

# NDIS is Great, in Theory!

Peter van Onselen - [The Australian](#) - May 12, 2012 - [LINK](#)

**The National Disability Insurance Scheme over-promises and is underfunded, under-prepared and - by the looks of things - inaccurately titled. It is without doubt one of the most prematurely crafted examples of policymaking rushed into a budget in this country in decades.**

Labor wants credit for a scheme that it won't be around to make operationally viable.

Let's be perfectly clear: Bill Shorten deserves praise for putting this issue on the mainstream agenda. And rushing the implementation of the scheme will at least reduce the chances of it being sidelined by fiscal conservatism. But, boy, are there some unanswered questions about how the NDIS will operate and how it will be funded.

Julia Gillard is searching for a legacy Tony Abbott won't overturn. Politicians can have all the good intentions in the world, but if they pay scant regard to how to implement them, outcomes suffer.

What is so shameful about the way the NDIS is being over-sold for base political advantage is that it is giving false hope to hundreds of thousands of this country's most disadvantaged citizens. Most won't receive any money for years, and even those who do will be underfunded, according to what the Productivity Commission recommended people should get. The government is raising expectations above and beyond what it has delivered in the budget.

Tuesday's budget included \$1 billion across four years to set up the NDIS. The Productivity Commission said doing so would require \$3.9bn (albeit with a larger rollout). Of the (under) funding allocated, \$650 million of it goes straight into administration, leaving only \$350m to fund people in need over the forward estimates. Setting up a nationwide bureaucracy before the details to make it operational have been determined reminds me of the Yes Minister episode where Jim Hacker visited the well maintained and well-run hospital that didn't have any patients in it. No budget planning exists for the longer-term cost of the scheme, estimated by the Productivity Commission to be \$8bn annually once fully up and running (on top of \$7bn of existing funding).

We have no idea whether the NDIS will run like an actual insurance scheme, with premiums and invested funds to pay for cases. More likely it will come out of consolidated revenue each year. Will there be a Medicare-style levy, for example? That sounds reasonable to me, but we don't know because the government doesn't want to make such an announcement for fear it will be attacked for imposing another tax. Rather, it wants to announce the scheme and receive praise for the basic idea.

The initial four-year implementation of the scheme includes a small number of targeted catchment areas where a limited number of people eligible for the NDIS will receive funding. There are 800,000 people on disability support pensions. The Productivity Commission estimated that 410,000 people would be eligible for the NDIS, not that the government has provided an eligibility framework at this time. The Prime Minister in her public utterances (including at Labor's national conference in December last year) has implied that as many as two million Australians may be eligible for support.

The scale of need contrasts sharply with the scale of detail and planning that has gone into this policy objective, not to mention the amount of money the commonwealth has committed.

In the first four years a maximum of 50,000 "cases" will receive NDIS funding. Everyone else will need to wait, for how long we do not know.

The Productivity Commission estimates that **\$35,000 per "package"** is needed, and the Treasury agrees. The Commonwealth Actuary says that per package cost can be met by the current funding envelope, but only if the states come to the party. The politics of announcing the scheme before details have been agreed to makes that less likely.

We don't yet know what the funding mix will be between tiers of government. The Productivity Commission determined that the commonwealth should fund the NDIS entirely because of its capacity to raise revenue, unlike states, which are restricted to largely regressive taxation mechanisms (vertical fiscal imbalance and all of that).

But the commonwealth Treasury has told state treasuries that two options are on the table: a 60-40 split or a 50-50 split. No further details exist. States are being asked to sign up to a plan the scope of which they don't know, the portion of funding for which they will be responsible hasn't been advised yet, and details as to who will have control hasn't been determined.

Right now states are responsible for the bulk of disability services (about 70 per cent) and we have no framework for how that may change under a NDIS. Will duplication exist? Will it be a federated arrangement or a centralised one? If the commonwealth is seeking control, that is likely to cause disagreements with parochial states. At its last meeting, COAG determined to conduct further work on funding, governance and the scope of eligibility and support, in preparation for the next meeting, scheduled tentatively for July.

But Labor wanted to rush out the scheme's announcement. Good processes should have meant laying out the parameters for the NDIS before committing to it, especially with an early timetable.

The Productivity Commission recommended a starting date of 2014, with a seven-year rollout. It didn't pluck the timeline out of thin air. The expert panel determined that was the time government would need to ensure quality implementation.

Labor announced that it would deliver the scheme a year ahead of schedule. But what's set to be delivered falls well short of public expectations and of what the Productivity Commission determined would be necessary.

The lack of planning and process concerning the introduction of the NDIS - announced with so much fanfare - outranks all previous examples, from the health reforms to the lack of processes followed in the Australia Network tender. Comfortably so.

During the leadership showdown between Gillard and Kevin Rudd in February, former health minister Nicola Roxon complained about the way Rudd rushed the health reforms to meet his media timeline. The minister responsible for the NDIS - Jenny Macklin - must feel 10 times as frustrated with the way she is being dictated to by Gillard. Her only solace would be that implementing the scheme is unlikely to be her problem. Getting voted out of office has its advantages.

The media and the disability sector have rushed to praise the NDIS. The opposition has also been quick to support the concept, as have state governments. Even John Howard praised the idea. But this worthy initiative needs meat on its bones. And the government must be called on the fact it has sought to win applause for the NDIS at the expense of taking the necessary time to get it implemented properly.

The only thing worse than inaction for people suffering from disabilities is over-promising and under-delivering.

**LISA Comment:** The NDIS continues to look like, “**JUST MORE OF THE SAME!**” Whereas, the original intention of NDIS was, (a) to reduce/eliminate the waiting lists and, (b) to ensure all services, new and existing, were quality care, entitlement care and customer service focused.

This most will certainly not happen with \$35,000 packages, when the service-fee for a place in a government group home in Victoria is currently, \$123,545 (AGO figure)!

And, it will certainly not happen whilst state governments remain direct service providers, with their public service, reactive, old, tired and institutional style service management.

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