports would be self-directed, meaning that people would have more choice and control over the supports they use and the way they are provided, including the type and nature of support they access and who provides them with the service they need. This could include a person choosing to self-manage their funds, if they receive an ongoing package of support. For example, a person could choose to use funding that was previously used to purchase a place in a day service to buy

other support and assistance which better matches their goals and interests, such as support to participate in a swim class at a local pool.

Governments are exploring how this would work in practice under an NDIS, and what supports would be needed to enable people to exercise the level of control and choice they want.

Building the infrastructure for an NDIS

The design and implementation of an NDIS is a complex reform, which will take considerable time. This is why it is important that work on the reforms needed to implement an NDIS (foundation reforms) occur at the same time as work on funding and governance arrangements for the scheme.

Applying insurance principles to the delivery of disability services

Governments have agreed that adequate, ongoing support for people with significant disability would best be delivered through the use of an insurance approach. Under such an approach, the unpredictable risk and unaffordable cost of severe disability for the individual would be distributed among the wider community as a shared responsibility.

There would be clear criteria about who can access funded supports under the scheme so that support is well-targeted and the scheme remains affordable and viable in the long-term. People's needs would be carefully assessed (and regularly re-assessed) so they get the right support at the right time. In undertaking these assessments, the scheme would take a long term view of people's care and support needs. This would include making sure people with disability get the right support earlier, rather than waiting until they reach crisis point.

Taking an insurance approach means the total cost of supporting everyone in the scheme over their lifetime would be estimated and carefully monitored to determine scheme funding requirements. There would need to be certainty that sufficient funding would be available to meet the assessed needs of all scheme participants over their lifetime.

There would also need to be efficient and effective systems to collect and analyse data to measure the performance of the scheme, including client outcomes. The Select Council is currently looking at what data and business information systems would be needed to support the scheme.

An insurance approach requires a disciplined focus on managing the costs and operations of the scheme to make sure it remains affordable in the long-term, while at the same time achieving good outcomes for people with disability. This means the scheme would need to be able to invest in early intervention and have a national research function to promote and share innovation and best practice across the whole scheme.

A key challenge in designing an NDIS will be delivering an affordable scheme which responds to the individual needs and aspirations of people with disability receiving support under the scheme. Assessing what support is 'reasonable and necessary' for each individual will be important in striking this balance.

Funding arrangements for an NDIS

In considering how the features of an insurance approach should be applied to an NDIS, governments will need to decide what funding arrangements are best able to ensure that sufficient funding is available year-to-year and in the long term to meet the needs of all scheme participants over their lifetime.

The PC estimated that an NDIS would cost between \$5-8 billion per year (once it is fully operational) in addition to the \$7 billion per year of existing State, Territory and Commonwealth funding. Early work done by the Australian Government Actuary suggests that the additional cost of an NDIS is likely to be within the range estimated by the PC at about \$8 billion per year. This estimate is based on the model for an NDIS proposed in the PC's report.

Looking at the PC's estimates gives governments a good sense of the likely cost of the scheme, but further work on scheme design will be needed before the definitive cost is known. In particular, decisions about who would be able to receive funded support under the scheme, and what supports they would be able to choose, will have a significant impact on the final cost of the scheme.

States and Territories currently provide most of the funding for disability services, but the funding that would be required to pay for an NDIS is likely to be more than double the total current Commonwealth and State Government funding for disability services. COAG will be discussing funding options from mid-2012, recognising that governments must reach agreement on this matter to enable design work and implementation of the scheme to be finalised.

Governance arrangements for an NDIS

Governments also need to make decisions about who should manage and operate the scheme and how this should be done (known as 'governance arrangements'). This includes deciding what the roles of Commonwealth and State and Territory Governments will be.

In looking at a range of possible governance options for the scheme, the Select Council needs to consider:

- the important relationship between decisions on how the scheme will be paid for and the roles and responsibilities of the Commonwealth and State and Territory Governments in overseeing, managing and operating the scheme;
- what governance arrangements would best accommodate the key features of an insurance approach;
- what aspects of the scheme would need to be nationally consistent so that people with disability are treated fairly and consistently wherever they live across Australia;
- the importance of localised planning, decision-making and access to supports, to achieve the best outcomes for people with disability, their families and carers;
- how to make sure those directly responsible for managing the scheme can make decisions independently and focus on the sustainable and cost-effective provision of supports for people with disability, their families and carers; and
- how to monitor and manage costs across the whole scheme to make sure it remains affordable in the long term, while at the same time ensuring service quality and positive client outcomes.

Governments will also need to make sure the scheme aligns with arrangements for a National Injury Insurance Scheme, and that there are effective links between an NDIS and mainstream services, like health, employment and education.

Sector development

A key challenge in developing and implementing an NDIS will be making sure the disability services sector is equipped to meet the individual and diverse needs of people with disability.

The PC proposed that an NDIS should take a market-based approach to disability services to give people with disability the greatest possible choice of supports. The Select Council is considering how to maximise the benefits of a market-based approach to disability services to foster competition and choice. This includes considering how to recognise and enhance the significant role of the not-for-profit and private sectors under an NDIS, and how to make sure the development of the disability services sector is actively supported in a way that fosters continuous improvement, innovation, viability and sustainability.

The Select Council is also developing a national quality and safeguards framework to make sure people with disability receive high quality supports and services, and a national workforce strategy to make sure there is a skilled and responsive workforce to meet the care and support needs of people with disability.

Governments also recognise that an NDIS should be designed to make sure that people with disability are supported to participate in and contribute to social and economic life, including through improved linkages with community and mainstream services. Governments are considering the role of community and mainstream services, such as health, education and employment services, in supporting an NDIS. The National Disability Strategy will continue to have an important role to play in ensuring people with disability are able to access the supports they need in the community.

NDIS transition agency

The Commonwealth will establish a launch transition agency from July 2012 to coordinate the detailed design work for a launch of the scheme. Guided by the Select Council's decisions on policy and design, the agency will develop a practical plan to implement this significant reform. The Head of the Agency will report to the Select Council on Disability Reform on progress with launch design and preparedness. The Select Council remains responsible for NDIS policy, including development of options for funding, governance and scheme design, for consideration by COAG.

The Commonwealth has also dedicated ten million dollars for the NDIS Practical Design Fund for projects that will help to inform the development of the NDIS and prepare people with disability and their carers, the disability sector and workforce for its implementation. This Fund is currently being developed, with projects expected to commence later in 2012. This Fund will support organisations to undertake work which will both contribute to the development of an NDIS, as well as helping to prepare disability sector organisations and people with disability and their carers for significant change in the sector. The Fund is centred on research and learning for practical purposes. Projects will identify an issue or challenge which could affect the disability sector, workforce or people with disability and their carers as the NDIS is developed and implemented.

Conclusion

The PC's report into disability care and support was the result of extensive consultation.

Governments have a lot of work ahead to design a scheme. What's clear is that decisions cannot be made without working with people with disability, their families and carers and with the disability services sector. People with disability know what works, what doesn't and what's important.

Over the coming months, there will be several opportunities for people with disability, their families and carers to give their views on the issues covered by this progress report and about some of the big questions on the design of the scheme. The Advisory Group will work closely with government and key stakeholders and will provide opportunities for community engagement throughout 2012. A number of expert groups will also be formed to assist with the technical work needed to design and implement the scheme.

If you want to be part of the process, watch out for updates on the NDIS website - www.ndis.gov.au