

**SUBMISSION NO. 7**   
**Inquiry into National Funding Agreements**



# National Funding Agreements

Joint Committee of Public Accounts and Audit Inquiry

NDS Submission

# NDS



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### **About National Disability Services**

National Disability Services is the peak industry body for non-government disability services. Its purpose is to promote and advance services for people with disability. Its Australia-wide membership includes around 700 non-government organisations, which support people with all forms of disability. Its members collectively provide the full range of disability services—from accommodation support, respite and therapy to community access and employment. NDS provides information and networking opportunities to its members and policy advice to State, Territory and Federal governments.

NDS welcomes the opportunity to contribute to the Joint Committee's inquiry into National Funding Agreements. The comments in this submission focus solely on the National Disability Agreement (NDA).

NDS asks the Joint Committee to note several key developments relevant to the operation and future of the NDA:

- the Productivity Commission's current inquiry into Disability Care and Support. The Commission's Draft Report recommends the establishment of a National Disability Insurance Scheme, which would be governed by a new national agency, remove responsibility for administering disability service programs from the States and Territories and pool funds nationally. The Productivity Commission's Final Report will be presented to Government by the end of July 2011;
- COAG's endorsement of the National Disability Strategy, a whole-of-government commitment to promoting the rights and inclusion of people with disability. This Strategy's scope is far broader than the NDA and it does not seek to replace the NDA but to complement it. In the context of the National Disability Strategy, specialist disability services can be seen as having a key role in facilitating the participation of people with disability as well providing direct care and support; and
- the Government's emphasis on increasing workforce participation, including among people with disability.

This inquiry provides the Committee with the opportunity to support continued reform in the disability policy area through the NDA as a vehicle for funding of services for people with disability.

## The National Disability Agreement is a step forward

NDS commends governments on the development of a National Agreement in the area of disability under the new COAG framework introduced for intergovernmental agreements in 2008. It is important that all major governments in Australia have signed a commitment to work in partnership with key stakeholders to improve outcomes for people with disability.

The 'Objectives' and 'Outcomes' of the NDA describe core values that should underpin collaborative service delivery in disability. The overall objective of the NDA is well stated in Clause 6:

"People with disability and their carers have an enhanced quality of life and participate as valued members of the community".

The specialist disability services funded through the Agreement assist people with disability to achieve economic participation, social inclusion, choice, wellbeing and the opportunity to live as independently as possible while their families and carers are well supported (Clause 7).

The stronger focus in this Agreement on outcomes, key performance indicators and timelines; the explicit reference to the role of carers; and the stronger emphasis on employment are all significant improvements on the NDA's predecessor, the Commonwealth State Territory Disability Agreement.

While most services funded through the NDA are non-vocational, the increased focus on employment is important for two reasons:

- Some of the employment barriers that people with disability encounter exist outside the workplace. An inability to obtain regular in-home support, for example, may prevent a person with disability getting ready for work each day. These are barriers that underline the value of having strong connections between non-vocational services and employment services.
- The Australian Government has an increased focus on workforce participation, reflecting both its commitment to social inclusion and the significant long-term economic challenges the nation faces.

## Workforce Participation

To the extent that it specifies a number of performance indicators in relation to labour force participation the NDA can be seen as a policy response to the economic challenges facing the nation created by an ageing population: in particular the shrinking ratio of people of working age to people over retirement age, expected to almost halve over the next 40 years. This policy problem is put most directly in the Department of the Treasury's Intergenerational Reports. Reinforcing this message, in her February 2011 speech to CEDA, the Prime Minister identified the need for policies that encourage labour market participation for those currently outside the workforce. In particular, she said:

"... this year I will continue to take steps to improve the incentives for such potential workers to rejoin the labour market, while also investing in the intensive support needed to lift their skills and job readiness."

In the NDA employment programs for people with disability are identified as a key responsibility of the Commonwealth Government.

In its paper 2007 paper *Sickness, Disability and Work: Breaking the Barriers*, the OECD examined the employment of people with disabilities in Australia, Luxemburg, Spain and the UK. The report concludes that in Australia there is significant capacity to increase the employment rate of people with disability. It presents an integration scenario for the four countries examined in which people with disability gain

employment at the level they are seeking.<sup>1</sup> The OECD modelling indicates that the integration scenario helps to bridge the gap between population growth and employment growth. The NDA can be seen as a step towards achieving this in Australia.

## The lack of key performance data

While in policy terms the shift from an inputs focus to an outcomes focus in the NDA is positive, removing the requirement for minimum funding commitments in forward years from States and Territories poses a risk. In theory the move to an outcomes focus makes commitments in relation to funding inputs redundant. The key concern, it could be argued, should not be how much jurisdictions are spending but what they are achieving. But this depends on the availability of robust measures of progress in relation to outcomes. The fact is that these measures are currently lacking in key respects, as the COAG Reform Council's first performance report for the NDA makes clear.<sup>2</sup>

Some data are not collected systematically; other data are collected too infrequently. The labour force participation rate cited in the COAG Reform Council's most recent baseline performance report, for example, derives from the 2003 Survey of Disability Ageing and Carers SDAC. While data from the 2009 Survey will soon be available, a six-year gap between collections makes tracking the effectiveness of the Agreement in relation to a range of key indicators, including employment participation, almost impossible. The NDA acknowledges this weakness in Clause 17(a) which notes the need for annual labour force participation rate data for people with disability aged 15-64 years. Data improvements are being made (for example the increase in sample size for the SDAC between 2003 and 2009), however there is much more required to enable meaningful measurement and tracking of performance under the NDA.

It may be possible for the ABS to incorporate labour market questions related to persons with disability into current, more frequent labour market surveys.

## The NDIS and the NDA

The Productivity Commission's Draft Report into Disability Care and Support recommends the staged introduction of a National Disability Insurance Scheme. The Draft Report proposes that the NDIS absorb services provided under the NDA.

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<sup>1</sup> The integration scenario augments the labour supply in 2025 by the proportion of people of disabilities who indicate they want to work (according to the EU average) and then assumes a further increase of the same magnitude progressively phased in from 2025 to 2050. In the above graph the dotted blue line is the employment growth under the integration scenario, the dashed line is the normal rate of employment growth and the normal blue line the rate of population growth.

<sup>2</sup> COAG Reform Council, National Disability Agreement: Baseline performance report for 2008-09, April 2010

Given that the potential population of the scheme significantly exceeds the number of current NDA service users and that traditional service users are captured by the proposed assessment criteria, the overwhelming majority of current users would be likely to access their supports from the NDIS after its implementation (PC, 2011: 3.32).

For disability services the NDIS would be a greatly preferable funding model to the NDA. It would provide entitlement and choice to people with disability, replacing the current system which the Productivity Commission describes as “inequitable, underfunded, fragmented, and inefficient”. The NDIS would individualize funding and expand choice for people with disability and family carers. Its introduction would greatly accelerate the current trend towards individualized approaches to service provision and funding.

While the NDA has been a step forward for the funding and administration of disability services it is a framework governing a failed system badly in need of reform.



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