NDS Pre-Budget Submission

Key Priorities Overview 2022-23

# Foreword

Our annual Pre-Budget Submission (PBS) is the policy centrepiece for our state-level disability advocacy.

This PBS for the 2022-23 State Budget follows (and aligns closely with) the release of the comprehensive NDS PBS for the 2021-22 State Budget in October 2021.

Our 2022-23 PBS highlights four key priorities and a select range of key initiatives. The State Government should address and fund these as part of the State Budget in 2022-23.

The McGowan Labor Government has demonstrated its commitment to people with disability and their families, workers, and organisations in Western Australia (WA) through a range of commendable initiatives, including:

* supporting the reform of the National Disability Insurance Scheme (NDIS)
* the development of a State Disability Strategy
* the establishment of the Office of Disability; and
* to drive improved disability access and employment.

The State Government has delivered these initiatives despite many challenges presented by the NDIS implementation in WA and the enormous economic and social impact caused by COVID-19.

The WA disability sector continues to operate in this uncertain environment and will require further assistance and support from the State Government to ensure that people with disability across the State are not disadvantaged.

In particular, the sector seeks stronger responses from Government to address the financial impost of COVID-19 that threatens the sustainability of organisations, particularly those in regional and remote WA. As the Omicron COVID-19 variant spreads across the State in coming months, financial support and relief to disability organisations is urgently required to meet the significant additional costs of ensuring they can continue to provide the necessary supports to people with disability in WA. Many organisations are struggling to meet the costs associated with securing staff in a tight labour market, the higher wage costs associated with providing critical over time supports and the supply of protective and testing materials such as PPE and Rapid Antigen Testing (RAT).

The sector is also undertaking significant work to ensure effective operations for NDIS, with all its implications and the additional costs to ensure alignment with the requirements of the NDIS Quality and Safeguarding Commission. In addition, people with disability and their families have experienced high anxiety levels regarding the proposed reforms to the NDIS.

Our 2022-23 PBS urges the State Government to invest in the disability sector workforce. Disability service providers in a tight labour market with record low levels of unemployment are experiencing growing competition for workers. It prioritises the need for funding a range of workforce initiatives to help address the shortage of workers in our sector, including the extension of a number of existing NDS workforce initiatives.

Our PBS also provides representation to the State Government to protect the integrity of the NDIS and WA’s $3.8 billion investment.

The Western Australian government must consider the needs of people with disability in Western Australia and organisations providing their critical support. They also must pay special attention to those living in regional and remote areas who face additional challenges such as access to services and the higher costs of delivering those supports. Similarly, the State Government must ensure that the NDIA pricing regime provides sustainable services to people with complex needs, which currently is inadequate and threatens the continuity of quality supports.

This NDS submission focuses on driving decisions and initiatives that address areas of critical need, further paving the way for a more comprehensive service system for people with disability in WA based on entitlement, choice and control.

The key priorities reinforce a solid commitment to implement the Australian Disability Strategy and ensure that the continued implementation of the NDIS delivers on the promise of a better life for tens of thousands of Western Australians with disability, their families and carers.

The State Government, the NDIS and the broader community sector play a pivotal role in delivering quality human services. A well-planned coordinated approach is required to advance the social and economic inclusion of people with disability and build a dynamic and robust disability sector. Harnessing the opportunities and resolving the many issues will require significant investment, resourcing, and commitment to strengthen our community’s capacity to deliver quality social and economic outcomes for Western Australians with disability, particularly in the critical areas of health, disability, justice, education and transport.

# Priority 1: Invest in the Disability Sector Workforce

There must be a purposeful investment in a strong disability workforce to maximise the benefit of the NDIS.

The 2022-23 State Budget must address this issue.

NDS’s PBS 2022-23 Key Priorities Overview is put forward in the context of significant disability workforce pressures resulting from WA having the lowest unemployment rate in the country, the effects of COVID-19 on migration and the mining and housing boom putting upward pressure on wages.

The critical competitive pressures for labour experienced by disability service providers have been building for decades.

As Australia’s population ages and the NDIS continues to roll out, demand for care and support services will significantly increase, fuelling the growth of jobs in the industry.

