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**To:** Joint Standing Committee on the National Disability Insurance Scheme

**From:** **Liz Cohen**  
Chief Executive

**Re:** NDIS Market Readiness

**Date:** 22 February 2018

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## Background

Cara is one of South Australia's largest disability-services providers. We work with more than 700 children and adults with disability, we employ almost 1000 staff and we are grateful for the assistance of more than 100 volunteers.

We operate all over South Australia including in Adelaide, Mt Barker, Murray Bridge, Mt Gambier, Kadina, Port Augusta, Port Pirie and Port Lincoln, as well as supporting people with disabilities in surrounding areas.

We provide services to empower people for greater independence. These include Supported Independent Living, Home and Community services, Recreation, Getaways, Short Term Accommodation (respite) and Kids Club.

Our vision is for people living with disability to grow as individuals and live a life rich with opportunities. We do this by listening and developing service arrangements that work for each person. We are careful and support people to get a fair go at what life has to offer. We take a highly-responsible approach in the way we deliver our services. We discover and create to find possibilities for customers and are persistent. We don't walk away when the going gets tough.

Cara is a profit-for-purpose organisation. That means all money we raise goes straight back to supporting the customers of our Cara Community.

Thank you for the opportunity to comment on market readiness for the NDIS. Our responses by item of discussion follows.

## Response

### a. [The transition to a market based system for service providers](#)

The transition is a work in progress that is reliant on smooth and effective NDIA systems and leadership. Given the constraints of the NDIA and payment considerations, many service providers are at risk financially because they don't



have enough cash flow to sustain losses or the capital to invest in their business during this transition phase.

Competition for customers and the increased number of service providers to share the market is still unclear.

We are finding that many customers are receiving plans with less funding than has previously been available under the state system for their services.

Many Customers are not spending their full funding package because they don't understand the scheme and or know how to navigate the service system well enough.

The scheme was designed for people with complex needs however current pricing for customers with complex needs is still inadequate when compared to the costs of providing service. An open market would not necessarily improve this situation if NDIS packages are still being allocated based on incorrect or inadequate pricing.

There seems considerable pressure from NDIA to limit packages of support for participants with complex needs. This requires much more attention before an open market system.

#### b. Participant readiness to navigate new markets

Respite customers and Home and Community Support customers are beginning to shop around – even on price.

The market is not mature enough yet to accommodate the customer demand of discounting.

Supported Independent Living customers and families are generally anxious about the changes and are not looking to navigate the market, with the exception of those people who are really dissatisfied.

In general, participants and families are overwhelmed, confused and anxious about the market and how to engage with the NDIS, let alone navigating to a new service provider.

#### c. The development of the disability workforce to support the emerging market

There are two primary workforce issues, namely:

- The competition for labour and,
- Timely development and maintenance of skills that meet customer and regulatory requirements.



There is and will be quite a bit of movement across the workforce from one provider to another, particularly with good staff being poached. In addition to this, there is a limited number of appropriate people willing to perform essential roles. Attracting and retaining people to perform core “coalface” roles is paramount to customer outcomes. Staff at the coal face who move to other providers may also encourage customers to switch providers – increasing the risk that providers carry.

Providers will need to build skill development pathways in order for their staff to gain the necessary skills that customers require. There is risk that providers may cannibalise each other as unnecessary retraining of staff may be conducted (particularly where a staff member works for more than one provider, or changes employment). It is also possible that where an employee has two employers, one of these may perform the training (and carry all associated costs) that a second provider benefits from at no cost.

Current trends may lead to providers:

- Not providing training for free to their employees
- Employers seeking to charge other employers for training shared staff
- Employers increasing their focus on non-accredited training that it cannot be easily transported to another employer.

This could be mitigated by the development of a “skills and employer” passport which outlines which employer(s) an employee is working for and their hours of service, as well as their current training compliance and who provided that training.

#### d. The impact of pricing on the development of the market

Feedback on pricing has already been provided to assist the McKinsey review. No further feedback until the pricing review commentary is released in March 2018.

#### e. The role of the NDIA as a market steward

NDIA should deregulate pricing. Currently, NDIA influence on the system is too tightly structured and restrictive. Pricing should be set by an independent body.

The philosophy of the NDIS and the ambition of choice for people living with disability is communicated well by the NDIA.

Service providers have received appropriate levels of information and support to understand the structure of the NDIS. However, there has been evidence of active distrust of the service sector and no endeavour to work with the sector to improve systems such as the NDIS portal.

No evidence of using the knowledge and strengths of the service sector to assist with the NDIS design.



f. Market intervention options to address thin markets, including in remote Indigenous communities

No comment

g. The provision of housing options for people with disability, with particular reference to the impact of Specialist Disability Accommodation (SDA) supports on the disability housing market

The impact is unknown. It is too early in the roll out of SDA to understand outcomes for NDIS customers.

It is not clear how to locate or find a suitable housing option.

The separation of Board and Lodgings into SDA, SIL and other expenses for community living consumables (e.g. utilities, transportation, food etc.) is causing confusion and raising anxiety for existing customers.

Accurate pricing that reflects the true cost of providing service will encourage market growth. Present pricing appears to be limiting the growth of the market, especially in remote areas.

While technology and options are still developing to assist the matching of SDA vacancies with SDA eligible participants, there is additional support required for participants with high and complex disability in seeking housing. Assessment, support and matching of participants who experience complex disability is a function that many SDA providers are not skilled to provide, and requires considerable time and resource, most often from the support provider. Further funding for supporting a participant to seek SDA properties is required.

Support available through the provision of SDA properties is welcome, but also requires some long-term security and guarantees in order to attract investors. Housing options through SDA places will only increase once there is greater certainty for investors of a return on investment, and that requires greater longer-term commitment to SDA funding from the NDIA."

h. The impact of the Quality and Safeguarding Framework on the development of the market

The Quality and safeguarding framework, while comprehensive and welcome, will require significant resources from providers to adapt and develop systems to be able to report on data required.

Funding for transition of systems to comply with the Framework appears limited, and the expectation that resources are allocated from within provider profits/margins, where margins are already thin for customers with complex and multiple disability, is unsustainable.



Not all service providers need to meet the standards of the Quality and Safeguarding Framework (e.g. unregistered providers for self-managed customers who can choose who they want to supply service.) This presents a risk and represents disparate regulatory expectation.

i. [Provider of last resort arrangements, including for crisis accommodation](#)

Current funding and structure for crisis support does not appear adequate under the NDIS. The concept that crisis will be averted by greater planning and structure does not allow for the genuine crisis that occurs, and the NDIS appears un-prepared to fund crisis supports.

A provider of last resort arrangement would not be required if crisis support was available, perhaps through LAC role.

In South Australia the Government remains a service provider with the assumption that their services are required as a provider of last resort.

j. [Any other related matters](#)

The service providers are not ready and nor is the NDIA. It is challenging to navigate the market and position our services competitively when there remain so many uncertainties, regular changes and the transition to full scheme is incomplete.