

The Productivity Commission's (PC) Interim Report proposing a National Disability Insurance Scheme (NDIS) is an abject failure. It does nothing to solve the long term structural problems of the disability sector. Instead, it has chosen to placate the chief lobby group who advocates for a NDIS, and does nothing to critically examine the many failures of the proposed scheme. It seems almost utopian superficially, and has far too many flaws upon closer inspection to be adopted at all. This makes the interim report a waste of time energy and resources. Thankfully, the PC stated the obvious though when it highlighted the need for disability sector needs reform, but that is pointing out the obvious. What it does not need is a half baked scheme that will not work in practical terms: the sector has too many of those already. Instead of adopting a ham fisted policy that is an empty box which has been nicely gift wrapped by the *Every Australian Counts* the PC needs to start from scratch and this time get its policy recommendations right.

If a NDIS it must be implemented by a stage based incremental approach. Spend time getting therapy right, then move on to equipment, then respite, and so on. The universal approach marketed to the community is foolhardy, and frankly stupid. Moreover, it shows absolutely no knowledge of basic guidelines for policy implementation. Such ignorance gives carers and people disabilities hope for something that will never come to satisfactory fruition. This will do more harm than good. It is for this reason I strongly believe that an NDIS should be scrapped entirely.

The PC will note that when I submitted my thoughts before the interim report that I was indeed very supportive of the NDIS in a theoretical sense, but upon further investigation I have come to conclusion that an NDIS is nothing more than an elaborate theory designed to placate a noisy interest group crying out for reform. The NDIS has been designed solely as a public relations exercise so that major stakeholders can partake in mutual back starching. Its chief supporters have not demonstrated anything more than a basic understanding of the processes needed to implement this policy when combined with the need to survive and thrive in the maze that is the disability sector. The main beneficiaries of an NDIS are the service providers: the very organisations who are in charge of pushing through a NDIS. This is not surprising in the slightest given that they have the most to gain should the policy eventuate.

The PC interim report has developed a rather monolithic and simplistic three tiered criteria. I have issues with these criteria, because although I fit into the criteria quite snugly (as I have Cerebral Palsy), there is lots of grey area. I have trouble seeing where people with vision and hearing impairments fit in for example. What about those who have a mental illness? Further, are those with behavioural impairments (such as autism) going to be included? The report does not answer these questions. I have a feeling the people who fit into those last two categories will be left hanging yet again.

The greatest challenge for a NDIS to succeed is to actually get the program legislated and through parliament. Without this process the words contained within the report are a waste of everyone's time. There are claims that an NDIS has 'bipartisan support'. It does not. It actually makes me wonder if anyone championing a NDIS has even thought about the political struggle it will take to get this through. As pointed out in *Sydney Morning*

Herald on March 1st ‘The Productivity Commission is proposing the most important social reform since *Medicare* without a plan to fund it...’

Many advocates have pointed out it is not the PC’s job to examine the political consequences of the policy. I disagree, but let’s say that they are right. This places a greater onus on the stakeholders who have a vested interest in the NDIS to sell the political advantages of the policy. Given the Australian political climate at this time, it will be a very tough, and I believe impossible, policy to sell.

The key sections of the report’s overview demonstrate why:

First, the Commission is proposing a National Disability Insurance Scheme (NDIS) to be overseen by a new organisation, the National Disability Insurance Agency. This would provide disability-related services and supports to the community at large, but with a particular emphasis on funded supports for people with significant disabilities and their carers.

Second, the Commission is proposing a National Injury Insurance Scheme (NIIS) to address catastrophic injuries from accidents, such as quadriplegia, acquired brain injuries, severe burns and multiple amputations. The scheme would comprise a coherent set of state-based, no-fault arrangements for providing lifetime care and support, building on existing schemes. It would have the same basic goals as the NDIS, but would be funded differently...

The Commission has concentrated on two models, based on hypothecation from new or higher taxes, or from general revenue using a specific legislated formula. Most tax bases are ill-suited to hypothecation because they are either too small relative to the demands of the NDIS or involve significant inefficiencies. The Commission has ruled out all state and territory government taxes. At the Australian Government level, only taxes on consumption or personal income would be suitable.