NDS highlights that in WA:

* Around 10,000 workers currently provide support to people with disability through the NDIS. By 2023 the demand for workers will exceed 20,000.
* Disability sector organisations are currently experiencing very high FTE vacancy rates for workers.
* A snapshot conducted by NDS of the 10 largest disability service providers in WA shows that, on average, these organisations indicated a significant current FTE vacancy rate of around 12 per cent, equating to more than 400 positions to be filled.
* The NDIS National Workforce Plan 2021-25 also indicates Australia-wide, there are 3,750 unfilled vacancies now, and an additional 83,000 NDIS workers are expected to be required by 2024. WA is approximately 10 per cent of this data which indicates that workforce pressures are and will continue to be significant.

COVID-19 has highlighted these challenges, particularly when business models require a flexible workforce and the hours offered saw people working across multiple services.

Workforce strategies must address attracting, developing, and retaining high-quality workers to the sector.

## NDIS Context

The NDIS pricing regime does not currently recognise:

* Strategies to retain workers, improve productivity and innovation, attract new workers and improve quality.
* The added competition from other employment sectors, which impacts the supply of suitable workers for the disability sector.
* WA’s significant cost differential relative to the other Australian jurisdictions.

NDS also highlights the significant cost impost on the disability sector to meet the impact of COVID-19 on the workforce, which negatively impacts the capacity of the sector to deliver services.

In anticipation of the WA border reopening and a rise in COVID-19 infections, we expect this to further exacerbate the existing shortage of available workers as many test positive and are required to isolate. The increase in COVID-19 infections has and will increase cost pressures due to the increase in overtime and need for employment agency staff, with some Agencies requiring ‘hazard/danger’ loading for their staff. Providers have to pay these loadings to secure staff in the context of an already tight labour market.

## Workforce Solutions

The WA community deserves a well-functioning, well-resourced and highly skilled workforce to support its disability services sector. A well-functioning and professional workforce can be achieved by actioning the recommendations of the State Training Board’s Social Assistance and Allied Health Workforce Strategy and the findings of Premier McGowan’s Skills Summits.

The social assistance and allied health sector require an integrated workforce development plan with actions. The challenges are common across the social assistance and allied health workforce, and the aim should be to address these emerging challenges collectively. Greater coordination is required in workforce planning for the sectors, including understanding the potential to coordinate efforts, and workers utilising common skill sets across the different sectors.

A primary focus should be on providing career pathways and training opportunities for frontline and support workers at the forefront of this critical work. Without good attraction, recruitment, and retention practices, which includes remuneration for essential workers, service providers will be unable to meet the individual needs of people within the WA community.

The State Government and the social assistance and allied health sectors will need to work together to position the State to meet future demands for skilled social assistance and allied health workforce. A siloed sector approach is unlikely to meet the demand for care and support services which is expected to increase significantly in the coming years. The State must implement a plan that secures the workforce needed to meet this demand.

NDS welcomed the Skills Summit in July 2021 and the State Government's announcement of critical initiatives. Of importance for the disability sector was the Adult Apprentice Employer Incentive, the additional 5,000 places in the State Nominated Migration Program, the addition of 134 occupations to the program and the targeted campaign to attract skilled interstate workers and increase participation of under-represented groups in WA. However, the State Government needs to bolster the State's workforce further while work is undertaken to convert concepts from the Summit into initiatives.

NDS recommends that the Department of Training and Workforce Development (DTWD) take a lead role to enable a collective systemic response to the workforce by reinvigorating the Allied Health Interagency Working Group, including expanding the group to include the peak industry bodies, NDS, WACOSS, WAAMH, ACSWA, LASA and CCIWA.

The reconvened working group should develop an action plan with associated outcomes to implement the Social Assistance and Allied Health Workforce Strategy recommendations.

