



National Disability Insurance Scheme Savings Fund Special Account Bill 2016

**Submission by Queensland Advocacy
Incorporated**

Legal Affairs and Community Safety Committee

4 October 2016

About Queensland Advocacy Incorporated

Queensland Advocacy Incorporated (QAI) is an independent, community-based systems and individual advocacy organisation and a community legal service for people with disability. Our mission is to promote, protect and defend, through systems and individual advocacy, the fundamental needs and rights and lives of the most vulnerable people with disability in Queensland.

QAI does this by engaging in systems advocacy work, through campaigns directed to attitudinal, law and policy change, and by supporting the development of a range of advocacy initiatives in this state.

QAI also runs three individual advocacy services – the Human Rights Legal Service, the Mental Health Legal Service and the Justice Support Program. Our experiences in providing legal and advocacy services and support for individuals within these programs has provided us with a wealth of knowledge and understanding about the experiences, needs and concerns of individuals who are the focus of this inquiry.

Summary of QAI's position on the Bill

1. QAI supports the proposal advanced by the National Disability Insurance Scheme Savings Fund Special Account Bill 2016 ('Bill') to establish a special fund as a means of providing a protective mechanism for the Commonwealth funding of the National Disability Insurance Scheme (NDIS).
2. QAI does not support the proposed approach of addressing shortfalls in the Commonwealth's allocated NDIS funding, blame for which is attributed to the Labor Government, by decreasing other forms of social welfare funding. This is a political strategy that will be at the expensive of the most vulnerable Australians.
3. QAI considers that the important issue that must be addressed is how all Australians, including big business and those who are socio-economically advantaged, will collectively meet our obligations to people with disability.
4. QAI proposes that the NDIS costs on full roll-out should be paid through an expanded Disability Care Australia Fund.
5. QAI emphasises that it is critical that the NDIS does not become the focus of an ongoing political battle each budget cycle. Rather the Government should take leadership and introduce sustainable measures that will ensure the financial viability of the NDIS into the future.
6. The Government should seek a bipartisan commitment to the full citizenship of people with disabilities.

The establishment of the special fund

The Bill proposes to establish a special, ongoing fund which will provide financial protection in the event of a shortfall such that the Commonwealth is unable to meet its financial commitment under the NDIS.

Under the proposed Bill, credits to the special account can be made from various Commonwealth sources, whereas debits can only be made from the special account for the specific purpose of funding any Commonwealth shortfalls related to the NDIS.

By the time the NDIS is fully operational (in 2019-20) it will incur an annual expense of \$22 billion, of which the Commonwealth will be required to contribute \$11.3 billion annually. QAI understands that arrangements are already in place to secure part of this funding, from a combination of existing disability funding, the Commonwealth share of the Medicare Levy contribution and redirecting funding currently provided to the states for specialist disability services. It is with respect to how the remaining funding will be sourced that QAI holds grave concerns, as discussed below.

QAI supports in principle the move to establish a future fund that will assist the Commonwealth to specially save and allocate underspends and provide some financial protection for recipients of the NDIS. However, as noted below, we hold significant concerns about the Government's realistic readiness to translate the NDIS support it has committed into reality, and of the collateral costs to vulnerable social groups that may be associated with the present proposals to achieve this.

In their joint media release regarding this initiative on 16 March 2016, Senator the Hon. Mathias Cormann, Minister for Finance and the Hon. Christian Porter MP, Minister for Social Services, were anxious to alleviate responsibility by the LNP for any NDIS shortfalls, announcing:¹

Unfortunately the Coalition inherited a significant shortfall in funding for the known NDIS expenditure. This Government will have to find \$5 billion of additional funding to fully fund its absolute commitment to the full roll out of the NDIS.

We've been upfront about the \$5 billion NDIS shortfall we inherited from Labor, and we are meeting that responsibility head on in a clear and unequivocal way that will protect the NDIS for future generations.

This NDIS special account will be the structure that allows us to close the inherited funding gap – it's the sustainable way to pay our bills, without racking up borrowings for future generations to repay.

Their media release concludes with the reassurance that the Government is confident that the 'NDIS special account will be the structure that allows us to close the inherited funding gap'. Similarly, in the second reading speech to the Bill, Mr Porter announced: 'We will set up the fund and then set aside specific, identified and protected savings. The Commonwealth will fully fund its on-going contribution to the Scheme. We are committed to properly, adequately and sustainably funding the NDIS.'²

QAI is not convinced. QAI's main concern is that the fund provides a framework to protect revenue, without establishing any guarantee of generating the required funds.

