REPORT TO
NATIONAL DISABILITY SERVICES WA
MAY 2017

NDIS: WA DISABILITY SERVICES SECTOR DEVELOPMENT PLAN
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Overview and Context

In July 2016, National Disability Services (WA) commissioned ACIL Allen Consulting to develop an NDIS: WA Disability Services Sector Development Plan (Industry Plan) that will provide a clear framework for the WA disability sector to transition to full National Disability Insurance Scheme (NDIS) implementation in WA.

The underpinning driver of this Industry Plan is the NDIS and the associated impact it has had on people with disability, disability service providers, government, and broader industry stakeholders during the transition to a new operating environment.

Across Australia, the transition to full-scheme implementation of the NDIS commenced in 2015-16, with the exception of WA, where a trial and evaluation of a State governed NDIS was compared to one that is governed by the National Disability Insurance Agency (NDIA). Following the evaluation of the WA trial sites and negotiation between the WA and Commonwealth Governments, a Bilateral Agreement was signed on 1 February 2017 specifying that the NDIS reforms would be implemented in WA under State based legislation. As part of the agreement, the WA State based legislation must be consistent with the National Disability Insurance Scheme Act 2013 (Cth) on matters relating to eligibility and access to supports provided through the NDIS.

Rather than the NDIA, a new WA NDIS authority, governed by a seven member independent WA Board, has responsibility for the implementation and administration of the NDIS reforms in WA.

The basis for this agreement was that the WA Government considered a locally administered NDIS would deliver improved outcomes for people with disability in the State. Underpinning this belief was that many of the key reforms embodied in the NDIS were first pioneered in some form in WA, and that the positive outcomes Western Australians with disability have achieved are the result of the strong partnership between the WA Government, and the WA not-for-profit sector.

While the Bilateral Agreement was signed in February, ACIL Allen notes that the newly elected WA Labor Party is currently consulting with the sector and deciding whether to continue with the current Bilateral Agreement, or whether to cancel the Bilateral Agreement and transfer control of the administration of the NDIS in WA to the NDIA, like is the case in all other States and Territories. Regardless of whether this occurs or not, WA will begin its transition to the full-scheme at least one year later than all other jurisdictions; and is expected to still be rolled-out and operating at full-scheme capacity by 2019-20.

Having a compressed timeline leading to the full roll-out of the NDIS poses many challenges for WA industry. Service providers will have to completely adjust their operations and way in which they provide services to people with disability.

From an industry planning perspective, the experience of other Australian jurisdictions during the transition provides valuable learnings for WA. The transitional strategies implemented in these jurisdictions have also been considered in developing the Industry Plan.

Industry Profile

The development of the Industry Plan has been significantly informed by the understanding of the sector that ACIL Allen has developed through the:
- **WA Disability Sector Survey**, which provides a profile of WA disability services providers, their perspectives on the impact of the NDIS on their operations, and the strategic priorities and challenges they identified in preparing for the introduction of the NDIS.
- **WA Disability Sector Economic Impact Assessment**, which provides an overview of the current contribution of the disability services sector to the WA economy, and its future contribution under the full implementation of the NDIS in WA.
- **WA Disability Sector Industry Profile**, which provides a perspective of the sector’s performance and outlook, and an assessment of the sector’s key strengths, limitations, opportunities and threats.

The results of this research and understanding of the sector is represented in the SWOT summary below, which provided the starting point to developing the strategies and initiatives for the *Industry Plan*.

**FIGURE ES 1 WA DISABILITY SECTOR SWOT SUMMARY**

<table>
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<th>STRENGTHS</th>
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<td>• The WA disability sector for many years been at the forefront of many of the NDIS, including individualised funding and the use of local area coordinators</td>
<td>• The financial sustainability of organisations in a new market-driven and highly competitive environment, especially for those already under considerable financial stress</td>
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<td>• The sector is largely representative of established organisations that have a long history in delivering reputable and high quality services to people with disability, and that have built strong and long-standing relationships over many years</td>
<td>• Service provision gaps, including in less-populated regional and remote areas, and for niche services, such as communication and aids and equipment</td>
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<td>• The more populated regional areas of WA are well serviced by the sector’s organisations that provide a diverse mix of services across a range of market segments</td>
<td>• A limited understanding of the impact of the NDIS and increased levels of competition, including overly optimistic revenue expectations for many organisations</td>
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<td>• A low level of preparedness for a new customer-orientated environment, which includes the implementation of necessary processes and systems</td>
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<th>OPPORTUNITIES</th>
<th>THREATS</th>
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<td>• Increased levels of sector-wide funding under the NDIS provides prepared organisations with the opportunity to grow and diversify</td>
<td>• Not being able to recruit and retain the magnitude of capable workers required under the NDIS for a variety of roles</td>
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<tr>
<td>• The implementation of new processes and procedures, coupled with increased opportunities for consolidation, driving efficiency improvements in the sector</td>
<td>• High cost services that are not profitable in a self-directed funding environment being withdrawn from the market, including those in regional and niche markets</td>
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<td>• The necessity to meet the needs of all people with disability provides greater opportunities for collaboration and information sharing across the sector</td>
<td>• Ensuring quality outcomes for people with disability when there is an increasing focus on sector-wide efficiency improvements</td>
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<td>• The implementation of individualised funding provides people with disability with greater autonomy and decision making power</td>
<td>• Uncertainty on the details of the future WA NDIS model, including the levels of bureaucracy and administration, and future services demand across WA</td>
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<td>• Increased level of competition having a negative affect on the levels of collaboration and information sharing in the sector</td>
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*SOURCE: ACIL ALLEN CONSULTING*
Stakeholder consultation, combined with the examination of the experiences to date in other jurisdictions, were critical to the development of the strategic themes, strategies and initiatives that together form the Industry Plan.

ACIL Allen has consulted widely across the WA disability sector during this project, to ensure the sector’s multiple and diverse viewpoints were captured. Apart from the WA Disability Sector Survey, which captured the responses of 64 disability sector organisations, ACIL Allen’s stakeholder consultation included:

- regular meetings with an Industry Plan steering committee;
- 23 face-to-face interviews with key stakeholders; and
- three consultative forums, including:
  - a forum with the sector’s industry leaders, such as CEOs and executive staff;
  - a forum with the Council of Regional Disability Services, which consists or service providers that provide services in regional areas; and
  - a forum of NDS WA’s Workforce and Finance Subcommittees, which included finance and human resources executive managers within the sector.

Strategic Themes

Three key strategic themes emerged through ACIL Allen’s engagement that provide an overall view of the challenges currently facing the sector during the transition to the NDIS, and the areas that required consideration when developing forward-looking recommendations for the sector:

1. The need to build the knowledge base of the WA disability sector, including its understanding of the NDIS, people with disability and the broader industry.

2. The capacity and capability of the WA disability sector must be built and enhanced during the transition to the NDIS, including the sector’s workforce, its regional services provision, and the current capacity and capability of the sector’s organisations.

3. The transition to the NDIS in WA requires ongoing sector leadership to address areas of market failures and to drive for necessary policy and legislative change.
Strategies

ACIL Allen has presented seven core strategies to address the three strategic themes identified. The seven strategies, and the 24 specific actions and initiatives underpinning them, are detailed below.

STRATEGY 1: UNDERSTANDING THE NDIS AND THE DISABILITY SERVICES MARKET

Build the business intelligence of disability sector organisations by improving access to data and information pertaining to the NDIS, people with disability and the broader disability services market.

