

# **Senate Standing Committee on Economics**

## **Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 and 10 related bills**

Joint submission by  
**Children and Young People with Disability Australia &  
Young People in Nursing Home National Alliance  
Submission – September 2017**

## INTRODUCTION

Children and Young People with Disability Australia (CYDA) and Young People in Nursing Homes National Alliance (YPINHNA) welcomes the opportunity to provide feedback via this joint submission on the Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 (Cth) and associated Bills. It is stated in the Explanatory Memorandum for the Bill that the purpose of this legislative package is to “assist in ensuring that the Commonwealth’s National Disability Insurance Scheme contribution is fully funded.”<sup>1</sup> It is proposed that the Medicare levy will be increased from 2% to 2.5% of a person’s taxable income. The additional revenue raised will be credited to the NDIS Savings Fund Special Account, building on other credits to this account.<sup>2</sup>

CYDA and YPINHNA provided separate submissions to the Senate inquiry into the National Disability Insurance Scheme Savings Fund Special Account Bill 2016 in October 2016<sup>3</sup> and appeared at the public hearing for the inquiry on 14 October 2016. A number of the concerns CYDA and YPINHNA raised in their written and oral submissions are relevant to this present inquiry. We recommend that the Committee read these submissions in conjunction with this joint submission.<sup>4</sup>

CYDA and YPINHNA have concerns about the arrangements within which the proposed reforms are situated, specifically the use of the NDIS Savings Fund Special Account to hold the funds required for the National Disability Insurance Scheme (NDIS). It appears from the current Bill as well as the NDIS Savings Fund Special Account Bill 2016 that the scheme’s viability will continue to depend in part on ‘selected saves’ drawn from elsewhere,<sup>5</sup> even though the proposed increase in the Medicare levy will only secure a substantial proportion of funds required by the Commonwealth for its contribution.

As these proposals are only limited to the Commonwealth’s contribution to the NDIS, they cannot factor in the contributions State and Territory governments are required to make and cannot, therefore, secure the full quantum required to sustain the Scheme. Further, there remains uncertainty about how the proposed Savings Fund Special Account will be administered and where the other credits and savings needed to fully fund the NDIS will come from.

CYDA and YPINHNA are concerned about how the approach outlined in the Bill as well as the public discourse already surrounding it, orients the provision of disability services and supports as peripheral to the core functions of government. We are also deeply concerned that this risks exacerbating the marginalisation of people with disability in the Australian community. Reports from CYDA’s constituency indicates that the current uncertainty being generated by the public debate about NDIS funding is undermining confidence in the longevity of the Scheme.

Due to these significant concerns, CYDA and YPINHNA are unable to support the legislative package.

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<sup>1</sup> Senate 2017, *Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017: Explanatory Memorandum*, Commonwealth of Australia, Canberra, pp. 8, 25.

<sup>2</sup> Ibid, p. 8.

<sup>3</sup> Available at <https://goo.gl/prMrMc> (CYDA) and <https://goo.gl/Uwoh8v> (YPINHNA).

<sup>4</sup> See submissions 13 and 14 at:

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/NDISavingsFund/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/NDISavingsFund/Submissions)

<sup>5</sup> Commonwealth, *Parliamentary Debates*, House of Representatives, 17 August 2017, 4 (Scott Morrison, Second Reading Speech).

## ORGANISATIONAL INFORMATION

### CHILDREN AND YOUNG PEOPLE WITH DISABILITY AUSTRALIA

CYDA is the national representative organisation for children and young people with disability aged 0 to 25 years. The organisation is primarily funded through the Department of Social Services and is a not for profit organisation. CYDA has a national membership of 5300 and a growing social media presence with 22 500 followers across the three major platforms of Facebook, Twitter and LinkedIn.

CYDA provides a link between the direct experiences of children and young people with disability to federal government and other key stakeholders. This link is essential for the creation of a true appreciation of the experiences and challenges faced by children and young people with disability.

CYDA's vision is that children and young people with disability living in Australia are afforded every opportunity to thrive, achieve their potential and that their rights and interests as individuals, members of a family and their community are met.

CYDA's purpose is to advocate systemically at the national level for the rights and interests of all children and young people with disability living in Australia and it undertakes the following to achieve its purpose:

- **Listen and respond** to the voices and experiences of children and young people with disability;
- **Advocate** for children and young people with disability for equal opportunities, participation and inclusion in the Australian community;
- **Educate** national public policy makers and the broader community about the experiences of children and young people with disability;
- **Inform** children and young people with disability, their families and care givers about their citizenship rights and entitlements; and
- **Celebrate** the successes and achievements of children and young people with disability.

