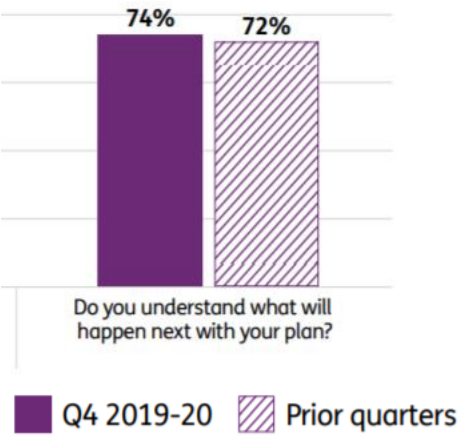
500 pages of NDIS quarterly report distilled to 5 pages

The latest NDIS quarterly report landed last night. At 554 pages, it's a bumper read. For those who don't need a cure for insomnia, I have summarised some key points below.

It is mildly disappointing that it takes over 8 weeks after the end of June before we get to see the results. Hence the report states there are 392,000 participants (plus 8,000 ECEI), but the actual number now as at 28 August would be closer to 410,000 (plus 8,000 ECEI).

Whilst the report states that NDIS is now available to all eligible Australians, no matter where they live, clearly we are still not at "full scheme". It will take another three years until NDIS reaches "Full Scheme", at which time it is estimated that 500,000 people will be NDIS participants. At present, NDIA is on-boarding approximately 28,000 participants per quarter, but over the next 12 months, this will clearly reduce as on-boarding of new participants slows. One might assume that the 11,500 NDIA staff/contractors (including LAC's) will be better able to provide quality pre-planning, planning and outcome assessment/reviews as the on-boarding starts tailing off. For example, the data below indicates that 1 in every 4 NDIS participants doesn't understand what will happen after they get a plan. LAC's must play a much more active role in supporting these participants with plan implementation.



One would also hope to see a drop in the unacceptably long waiting times to receive a plan (e.g. 42 days for children).

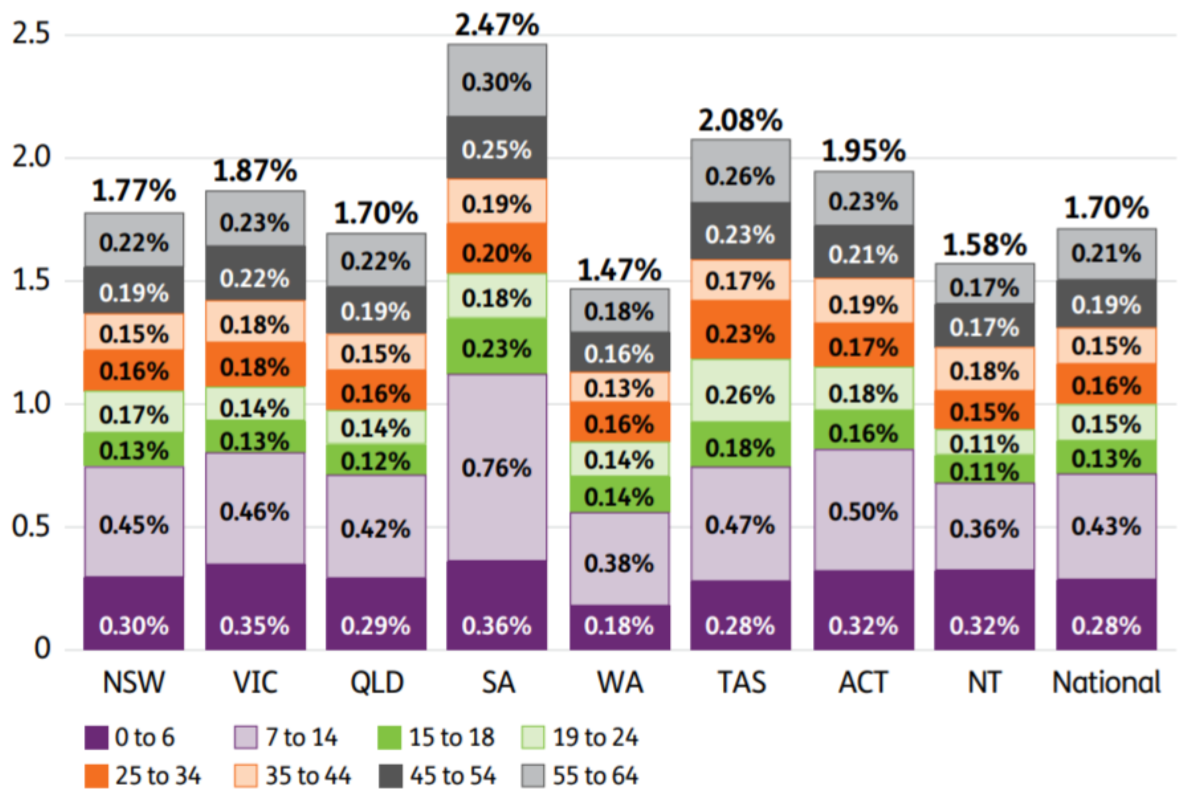
Most depressing statistic in this report – for me, that over 5,000 people with disability under the age of 65 are still in residential aged care. Yes that's lower than the 6,000 that were in aged care homes four years ago, but it's still 5,000 too many. The good news is that the NDIA and Health are working on bringing this number down and have commenced discussions with residents in relation to whether they would like to live somewhere else.