In light of the uncertainty with respect to how the Commonwealth will source nearly 50% of the funding it has committed to invest into the NDIS, QAI holds significant concerns about how this will be achieved. This is particularly so, given the Government's demonstrated

¹ See: <http://www.financeminister.gov.au/media-release/2016/03/16/new-ndis-account-lock-funding-0>.

² Second reading speech, Minister for Social Services, House of Representatives, 31 August 2016.

tendency to achieve costs savings by stripping funding from areas where it is most needed. For an example of this, consider the Government's proposed slashing of funding to the advocacy sector, which will have serious, adverse implications for people with disability.

In his second reading speech, the Minister for Social Services noted:³

By clearly identifying savings in the special account, it will provide an enduring response to the concerns raised by the disability sector in relation to how the government will fund the shortfall for the NDIS. The previous government had identified some savings to assist in meeting the funding requirements of the NDIS from 2019-20. However, what savings were made were not set aside to meet future NDIS costs and were effectively lost for NDIS purposes.

The special account provides a sustainable way to meet the funding gap from 2019-20 onwards that does not require borrowings for the NDIS that would need to be paid back by future generations.

This bill gives the Commonwealth the flexibility to identify savings from any portfolio, not merely the Social Services portfolio. That approach will ensure that many areas of government contribute to supporting people with disability.

The collateral damage from social welfare funding trade-offs

QAI holds significant concerns about how the Commonwealth Government proposes to meet its financial obligations under the NDIS.

While scarce information has been available to date, some of the Budget measures proposed to help to accumulate the necessary revenue to fund the Commonwealth's contribution to the NDIS involve removing funding or assistance from another vulnerable group. For example:

- the Government proposes to achieve savings of \$1.3 billion over five years by 'more efficiently targeting social welfare expenditure, after offsetting a range of new priorities in the Social Services Portfolio';
- \$108.6 million is to be saved over four years by aligning the backdating provisions for new Carer Allowance claims with other social security payments, so that they are only claimable from the date of first contact or claim; and
- The Government is to save \$62.1 million over five years by reviewing 30,000 Disability Support Pension recipients each year for three years by assessing their capacity to work.

All of these proposed funding cuts are of significant concern. While details have not yet been made publicly available regarding the proposed savings to be achieved by 'efficiently targeting social welfare expenditure', this is an ominous proposal that is likely to have significant, adverse impacts on vulnerable Australians. The proposal that carers, who are already predominantly under-supported and under-resourced, will be denied their full entitlement to an allowance is not a just proposal. Finally, while QAI supports genuine measures to increase the labour market participation of persons with disability,⁴ there are

³ Second reading speech, Minister for Social Services, House of Representatives, 31 August 2016.

⁴ See, for example, QAI's submission to the Australian Human Rights Commission's *Willing to Work Inquiry*. Submission #212. December 2015.

many safeguards needed to ensure that this proposal does not further disadvantage people with disability in receipt of the DSP who already experience poverty and associated disadvantage.

QAI supports an innovative and creative approach to funding which considers ways the Commonwealth can deliver on its funding commitment without increasing the vulnerability and poverty of already socio-economically disadvantaged Australians. For example, within the disabilities sector, there is Government-owned infrastructure that will become redundant as people with disability move to community living. The sale of these assets would be a symbolic way for the Government to both honour its funding commitment and support the move towards inclusivity and community integration of people with disability that it has committed to by signing and ratifying international human rights treaties, including the *Convention on the Rights of Persons with Disabilities*. This is a far more sustainable, appropriate and humane approach than pitting one vulnerable group against another in a battle for already insufficient social welfare funding.

Conclusion

QAI supports the proposal to establish a formal funding account for the purposes of supporting and protecting the Commonwealth's ability to achieve its NDIS funding commitments. However, we do not support the proposed means by which the Commonwealth is attempting to source the funding to satisfy this commitment.

The proposal to decrease funding to already highly vulnerable and disempowered people, such as carers and those in receipt of the DSP or other social welfare benefits, is alarming and is not consistent with the approach that should be taken in a welfare state, even in one with a minimalist safety net such as Australia.

This is particularly concerning in the context of an analysis of the Government's significant expenditure in the areas of defence and security, which are grossly disproportionate to the funding provided to those most in need in our society, who are living on the edge and experiencing a host of sub-optimal life experiences and outcomes across the educational, health, housing and community spectrums as a result.

QAI calls on the Government to acknowledge the funding arrangement proposed by the Bill for what it is – isolated infrastructure to store NDIS funding, not a means of ensuring the sourcing of this funding. Further, QAI demands full and open disclosure, consultation and scrutiny as regards the proposed funding cuts to other areas that will be channelled into the NDIS, to ensure that vulnerable people are not further disempowered.