1. **NDIS information**: Ensure that service providers have access to information detailing what the NDIS means for them, including the implications of switching from block funding to individualised funding and of implementing an organisational-wide person-centred approach.

2. **Consumer information**: Ensure that service providers have access to regular consumer information, including the service delivery approaches and methods of engagement most preferred by people with disability.

3. **Market information**: Ensure that service providers have access to regular market position statements and updates, which provide information on key supply and demand trends by region.

4. **Policy information**: Ensure that service providers have access to NDIS operational policies and frameworks.

5. **Consultation**: The provision of the above information should be underpinned by regular dialogue with the sector, to gain an understanding of the specific and ongoing information requirements that would support and better prepare service providers during the transition to the NDIS.
STRATEGY 2: BUILDING THE CAPACITY AND CAPABILITY OF THE WORKFORCE

Develop and implement a State workforce plan for the disability services sector to address capacity and capability requirements.

The following priorities should be incorporated into a State disability sector workforce plan:

6. Understanding workforce needs: An evaluation of the sector’s workforce needs should be undertaken, which will be used as the primary evidence base for future workforce initiatives and policy.

7. Organisational self-assessment: Each organisation within the sector should evaluate their own workforce with tools such as NDS’ Workforce Wizard, with a focus placed on the roles, skills, proficiencies and overall quality of their current workforce; and any difficulties their current workforce is experiencing during the transition to the NDIS and in adopting the principles of the NDIS.

8. Education and training: A review of the education and training currently provided to workers in the sector should be undertaken to determine whether it is appropriate, effective and efficient in the context of meeting the future workforce needs under the NDIS.

9. Targeted planning at a local level: Workforce plans should be developed and implemented for each of WA’s nine regional development areas to:
   - identify local priorities, challenges and opportunities;
   - identify and implement local workforce initiatives that are targeted to the particular circumstances of each region;
   - strengthen local networks by ensuring that LACs have a strong level of engagement across the local community, including an understanding of the full range of supports available in each region (for example, community, informal, mainstream and specialist supports); and
   - be integrated into the existing strategic plans and Regional Investment Blueprints in each of the nine regional development areas.

10. Amending the Industrial Award: The WA disability services sector, relevant union bodies, NDS WA and the Chamber of Commerce and Industry (WA) (both with their national bodies), should discuss and agree on necessary amendments to the current Industrial Award, the Social, Community, Home Care and Disability Services Industry Award. In particular, amendments that would allow for more flexible work arrangements to better align with the person-centred principles of the NDIS.

11. Promoting the sector: A marketing campaign should be developed and implemented to promote career and professional development opportunities in the WA disability sector. This campaign should be targeted towards:
   - university students in specialised fields like allied health (such as speech therapists, occupational therapists, psychologists, physiotherapists), and business and commerce (such as accounting, management, marketing, human resources, information technology, data analytics);
   - vocational education and training students in fields such as dietetics and nutrition, information technology, direct support and customer service;
   - displaced workers from other sectors of the WA economy;
   - workers from other sectors of the WA economy seeking a career change or returning from a career break; and
– overseas workers looking for career opportunities in Australia.

12. **Regularly review**: A State workforce plan, which is the basis of the above workforce initiatives, should be reviewed annually, with progress measured against key workforce indicators. This will ensure that emerging risks are addressed, and the long-term requirements of WA’s disability sector workforce are met.

**STRATEGY 3: IMPROVING ORGANISATIONAL LEVEL STRATEGY AND INFRASTRUCTURE**

*Develop and improve the organisational level strategy and infrastructure of service providers within the sector.*

13. **Organisational review**: Each organisation within the sector should undertake a strategic review of their operations to ensure they align with the person-centred principles of the NDIS. These reviews can be supported with tools such as NDS’ *NDIS Provider Toolkit*, with a focus placed on:

- strategy (organisational values and culture, change management, customer engagement, strategic planning, marketing and collaboration);
- governance (organisational and board structures and skill mixes);
- their workforce (see initiative seven);
- business systems and processes (quality management and improvement processes, customer relationship management systems, rostering systems, invoicing systems, debtor management systems, pricing and cash flow models); and
- service delivery models.

14. **Specialised support**: A panel of consultants should be established to provide specialised support and advisory services to service providers in relation to strategic planning, change management, marketing, customer engagement, governance, and business systems and processes.

15. **Service delivery innovation grants**: A service delivery innovation grant should be established to fund the trial and/or implementation of innovative service delivery models in the WA disability sector. To be eligible for this grant, service providers must present a well-developed business case.

**STRATEGY 4: SUPPORTING REGIONAL AND REMOTE SERVICE DELIVERY**

*Develop regional and remote NDIS plans for each of WA’s nine regional development areas to support local communities that are at risk of market failure under the NDIS.*

The following priorities should be incorporated into regional and remote NDIS plans:

16. **Targeted workforce planning at a local level**: Refer to initiative nine.

17. **Regional pricing**: The existing regional pricing frameworks should be refined to ensure they reflect the true cost of service provision across the nine regional development areas, such as the additional costs associated with travel and employee compensation. This should be supported by an annual review of the frameworks to ensure that the prices offered are flexible and contemporary.
18. **Regional start-up support:** Initial financial start-up support should continue to be provided to establish new service providers in regional and remote areas that have service delivery gaps.

19. **Provider of last resort:** Where/if some regional and remote communities are not adequately serviced, there should be in place suitable intervention strategies and responses, including a provider of last resort. Refer to initiative 21 for more information.

20. **Specialist support:** A panel of consultants should be established to provide specialist support in relation to regional service provision, including:
   - developing and supporting partnerships that are community-owned, inclusive and sustainable with Aboriginal and other community groups, mainstream providers, local governments and specialist providers;
   - effectively engaging with people with disability in regional and remote areas to understand, plan for, and respond to, consumer demand;
   - the delivery of culturally appropriate services;
   - the adoption of technology solutions in regional areas; and
   - the development of new business lines and revenue sources.

**STRATEGY 5: MONITOR, PREVENT AND MITIGATE MARKET FAILURES**

*Develop capacity to ensure that market failure risks are monitored, and that market failures are prevented and mitigated.*

21. **Market analysis tool and intervention framework:** A market analysis tool and intervention framework should be developed to:
   - assess market health, which includes monitoring the day-to-day operations of the NDIS in WA;
   - identify emerging areas of market risk, which includes potential market failures such as unmet demand, excessive delivery, provider sustainability, quality issues, and compliance issues;
   - determine decision criteria for potential market intervention when market failures occur or are at risk of occurring;
   - identify the appropriate responses when intervention is required; and
   - identify which stakeholder in the WA disability sector has responsibility for implementing the response.

**STRATEGY 6: ENSURING A WHOLE OF GOVERNMENT APPROACH TO SERVICE DELIVERY**

*Develop a holistic, whole of government approach to delivering services to people with disability.*

22. **The NDIS Coordinating Committee:** A State NDIS Coordinating Committee should be established of department and agency heads who play a role in delivering social services. The Coordinating Committee’s terms of reference should include:
   - effective coordination and collaboration between mainstream departments and agencies in relation to the delivery of state-based social services to people with disability;
   - ensuring there are no service gaps and people with disability do not miss out on funding or services they are entitled to receive;
- ensuring there is no cost-shifting between the NDIS in WA or mainstream service providers; and
- ensuring that accessing supports and services across mainstream service providers is simple and streamlined for people with disability.