In more positive news, as of 1 July 2020, in a huge boost to transparency, participants can make a request for information about an access decision (including the reasons for the decision) or an NDIS plan or plan review, including the information relied on to make the decision and the reasons for the decision. The NDIA must response within 28 days. Good stuff.

In other positive news, functional capacity assessments will be <u>free</u> for all new participants from 1 October 2020. This is terrific news and makes it much fairer for families who can't afford the (often) expensive but necessary assessments. At some future time, these assessments will become mandatory - huge boost to the equity of the scheme!

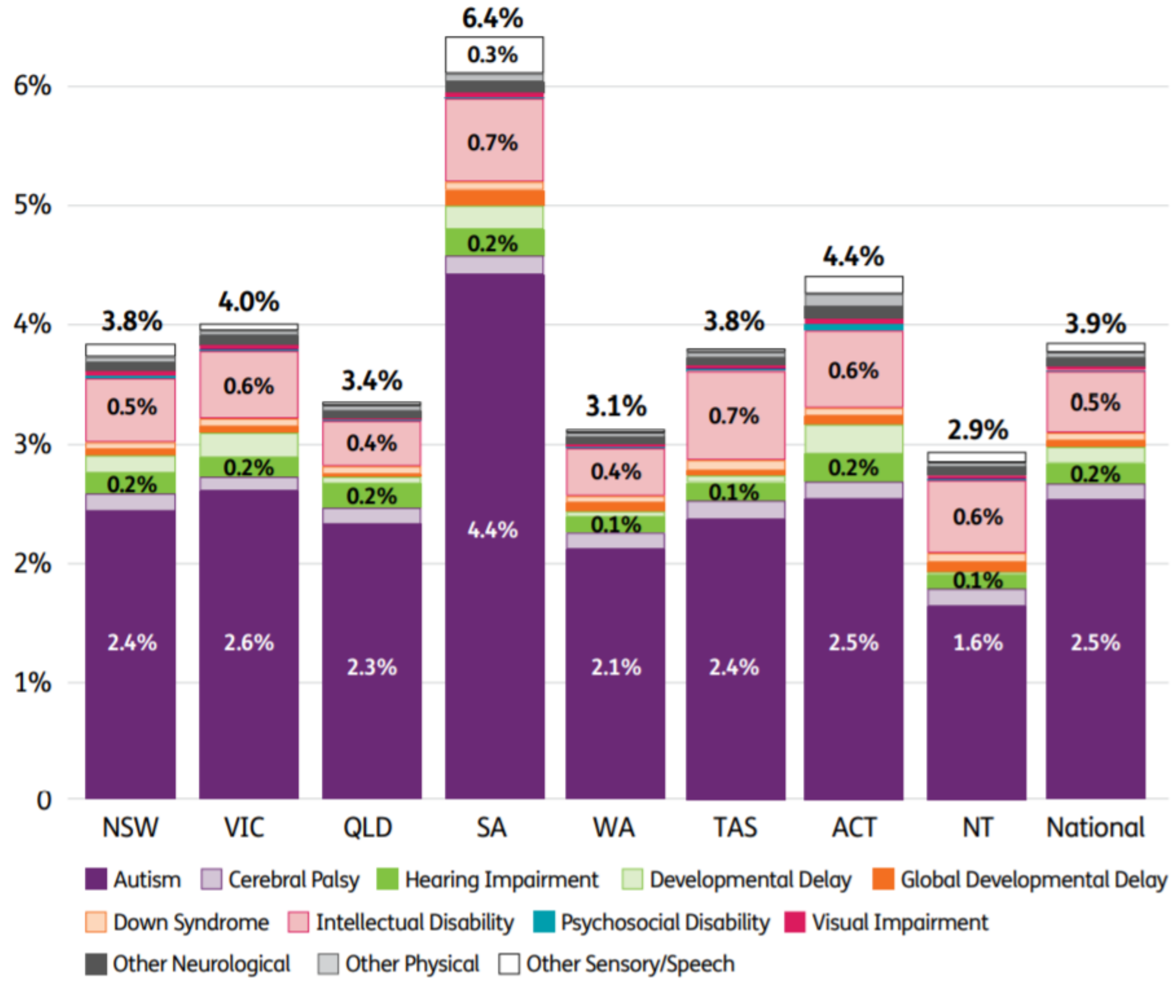
For the first time that I can recall, a very interesting graph related to "prevalence" rates is included, see below. I'm no public health expert, but I'm not sure these figures indicate prevalence (i.e. the proportion of the population with disability), rather a combination of demand/supply variables that result in **<u>very</u>** interesting but anomalous data. If this were a true prevalence graph, it would indicate that in WA, a person is 40% less likely to have disability compared to SA. Really?? To me, this data illustrates that the 'N' in NDIS still isn't quite there due to some State-specific influences. For example, NDIS started rolling out in SA for children under 14 more than 7 years ago (from 1 July 2013), so the other States & Territories will catch up over the next five years.

