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# Our economy-boosting NDIS must be fully funded as envisioned originally

People with Disability Australia's second submission to the Joint Standing Committee on the NDIS' inquiry into current scheme implementation and forecasting

## Purpose

People with Disability Australia (PWDA) is pleased to provide this submission to the **Joint Standing Committee on the NDIS** (the committee).

This submission highlights our significant concerns about **current funding, forecasting, implementation and decision-making** on the future of the **National Disability Insurance Scheme** (NDIS).

## Background

As part of its role to inquire into the implementation, performance and governance of the NDIS (the scheme), the committee is conducting an inquiry into current scheme implementation and forecasting for the NDIS (the inquiry). The inquiry is focused on how the scheme is implemented and funded, and what supports are – or should be – available for people with disability in addition to the NDIS.

Like many others, PWDA has significant concerns for the future shape of the scheme, which is a vital program that profoundly affects the lives of hundreds of thousands of Australians with disability. The NDIS is also critical to realising

the vision of **Australia's Disability Strategy 2021 – 2031** for 'an inclusive Australian society that ensures people with disability can fulfil their potential, as equal members of the community'.

We are concerned:

- that the visionary plans for a sustainable scheme set out by the federal **Productivity Commission** in its **2011 Productivity Commission Inquiry Report** continue to be ignored by the Australian Government
- with the lack of transparency and accessibility of forecasting data and the assumptions they are based upon
- that the **Australian Government** is failing to acknowledge the broad-reaching benefits of the scheme to all Australians
- that the NDIS is not performing as intended, with Australia breaching its obligations under the **United Nations Convention on the Rights of Persons with Disabilities** (CRPD).

PWDA, along with other disability organisations, campaigned long and hard for the establishment of a sustainable, fully funded NDIS. We are now advocating for measures to be taken to ensure the NDIS will be a strong and financially sustainable scheme in the future, so people with disability can live their lives with certainty and confidence in its future existence.

## Discussion

### 1. Original visionary plans for a fully funded scheme are being ignored

Prior to the NDIS, disability funding in Australia was disjointed, contentious and ineffectual. The **Productivity Commission** acknowledged this in its **2011 inquiry**, and is reflected in its proposal for a straightforward, fully federal government–funded National Disability Insurance Premium Fund.

This fund, the commission inquiry suggested, could be funded using whatever resources the Australian Government deemed the most efficient tax-financing arrangement at the

time, or from savings in budgeted or forecasted spending elsewhere. The Australian Government has acknowledged it **did not action this proposal**.

Consequently, we believe **NDIS funding continues to be fragmented**, complex, insecure and lacks the transparency and certainty that would have been achieved through the proposed National Disability Insurance Premium Fund.

PWDA believes this lack of clarity has undermined public confidence in the sustainability of the scheme and creates profound uncertainty for people who depend on it to access their rights as full Australian citizens and equal members of the community.

To compound matters, the Australian Government has attempted to cut costs by limiting access to the scheme, further diminishing trust in the government's willingness to invest adequately in the NDIS and uphold the **original intention of the NDIS, under the NDIS Act 2013 (Cth) s 3(1)(a), to give effect to Australia's obligations under the CRPD**.

One such example was the Australian Government's attempt in 2020 and 2021 to introduce mandatory independent assessments for the NDIS. This was done without adequate consultation and co-design of policy with people with disability.

This so-called reform was widely rejected by people with disability as a cost-cutting measure that would limit access to the NDIS, fundamentally change the personalised nature of the scheme, and potentially leave many people worse off. This radical change of the NDIS was ultimately rejected by state and territory disability ministers, reflecting the widespread community concern about the proposal.

PWDA's submission to the Joint Standing Committee on the NDIS inquiry into the proposed use of independent assessments can be **viewed here**.

PWDA strongly advocates that the Australian Government establishes the Productivity Commission's proposed National Disability Insurance Premium Fund, to guarantee a transparent and sustainable NDIS funding mechanism.

We believe transparent and sustainable funding will provide an essential foundation for long-term scheme planning and reform, to ensure the NDIS is efficient, sustainable and fit for purpose into the future. This long-term vision and planning cannot be achieved with the current unclear, fragmented and insecure funding model.

Transparency and sustainability are also critical to undoing what PWDA believes is uncertainty and fear caused by the Australian Government's public querying of scheme affordability. We believe transparency and sustainable funding will help restore people's confidence in the future viability of the scheme in conservative circles and for people who depend on the NDIS and help guarantee the essential human rights of people with disability under the CRPD.

## 2. Full access to the data and assumptions underpinning modelling and forecasting is being denied

A collaborative approach between the Australian Government and people with disability is essential to establishing an NDIS funding mechanism, that meets the needs of the scheme and its participants and has the confidence and support of all stakeholders.