23. **Integrated ICT systems:** ICT systems should be integrated across all state-based social service delivery departments and agencies to ensure:
- no duplications in service delivery or data collection and storage; and
- the adoption of a single, consistent view of each person with disability who accesses services and supports across government.

**STRATEGY 7: ONGOING SECTOR LEADERSHIP**

Ensure the successful implementation of the NDIS in WA, which is based on a policy of co-design.

24. **Communication and advocacy:** There should be ongoing engagement and dialogue between the WA Government, the relevant NDIS authority, service providers, peak organisations and people with disability throughout the transition to the NDIS. This will ensure that all policy and legislative aspects of the NDIS in WA are understood across all stakeholders, and are based on the principle of co-design.

**Industry Plan Summary**

A summary of the *Industry Plan* is presented in Figure ES 3. The *Industry Plan* “on a page” highlights the linkages between the overall aim of the *Plan* – to ensure the WA disability sector is well prepared for the full introduction of the NDIS – to the three strategic themes (objectives), the seven strategies, and the 24 initiatives.

**Implementing the Industry Plan**

Ultimately, the effectiveness of this *Industry Plan* in delivering on its stated aim will be crucially dependant on the sector driving the implementation of the strategies and initiatives.

The complexity of a major social reform like the NDIS necessitates careful planning in order to ensure the transition to the NDIS in WA is successful for people with disability, service providers and government.

Whilst the implementation strategy is outside of the scope of ACIL Allen’s current engagement with NDS WA, key considerations to successfully implement the *Plan* should include:

- A **strategic workshop of industry leaders, government, and representatives of people with disability** in order to ensure there is a shared understanding of the *Plan*, and a facilitated discussion to develop and agree the key elements of the implementation strategy.
- The **establishment of a governing council** to oversee and guide the implementation of each strategy and the corresponding initiatives.
- The **establishment of outcomes and key performance indicators** to understand what success will look like in implementing the *Industry Plan*.
- The **establishment of defined actions and accountabilities for each initiative** to create a link between the initiatives identified in the *Plan* and the outcomes identified by the governing council.
- The communication of the *Industry Plan* and the progress of its implementation to ensure buy-in across the sector, with government, and in particular with people with disability.

- The establishment of an annual review process where the implementation of the *Plan* is measured against the established KPIs, and the strategies in the *Plan* are reviewed to assess their appropriateness.
To ensure the WA disability sector is well prepared for the full introduction of the NDIS

**Aim**

To ensure the WA disability sector is well prepared for the full introduction of the NDIS

**Objectives**

- Build the knowledge base of the sector
- Improve the capacity and capability of the sector
- Ensure there is strong sector leadership during the transition to the NDIS

**Strategies**

- Improve the understanding of the NDIS and the disability services market
- Develop organisational level infrastructure and strategy
- Support regional and remote service delivery
- Monitor, prevent and mitigate market failures
- Ensure a whole of government approach to service delivery
- Ongoing sector leadership

**Actions and initiatives**

1. NDIS information
2. Consumer information
3. Market information
4. Policy information
5. Consultation
6. Develop an understanding of the workforce needs
7. Organisational workforce assessments
8. Review the education and training system in the context of the NDIS
9. Targeted workforce planning
10. Amending the Industrial Award
11. Promoting career opportunities in the sector
12. Regular review of workforce indicators
13. Organisational strategic reviews
14. Specialised strategic support
15. Service delivery innovation grants
16. Workforce plans in each regional development area
17. Tailored regional pricing frameworks in each regional development area
18. Regional start-up support
19. Ensuring a provider of last resort in regional and remote communities
20. Specialised support for regional and remote providers
21. Developing a market analysis tool and intervention framework
22. Establishing a State NDIS Coordinating Committee
23. Integrating ICT systems across government
24. Regular communication and advocacy

**Outcomes and KPIs**

Establish outcomes and key performance indicators for each action in order to regularly track progress

**SOURCE:** ACIL ALLEN CONSULTING
In July 2016, National Disability Services (WA) commissioned ACIL Allen Consulting to develop an *NDIS: WA Disability Services Sector Development Plan* (Industry Plan) that will provide a clear framework for the WA disability sector to transition to full National Disability Insurance Scheme (NDIS) implementation in WA.

The need for an *Industry Plan* was identified by NDS WA members as a top priority in its Pre-Budget Submissions over the last two years.

To inform the development of the *Industry Plan*, information and data has been collected from a range of sources, including:
- a survey of WA disability sector organisations;
- an economic impact assessment of the NDIS in WA;
- an *Industry Profile* of the WA disability sector, which includes an assessment of the sector’s key strengths, limitations, opportunities and threats;
- an extensive consultation process with stakeholders in the sector, which included 23 interviews and three consultative workshops; and
- other already completed reports that provide:
  - information on the NDIS and its core principles;
  - information on the experience of international and domestic jurisdictions in implementing individualised funding models;
  - an understanding of the WA disability sector; and
  - information on strategies utilised in other jurisdictions to overcome similar challenges and take advantage of similar opportunities to those currently being experienced in the WA disability sector.

From these information sources and ACIL Allen’s developed understanding of the WA disability sector, a number of recommended strategies and initiatives have been developed, which aim to ensure the sector is well prepared for the full implementation of the NDIS in WA.

The specific steps that ACIL Allen has taken to develop the *Industry Plan* are outlined in further detail below.

### 1.1 ACIL Allen’s approach

ACIL Allen’s approach to developing the *Industry Plan* has involved three distinct phases of work:
- the development of an *Industry Profile* of the WA disability services sector;
- stakeholder consultation; and
- the development of strategies and initiatives to form the basis of the *Industry Plan*.

This approach is illustrated further in Figure 1.1 below, followed by a further explanation of the key steps involved.
1.1.1 Phase 1: Development an Industry Profile of the WA disability sector

The key components of Phase 1 included:
- project scoping with NDS WA to understand their vision of what an *Industry Plan* should achieve for the sector, and confirming ACIL Allen’s proposed approach to developing the *Industry Plan*;
- undertaking a disability sector survey to understand the organisational and financial profiles of organisations within the sector, and their own self-identified opportunities and threats;
- developing economic projections to understand the economic impact of the NDIS in WA, including the sector’s current and future contribution to Gross State Product and its total number of employees; and
- developing the WA disability sector *Industry Profile* in order to understand the sector’s performance and outlook and its overall strengths, weaknesses, opportunities and threats as the sector transitions into the NDIS.

1.1.2 Phase 2: Undertake stakeholder consultation

The key components of Phase 2 included undertaking 23 interviews and three workshops with the sector’s key stakeholders to test the findings of the *Industry Profile* report, and develop a more detailed and personal understanding of the sector’s key issues of importance and strategic themes.

1.1.3 Phase 3: Develop strategies for the Industry Plan

The key components of Phase 3 included:
reviewing the findings of Phase 2, particularly in reference to any strategies that stakeholders considered would support them in successfully transitioning to the NDIS;

- undertaking a literature review to discern any strategies that have previously been developed or considered, and that would be appropriate for the Industry Plan; and

- reporting findings and establishing a set of recommended strategies, actions and initiatives for the sector, which if implemented, will ensure the sector is well prepared and positioned for the new market environment.

