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## Premier of Western Australia

Our ref: D1102239

Ms Patricia Scott  
Commissioner  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2601

Dear Ms Scott

### **Inquiry into a long-term disability care and support scheme**

Please find enclosed a submission from the Western Australian Government in response to the Productivity Commission's draft report on disability care and support.

I understand that you have been in Perth this week to discuss the Productivity Commission's proposals with Western Australian stakeholders and State government agencies. This commitment to State level consultation is appreciated.

Yours sincerely

Colin Barnett MLA  
**PREMIER**

## **WESTERN AUSTRALIAN GOVERNMENT SUBMISSION: PRODUCTIVITY COMMISSION INQUIRY ON THE DRAFT REPORT INTO DISABILITY CARE AND SUPPORT**

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The Western Australian Government welcomes the release of the Productivity Commission's (the Commission) draft report into Disability Care and Support. Western Australia supports the Commission's overarching finding of under-funding to disability services and recognises that there are a number of substantial improvements that can be achieved through national consistency and, above all, increased resources.

However, Western Australia disputes the general assumption within the report that the disability service system is broken, particularly in Western Australia. Many of the recommended service directions identified for the new scheme are already well advanced in Western Australia. Additional funding would further the development and expansion of existing best practices and increase the capacity to meet unmet demand.

The scheme(s) identified in the report provide a conceptual model that Western Australia has considered in relation to its fit to the local context and the learnings from the disability system in Western Australia. In commenting on the draft report, Western Australia notes that a number of the features of the proposed scheme(s) run directly counter to the key issues included in the State's initial submission to the Productivity Commission. Western Australia's continued position is that any changes to the disability system should:

- Maintain links with and build on current state-based service systems and compensation schemes, as well as preserving and supporting current levels of informal care. In particular, the State Government would only support a scheme that:
  - preserves and enhances current levels of informal care through appropriate support to families and carers, as well as promotes growth in the community service sector to provide flexible, citizen-centric supports
  - invests in and builds service infrastructure by supporting the development of workforce skills and the competence of boards of management and
  - complements existing state-based long term care and compensation schemes.
- Ensure state control of funding and administration of any proposed scheme. In particular, the State Government would only support a scheme that:
  - promotes local control and decision-making to ensure services are person-centred and focussed on supporting the individual in their local community
  - builds on the existing state administrative structures for funding, purchasing, monitoring and regulation of providers;
  - complements and leverages off other state-based services such as housing and community services; and
  - recognises that states and territories should retain control of administration, assessment, service delivery, funding (including funding allocation to individuals), disability policy and program direction.

In its original submission, Western Australia indicated that the State Government would oppose any national disability scheme that provides the Commonwealth with funding and policy control over the disability sector in the State. It also made clear that Western Australia would be unsupportive of financial arrangements for a disability scheme that encroached on or eroded the State's existing revenue base in any form.

Western Australia maintains the positions outlined above and is of the strong view that the best results in this State will come through building on the existing structures, rather than replacing them with a centrally driven national system. The Western Australian disability services system has been recognised both nationally and internationally for its innovative and contemporary approaches to providing person centred and self-directed supports through individualised funding arrangements. The internationally recognised Local Area Coordination model builds both personal and informal capacity, based on the creation of enduring rather than transactional relationships. This is supported by a network of service providers in the non-government sector. In recognising these strengths we acknowledge the limitations in sector and workforce capacity, but consider that these could be strengthened by building on existing systems.

Furthermore, by proposing two different schemes, the Commission is differentiating between groups of people with disability on the basis of how they acquire their disability. This is not necessarily sound policy and could result in inconsistencies between people funded under the different schemes.

### **National Disability Insurance Scheme**

The Western Australian Government supports improvements to the existing disability system and recognises that many of these can be achieved through national consistency in areas of service system design and delivery. Western Australia, along with other jurisdictions, is currently progressing much of this work under the National Disability Agreement and the recently signed National Disability Strategy. These include:

- the development of nationally consistent eligibility criteria and processes
- nationally consistent assessment criteria and processes including agreed assessment tools that deliver consistent outcomes
- individual planning (which could build on Local Area Coordination in Western Australia)
- increased Commonwealth commitment in funding for disability services nationally
- service delivery and purchasing frameworks that enable greater choice for individuals
- national outcome-based quality standards
- improved governance through a renewed national agreement that includes compliance reporting against national standards
- improved data collection using agreed service frameworks to provide consistent and comparable national data sets, and
- fully funded research initiatives to examine efficiency and efficacy of programs and interventions, that inform evidence based policy and programs and support research collaborations with appropriate research institutions.