Collaboration requires full access to the data and assumptions that underpin government modelling and forecasting, to gain a full understanding of the true costs of the NDIS. Clear and accurate data will highlight how much needs to be funded and where genuine reform is needed to strengthen the scheme.

However, a constantly changing public media narrative from the Australian Government on projected NDIS costs, insufficient access to modelling and forecasting data underpinning those projections, and government attempts at cost-cutting, have all undermined the trust people with disability have had in the government's intentions for and commitment to the NDIS. PWDA believes this campaign narrative has brought the integrity of government proposals and decisions about the NDIS into question.

In think-tank Per Capita's November 2021 [report on the economic benefits of the NDIS and consequences of cost-cutting](#), research economist Michael D'Rosario and policy and research director Matt Lloyd-Cape say 'it seems likely that the NDIA's [National Disability Insurance Agency's] new modelling overstates the increase in participant numbers and overall costs compared to previous estimates'. PWDA has found this concern is shared widely by people with disability and disability representative organisations, including PWDA.

PWDA believes that complete transparency on the data and assumptions underpinning modelling and forecasting is critical if the Australian government's projections are to be

believed and relied upon to make decisions about future funding of the NDIS. We strongly advocate that the Australian Government makes all data and assumptions underpinning its financial and actuarial modelling and forecasting on sustainability of the NDIS accessible and publicly available for scrutiny under **Australian freedom of information laws**,

We believe this data transparency will go some way to re-establishing trust that is essential to the integrity of government decision-making and enable fully informed, meaningful collaboration on future scheme funding and sustainability.

PWDA believes that if the Australian Government opts to refuse to provide transparent access to data, such as using freedom of information laws or otherwise, the government will undermine trust in its decisions, and trust in its true intentions for the NDIS.

### **3. The original intentions for Tier 2 supports and the Information, Linkages and Capacity Building program are being lost**

Discussion on the financial sustainability of the NDIS must include an examination of costs that were not intended to be borne by the NDIS, including solving the issues people with disability have in accessing mainstream service systems and the role of Tier 2 supports and ILC grants.

PWDA understands the intention of the original Tier 2 grants was to directly support people with disability in accessing community and mainstream services, but we find implementation of their successor, the Information, Linkages and Capacity Building program (ILC), concerning.

According to the ILC grants' managing government agency, **Department of Social Services (DSS)**, ILC grants provide funding 'to organisations to deliver projects in the community that benefit all Australians with disability, their carers and families' and 'aim to build the knowledge, skills and confidence of people with disability, and improve their access to community and mainstream services'.

Instead of ILC grants being granted to disability organisations to support access to community and mainstream services, some of these grants have been awarded to tertiary institutions undertaking research. While not disputing the usefulness and value of these ILC research initiatives, PWDA believes this direction of funds is a move away from the intended purpose of Tier 2 supports, now ILC grants. The application of funds to research

redirects important funding away from what we understand is their intended recipients, people with disability.

PWDA believes DSS should apply far more rigorous eligibility criteria and assessment of future grant applications, to ensure all ILC grants are fully aligned with an intention to build knowledge, skills and confidence to support and improve access to community and mainstream services.

## **ILC funding for people with disability will take pressure off the NDIS**

Implementation of ILC grants as supports for people with disability is an essential component of financial arrangements for the NDIS. If this implementation is followed as outlined, these grants will relieve cost pressures on the NDIS by providing information, referral and connection to mainstream service systems for all people with disability. PWDA expects this funding will reduce reliance on the NDIS and support choice and access for people with disability to the most appropriate service system.

People with disability who are assessed as ineligible for NDIS support are either paying for their own supports, receiving inadequate supports or receiving no supports at all. Similarly, NDIS participants are not receiving ILC grant support to access mainstream services, such as healthcare, transport, education and employment services. We believe this omission adds unwarranted cost pressures to the NDIS and fails to support people with disability to have choice and control, and to live their lives as equal members of the community.

PWDA strongly advocates that the Australian Government, as part of establishing transparent and sustainable NDIS funding, examines these and other interface issues between NDIS and mainstream service systems.

We believe this examination should also include an assessment of the impact on the NDIS of shortfalls in mainstream service systems, such as a lack of availability of stable housing and limited access to public transport, and suggestions on ways to improve inclusivity within those service systems.

PWDA also urges the Australian government to outline which government agencies are responsible for the funding and delivery of any supports and services not covered by the NDIS.

We believe the role of ILC grants, and other referral pathways, in providing information, referrals and connection to mainstream service systems must be defined clearly.

PWDA expects this clarity will provide a better understanding of the true costs and potential cost savings for the NDIS and inform decisions on future NDIS funding and sustainability.