## What we need to do:

1. As part of a broader Workforce Strategy for the social assistance and allied health workforce in WA – set out a plan and progressively implement the seven recommendations of the State Training Board’s Social Assistance and Allied Health Workforce Strategy as they apply to the disability workforce. The Strategy should focus on developing a contemporary, skilled and flexible workforce to increase the pool of suitable workers that can take up job opportunities across the social assistance and allied health services and, in particular, in the disability sector. The sector requires a comprehensive and funded Action Plan as a matter of urgency.
2. Implement a systems approach to workforce development in the social assistance and health care industry. Efforts and initiatives should go beyond providing direct services to individual job seekers and aim to transform how to effectively support employers and the workforce bringing together stakeholders in the local health and social assistance workforce system.
3. A priority focus is to attract interstate and international workers through targeted migration policies. The State Government should consider several measures:
	1. Ensure the State Nominated Migration Program includes disability support workers on the relevant Commonwealth Government skilled migration occupation list;
	2. Permanently add disability to the specified work requirements to extend working holiday visas;
	3. Allow those working in disability to remain with one employer beyond six months; and
	4. Recruit personal-care workers directly by adding them to the temporary or permanent skilled-migration lists and introducing a new "essential skills visa". (Committee for Economic Development of Australia (CEDA), 2021, Duty of Care: Meeting the Aged Care Workforce Challenge, Australia, p9)

# Priority 2: Protect the Integrity of the NDIS

The current total budgeted expenditure on disability services is $5 billion (over four years from 2020-21). This expenditure includes the State Government's commitment of over $3.8 billion to be contributed to the NDIS over the forward estimates (2021-22 to 2023-24).

The state of play with the NDIS and its current failings are of immediate concern. While the Scheme administration sits with the Commonwealth Government, the State Government must protect its significant investment in the NDIS as this is not the Scheme we fought for.

The next NDIS Bilateral Agreement is critical to delivering a better NDIS for West Australians with disability and disability service organisations in the NDIS.

While the NDIS has positively impacted many people's lives, there is room for considerable improvement. The Scheme is complex and hard to navigate. There are problems with fairness and consistency. While it is working well for some people, others are missing out.

The WA disability sector has concerns around the implementation of the NDIS. These include its inadequate pricing regime and the NDIA's ineffectiveness to administer the Scheme on behalf of the State and Commonwealth Governments. Notably, the current NDIS reform agenda of the Commonwealth Government is motivated primarily to re-engineer the Scheme to meet sustainability and overall Scheme budget parameters rather than providing a fit-for-purpose solution to remedy the many challenges with the NDIS.

Disability organisations report a challenging NDIS working environment reflected in the WA results from the NDS State of the Disability Sector Report 2021 and a snapshot survey of disability CEOs conducted in late 2021.

They indicate that protecting the integrity of the NDIS is one of their top priorities for actions they seek from the WA Government.

* Almost 2 in 3 (62 per cent) report weak to very weak current financial sustainability
* More than 2 in 3 (68 per cent) expect sector performance to deteriorate in the next year
* More than 2 in 3 (72 per cent) expect organisational performance to deteriorate or stay the same in the next year

State Budget 2022-23 must acknowledge that WA disability organisations face an increasing demand for services in an environment of challenging NDIS pricing for WA participants.

It is crucial that the State Government, through the Office of Disability, holds the Commonwealth Government to account for this expenditure and whether the promise of the NDIS is being delivered to the estimated 48,000 Western Australian participants that will be in the Scheme by 2023.

NDS has raised concerns regarding the cost pressures being brought on by COVID-19 faced by providers, especially with regards to the costs of PPE and the increasing workforce costs. There must be an immediate price increase to cover these costs in the short term rather than the NDIA waiting until the annual pricing review completes later in 2022. Consideration must be given for the provision of a COVID Support Payment to providers immediately and to cover future costs to participants that should be recognised in the NDIS pricing regime. It is not acceptable that some NDIS participants need to draw on funding from their existing plans to cover the costs of RAT and appropriate PPE, potentially reducing the core supports and services they need. So that participants’ supports are not disrupted, many service providers have stepped up and paid for COVID related participant expenses which have proven to be expensive.

Pricing more generally is a significant issue facing providers. It impacts providers' ability to offer the support required by participants. That is why sustainable pricing is necessary to secure ongoing successful implementation and operation of the NDIS. To date, pricing limitations have impacted organisations' ability to provide innovative services and invest in new service options. For some service types, pricing limitations have affected the viability of services or outlets.

NDIS service providers welcomed the new pricing arrangements announced in March 2019 for therapy, attendant care and community support services. Addressing the temporary increases and other pricing issues would support the viability of services. However, NDS believes that the NDIS Disability Support Worker Cost Model (DSWCM) is a blunt pricing mechanism lacking sophistication and transparency.