### 1.2 Report overview

This Industry Plan report is structured in the following sections:

- **Section 2** provides an overview of the NDIS and individualised funding, including an understanding of the core features of the NDIS, international and local experiences with individualised funding, and the current experience of all States and Territories with the roll-out of the NDIS across Australia, including any implemented transitional strategies;

- **Section 3** provides a profile of the WA disability sector, including its key characteristics and an overview of its current strengths, limitations, opportunities and threats;

- **Section 4** discusses the strategic themes that have emerged from ACIL Allen’s research and consultation with the sector, which provide a pointer for areas that require consideration when developing forward-looking recommendations for the sector;

- **Section 5** outlines the strategies, actions and initiatives recommended by ACIL Allen to ultimately ensure the sector is well prepared for the full implementation of the NDIS in WA;

- **Section 6** outlines what the required next steps are to successfully implement this Industry Plan;

- **Appendix A** outlines the stakeholder consultation that ACIL Allen has taken during this project, including lists of the stakeholders that participated in the interviews and consultative forums;

- **Appendix B** provides the executive summary of the WA Disability Sector Economic Impact Assessment developed by ACIL Allen as part of this project; and

- **Appendix C** provides the executive summary of the WA Disability Sector Survey developed by ACIL Allen as part of this project.
The underpinning driver of this Industry Plan is the NDIS and the associated impact it has had on people with disability, disability service providers, government, and broader industry stakeholders during the transition to a new operating environment.

The following section provides greater detail on the NDIS, including:
- the impetus for reform and the Productivity Commission’s recommendation for an NDIS;
- the core features of the NDIS;
- international and local experiences with individualised funding; and
- information on the progress of the current roll-out of the NDIS in Australia, including the respective experience of each State and Territory and any associated transitional strategies.

2.1 The impetus for reform

The primary driver for the NDIS in Australia was the Productivity Commission’s Inquiry Report into Disability Care and Support, which was finalised and released in 2011. However, prior to this report being released there was a renewed focus both nationally and internationally on providing people with disability equality in life, the freedom to make their own choices, and enabling them to fully participate and be included economically and socially in their community.

This shift in mindset was fostered by a series of milestones, including:
- the United Nations Convention on the Rights of Persons with Disability, which was signed in 2007 and ratified in Australia in 2008;
- the National People with Disabilities and Carer Council’s Shut Out report, which was released in 2009; and
- the 2010-2020 National Disability Strategy, which was recommended in 2007 by a Senate report into the funding and operation of the Commonwealth and State Territory Disability Agreement and endorsed by the Council of Australian Governments (COAG) in 2011.

These milestones, coupled with the growing momentum for reform, are what ultimately triggered the Productivity Commission being asked to investigate the feasibility and design of an NDIS in Australia.

2.2 The core features of the NDIS

The Productivity Commission saw the NDIS as the most preferred method of improving disability care and support in Australia, which was considered to be inequitable, inefficient, fragmented and underfunded.

The core features of the NDIS, and the primary lever through which it will improve the provision of disability care and support throughout Australia, include:
- its insurance based principles, which provide certainty to all Australians of future funding if they acquired a disability and required reasonable and necessary support;
- uniformity across Australia, with Commonwealth Legislation governing the operation in every jurisdiction barring WA, and nationally consistent State-based legislation governing the operation of the NDIS in WA;
its person-centred and customer-orientated approach to delivering services through individualised funding, which provides people with disability choice and control over the services they receive; and

a substantial increase in public funding from $6.5 billion in 2009 to around $22 billion in 2019-20; which will see 460,000 people with disability access the Scheme across the nation when it is fully rolled out, including 39,000 people with disability in WA (from funding of $1.7 billion).

The policy lever which is expected to have the greatest impact on service providers and cause the greatest amount of industry-wide disruption is the Scheme’s person-centred approach and individualised funding model.

Prior to the NDIS, disability care and support throughout Australia was delivered under state-based systems, which in many instances were predominately block funded. These block funding arrangements involved governments directing funding to service providers through lump sum payments, which service providers then used to deliver services.

The services provided to people with disability under block funded contracts were in many cases narrowly prescribed and not tailored to the specific individual circumstances and capacities of people with disability, which effectively meant that people with disability often had little control over their funding under block funding arrangements. The NDIS provides people with disability with real autonomy and decision making power to choose the services that best meet their individual circumstances. While the levels of autonomy under individualised funding can vary depending on whether a person with disability self-manages their funds, has a family member or service provider manage it for them, or elects for shared management, there is a greater capacity for people with disability to exercise choice.

This new funding model requires a shift in focus across service providers from competing for block funding contracts to meeting the needs and preferences of people with disability. Such a shift in focus stimulates competition across the sector for consumer funds, which ultimately drives service providers to search for new or improved ways of doing business in order to differentiate their product and service offerings.

2.3 International and local experiences with individualised funding

The use of individualised funding for disability care and support is a relatively new approach, which has been progressively implemented across a number of developed countries since the 1980s. Internationally, the countries that are most advanced are Canada, the United States, the United Kingdom, and New Zealand.

Canada was one of the earliest adopters of individualised funding in 1982, with the province of Alberta leading the charge and implementing individualised funding in 1990 as its primary funding model for disability care and support. Now almost every province in Canada has individualised funding in some form.\(^1\)

In the United States, individualised funding predominately operates under two models that were first piloted in the 1990s, the *Cash and Counselling* program and *Consumer-Directed Personal Assistance Services*.\(^2\) The implementation of individualised funding is reported to be increasingly prevalent, with Chenoweth and Clements (2009) stating that individualised funding is “rapidly becoming a mainstream funding mechanism in the US.”

The United Kingdom is another country that is well advanced in implementing individualised funding, with National Legislation in 1996 allowing certain disability groups to manage their own

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\(^2\) New Zealand Productivity Commission. 2015. “More effective social services”

\(^3\) TLConsult. 2013. “Change management & disability care.”
funding, including directly employing their own support workers. There has been more progress since then, with this model now available to all people with disability in the UK, and recent reforms encouraging further use and take-up of individualised funding.

New Zealand implemented its first formal pilot of individualised funding in 2005, and has progressively increased the use of individualised funding since then. People with disability in New Zealand can now access enhanced individualised funding supports, which provide them greater responsibilities and the ability to pay for supports that have typically been provided by traditional forms of care.

The most advanced and first Australian jurisdiction to implement individualised funding was WA, which pioneered the Local Area Coordination (LAC) program in 1988. Underpinning the operation of the LAC program were coordinators that built relationships with people with disability and helped them navigate the disability support system in their local area. Like the application of individualised funding under the NDIS, people with disability in the LAC program could direct how their funds were being spent using a variety of fund management options (for example, self-managed and shared management).

The maturity and effectiveness of WA’s LAC program was recognised on a variety of occasions both internationally and nationally. Internationally, the Ontario Round Table on Individualised Funding stated that ‘[WA] has the simplest yet highly developed approaches to individualised planning and direct funding’. While in Australia, the Productivity Commission discussed the WA LAC model on multiple occasions in its Inquiry Report into Disability Care and Support, stating that ‘Western Australia has the most developed and long-standing arrangements for some kind of self-directed support in Australia’.

Despite having the most developed system of individualised funding prior to the NDIS, a number of programs and services provided in WA were still delivered under block funding arrangements, including some therapy services, recreational programs and respite services. Even under individualised funding, service providers were provided a level of certainty through in-advance payments, and the WA Government underwriting portability when people with disability moved between providers.