#### **4. The full benefits of a strong NDIS are not being acknowledged**

PWDA believes the full benefits of a strong NDIS, true to its original vision, are broad reaching and are also central to a full understanding of the financial sustainability of the NDIS.

Among the benefits are:

- the NDIS supports the independence and social and economic participation of people with disability, if performing as intended
- wellbeing gains are created for people with disability and their informal supporters, including through reducing unmet needs
- competition is encouraged between service providers, promoting innovative cost-effective services
- other government infrastructure efficiencies are created, and spending is reduced in other areas, such as healthcare, income support and the criminal justice system – a strong NDIS benefits Australian businesses through the money spent on supports and services
- Provision of supports and services helps create employment.

PWDA and many others believe the NDIS is a critical component of the national service economy. However, we have found the Australian Government has failed to acknowledge these benefits when discussing the affordability and sustainability of the scheme, instead presenting cost arguments that seem to exclude important economic benefits.

The 2011 Productivity Report argued that the NDIS would create large economic returns, saying financial sustainability was about both costs and benefits, including less-tangible

benefits such as wellbeing gains and increased participation, and arguing a long-term focus, both within and outside the NDIS, is important.

In think-tank Per Capita's more recent [report on the economic benefits of the NDIS](#), D'Rosario and Lloyd-Cape (2021) also argue that any increase in costs in the NDIS will translate very quickly into strong economic gains, through increased direct and indirect employment and economic activity in local communities. Per Capita's research economist and policy director warned against under-investing in the scheme and under-estimating its broad economic benefits.

These include benefits to Australian business, cost savings for mainstream service systems and cost-effective disability service provision and must be factored into modelling and forecasting for the NDIS. However, as discussed above, without transparency of modelling and forecasting data, the extent to which these benefits are currently included in government projections remains unclear.

PWDA believes the Australian Government must acknowledge, assess and make publicly available the full benefits of the NDIS and reflect this in all modelling, forecasting and discussion on the financial sustainability of the scheme. We believe this acknowledgement would support long-term scheme planning and reform and the collaborative development of a funding mechanism that ensures the NDIS is sustainable and fit for purpose into the future.

Like many others, we believe a strong NDIS benefits all Australians. PWDA believes any government failure to acknowledge this fundamental point, undermines the original, visionary intentions for the NDIS and what we believe is the full potential of the scheme. Any failure on this front could create unsubstantiated doubt about the scheme's viability.

## Recommendations

In this submission, PWDA makes the following recommendations:

1. The Australian Government should establish a fully federal government-funded National Disability Insurance Premium Fund, as set out in the Productivity Commission Inquiry Report 2011.



2. The Australian Government must acknowledge, assess and include the broad-ranging benefits of the scheme in all modelling, forecasting, discussion and decision-making on the sustainability of the NDIS.
3. The Australian Government must take a collaborative approach to NDIS decision-making and make all data and assumptions underpinning the financial and actuarial modelling and forecasting on the sustainability of the NDIS accessible and publicly available for scrutiny, including by people with disability.
4. The Australian Government should examine the interface issues between NDIS and mainstream service systems and set out which government agency is responsible for funding and delivering any supports and services that fall outside this definition.
5. The Australian Government must examine the impact of shortfalls in mainstream service systems on the NDIS, such as the effects of limited access to public transport and inadequate availability of stable housing, along with ways to improve inclusivity within those service systems.
6. The Australian Government must also make clear the role of Information, Linkages and Capacity Building program grants in providing information, referrals and connection to community and mainstream services.
7. The federal Department of Social Services must apply far more rigorous eligibility criteria and assessment of future grant applications, to ensure all Information, Linkages and Capacity Building program grants are fully aligned with their original intention to support access to community and mainstream services.

## **Further information**

**[PWDA initial submission to the Joint Standing Committee on the NDIS – Inquiry into Current Scheme Implementation and Forecasting, October 2021](#)**

**[Productivity Commission Inquiry Report – Disability Care and Support 2011](#)**

**[United Nations Convention on the Rights of Persons with Disabilities](#)**

**[D’Rosario, M. and Lloyd-Cape, M. \(2021\) False Economy: The economic benefits of the NDIS and the consequences of government cost-cutting, Per Capita](#)**

**Department of Social Services Information, Linkages and Capacity Building program**

**The Freedom of Information Act 1982**

**Australia's Disability Strategy 2021 – 2031**

**PWDA submission to the Joint Standing Committee on the NDIS inquiry into proposed use of independent assessments**

## **About PWDA**

**People with Disability Australia** (PWDA) is a national disability rights and advocacy organisation made up of, and led by, people with disability. We are a peak, not-for-profit non-government organisation that represents the interests of people with all kinds of disability. We have a vision of a socially just, accessible and inclusive community in which the human rights and freedoms of all people with disability are recognised, respected and celebrated.

## **Contact person**

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