### YOUNG PEOPLE IN NURSING HOMES NATIONAL ALLIANCE

The Alliance is a national peak organisation that promotes the rights of young disabled Australians with high and complex health and other support needs living in residential aged care facilities or at risk of placement there (YPINH); and supports these young people to have choice about where they live and how they are supported.

As Australia's first national peak representing younger people with disability and high and complex health and other support needs, the Alliance draws its membership from all stakeholder groups including YPINH, family members and friends, service providers, disability, health and aged care representatives, members of various national and state peak bodies, government representatives and advocacy groups.

We encourage a partnership approach to resolution of the YPINH issue by State and Commonwealth governments; develop policy initiatives at state and federal levels that promote the dignity, well being and independence of YPINH and their active participation in their communities; and ensure that young people living in nursing homes and their families have

- A voice about where they want to live and how they want to be supported, the capacity to participate in efforts to achieve this, and

- 'A place of the table', so they can be actively involved in the service responses needed to have "lives worth living" in the community.

As the pre-eminent national voice on this issue, the National Alliance's primary objectives are to

- Raise awareness of the plight of YPINH
- Address the systemic reforms required to resolve the YPINH issue and address the urgent need for community based accommodation and support options for young people with high and complex needs
- Work with government and non-government agencies to develop sustainable funding and organisational alternatives that deliver 'lives worth living' to young people with high and complex clinical and other support needs
- Provide on-going support to YPINH, their friends and family members.

Since its inception in 2002, the Alliance has argued for a lifetime care approach to development of supports and services for disabled Australians; and for collaborative arrangements between programs and portfolio areas including health, disability, aged care and housing to provide the integrated service pathways YPINH and others with disability require.

### **THE MEDICARE LEVY AMENDMENT (NATIONAL DISABILITY INSURANCE SCHEME FUNDING) BILL 2017**

The legislative package comprises the Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 (the Bill), together with nine supporting Bills and the Nation-building Funds Repeal (National Disability Insurance Scheme Funding) Bill 2017.

The Bill will amend the *Medicare Levy Act 1986* to increase the Medicare levy from 2 per cent to 2.5 per cent of a person's taxable income starting from the 2019-20 income year. The supporting Bills will make amendments to update tax rates prescribed in other Acts which incorporate the rate of the Medicare levy. It is stated in the Explanatory Memorandum that one-fifth of the revenue raised by the increase in the Medicare levy

*will be credited to the National Disability Insurance Scheme Savings Fund Special Account, building on the Commonwealth's share of the DisabilityCare Australia Fund, repurposed disability-related expenditure and other credits to the National Disability Insurance Scheme Savings Fund Special Account to ensure that the Commonwealth's National Disability Insurance Scheme contribution is fully funded.*<sup>6</sup>

The Nation-building Funds Repeal (National Disability Insurance Scheme Funding) Bill 2017 will close the Building Australia Fund and the Education Investment Fund and credit the uncommitted balances of those funds to the NDIS Savings Fund Special Account.

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<sup>6</sup> Senate 2017, *Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017: Explanatory Memorandum*, Commonwealth of Australia, Canberra, p. 8.

## COMMENTS ON THE BILL

### Ensuring the financial sustainability of the National Disability Insurance Scheme

It is widely acknowledged that the NDIS heralds a transformation in the way in which disability services and supports are funded and delivered. The NDIS represents a significant shift from the previous model of providing block funding to disability services to providing portable and individualised funding packages, with a focus on enabling people with disability to exercise choice and control in relation to supports received. Fundamental to this shift is the positioning of the NDIS as a universal insurance scheme, which will ensure the provision of essential disability services and supports to each and every person when needed.