The Victorian disability care and support system was the only other jurisdiction to also have notable experience in providing individualised supports prior to the introduction of the NDIS. The Victorian Individualised Support Packages (ISP) program provided people with disability control over their budget, including the ability to purchase specialist or mainstream services, or to employ direct support workers that are already employed by registered service providers. Funds in the ISP program could be held and managed by a registered service provider, a financial intermediary or could be self-managed. In 2011-12, the ISP program made up 42 per cent of the Victorian Government’s disability care and support budget, with block funded accommodation services largely responsible for the remaining share of funding.

Across the rest of Australia, the take up of individualised funding prior to the NDIS was limited, with a number of jurisdictions implementing trial or pilot programs that had some degree of individualised funding. However, these programs often had little consistency, lacked a genuine

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4 See 1
5 See 3
6 New Zealand Productivity Commission. 2015. “More effective social services: Appendix D.”
8 Ontario Round Table on Individualised Funding. 2006. "Linking individualised supports and direct funding: making money work for people." Page 26
intent to be expanded or delivered in the longer term, or had limited participation of people with disability.

2.4 Challenges and learnings for WA

For WA, the removal of all block funding and the introduction of the NDIS will present challenges for the sector during the transition. The shift in focus required by WA service providers will be amplified by the enhanced effort of the NDIS to make people with disability aware of their own levels of choice and control. Even with individualised funding, this aspect of the NDIS was less advanced in the previous WA disability system, with people with disability often being unaware of the full suite of options and choices available, including their ability to self-manage their funds and also their ability to shift between service providers\(^\text{15}\).

Understanding the challenges experienced in other jurisdictions that removed block funding, and have implemented and transitioned to individualised funding, will provide a well-researched starting point for this Industry Plan. Most importantly, however, understanding the experience of other jurisdictions will provide some valuable learnings that the WA disability sector can utilise to assist its own transition.

With this purpose in mind, the below table summarises the results of a literature review undertaken by ACIL Allen, with the key challenge experienced by other jurisdictions in the left column, the relevant learning for the WA disability sector in the middle column, and the reference in the right column.

ACIL Allen understands that the application of individualised funding in other jurisdictions may be different to the application of individualised funding in the NDIS. Within this context, the challenges and learnings reported in Table 2.1 are not a definitive list, but rather are the key challenges and learnings identified in the literature review as most pertinent in the WA context.

### Table 2.1 Experiences of other jurisdictions that have implemented individualised funding

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Relevant learning for WA</th>
<th>Source</th>
</tr>
</thead>
</table>

- Service providers being unaware that the introduction of individualised funding will remove all block funding, resulting in substantial financial risks for their organisation
- Service providers being unaware of the need to personalise and change the way services are delivered under individualised funding
- Service providers becoming increasingly focused on their organisation's financial performance under individualised funding, rather than meeting the needs of people with disability and providing a quality service
- Service providers lacking an understanding of the types of services that will be demanded in the future, including service user demand by location

- A lack of certainty over future demand reduces the incentive to invest in workforce training and development, while individualised funding unit pricing reduces the funds available for staff training and development
- A lower level of commitment between employees and employers resulting from there being a higher proportion of part-time and casual workers to meet the flexible needs of people with disability under individualised funding
- Workforce shortages resulting from employees being incentivised to become independent contractors and leave their existing employer
- Recruiting and retaining workers is difficult under individualised funding, with increased flexibility of service provision resulting in unpredictable hours and increased costs, which are then passed on to employees through lower wages
- Fewer volunteers resulting from an external belief that service providers are funded well under individualised funding
<table>
<thead>
<tr>
<th>Challenge</th>
<th>Relevant learning for WA</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>- A lack of understanding from workers, particular front-line staff,</td>
<td>The NDIS will require the implementation of new systems and processes across government and</td>
<td>Bartlett and Leadbeater. 2008.&quot;Personal budgets: the impact on</td>
</tr>
<tr>
<td>of the changes required under individualised funding, including</td>
<td>service providers, which many service providers will have no understanding of, and some being very costly to implement. The effective implementation of these systems and processes, including the integration and alignment of systems, will be essential during the transition to the full Scheme.</td>
<td>Dickonson and Glasby. 2010.&quot;The personalisation Agenda: Implications for the Third Sector.&quot;</td>
</tr>
<tr>
<td>the added focus placed on delivering services that are consistent with an individual’s plan</td>
<td></td>
<td>Mental Health Coordinating Council. 2011.&quot;Self-directed funding and the community managed mental health sector: Opportunities and challenges.”</td>
</tr>
<tr>
<td><strong>The implementation of new business systems, processes and functions</strong></td>
<td></td>
<td>Synergia. 2011.&quot;Evaluation of Individualised Funding Following the expansion to new Host Providers”</td>
</tr>
<tr>
<td>- Service providers in an individualised funding model need to incorporate costly business systems and processes that allow for individual client management, including for personal client information, invoicing, rostering, recording outcomes, managing bad debts, and organisational finances</td>
<td></td>
<td>Wilberforce et al. 2011.&quot;Implementing Consumer Choice in Long-Term Care: The Impact of Individual Budgets on Social Care Providers in England.&quot;</td>
</tr>
<tr>
<td>- An increase in administration costs resulting from service providers having to consider individual contracts rather than larger, lump-sum block funded contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- A lack of integration and consistency across systems implemented by service providers and government</td>
<td></td>
<td></td>
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<tr>
<td>- In a competitive and individualised funding environment, service providers must undertake functions they have never before undertaken and have no experience in, such as marketing to people with disability, brand promotion and customer relationship management</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>The financial sustainability of organisations under individualised funding</strong></td>
<td>The NDIS presents significant financial sustainability risks for many organisations that have never before operated with no block funding or high levels of competition, and are in large part reliant on government for their revenue. There should be consideration given to supporting organisations during the transition to adapt to a new funding environment.</td>
<td>Dickonson and Glasby. 2010.&quot;The personalisation Agenda: Implications for the Third Sector.”</td>
</tr>
<tr>
<td>- Payment in-arrears creating cash flow concerns for service providers, especially considering that many service providers have never before had to manage bad debts</td>
<td></td>
<td>Synergia. 2011.&quot;Evaluation of Individualised Funding Following the expansion to new Host Providers”</td>
</tr>
<tr>
<td>- Individual unit pricing not being profitable for some organisations that have traditionally operated under block funding, and have significant overhead operating costs on a per individual basis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Plan review periods not being completed in a timely manner, which results in service providers continuing to provide services without a certainty of future funding after review</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Services provision in markets that aren’t as profitable under individualised funding</strong></td>
<td>There will be markets under individualised funding which, if left on</td>
<td>Office for Public Management. 2011.” Briefing paper 3: Developing the service provider market to best meet the needs</td>
</tr>
<tr>
<td>Challenge</td>
<td>Relevant learning for WA</td>
<td>Source</td>
</tr>
<tr>
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</tr>
</tbody>
</table>
| - Service provision gaps in rural and remote areas where it is too costly and not profitable to provide services on an individualised basis  
- Service provision gaps in niche service offerings, such as specialist services for one group of people with disability | their own, would have people with disability receive fewer services or even no services. There should be strategies in place to promote service delivery in these markets, and to ensure people with disability in these markets do not achieve poor outcomes. | Phillips and Schneider. 2004. “Changing to Consumer-directed care: the Implementation of the Cash and Counselling Demonstration in Florida.” |
| Minimising duplication or service delivery gaps between specialist and mainstream service providers  
- The implementation of a new disability funding model can cause uncertainty during the transition, in reference to the new responsibilities of all stakeholders in the disability support system  
- Inefficient collaboration between mainstream service providers due to some mainstream services being individualised and person-centred, while others are not | The implementation of the NDIS will create uncertainty for mainstream service providers, in regards to their service provision responsibilities. Minimising duplication and service delivery gaps will require clear lines of responsibility and effective communication between mainstream and specialist service providers. | Bennett and Bijoux. 2009. “Investigation of Individualised funding and Local Area Coordination Type processes: A literature review.”  
| Local area coordinators  
- If the initial information provided and initial plan developed by local area coordinators is not accurate, the system will be continuously playing catch-up with poorer, inefficient outcomes for participants | Being the gateway for services provision, LACs must be well trained, and consistent in their interpretation of the NDIS’s policy and guidelines. | Synergia. 2011. “Evaluation of Individualised Funding Following the expansion to new Host Providers” |
| Implementation delays  
- The implementation of individualised funding can be slow and delayed due to the degree of change required during the transition from existing arrangements | Targeted planning and a constant tracking of progress is required to minimise the risk of implementation delays. | Bennett and Bijoux. 2009. “Investigation of Individualised funding and Local Area Coordination Type processes: A literature review.” |

