

NATIONAL DISABILITY INSURANCE  
SCHEME

SECTOR DEVELOPMENT STRATEGY

AUGUST 2014

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## SECTOR DEVELOPMENT STRATEGY

### MAY 2014

#### Objective

The Sector Development Fund (SDF) has been established to assist the disability sector - including people with disability, families and service providers - transition to the new arrangements for disability support under the National Disability Insurance Scheme (NDIS).

The objective of the SDF is to build both demand side and supply side capacity. The objectives of the fund are therefore to ensure:

- there is an efficient, responsive and innovative market to meet the diverse needs of people with disability and their families
- people with disability are able to effectively exercise choice and control to shape the nature of the market.

#### Funding

A total of approximately \$149 million has been set aside for sector development over five years from 2012-13 to 2016-17.

Approximately \$31.08 million has been expended or contracted to date.

#### Background

The Department of Families, Housing, Community Services and Indigenous Affairs (now Department of Social Services) managed the SDF during 2012-13. The Department established initial outcomes and priorities for the fund in consultation with State and Territory governments. Each State and Territory was provided with SDF funding to undertake sector development activities tailored to each jurisdiction's unique market environment in preparation for trial and full scheme commencement. Of the \$31.08 million expended or contracted to date, \$19.5 million has been or will be provided to the State and Territory governments for their own activities.

Upon establishment of the National Disability Insurance Agency (NDIA) as a statutory authority on 1 July 2013, responsibility for the SDF transferred to the NDIA.

The NDIA Board reviewed the SDF strategy in late 2013 and established priorities for use of the fund. The strategy recognises and builds on prior work

and ensures funding approvals from the SDF align with NDIA Board priorities. The strategy is intended to ensure projects do not duplicate any activity previously or currently funded by State or Territory governments or the continuation of projects managed by the Department of Social Services (including \$20 million to support workforce development).

The Strategy has also been drafted to be consistent with the *National Disability Insurance Scheme Act 2013*. In considering future projects, the Agency will examine how activities will enable the Agency is able to meet its obligations in Section 118 – Functions of the Agency.

(1) The Agency has the following functions:

A) to deliver the National Disability Insurance Scheme so as to:

- i) Support the independence and social and economic participation of people with disability; and
- ii) Enable people with disability to exercise choice and control in the pursuit of their goals and the planning and delivery of their supports; and
- iii) Ensure that the decisions and preferences of people with disability are respected and given appropriate priority; and
- iv) Promote the provision of high quality and innovative supports that enable people with disability to maximise independent lifestyles and inclusion in the community; and
- v) Ensure that a reasonable balance is achieved between safety and the right of people with disability to choose to participate in activities involving risk;

B) to develop and enhance the disability sector, including by facilitating innovation, research and contemporary best practice in the sector;

C) to build community awareness of disabilities and the social contributors to disabilities;

D) to collect, analyse and exchange data about disabilities and the supports (including early intervention supports) for people with disability; and

E) to undertake research relating to disabilities, the supports (including early intervention supports) for people with disability and the social contributors to disability.

## The Strategy in Context

The development of an efficient, effective market is essential to the success of the NDIS. It will ensure there is sufficient diversity, innovation and quantum of services to enable people with disability to meet individual needs as well as ensure scheme sustainability.

A substantial proportion of existing service providers are unlikely to operate effectively in the new environment without significant transformation. Providers long accustomed to block funding will require support to transition to business models responsive to individualised funding, and to diversify their service offerings to meet the support requirements of NDIS participants. The disability services workforce will also need to double in order to supply the increased level of services funded by the NDIS.

Similarly, many people with disability and their families, accustomed to rationing and limited choice, will require support to become the informed and engaged consumers able to drive change in the market.

There is also a need to invest in data and research. Years of chronic under-funding in the sector has also had an impact on research. There is limited data available to guide decision-making, and limited research identifying best practice. The link between research and outcomes for people with disability has not always been clear. Both the sector and the NDIA require data and evidence to guide decision making, not only during transition, but as the scheme rolls out across the country. The effective operation of an insurance scheme is dependent on quality data to inform operations and skilled analysts to turn data into monitoring, information and reports.

The SDF Strategy has been drafted to meet all of these challenges.

The context in which the SDF operates influences the projects and activities which will be considered for funding. In addition to ensuring potential projects meet the outcomes identified in the Strategy, the NDIA will also emphasise the following:

- The need to avoid duplication. States and Territory governments have commenced a wide range of transition and capacity building projects and activities. The NDIA will select projects that build on the work of jurisdictions, and avoid duplication. The NDIA will also work with States and Territories and the Commonwealth to identify areas of emerging need.
- The need for early investment. The NDIA will select projects that will ensure sector readiness for full scheme introduction while retaining substantial SDF funds to support the ongoing implementation of the Workforce and Market Strategies, as well as the Quality and Safeguards Frameworks, which will be developed in association with States and Territories by 2015.
- The need for evidence. The NDIA will utilise state and territory reviews, reviews of current and completed SDF projects, trial site feedback and

actuarial analysis to form a comprehensive evidence base to target future projects and funding.