Given the difficulty of changing GST arrangements, the only realistic tax base for a new hypothecated tax would be personal income. Were the Australian Government to introduce a new disability insurance levy, it should be implemented by adding an increment to existing marginal tax rates, rather than involving different income thresholds or new complex tax schedules.

However, better still, the Commission favours an arrangement in which — according to a legislated formula — the Australian Government directs payments from consolidated revenue into a National Disability Insurance Premium Fund. This approach means that the Australian Government could use whatever is the most efficient tax financing arrangement at the time, or partly fund the NDIS from savings in spending elsewhere.

The Commission has not nominated a specific source of additional tax revenue or cuts in expenditure elsewhere. The reality is that the Australian Government will come under increasing fiscal pressure as a result of an ageing population (as shown by successive

Intergenerational Reports), and the arrangements for financing the NDIS would need to be considered against that background

This arrangement would not be reliant on the vagaries of Commonwealth, and state and territory budgets. Because the scheme would commence in stages, not all the money would have to be funded by the government up front. The Commission considers that the funding of the scheme is manageable, taking into account a wealthy and growing economy, and the fact that Australian taxpayers only need to finance the additional amount of resources needed to fund a proper disability system....

In 2009-10, the Australian Government provided funding to the disability sector of around \$1.7 billion, while state and territory governments provided funding of around \$4.5 billion — or a total of \$6.2 billion. The Commission's preliminary estimate is that the amount needed to provide people with the necessary supports would be an additional \$6.3 billion, roughly doubling existing funding.

Accordingly, the real (or net) cost of the NDIS would be around \$6.3 billion a year. That could be funded through a combination of cuts in existing lower-priority expenditure and more taxes.

This is in circumstances where the Parliament remains politically deadlocked, relying on three conservative leaning independents in the House of Representatives to pass any piece of legislation. The PC has signed its own NDIS death warrant by taking the onus off the government to make any hard political and policy decisions. Where is the money going to come from? If the PC is relying on the Federal Government to make this kind of decision, it will be waiting a long time for it to be made.

There is a much better way to reform the disability sector. Why doesn't the PC use this unique opportunity to recommend that the disability sector be nationalised? To take out the waste and the buck passing created by the two-tiered system of disability funding? This would save an enormous amount of costs created through needless bureaucracy. More importantly it could create uniform criteria for what constitutes funding under already existing arrangements without too many bureaucratic changes.

For example in Queensland alone the Federal Government provides its state counterpart with just under \$2 million in respite funding, on top of the same amount supplied by the State

(http://www.fahcsia.gov.au/sa/disability/progserv/govtint/Documents/dap_agreements/ql_d/schedule_2.htm). In most cases in order to be eligible for this funding a person with a disability and/or their carer must apply to a service provider whose funding is then contingent upon meeting requirements from both State and Federal Governments. People with disabilities who move interstate also have to reapply for the same funding that they have already received and are entitled to in other States and Territories. A national scheme would instantly eliminate this needless frustration.

The amount of funding required for a proposed NDIS would be better spent streamlining the existing system, rather than wasting time, energy and resources with a policy that has questionable and conditional support from all major political participants. The most sensible option for disability funding follows a similar structure to the Health Reforms undertaken by The Rudd and Gillard Governments. In principle, this model already has bipartisan support.

This would involve the Federal Government being responsible for all the funding for disability services and bypassing the needless bureaucracy of the State Governments. The funding would instead then be allocated to a Local Administrative Team (LAT) that would decide which people would be entitled to funding based upon set and established criteria.

A LAT would administer a local area of each Federal Electorate. A LAT committee could perhaps be modeled on the Regional Disability Councils (<http://www.communities.qld.gov.au/disability/community-involvement/disability-councils/about-the-councils>) instituted by the Queensland Government. The LATs could be comprised of carers, people with disabilities, representatives from service providers: all of whom would share unique knowledge of the local area's needs, requirements and the resources that can be provided. To avoid favouritism an Appeals Tribunal could be set up in each Capital City.

This system to me seems to be far more workable than the proposed NDIS. It would reduce short term costs by reducing bureaucracy, and ensure that all parties within the disability sector, and not just service providers or a noisy minority of carers, get access to valuable and desperately needed funds. If instituted correctly by policymakers with vision and a deep understanding of the disability sector this reform would surpass a broken NDIS scheme and provide true actionable reform that was sadly lacking in the PC's interim report.

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