SOURCE: ACIL ALLEN CONSULTING ADAPTED FROM “PLANNING FOR A SUSTAINABLE DISABILITY SECTOR.”
2.5 The roll-out of the NDIS in Australia

Following the release of the Productivity Commission’s *Inquiry Report into Disability Care and Support* in 2011, the COAG agreed to work towards an implementation schedule of mid-2013. This was a year ahead of the Productivity Commission’s recommended implementation timeline, but was insisted on by the COAG so that people with disability could access NDIS supports sooner.

In March 2013, national legislation governing the implementation of the Scheme was passed and introduced. Between 2013-14 and 2015-16, trial sites were underway in each Australian jurisdiction, barring Queensland. From 2015-16, all jurisdictions began their transition to full-scheme implementation except for WA, which was trialling and undertaking an evaluation of a State governed NDIS compared to one that is governed by the National Disability Insurance Agency (NDIA).

Following the evaluation of the WA trial sites and negotiation between the WA and Commonwealth Governments, a Bilateral Agreement was signed on 1 February 2017 specifying that the NDIS reforms would be implemented in WA under State based legislation. As part of the agreement, the WA State based legislation must be consistent with the *National Disability Insurance Scheme Act 2013* (Cth) on matters relating to eligibility and access to supports provided through the NDIS.

Rather than the NDIA, a new WA NDIS authority, governed by a seven member independent WA Board, has responsibility for the implementation and administration of the NDIS reforms in WA.

The basis for this agreement was that the WA Government considered a locally administered NDIS would deliver improved outcomes for people with disability in the State. Underpinning this belief was that many of the key reforms embodied in the NDIS were first pioneered in some form in WA, and that the positive outcomes Western Australians with disability have achieved are the result of the strong partnership between the WA Government and the WA not-for-profit sector.

While the Bilateral Agreement was signed in February, ACIL Allen notes that the newly elected WA Labor Party is currently consulting with the sector and deciding whether to continue with the current Bilateral Agreement, or whether to cancel the Bilateral Agreement and transfer control of the administration of the NDIS in WA to the NDIA, like is the case in all other States and Territories. Regardless of whether this occurs or not, WA will begin its transition to the full-scheme at least one year later than all other jurisdictions; and is expected to still be rolled-out and operating at full-scheme capacity by 2019-20.

The implementation schedule and transition arrangements for each jurisdictions are shown below in Figure 2.1.
2.5.1 Local experience in transitioning to the NDIS

The shift in focus and operations required under the NDIS has created considerable challenges for each Australian jurisdiction during the roll-out. To overcome these challenges, each jurisdiction has implemented various transition strategies, with the aim of ensuring that their own disability sectors are well prepared for the NDIS.

Given that WA began its transition to full-scheme implementation one year after all other States and Territories, the experience of these jurisdictions during the transition will provide insight into issues experienced nationally, and potential learnings for WA. In addition, the transitional strategies implemented in these jurisdictions are ones that should be considered in the WA context for this Industry Plan. The tables below outline the experience and associated strategies of other jurisdictions during their own transition to the NDIS.

The experience of the WA disability sector during the transition to the NDIS has not been included in the below tables, but it has been included in Section 3 of this report, which provides a summary of ACIL Allen’s separate, standalone Industry Profile report. The Industry Profile provides an understanding of the WA disability sector’s performance and outlook and its overall strengths, weaknesses, opportunities and threats. It is based on a SWOT analysis undertaken by ACIL Allen on the sector, and other reports already developed by ACIL Allen, including the WA Disability Sector Economic Impact Assessment report, and the WA Disability Sector Survey report.
The ACT is currently in a notional whole-of-territory trial and roll-out, which commenced in 2014-15. According to *NDS State of the Sector 2016*, there is no final date for full transition. However, the territory is effectively operating with the full NDIS model implemented.

As a result, the ACT Government has commenced a phasing out of specialist disability and therapy services and early intervention services provided by its Community Services Directorate and Education and Training Directorate, respectively. These services will be provided under the NDIS.

So far during the roll-out, the ACT has experienced greater than forecast demand, staff shortages, and concerns about the pricing of some services from providers. As a result, a survey by the ACT Council of Social Services found 55 per cent of disability service providers considered the roll-out of the Scheme "negative"; the same survey found one third of respondents described the impact of the NDIS as positive.

The most significant issue in the ACT roll-out has been the shortfall in places available for people with disability. The original forecast demand for the full program roll-out in 2019-20 (5,075 places) was met within hours of the commencement of the Scheme’s full roll-out in the Territory on 30 September 2016, and no new enrolments were subsequently allowed. By mid-October, it was reported that the Commonwealth and Territory Governments had resolved the issue of the cap on places – with both levels of government confirming that the Scheme did not have a “cap”, but instead, there was negotiation required as to a revised forecast for participant numbers given the significantly larger demand than was included in the original Bilateral Agreement.

Within industry, there are also concerns the current workforce will not be able to cope with...
continued increases in demand for disability support services.

**Transition strategies**

The ACT Government's Community Services Directorate has implemented a number of strategies to build the capacity and capability of the disability sector during the transition, and to also better understand the NDIS and how it will impact on the sector. Some of the undertaken strategies\(^2\) include:

- the development of a survey of disability sector providers in the ACT, to understand the sector’s key concerns, and its NDIS readiness;
- the provision of capacity building workshops and programs that focus on providing information to workers and service providers detailing exactly how the NDIS will impact them;
- distributing grants of between $1,000 and $50,000 in the form of NDIS business investment packages, which provided financial assistance to eligible providers to achieve their NDIS related business objectives;
- distributing governance and financial management package grants of $20,000, which were allocated to 20 service providers;
- the commissioning of a consultant to determine the impact of the NDIS on volunteering and philanthropic investment;
- the commissioning of a consultant to understand the need for culturally safe disability services, and build the capacity and capability of specialist and mainstream service providers that provide NDIS services to Aboriginals and Torres Strait Islanders;
- the commissioning of a consultant to develop strategies to grow and sustain the person-centred workforce needed to provide services under the NDIS; and
- external and internal marketing activities, which aim to increase the attractiveness of working in the ACT disability sector.