- The need for continuous learning. While early investment is important to build momentum for change, it is also important to allow room for flexibility. The NDIA will therefore ensure funded projects remain sufficiently flexible to evolve and adapt as circumstances change. This is particularly important as evidence emerges from trial sites.
- The need for effective and efficient partnerships. The NDIA will look to partner with organisations that are uniquely placed to engage with people with disability, their families and carers and service providers. Successful organisations will have a broad reach and an extensive capacity to engage with their constituents. This will allow the NDIA to engage with individuals and organisation in a way not possible if acting alone. Partnerships with credible organisations in the sector are an efficient mechanism for the NDIA to drive change whilst also ensuring that standards of probity are met.
- The need to consider solutions which do not distort markets. In examining activities to support disability service providers to make the transition to the new set of arrangements for disability support, the NDIA will need to ensure that it does not undermine the development of a competitive market.
- The need to recognise the role of well informed and engaged consumers in contributing to an effective market and the need for low transaction costs associated with consumers moving from one service provider to another.
- The need for co-design , where appropriate, when considering the development of business processes impacting on people with disability and their families. The NDIA will actively seek out opportunities to engage with people with disability, their families and service providers when considering the design of SDF projects and the design of the operation of the NDIS itself.

## Outcomes

The SDF strategy recognises that in order to develop an efficient, responsive and innovative market that meets the diverse needs of people with disability and their families, both supply and demand issues will have to be addressed.

Part of the role of the SDF is to examine and support mechanisms to ensure supply – such as how to support existing providers to make the transition, and how to encourage innovation and change. Equally important is to examine means of driving and shaping demand by building the capacity of people with disability and their families to become active, engaged and assertive consumers.

Outcomes for the fund have therefore been developed to address both. Outcomes have also been developed to be consistent with priorities and principles

previously agreed between the Commonwealth and State and Territory governments.

## Outcome 1

### **Increase the capacity of people with disability and their families to exercise choice and control both in engaging with the NDIS and in purchasing supports in an open market in order to realise their aspirations.**

Efficient and effective operation of the NDIS is in part dependent on participants who are well informed, resourced and equipped to engage with the NDIS and the open market.

Active and engaged participants who have spent time considering their needs, investigating options and alternatives and have a good understanding of the NDIS process will arrive at the NDIS in the best position to articulate their needs and contribute to solutions. Engaged consumers, able to exercise choice and control, will drive change and ensure the market is efficient and effective, providing services which meet their needs.

The Sector Development Fund will therefore consider projects that:

1. Improve understanding of the operation of the NDIS and the principles which underpin it.
2. Build the capacity of people with disability and their families to exercise choice and control.
3. Encourage and enable people with disability to move towards greater independence, self-management and meaningful community inclusion.

Approximately \$1.8 million of projects have commenced or been completed. These projects include:

- Funding for the National Disability and Carers Alliance and the National Mental Health Council to increase awareness and understanding about the NDIS and how it operates amongst people with disability and their families
- Funding for the First Peoples' Disability Network to raise awareness of the NDIS amongst people from Aboriginal or Torres Strait Islander background and ensure the scheme meets their needs.

Future projects will address areas of identified need such as:

- Greater availability of information and resources to assist with informed decision making in key areas (such as early intervention) and with key population groups (such as people with an intellectual disability)
- Greater availability and more extensive pre-planning support

- Development of peer mentors, peer networks and peer support organisations to build greater capacity for choice and control
- Development and promotion of information, resources and tools to ensure greater take of up of part or full self-management

## Outcome 2

### **A well-developed market, informed by the NDIS Market Strategy, capable of providing the necessary supports required for full scheme introduction.**

Greater choice and control for participants will only be possible with robust and diverse providers operating in an efficient and effective market. The market should be characterised by a culture of innovation. New entrants should be able to easily enter the market while meeting quality and safeguard requirements. Existing providers should be well placed to compete in the new environment. The market should be responsive to choices exercised by people with disability.

The Sector Development Fund will therefore consider projects that:

1. Support a robust and dynamic market that meets participant needs and contributes to scheme sustainability.
2. Develop the capacity of existing providers to transition to the NDIS in the short term and to develop business models responsive to individualised funding in the medium term.
3. Examine and support innovative approaches to disability support.

Approximately \$2.3 million of projects have commenced or been completed  
These projects include:

- governance workshops for boards and senior management
- Distribution of the National Disability Services NGO Readiness Assessment Tool and provision of business support and coaching.
- Projects to assist the implementation of the National Approach to Assistive Technology

Future projects will address areas of identified need such as:

- Improved organisational understanding of cost structures, cash flows, costs models to ensure adaptation to individualised funding
- Development and promotion of models of shared service to ensure economies of scale
- Improved organisational capacity to understand and respond to changing consumer demand
- Exploration of greater use of technology in meeting the needs of participants in regional and remote areas.