NDS urges the NDIA to adopt a more comprehensive and flexible WA-based cost model that reflects the local market experience and evidence-based best practice, including for regional and remote parts of the State. We support an NDIS pricing regime for WA that accounts for the actual cost of support. This approach would provide greater confidence in the pricing framework used by the NDIS and build long term sustainable support for NDIS participants.

A constructive recommendation is for the NDIA to consider the pricing in the context of service type, culturally and linguistically diverse impacts, location, thin markets, and other variables. Considering pricing in this way will represent far better value for money than the current price plus arrangement that is based around the Modified Monash Model (MMM). The MMM has historically been used for health services and was not designed for an individualised service model. Most providers operating under health contracts would be in block funded support programs, either recurrent or non-recurrent.

Negotiation of the NDIS Bilateral Agreement by 2023 allows the State Government to address the many concerns raised by NDS in this submission and protect the integrity of the promise of the Scheme.

## What we need to do:

1. The State Government, through the Office of Disability, the Department of Treasury and the Department of Premier and Cabinet, must negotiate the next NDIS Bilateral Agreement to deliver better outcomes for Western Australians with disability. As part of the next NDIS Bilateral Agreement, NDS requests that the State Government require the NDIA to adopt a more comprehensive and flexible WA-based cost model. The model needs to acknowledge the higher costs of delivering the NDIS in WA and reflect local market experience, including for regional and remote parts of the State.
2. The State Government should advocate and intervene on NDIS operational challenges faced by people with disability and service providers. This could be achieved by reviewing the NDIS in WA to help inform the next Bilateral Agreement negotiations. The review should focus on reducing levels of bureaucracy in the Scheme to improve efficiency, reduce service provider costs and decentralise decision making to the State level. The State Government should consider funding towards the sustainability of disability support services further and improve the disability sector capacity to deliver quality services. Strategies should include:
	1. A package of financial support, like that provided to the events and tourism sector in WA, recognising the significant additional cost impost of the COVID-19 on the delivery of supports to NDIS participants, which is anticipated to increase as the Omicron variants spreads across the State in coming months.
	2. Subsidising audit and reporting costs which are not sufficiently provisioned for under the current NDIS Quality and Safeguarding requirements, especially for regional and Small to Medium Enterprises (SME).
	3. Reducing the cost of NDIS Worker Screening Checks. We seek a provision of $3 million in the 2022-23 State Budget to make them low cost.
	4. Expanding the NDS Positive Behaviour Support Training and Quality and Safeguarding projects to improve service safety and quality.
3. Work with the Commonwealth Government proposal to develop a better model for NDIS reform and ensure the WA disability sector and people with disability are actively involved.
4. The NDIS Bilateral Agreement should provide safety net funding and ensure the State's role as the provider of last resort.

# Priority 3: Build a fit-for-purpose Office of Disability and Implement the State Disability Strategy

NDS supports the State Government initiative to establish the Office of Disability, and we commend the allocation of $13.4 million to fund the operations of the Office across the years 2021-22 to 2024-25.

We are pleased that the Office will report directly to the Director-General and Minister for Disability Services and not be buried in layers of internal bureaucracy within the Department of Communities (DoC).

An adequately resourced Office of Disability must carefully oversee the State Government's investment in disability of over $5 billion over four years, of which $3.8 billion is the State's contribution to the NDIS, and make sure this is directed toward priority areas.

The Office of Disability will guide the State Government's investment in a sustainable and robust disability ecosystem for all Western Australians with disability. They must continue to champion and protect the human rights of people with disability and drive the development of a robust, sustainable and innovative disability services sector.

A core function of the Office is to deliver the 10-year State Disability Strategy and its action plans.

For 2022-23, NDS seeks that the Office be provided adequate funding to develop a three-year comprehensive Action Plan to implement key areas of the State Disability Strategy.

A comprehensive disability-specific COVID-19 Plan to meet the needs of people with disability must also be considered as part of the Strategy.

The Strategy must also formalise the State Government's role of provider of last resort and emergency disability services. Funding provisioned for State-run disability services must include funding for the State Government to provide emergency/crisis services where there is market failure.

The Office must measure the Strategy outcomes and report on and table these achievements in Parliament annually.