These strategies were funded by the NDIA’s Sector Development Fund (SDF), which is a Commonwealth initiative that provides funding of $146 million between 2012–13 and 2017–18 for activities that assist organisations and individuals to transition to the new NDIS environment.

TABLE 2.3  STATE OF PLAY – NEW SOUTH WALES

<table>
<thead>
<tr>
<th>Population</th>
<th>Total plans approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,725,884</td>
<td>19,169</td>
</tr>
<tr>
<td>1,352,030</td>
<td>Number of approved service providers</td>
</tr>
<tr>
<td>2013-14</td>
<td>2,365</td>
</tr>
<tr>
<td>Governance</td>
<td>Federal funding**</td>
</tr>
<tr>
<td>NDIA</td>
<td>$3.3 billion</td>
</tr>
<tr>
<td></td>
<td>Local funding**</td>
</tr>
<tr>
<td></td>
<td>$3.1 billion</td>
</tr>
</tbody>
</table>

NOTES
*calculated using current population estimates and 2015 proportions.
**2018-19 (full implementation).
Source: ACIL Allen Consulting, ABS cat. 3101.0, ABS cat. 4430.0, Productivity Commission (NDIS costs), NSW Government (Bilateral Agreement), NDIA

NDIS transition

NSW trialled the NDIS in the Hunter area between 2013-14 and 2015-16, and in the Nepean Blue Mountains area (of children aged 0-17 years) between 2014-15 and 2015-16. Following the completion of the trial in the Hunter area in 2015-16, the Nepean Blue Mountains area moved into early transition towards the full Scheme. By 2016-17, NSW was in transition to the full Scheme (by region) with full implementation expected by 2018-19.

NSW has been active in privatising state owned service providers since the introduction of the NDIS\(^2\). However, as a result, the NSW Government has been exposed to backlash from the community. Locals have protested sales and shortfalls in funding arrangements, which have led to a lack of job security for experienced workers in the sector.

Demand forecast shortfalls in accommodation numbers have resulted in thousands of young people being in limbo before being transferred onto the NDIS\(^2\). In some specific case, there have also been shortfalls in NDIS participants receiving the services they require, and is the result of limitations on the skill set of the workforce and also the size of the workforce\(^2\).\(^4\).

Transition strategies

Since 2011, the NSW Government has invested close to $30 million in sector and workforce development initiatives\(^2\). Some of these initiatives include:

- a number of online tools and resources available to service providers, including:
  - cash flow management tools;
  - investment and loan financing tools;

- tools that measure the social impact that service providers have on the community;
- tools that services providers can use to review the quality of the services they provide; and
- board recruitment tool-kits.

- grants under the Organisation Transition Fund, which funds projects under the following five domains:
  - strategy;
  - client and market focus;
  - financial sustainability;
  - people and capability; and
  - information and knowledge management.

- grants of up to $35,000 under the Transition Assistance Program to assist service providers in regional and remote towns to transition to the NDIS; and

- interactive student workshops, which aim to increase the awareness across students of working in the NSW disability sector.

Funds distributed from the SDF were also used in NSW to support people in trial sites that were ineligible for the NDIS. Supports were provided in the form of referrals to other mainstream services providers, NDIS reapplication support, and enablement focused interventions.
TABLE 2.4 STATE OF PLAY – NORTHERN TERRITORY

<table>
<thead>
<tr>
<th>Population</th>
<th>Total plans approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>244,880</td>
<td>6</td>
</tr>
<tr>
<td>Population with disability*</td>
<td>Number of approved service providers</td>
</tr>
<tr>
<td>27,671</td>
<td>273</td>
</tr>
<tr>
<td>NDIS adoption date</td>
<td>Federal funding**</td>
</tr>
<tr>
<td>2013-14</td>
<td>$105 million</td>
</tr>
<tr>
<td>Governance</td>
<td>Local funding**</td>
</tr>
<tr>
<td>NDIA</td>
<td>$99 million</td>
</tr>
</tbody>
</table>

NOTES
*calculated using current population estimates and 2015 proportions.
**2019-20 (full implementation).
Source: ACIL Allen Consulting, ABS cat. 3101.0, ABS cat. 4430.0, Productivity Commission (NDIS costs), NT Government (Bilateral Agreement) NDIA

NDIS transition

The Northern Territory is currently in a staged roll-out of the NDIS, with the original Barkly region trial and the East Arnhem region now operating under the NDIS model. From July 1 2017, the remainder of the northern half of the Territory (excluding the Darwin urban area) will be under the Scheme, and from 1 July 2018 the remainder of the Territory (Darwin urban area, plus very remote Central Australia) will join the roll-out.

The most significant concern about the future roll-out of the NDIS across the Northern Territory is the ability for persons in remote and very remote areas to access the system. Under a user directed care model, the concern is there will not be sufficient service providers in these locations to ensure people with disability receive their support. Concerns were raised in May 2015 by the Northern Territory Disability Services Minister that the proposed model would largely result in no benefit to Territorians living in remote areas as they would continue to receive funding and services under what was effectively the pre-NDIS under the “provider of last resort” provision of the NDIS model26. This concern was echoed by the First People’s Disability Network in December 2016, who cited figures that showed just 42 per cent of approved participants had received funding in the trial site, compared to 79 per cent nationwide, due to a lack of service providers27.

Like other jurisdictions, there are also concerns that the forecast demand for services in the Northern Territory may be too conservative, on account of a hidden cohort of people with disability who had not previously accessed services. This is particularly true of indigenous persons with disability living in remote or very remote communities, whom the disability services sector had previously not had contact with28.

27 http://www.abc.net.au/news/2016-12-30/concern-about-ndis-in-remote-areas-of-nt/8152842

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Transition strategies

Given the Northern Territory’s vast land mass, the transition strategies undertaken in the Territory so far have placed great importance on regional, remote and very remote service provision. Some of these strategies\(^{29}\) include:

- increasing the indigenous disability services workforce by providing suitable, culturally sensitive training programs and resources in remote communities;
- building the capacity, capability and NDIS understanding of service providers through information sessions and workshops;
- the commissioning of consultants to provide advice to service providers regarding their financial managements, governance arrangements and business planning;
- encouraging indigenous service providers to provide services under the NDIS;
- improving the flow of information to people with disability by developing culturally appropriate resources;
- developing a better understanding of the disability markets in specific regions in the Territory, including:
  - the support experiences of people with disability;
  - the current and future needs of people with disability; and
  - mapping interest from existing service providers or new service providers that may be looking to expand their operations.
- identifying areas for service innovation and enhancements, particularly for meaningful day options, community supports and short term supported living.

All of these projects were funded by the SDF.

\(^{29}\) https://www.ndis.gov.au/sdf_state_territory.html#NT
TABLE 2.5 STATE OF PLAY – QUEENSLAND

<table>
<thead>
<tr>
<th>Population</th>
<th>Total plans approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,884,473</td>
<td>2,211</td>
</tr>
<tr>
<td>Population with disability*</td>
<td>Number of approved service providers</td>
</tr>
<tr>
<td>857,472</td>
<td>628</td>
</tr>
<tr>
<td>NDIS adoption date</td>
<td>Federal funding**</td>
</tr>
<tr>
<td>2015-16</td>
<td>$2.1 billion</td>
</tr>
<tr>
<td>Governance</td>
<td>Local funding**</td>
</tr>
<tr>
<td>NDIA</td>
<td>$2.0 billion</td>
</tr>
</tbody>
</table>

NOTES
*calculated using current population estimates and 2015 proportions.
**2019-20 (full implementation).
Source: ACIL Allen Consulting, ABS cat. 3101.0, ABS cat. 4430.0, Productivity Commission (NDIS costs), Qld Government (Bilateral Agreement), NDIA

NDIS transition

Queensland has been transitioning to the NDIS since January 2016, starting in Townsville and Charters Towers in regional Queensland, and progressively expanding to more populous areas to the south. The major roll-out period is scheduled for 1 July 2018 when residents of Brisbane and Gold Coast are able to access the Scheme for the first time. The whole State will be under the Scheme from 1 January 2019.