Further, the NDIS aims to clearly define disability services and support provision in the context of affording the rights of people with disability. The strong human rights framework underpinning the NDIS is clearly articulated in the NDIS legislation. The aims of the NDIS include:

- Giving effect to Australia's obligations under the United Nations *Convention on the Rights of Persons with Disabilities* and other international human rights instruments (in combination with other legislation);
- Supporting the participation of people with disability in social and economic life;
- Providing reasonable and necessary supports to scheme participants;
- Enabling people with disability to exercise choice and control around supports received;
- Facilitating the development of a nationally consistent approach to the access to, and planning and funding of, supports;
- Promoting the provision of supports that enable people with disability to live independently;
- Raise community awareness of the issues that affect the social and economic participation of people with disability and facilitate greater community inclusion of people with disability.<sup>7</sup>

Because the NDIS will support the realisation of Australia's human rights obligations and provide essential services and supports for people with disability, CYDA and YPINHNA believe it is critical to recognise the Scheme as a core area of government spending. This was acknowledged by the Productivity Commission's original inquiry into disability care and support that led to the establishment of the NDIS. The Productivity Commission recommended that the "costs of supporting people with significant disability from year to year through the NDIS should be viewed as a core funding responsibility of government and met from claims on general government revenue."<sup>8</sup>

In CYDA and YPINHNA's view, specifically allocating the additional revenue raised by the increase in the Medicare Levy for the purpose of funding the NDIS, is inconsistent with the NDIS being a core funding responsibility of government. Further, CYDA and YPINHNA have concerns about the use of the proposed NDIS Savings Fund Special Account to hold the funds needed to support the scheme.

### Use and operation of the NDIS Savings Fund Special Account

It is important to reflect on concerns raised about the use and operation of the NDIS Savings Fund Special Account, since this account will be central to the scheme's funding arrangements. There remains significant lack of clarity about how the NDIS Savings Fund Special Account will operate. New

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<sup>7</sup> *National Disability Insurance Scheme Act 2013* (Cth), s. 3(1).

<sup>8</sup> Productivity Commission 2011, *Disability Care and Support: Productivity Commission Inquiry Report*, Commonwealth of Australia, Canberra, p. 85.

legislation governing the operation of this account needs to be introduced and passed through Parliament. CYDA and YPINHNA raised a number of concerns about the model proposed in submissions to the Senate inquiry into the National Disability Insurance Scheme Savings Fund Special Account Bill 2016, many of which are still relevant.

The increase in the Medicare levy is not intended to fully fund the NDIS. In the Explanatory Memorandum for the Bill it is stated that the other funds to be credited to the NDIS Savings Fund Special Account will come from ‘the Commonwealth’s share of the DisabilityCare Australia Fund, repurposed disability-related expenditure and other credits’.<sup>9</sup> It was previously proposed that funding would come through reducing funding for other services that provide vital support to community members, such as income support payments. CYDA and YPINHNA believe that it would be counterproductive if funding arrangements for the NDIS create a tension between essential service areas.

The Minister of Social Services was to have the authority to direct credits to the NDIS Savings Fund Special Account on the previous proposal. This would vest significant control over the fund with the Commonwealth Government, undercutting the shared governance and funding needs of the NDIS. A related problem with this approach is that funding for the NDIS would rely on the capacity of the government of the day to identify savings according to other priorities and have them passed through Parliament. Further, CYDA and YPINHNA are concerned that the Social Services portfolio may become the primary source of funding for the NDIS, with the scheme’s viability dependent on taking money away from disadvantaged and vulnerable people.

In CYDA and YPINHNA’s view, it is imperative to avoid a situation where the existence of the NDIS is contingent on continually identifying new sources of funding. This, together with the ongoing political discussion about the scheme’s financial sustainability that this inevitably engenders, leaves the NDIS in a precarious position because of the presumed “unpredictability” of its funding. Since a hallmark of the NDIS has been strong bipartisan support, it remains unclear to CYDA and YPINHNA why a special account is needed for the scheme’s appropriation and accounting regime.

## CONCLUSION

CYDA and YPINHNA acknowledge the critical importance of ensuring the long term sustainability of the NDIS, including through a secure and predictable funding base. However, CYDA and YPINHNA believe that the specific targeting of the NDIS in the proposed increase to the Medicare levy and proposed use of a special account to hold NDIS funds are reforms which will position the NDIS as peripheral to the core functions of government.

Further, there remain significant concerns, as discussed, surrounding the use and operation of the NDIS Savings Fund Special Account.

For these reasons, CYDA and YPINHNA are unable to support the Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017 and associated legislative package.

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<sup>9</sup> Senate 2017, *Medicare Levy Amendment (National Disability Insurance Scheme Funding) Bill 2017: Explanatory Memorandum*, Commonwealth of Australia, Canberra, p. 8.

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