### Outcome 3

**Increase the disability services workforce to meet the needs of people with disability. By beginning of full scheme, a larger workforce should be developing which is stronger, more diverse and better equipped to deliver high quality responsive support reflecting the choices of people with disability.**

The NDIS will require a much larger workforce, which in the medium term will be more diverse, skilled and responsive to the needs of participants. The Sector Development Fund will therefore consider projects that:

1. Examine and implement strategies to ensure growth of the workforce.
2. Examine and implement strategies to ensure current and new care workers are attracted to diverse and flexible opportunities.

Approximately \$1.98 million of projects have commenced or been completed. These projects include:

- support for recruitment and retention through the National Disability Services *CareCareers* programme.

Future projects will address areas of need identified in the National Workforce Strategy

### Outcome 4

**Increase the capacity of the sector and the NDIA to meet the needs of people with disability both through improved access to data and research and through establishing sound practice in continuous improvement that reflects insurance principles.**

The insurance principles which underpin the NDIS demand comprehensive and quality data to inform decisions and operations. The market also requires information, data and research to inform decision making, particularly during transition and to ensure innovation. The Sector Development Fund will therefore consider projects that will:

1. Encourage and support research to inform decision making and operations to ensure best practice for people with disability, service organisations and the NDIA.
2. Invest in developing quality data sources and streams for people with disability, service organisations and the NDIA.

Approximately \$5.35 million of projects have commenced or been completed. These projects include:

- an extension of the NDIS evaluation
- additional cohort in the Survey of Disability, Ageing and Carers

Future projects will address areas of identified need such as the development of professional capacity and expertise to provide evidence based analysis of assistance to the Agency and the sector.

## Planning for Future Activities

The NDIA is currently completing six streams of work which will determine the selection of future projects and activities to be funded from the Sector Development Fund.

### *Market Design Strategy*

The NDIA is currently completing a comprehensive Market Design Strategy to ensure the development of an effective, efficient and diverse market for disability supports and services. The Strategy is being completed in consultation with State and Territory governments. When complete, the NDIA will identify ways in which SDF can be used to support implementation of the strategy.

### *National Workforce Strategy*

The Department of Social Services is currently developing a National Workforce Strategy in consultation with the NDIA and State and Territory governments. The Department will be provided with \$20 million from SDF to support strategic projects designed ensure the necessary expansion and skill development of the disability workforce.

### *National Quality and Safeguards Framework*

The NDIA is working in collaboration with State and Territory governments to finalise the National Quality and Safeguards Framework, due for completion in 2015. The NDIA will consider ways in which the SDF can be used to support implementation of the framework and compliance with new standards.

### *Evidence from Trial Sites*

The NDIA is currently examining a range of mechanisms to ensure evidence from trial sites is used to inform SDF planning. The Agency is eager to identify areas of emerging need in a timely manner to ensure the needs of participants and providers are met as well as to ensure the effective and efficient operation of the scheme.

### *Evaluation and Review of Funded Activities*

A number of SDF initiatives have recently been, or are about to be, completed. The NDIA will undertake a review of all completed projects to ensure lessons learnt are disseminated across the relevant business areas of the Agency and to ensure recommendations inform future funding decisions. The NDIA will also undertake a review of the projects completed under Practical Design Fund to

avoid duplication of activity and to ensure suitable projects are made available more broadly across the sector.

### *Review of State and Territory Sector Development Activities*

Approximately \$19.5 million from the SDF has been allocated to State and Territory governments to carry out sector development activities tailored to the needs of each jurisdiction. The Agency will undertake a stocktake of all projects completed to date. The analysis will ensure lessons learnt from projects are incorporated into the NDIA's operation and planning and will identify projects which may be suitable for national roll out. Most importantly this stocktake will identify gaps in activity which should be addressed by future SDF projects.

These six streams of work will inform any future funding decisions.

In considering future activities, the board of the NDIA will ensure all projects:

- further the objectives of the SDF strategy
- address an identified need
- have clear and measurable outcomes
- have well defined deliverables
- deliver value for money

In planning future activities, the NDIA Board will also consider the need to ensure progress is made in each of the four outcome areas as well as the need to retain sufficient funds to ensure activities will be conducted over the full five years of the life of the fund.

## Reporting

The NDIA is committed to continuous improvement. The SDF Strategy will be regularly reviewed to ensure it is meeting its objectives. Similarly, projects and activities will be regularly reviewed to ensure outcomes are consistent with the Strategy.

The NDIA will report regularly on SDF progress to the COAG Disability Reform Council. The NDIA will seek out opportunities to engage with States and Territories and the Commonwealth to identify areas of emerging need and future effort.