The most critical issue has been, and continues to be, under-resourcing and the Productivity Commission's draft report is very clear about this. The existing disability system in Western Australia can be improved through the provision of appropriate resources and an agreed national policy framework to improve consistency in services within and between jurisdictions.

Geographical considerations present unique challenges in Western Australia. This is particularly relevant to meeting unmet demand in remote Aboriginal communities. Experience has shown that the greater the distance between decision makers and local consumers, the greater the levels of dissatisfaction.

Current data limitations were acknowledged in the draft report, but still a whole new system has been designed with individual and national implications based on this poor data. This offers little certainty to people in a capped funding scheme where there is growing demand for services and support packages are based on what is defined as "reasonable and necessary", the boundaries of which can change according to available resources.

While only the Commonwealth has the financial capacity to fund the significant expansion proposed in the draft report and options for Commonwealth funding are a Commonwealth matter, Western Australia does not support funding options that involve a reduction in State taxation or hypothecation of Goods and Services Tax revenue. Western Australia is also opposed to levies on personal income to fund a national scheme. Consideration should be given to additional funding being provided through National Partnership arrangements that set out national goals and an agreed reform program for expanding disability services.

### **National Injury Insurance Scheme**

With respect to the National Injury Insurance Scheme, Western Australia acknowledges that there are potential advantages to a "no-fault" insurance scheme. In any new scheme it will be important that the benefits are equivalent to, or an improvement on existing entitlements, so people accessing the scheme are no worse off than under current compensation systems and at common law.

The scarcity of costings and unknown policy issues that may influence costs present risks to the financial sustainability of the proposed scheme. While there is interest in exploring a 'no fault' scheme and support for a graduated introduction beginning with long term disability sustained through motor vehicle accidents, there are a wide range of assumptions and unknowns that require greater clarity. These include:

- nationally agreed definitions, including 'catastrophic injury' and 'significant disability'
- types of catastrophic injuries to be covered based on how they are acquired through transport, medical, workplace and general accidents or crime related
- levels of entitlement and the constraints and risks these place on the financial management of the scheme
- scope States would have to determine policy on standards and models of care

- entitlements included in a package of life-time care benefits (especially medical and like expenses)

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- whether non-lifetime care benefits will continue to be managed and settled by workers' compensation schemes, as this has particular implications for privately underwritten systems
- how additional premiums for coverage of workplace accidents would be raised and collected in a privately underwritten workers' compensation scheme
- whether common law rights would be extinguished or not if the scheme would apply to injuries occurring after retirement age<sup>1</sup>
- if the proposed scheme includes the group of current catastrophically injured people who may or may not have received statutory entitlements or common law compensation payments, and
- the mechanism and model to fund general accidents, medical injury and criminal injuries.

Western Australia does not support a proposed levy on land tax or local government rates for catastrophic injuries resulting from general accidents and as the draft report is not clear about the funding options significant further research may be required.

## Conclusion

Because the report focuses specifically on two systems, rather than examining and proposing the efficiencies and effectiveness of a range of alternative approaches, there is an expectation of greater detail in the key points. Yet many have little detail, suggesting either lack of consideration or lack of evidence. There is little explanation (or recognition) of the role of state and territory governments in the delivery and administration of disability services and the range of state administered services in housing, health, mental health, child protection, corrections and community services. This includes investigation, guardianship and administration services for people with decision making disabilities that operate within the framework of each state and territory's legislation.

There is the opportunity for the Productivity Commission to consider and identify further options for the funding of disability care and support that build on existing services where these are of high quality. These options should consider existing best practices in different services across Australia and recognise that different inputs may be required to achieve equal and fair outcomes.

An alternative model that could be considered is a federated model that is based on agreed standards of service delivery and consistent data collection to build an evidence base to inform future policy direction. The potential to reach an agreement needs to be explored further and should consider State's retaining primary responsibility for delivery of services, funding and timeframes. Such a model would not require a permanent national secretariat (and the associated cost) and each State

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<sup>1</sup> Age restrictions would deny access to life time care benefits and create inconsistencies with the statutory scheme being introduced in Western Australia through the Workers Compensation and Injury Management Bill 2011.

could ensure that implementation is financially sustainable and the financial impacts on the community are acceptable.

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It will also be important that any future disability system be structured and delivered in such a way that permits Australia to meet its obligations under the United Nations Convention on the Rights of Persons with Disabilities.

While recognising the lack of detail and vagueness in some of the draft report proposals, Western Australia acknowledges the efforts of the Productivity Commission in undertaking the inquiry and preparing the draft report. In identifying and elaborating on the issues for Australians with and affected by disability and proposing an approach to address these, the report provides a sound basis to critique and further what must become a rigorous discussion on how Australian Governments need to collaborate to improve disability services in Australia.

April 2011