Figure 6: Overall prevalence rates by age band within each state and territory



And the graph that shows "prevalence" by disability type is even more anomalous, showing that children aged 7 to 14 in SA are almost twice as likely as children in other States/Territories to have autism. Hmmm, nah. As per above, there are a large number of variables skewing this data; one such variable could be the fact that Autism SA is a very successful and prominent peak (& provider) in SA.

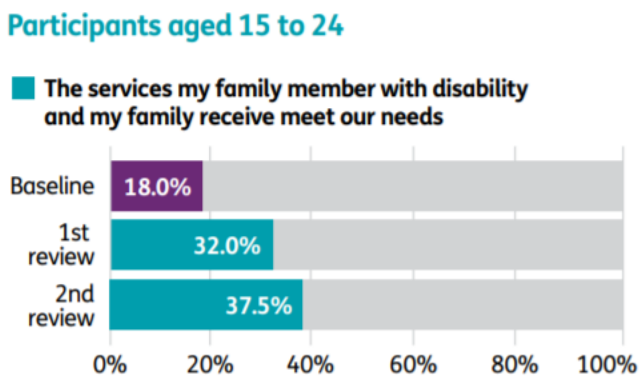
Figure 8: Cumulative prevalence of 7-14 year olds by disability type within each state and territory



My commentary for the rest of this summary focuses on opportunities for providers.

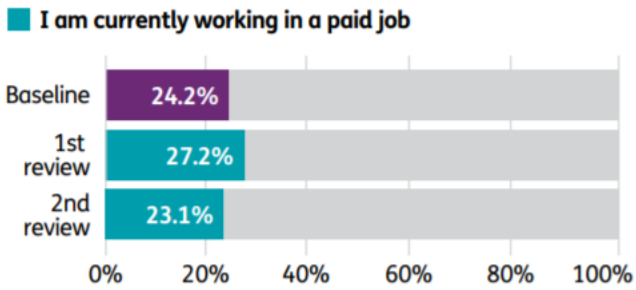
NDIS provider opportunities

1. For participants aged 15 to 24, clearly providers are not meeting participants' needs, as displayed by this graph. The assumption that could reasonably be drawn is that there are insufficient or poor quality (low or no innovation?) capacity-building supports for youth as they transition from school to post-school. Big opportunity here for innovation.



