

Submission to the Productivity Commission

Review of Disability Care and Support

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April 2011

I am an economist with a strong interest in public policy, mostly in the fields of economic **development** and international economic cooperation. During 1994, I spent about eight months as the **coordinator of Parent Advocacy**, a small organisation created to press for improved policies towards people with disabilities in the Australian Capital Territory (ACT).

That was a saddening experience, exposing under-resourcing of services and the asymmetric relationship among service providers and carers seeking decent support.

The comments cited in the Productivity Commission's Draft Report's Box 1 (pages 6 and 7) could have been written at that time. This demonstrates the need for a through reassessment of disability care and support.

I comment the Productivity Commission for producing an excellent report supporting the case for a National Disability Insurance Scheme (NDIS).

I support the recommendations of the report and have only very minor suggestions on wording, as set out below.

My main comment is that the report should draw more attention to the benefits of the proposal, which will offset some of its additional cost.

The cost of the NDIS

The estimates of the increased cost appear to be realistic. At the same time, it would be useful to explain that the net costs of the new NDIS-based approach would be considerably lower.

With better support, people with disabilities would be more likely to be able to make a productive contribution to the economy. Moreover, better support would allow many carers increase their participation in the workforce. The Draft Report cites examples of some potential economic gains from these sources.

The Draft Report also cites examples of people with disabilities being forced to pre-empt places in hospitals and other services because of inadequate long-term support at potentially lower cost. On page 6 it is noted that:

Under-servicing in one area — such as not enough access to respite and home modifications — results in costly additional servicing in another less appropriate area or at a later time (such as someone staying in hospital because their home has not been modified). This points to another source of potential benefit from an NDIS — it is not clear whether this has been taken into account.

Yet another major source of savings would be by avoiding the frequency of crises leading to high, but avoidable costs and the disruption of more routine support. This problem is very well explained in the last paragraph of page 6. And in Table 1, page 10, the Draft Report notes that:

The schemes, like all insurers, would aim to minimize long terms costs, so they would have a strong incentive to undertake early intervention where it is cost effective. The scheme would spend dollars to save more dollars ...

I believe the Draft Report could give more emphasis and make more use of one of the comments from participants, cited in Box 1:

*Looking overall as a money matter, what strikes me is that money is being wasted here. By not spending the money on aids, you're probably creating disability for the future and also by not meeting properly the costs of disability, you're putting more stress on those carers and you're probably causing more suicide, divorce, separation, abandonment. As economists, this is an area crying out for an economic improvement.
(Richard Cumpston, Canberra Hearings, Transcript, p. 370.)*

It would be very difficult to provide accurate estimates of the benefits of the recommended approach. But the report should explain that these benefits exist and would offset some of the cost of the scheme.

Assessment

The **Draft Report** emphasises, appropriately, that the success of the NDIS will hinge on a sound and carefully administered assessment process. The submission by Queensland Parents of People with Disabilities (QPPD) are relevant and may deserve to be used (or cited) in the final report. In 1994, I found them to be a highly professional organisation.

I agree with the recommendations on this issues and strongly endorse Recommendation 5.8 about the need for regular review of the assessment process. It may be useful to recommend that some regular reviews be made by an independent body in a transparent manner, similar to the inquiries of the Productivity Commission.

Recommendation 5.6 begins as follows:

Where an informal carer provides a substantial share of the care package, they should receive their own assessment.

This wording could imply a rather passive role for the carer(s). Perhaps it could be reworded to:

Where an informal carer provides a substantial share of the care package, that contribution should be assessed in its own right, in consultation with the carer.

Funding the NDIS

I support the proposed funding by means of:

direct payments from consolidated revenue into a 'National Disability Insurance Premium Fund', using an agreed formula entrenched in legislation

I agree with option (a) for contributions by states; that is by reducing state (and territory) taxes.

Information requirements

The Draft Report notes the need to set up a sound information technology (IT) system for the NDIS.

Once again, the report could point to net savings from dispensing with the current need to acquire much the same information, often repeatedly, from carers or people with disabilities. Needless duplication of requirements for information are not only unfair and on those supplying the information, but has an opportunity cost in terms of reduce ability to contribute to the economy or the community.

Avoiding such duplication could be one of the objectives mentioned in Recommendation 10.1

National Injury Insurance Scheme (NIIS)

The case for a separate, but parallel scheme to support those with catastrophic life-long injuries is well state.

Encouraging no-fault insurance in all jurisdictions is appropriate. It is not only fairer but, as noted in the report, would also avoid lengthy delays in funding support and lead to significant savings in legal costs.