A second core function for the Office is to inform negotiations on a new NDIS Bilateral Agreement incorporating an NDIS Outcomes Framework and Key Performance Indicators.

The Office has a key role to play to gather data and provide a solid evidence base to inform and shape decisions around both the progressive implementation of the State Disability Strategy and the future NDIS.

The Bilateral Agreement, one of the most significant financial agreements between the State and Federal Governments, will underpin the development of the disability ecosystem over the next five years from 2023. It should include a strategy to build a sustainable, innovative disability workforce and services sector to manage the risks and costs of NDIS market failure.

Together with WA State Treasury and the Department of Premier and Cabinet, the Office must robustly negotiate the next NDIS Bilateral Agreement to ensure that it reflects the WA context, the needs of participants and strategically underpins the growth of the NDIS over coming years.

As part of the negotiation, the State must advocate for:

* The NDIA to adopt a WA-based cost model that reflects local market experience; and
* A review of Information Linkages and Capacity Building (ILC) funding arrangements and options around the transfer of this function to the State Government.

## What we need to do:

1. The State Government must fund the implementation of the State Disability Strategy and its Action Plans, which will define the operations of the Office of Disability. The Office should:
	1. Develop comprehensive two-year Action Plans to support the implementation of a fully funded State Disability Strategy.
	2. Report the achievements of the Strategy and measurement of key outcomes, and these be tabled in Parliament annually.
	3. Deliver the State Government's obligations under the Australian Disability Strategy.
2. A core function of the Office must be to develop robust, accountable, and transparent interfaces with mainstream agencies alongside the NDIS in WA. This should form part of future Action Plans of the State Disability Strategy.
3. The Strategy should formalise the State Government’s role of provider of last resort and emergency disability services. Funding provisioned for State-run disability services must include funding for the State Government to be the provider of emergency/crisis services where there are market failures, particularly in regional, rural and remote parts of WA.
4. The Office must robustly inform and, together with WA State Treasury and the Department of Premier and Cabinet, lead negotiations on the next Bilateral Agreement.
5. The negotiations should re-consider the current funding arrangements for the ILC Program. The responsibility for this program should be transferred to and implemented by the WA State Government.
6. The Office should have a pivotal role to collect data on critical unmet needs and future demand to inform its decision making and ensure NDIS is delivering in the most urgent of areas. It should work with people with disability, their families, carers and disability service organisations to help build a data bank of information to provide an independent assessment of the current NDIS in WA to be used to inform the next Bilateral Agreement in 2023.

# Priority 4: Build Accessible Communities and Participation

The State Government has a responsibility to improve the economic and social participation of Western Australians with a disability embedded in the 10-year State Disability Strategy and in its commitment to deliver policy outcomes of the Australian Disability Strategy.

There is still significant progress to be made on many fronts, including building more accessible communities, improving the economic participation of people with disability concerning training and employment, and delivering better health and justice outcomes.

NDS highlights two priority areas that the State Budget 2022-23 should immediately address.

## Disability Housing

People with disability in WA must have good housing options and increased homeownership. The State Government must lead and collaborate with industry and provide incentives to fast track the delivery of accessible housing for people with disability in WA.

Through the 10-year State Disability Strategy, the State Government must progressively require all new housing to be built to a Liveable Design Housing Australia’s Silver Level as a minimum.

The State Government has made some progress with the building of accessible, inclusive, and affordable accommodation for people with disability with a requirement for all new social housing homes through the Social Housing Economic Recovery Package to be built to a Liveable Design Housing Australia’s Silver Level (Silver Standards) or higher to better support people with disability.

However, while most of the state and territory Ministers have agreed to include minimum accessibility provisions for residential housing and apartments in the National Construction Code (NCC) 2022 based on Silver Standards, it is disappointing that WA along with NSW and SA did not support this change.

NDS understands the State Government did not support this due to concerns over the impact on the housing industry and to make sure it aligned with the WA Housing Strategy 2020-2030. WA will decide when the new provisions are adopted in WA in line with NCC requirements.

The decision taken by most Ministers acknowledges the costs identified in the Decision Regulatory Impact Statement and reflects their assessment that a regulatory solution will result in significant and lasting benefits to Australians, many who need access to homes with accessible features. Ministers also agreed that the Gold Level would be included in the NCC as a 'technical referral', meaning states and territories can upgrade to Gold voluntarily.

