



SUBMISSION

**Productivity Commission Draft Report
Disability Care and Support**

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Executive Summary

Ai-Media warmly welcomes the Productivity Commission's Draft Report into Disability Care and Support (Draft Report) and thanks the Commission for the opportunity to make this submission, which follows a presentation on 20 July 2010, a written submission on 16 August 2010, and a further presentation on 13 April 2011.

Founded in 2003, Ai-Media is a social enterprise, dedicated to ending the experience of exclusion that people with disability face. Our focus, to date, has been on developing solutions for people who are deaf or hearing impaired.

We regard the greatest priority as being to secure the necessary public and political support to implement the NDIS as soon as possible. Confident that the costs of action are dwarfed by the costs of inaction, **we urge the Commission to calculate and publish the productivity benefits and cost savings that would accrue as a result of the proposed investments in the NDIS.**

Ai-Media sees a clear role for the NDIA to administer a **whole-of-life scheme** (including, in time, education) in order to deliver a one-stop-shop for excellence in service delivery; and end the "confusopoly".

Finally, Ai-Media regards the **innovation fund** initiative as being a critical component of disability reform to drive innovation in the sector. We provide evidence of our experience seeking to secure sustainable funding for a technology-enabled solution directed to deaf and hearing impaired students in mainstream schools in the appendix.

Detailed comments on the Draft Report

- The 3 key objectives of the NDIS should be uncontroversial but are significant, and deserve clear support. Ultimately the rest is detail.
 - **End the rationing** in the disability system (we don't ration education, Medicare, or age-pension entitlements);
 - **National system** The current mesh of state / territory-based "non-systems" should be replaced with a national system driving national innovations that can be diffused widely and quickly – and give every Australian affected by disability the same entitlement regardless of where they live. The "confusopoly" must go.
 - **Consumer choice** must lie at the heart of the new system: decision-making must shift to people with disability and their carers.
- **Long term actuarial approach** to funding must be supported as a matter of principle if economic incentives are to drive cost effective solutions across a "whole of life" view. The costs of inaction should be quantified, and measured against the costs of action. By way of example, Access Economics in 2006 calculated the costs of excluding people from the productive economy, because of deafness alone, exceed \$12 billion per annum.¹ It would appear beyond doubt that the productivity benefits (and cost savings) that would accrue from an extra \$6.3 billion in funding for the NDIS, covering the entire disability spectrum, would significantly exceed \$12 billion. We urge the Commission to model, calculate and publish these benefits in the final report.

¹ Access Economics (2006) *Listen Hear – The Economic Impact and Cost of hearing loss in Australia* - <http://www.audiology.asn.au/pdf/ListenHearFinal.pdf>. The costs in 2005 were \$11.75 billion.

- **Compulsory no-fault insurance** is the most efficient way to fund what is a matter of human rights (why penalise someone for life because they made a bad decision not to insure themselves?).
- **Great idea not to recommend a levy** - the NDIS should be the core business of government, and savings can be made from other less critical areas but a case must be made that the costs of inaction are greater than the costs of action.
- **NDIA** concept is a good and necessary one – but the devil will be in the detail.
 - Critical that the NDIA be “**informed**”, not political
 - Biggest benefit is having “**just one agency**” [7.4] as a single point of authority, and repository of knowledge, of the lifetime needs of people with disability. The current transition “arrangements” to school, higher education, workplace and retirement for people with disability cause unnecessary stress and confusion for people with disability, their families and carers; and waste valuable resources as responsibility transfers (or doesn’t) from one agency to another, often among different levels of government.
 - **Infrastructure funding** may sometimes be necessary to ensure a service can continue to be offered at an acceptable level of risk – 100% individual choice can lead to atomisation of funding and withdrawal of efficient solutions that require fixed investment. Infrastructure that supports multiple supports should be prioritised (eg broadband infrastructure)
 - **Quality framework** is critical – service providers and disability support organisations must be accountable to transparent national standards – as evaluated by the NDIA
 - **Decisions of the NDIA** should be subject to unfettered judicial review
 - **[NZ should be invited to join]**
- **Education is critical and early intervention is effective.** We welcome the acknowledgment of the Schools Funding Review and the ability for other areas of government (including education) to refer disability to the NDIS (where currently excluded). For the NDIS to be most effective, it should provide whole-of-life needs. The NDIA should perform a lifetime assessment and governance arrangement. We see a time when it would make sense for all-of-life disability needs to be coordinated in a single national office. Education reviews into disability should ensure new systems are consistent with the framework in the NDIS – and be prepared to hand over the disability-specific elements of education to the NDIA. The NDIA’s Education Branch should contain a majority of educators, with parent groups, service providers and interested parties also represented. Best practice in education should be available to all Australians, regardless of where they live. In the case of deafness, the types of specialised supports required in education are similar to those required in other areas of life (namely, translation of audio-based information in a visual format; either by captioning or sign language interpreting).
- **Innovation Fund** Creating incentives for innovative approaches to deliver independence for people with disability must be a central feature of the NDIS. While an innovation fund should not be limited to technology-based solutions, it is likely that many novel approaches for cost-effective and scalable solutions to address disability will be technology driven into the future.