2. For participants aged 25 and over, people are less likely after their 2nd NDIS plan to be in a paid job, see graph below. Further on in the report, it states that for the same group (over 25's), after 3 years only 18 per cent agreed that being in the NDIS had helped them find a suitable job, compared to 19 per cent after 2 years and 20 per cent after 1 year. These statistics are perplexing. It might reasonably be assumed that providers are not offering adequate supports that focus on preparing a person with disability for future employment. In my experience, I see very few providers actively supporting people with disability to undertake volunteering roles in the community (including with small local businesses). A person who starts doing 1 hour of volunteering per week could be supported over time to develop the skills and confidence to be employed in open employment.

Participants aged 25 and over



3. It is remarkable that less than half of all NDIS participants state that they participate in social/community activities. This for me ranks as the second most depressing statistic (after # people in aged care homes). In my view, the domination of big providers offering out-dated day programs, sheltered employment and group homes, is a key contributor to this. I hear on a weekly basis stories of participants in group homes who are actively dissuaded (by the 'big' SIL providers) from using a different provider to take them into the community. I'll admit I do love working with smaller providers who make a principled, conscious decision to not offer any of those services, rather focussing on one-on-one social/community participation. Those providers who do this well are almost always very successful and experience very strong year-on-year business growth.

Participation in community and social activities

Participants who entered the Scheme between 1 July 2016 and 30 June 2017 have now been in the Scheme for three years – and for this group of participants, community and social participation has continued to increase over the three year period. There was a:

– **fourteen** percentage increase from **31%** to **45%** for participants aged 15–24 years.

– **thirteen** percentage increase from **36%** to **49%** for participants aged 25+ years.

– **thirteen** percentage increase from **35%** to **48%** for participants aged 15+ years.

4. The question "To register or not to register" is a common one that nearly all my clients ask me, and one that requires consideration of a range of pros/cons. It is interesting to me that less than 9,000 registered providers were active in the quarter. This number has not increased significantly over the last few years. It is difficult to know how many providers are intentionally not registering (and thereby limiting their addressable market to participants who are self-

managed or plan-managed), but in my estimation, there would be well over 50,000 and I believe this number will have doubled in the last three years. The reduction in registered providers and rampant growth in unregistered providers must be of concern to the NDIA and the Commission, so it will be interesting to see how this evolves in the next 12 months.

5. Utilisation of NDIS funding (excluding SIL) is still at just 62%. This means that the average NDIS participant is handing back approximately $13K ($35K of non-SIL funding x 32%) of unspent funds at the end of each plan period. Whilst the NDIA is correct in pointing out that utilisation will never reach 100%, in my view a figure of 85% is realistic, which means there is still huge capacity for new providers to enter the market and to instantly secure paying clients without having to worry about winning clients over from competitors. Well except perhaps in Robina on the Gold Coast (see page 71 of quarterly report).

6. Currently 62% of funds are spent with the biggest 10 providers within a region. Per capita, this is most pronounced in the smaller States/Territories – SA, NT and Tas.

7. In thin markets, there will soon be opportunities for providers to deliver 'directly commissioned' services. Whilst the NDIA would be horrified by the use of the term 'block funding', direct commissioning is akin to block funding in that it gives a provider in a thin (i.e. otherwise unviable market) the confidence to invest in standing up services for the benefit of their communities. It is disappointing that nearly 4 years after Bruce Bonyhady articulated a strong plan for thin market activation in his 'Statement of Opportunity & Intent', the NDIA has made virtually zero progress in stimulating supply of disability services in remote and very remote regions. One would hope that (finally, with a CEO who is actually making good progress) we will see things happen soon.

8. One very little (underwhelming) paragraph at the end of page 88 of the quarterly report is in my view going to explode in demand in eastern States in the next 18 months. Three letters – ILO. Interesting that NDIA are now calling it 'Contemporary ILO'. Yes indeed, way more contemporary than depressing, expensive, choice-limiting and UNCRPD-breaching SIL.

9. The percentage of participants being plan-managed has grown very strongly during the year, with 40% of participants now availing themselves of the power/freedom of plan management. Combine this with the announcement that people who are plan managed will soon be able to access the same benefits as those who are self-managed (i.e. being able to pay whatever price they deem reasonable, as was always legally allowable), and we have some very happy (existing) plan managers and, no doubt, some eager new plan managers.

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