A further key consideration is for the State Government to urgently finalise and implement the State’s approach to Specialist Disability Accommodation (SDA) in the NDIS.

The development of SDA options for NDIS participants has been slow. Both Federal and State Government policy responses to promote SDA growth have been fractured, complex, and have not delivered good outcomes.

There is tension with the SDA framework, which does not support purpose-built accommodation for people with challenging behaviour very well at all. Our members tell us that living arrangements for people with challenging behaviours need to be tailored to accommodate living alone or with one or two people. Current funding arrangements lead to homes built to accommodate five people with challenging behaviour, which does not represent a good service model and puts people with disability at risk.

The State Government must ensure that the NDIA puts the proper funding mechanisms in place to create and expand housing options for people with disability. It is one thing to say we need to develop options, but if there is no funding mechanism to support this, it will not happen on its own. Flexibility is required with the tolerance of housing and living arrangements that currently work. For example, some families and disability service providers have created great environments for people to live in. The conversation needs to focus on improving these living arrangements rather than shutting them down because they do not fit in the square NDIA housing and living funding box.

The State Government must also consider reviewing the Community Disability Housing Program (CDHP) in its current form. The transfer of the CDHP (a program for people with a disability that require significant and ongoing support to live safely within the community) to the not-for-profit sector would trigger investment in new stock and grow the supply of suitable housing. The asset transfer enables community housing providers to leverage funds.

## Education, Training and Employment

People with disability have a right to a good education, training, and jobs.

The State Government must commit to ensuring people with disability have the education and skills they need to succeed and have meaningful, inclusive employment and economic independence.

This is not the case for people with disability as they have significantly lower employment participation rates (including in the WA Public Sector), higher unemployment rates, and experience discrimination in schools and workplaces. These are factors that reduce their economic independence and income-earning capacity.

We urge the State Government to allocate funding in the State Budget 2022-23 through the State Disability Strategy to remedy this, investing in a range of education, training and employment initiatives.

## What we need to do:

### Housing

1. Finalise and implement the State’s approach to Specialist Disability Accommodation in the NDIS.
2. The State Housing Strategy to provide a clear line of sight between State Government responsibility and delivery of accessible and affordable housing for all people with disability. It should include an action plan to roll out disability housing, review the use of existing social housing, and the CDHP enabling its transfer to the not-for-profit sector to drive investment in new stock and grow the supply of suitable housing.
3. The 10-year State Disability Strategy progressively requires all new housing to be built to Liveable Design Housing Australia's Silver Level as a minimum.

### Education, Training and Employment

1. Increase funding to support and increase the number of teachers and education assistants and access to in-classroom support for students with disability.
2. The Department of Education and NDS partner to develop and deliver a program of anti-bullying strategies to support students with disability.
3. Establish a Disability Education Training Program to improve inclusive education practices for teachers and advise students and families on available support.
4. Set up an Inclusive Schools Program requiring mandatory changes to how schools operate to deliver inclusive learning environments.
5. Establish a Pathways to Work Schools Partnership Program for students with disability.
6. Create 100 internships for people with disability in varied industries and sponsor traineeships, cadetships and graduate careers across the WA public sector.
7. Set a mandatory date to implement the Public Sector Employment Project – Building the Talent Pool, across all Government agencies to make sure that the State Government meets its minimum target for 5 per cent of the WA Public Sector workforce to be people with disability by 2025.
8. The State Government explore other opportunities to increase the employment of people with disability through the more comprehensive Government procurement process, including the State Commissioning Strategy. It should continue to support Australian Disability Enterprises (ADE) through the Department of Finance Social Procurement ADE initiative that helps businesses that employ people with disability.

# About NDS

National Disability Services (NDS) is Australia’s peak body for non-government disability service organisations representing over 1000 non-government organisations, which support people with a diverse range of disability.

In WA, NDS represents over 150 specialist disability services organisations that provide services to tens of thousands of people with disability, their families and carers in the State, including metropolitan, rural and remote regions. Our members offer more than 85 per cent of services to people with disability valued at more than $580 million. These range from home support, respite and therapy to community access, employment and more.

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