Stretched budgets, scarce management resources, unclear and ambiguous responsibilities between state/territory and federal funding agencies, and legacy bureaucracies not geared towards innovation, combine to leave no formal mechanism to fund and trial innovative approaches to disability, however promising they may seem, and however great the potential national benefit.

Competing proposals for the innovation fund should be evaluated on the basis of the link between resourcing and outcomes. The innovation fund should prioritise solutions for those groups most in need, thereby creating a market for innovation. To be successful, the innovation fund need not be large, and, consistent with the principles of risk-sharing, need not cover 100% of the costs.

There should be a competitive semi-annual funding mechanism to reward innovative solutions based on prospective outcomes per dollar invested (value for money). Innovative inclusive solutions are likely to have positive spill-over benefits for all Australians. Ideally these likely benefits should be captured in any assessment.

The innovation fund should fund:

- Preliminary pilots
 - National pilots (if preliminary pilot is successful);
- prior to the solution being approved by the NDIA.

[APPENDIX FOLLOWS]

APPENDIX: Example – The Development of Ai-Live™ for Deaf Students

This appendix describes Ai-Media's experience seeking to secure funding for a national pilot of Ai-Live™ under existing funding frameworks.

The fact is that without the cash flows from a modest broadcasting business, and patient social enterprise investors, Ai-Live™ could not have been developed.

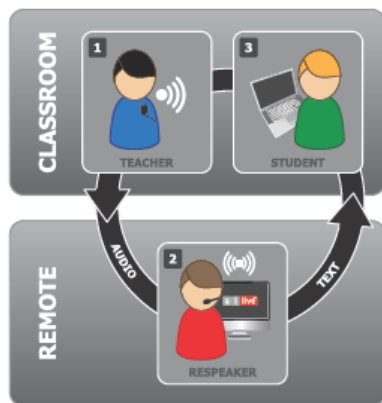
Background

Ai-Live™ is a solution developed by the Australian social business, Ai-Media, to allow deaf and hearing impaired kids effective participation in mainstream classrooms, and improve their literacy.

Winning a week of the ABC's *The New Inventors* in 2010, Ai-Live™ is an innovative technology solution that delivers word-accurate text of classroom conversation direct to the laptop or iPad of a deaf or hearing impaired student within seconds, with a cost-base comparable to existing supports.

Ai-Live™ is powered by a remote "respeaker" who listens to the audio delivered from the classroom, and re-speaks the text (with punctuation) into trained speech recognition software. This text (which is word-accurate) is then streamed back over the internet to the student's device, allowing the student to follow the classroom conversation with ease. The costs of the respeaker represent approximately 75% of the total costs of delivering the solution (with the other 25% covering costs of hardware, software, support, training and quality assurance).

HOW Ai-Live™WORKS



Ai-Live™ was piloted successfully at Robert Townson High School in Western Sydney from September 2009 with contributory funding support from the NSW Department of Education and Training (representing a fraction of the development and implementation costs).

By December 2009, it was clear that the solution was effective at enhancing educational outcomes.

Both pilot users experienced significant improvements in school performance with **one student moving from the bottom of the class to coming first in the yearly exam in less than 10 weeks.**

Our experience in seeking to attract funding from within the education sector suggests there is little space in a crowded and confused funding framework to support promising innovative solutions, and diffuse these benefits nationally – even when these benefits are widely accepted.

Issues encountered securing funding under current arrangements

There is currently no mechanism to evaluate value-for-money investments that improve the educational outcomes for disadvantaged students (including students who are deaf or hearing impaired).

In our experience, in the absence of an innovation fund, the following obstacles have been encountered in securing funding for innovative solutions in education:

At a State / Territory level:

- Budgets are fixed well in advance and there is little scope for assisting new solutions in an expeditious way.
- There is no specific funding available for technology, infrastructure and support costs associated with innovative technology solutions (this includes support for teacher and student training, software development, hardware installation, technology and service support).
- In the absence of independent research data on the effectiveness of the new solution, no funding can be made available (the Catch-22 issue).

At an Australian Government level:

- Education is a State or Territory responsibility and the Australian Government is not in a position to fund particular programs outside of those agreed in the previous funding round.
- The Australian Government is not in a position to assess and support particular technologies or support individual businesses over others.

At a private investor level:

- Education in Australia is controlled and majority funded by government. Private investors who may support the development of innovative education services need to know that there is a proper mechanism and opportunity to obtain government support if they can prove their invention is worthwhile.
- Private investors would be more willing to share the risk on initiatives that promise to deliver improved outcomes in a financially sustainable way, if there was a fair, simple and transparent mechanism to compete for supportive government funding.