With the Scheme only in its relative infancy in Queensland – just 1,600 participants are planned to be enrolled in the initial trial sites, for example – successes and challenges with the Scheme appear to be more localised than widespread or fundamental.

The key concern in Queensland is the transition for organisations in the industry who have traditionally relied exclusively on block grants will now be required to operate in a consumer-oriented environment. The slow and steady transition of the State is thought to have been designed in response to this.

In September 2016, advocacy groups raised concerns that public awareness of the NDIS and the potential for an improvement in service standards had not been advertised effectively in the Mackay region. The Endeavour Foundation, a major service provider, was concerned potential users of the Scheme were not fully informed of their options ahead of the roll-out.

Transition strategies

With support from the SDF, the Queensland Government has undertaken a number of projects of ensure the NDIS readiness of the sector. Some of these projects include:

- the commissioning of consultants to:
  - undertake a survey of service providers in Queensland to better understand the sector, including the capacity of providers to respond to consumer demand under the NDIS, and the

---

priority areas for any subsequent capability building resources developed for the sector;
- develop provider support resources focused on improving the ability of providers to engage people with disability and respond to their needs and preferences;
- develop a community capacity building tool-kit for rural and remote service providers, including those in discrete Indigenous communities and hard to reach places; and
- run a series of workshops and information sessions to help providers utilise the newly developed resources.

- workforce expansion and diversification initiatives, including:
  - workshops, forums and information sessions targeting labour sources and career advisors;
  - the development of an NDIS workforce specific communication package; and
  - the development of local workforce plans and the coordination of local workforce initiatives.
TABLE 2.6 STATE OF PLAY – SOUTH AUSTRALIA

<table>
<thead>
<tr>
<th>Population</th>
<th>Total plans approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,708,183</td>
<td>3,080</td>
</tr>
<tr>
<td>Population with disability*</td>
<td>Number of approved service providers</td>
</tr>
<tr>
<td>375,800</td>
<td>776</td>
</tr>
<tr>
<td>NDIS adoption date</td>
<td>Federal funding**</td>
</tr>
<tr>
<td>2013-14</td>
<td>$265 million</td>
</tr>
<tr>
<td>Governance</td>
<td>Local funding**</td>
</tr>
<tr>
<td>NDIA</td>
<td>$294 million</td>
</tr>
</tbody>
</table>

NOTES
*calculated using current population estimates and 2015 proportions.
**2019-20.
Source: ACIL Allen Consulting, ABS cat. 3101.0, ABS cat. 4430.0, Productivity Commission (NDIS costs), SA Government (Bilateral Agreement), NDIA

NDIS transition

There has been a staged rollout of the NDIS in SA, firstly to children aged 14 years and under, followed by people aged 15 to 17 years, and finally people aged between 18 and 64 years. By the end of 2017-18, the Commonwealth Government estimates there will be about 26,000 NDIS participants in SA.

Concerns are already mounting in SA that participants in regional SA will not be able to access the support they need, primarily because there will be no providers in regional areas. The NDIS Costs Issues Paper released by the Productivity Commission on 22 February 2017 suggested SA had experienced a higher than expected number of children participants. Disability service providers have suggested that they are finding it hard to identify where demand will be in regional areas, because SA is currently not close to full implementation.

There are also concerns that certain classifications of people with disability would not be captured under the NDIS, for example some people with episodic mental health illnesses. An independent review by the Independent Advisory Council in 2014 recommended the NDIA should build ongoing capacity within the agency to develop its own evidence based working definition and guidelines on severity, permanency and episodic nature of disabilities related to mental health issues.

Transition for services predominantly delivered by the public sector to the private sector has been of concern for people with disability and the existing public workforce. People with disability have been assured that the government is working closely with industry and participants to ensure a smooth transition, and the public sector workforce would be redeployed.

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36 Refer to: ABC online, Elderly and disability care services being outsourced to SA private sector, http://www.abc.net.au/news/2017-02-08/elderly-and-disability-care-services-outsourced/8252820
Transition strategies

The South Australian Government has placed importance on building the capability of organisations by providing them with funding (through the SDF\textsuperscript{37}) that they can use to engage consultants on a one-on-one basis and improve their business models. In particular, the one-on-one support will focus on:

- financial and costing analysis;
- bookkeeping, cost management and financial services;
- integration of IT and data management;
- marketing and communication; and
- investigating alliances, partnerships and merges

As part of the project, small grants will also be provided to organisations to help them implement their improved business models.

Funding from the SDF has also contributed towards the actioning of a workforce initiative to increase the size of, and train, SA’s disability sector workforce. This workforce initiative included:

- workforce training for existing job-seekers and disability sector workers already employed in smaller organisations;
- one-on-one support and advice for people that are in other sectors or other forms of employment to connect up with employers in the disability sector, and the various forms of training on offer; and
- utilising the results of the High Performing Workplace Index\textsuperscript{38} to identify opportunities for up to 25 service providers to improve their operations, including workforce development and planning.

\textsuperscript{37} https://www.ndis.gov.au/sdf_state_territory.html#sa_initial

\textsuperscript{38} http://www.statedevelopment.sa.gov.au/industry/high-performing-workplace-index/how-does-the-high-performing-workplace-index-work
TABLE 2.7  STATE OF PLAY – TASMANIA

<table>
<thead>
<tr>
<th>Population</th>
<th>Total plans approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>519,128</td>
<td>483</td>
</tr>
<tr>
<td>Population with disability*</td>
<td>Number of approved service providers</td>
</tr>
<tr>
<td>130,820</td>
<td>511</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NDIS adoption date</th>
<th>Federal funding**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>$202 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Governance</th>
<th>Local funding**</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDIA</td>
<td>$140 million</td>
</tr>
</tbody>
</table>

NOTES
*calculated using current population estimates and 2015 proportions.
**2018-19.
Source: ACIL Allen Consulting, ABS cat. 3101.0, ABS cat. 4430.0, Productivity Commission (NDIS costs), Tas Government (Bilateral Agreement), NDIA

NDIS transition

Tasmania is rolling out the NDIS on an age bracket basis, with persons with a disability aged 15 to 24 subject to the trial, and expanding out from there. From 1 July, people with disability aged 12 to 14 joined the NDIS, and from 1 January 2017, persons aged 25 to 28 joined the Scheme, with the age eligibility criteria expanding slowly from here to 1 July 2019 when persons of all ages can access the Scheme.

Tasmania is facing similar issues to the larger states: potential workforce shortages, concerns with the ability of organisations to provide services under the NDIS model, and State Government agencies previously providing services to people with a disability pulling back ahead of the full implementation.

Just prior to the roll-out, the State Government and major service provider, Possability, raised concerns that the State would be short around 2,500 workers at full implementation, and that providers may have to “look to the mainland” to fill vacancies39.

There were also some issues with the interaction of the Scheme with some existing State Government programs; people that had signed up to the NDIS were initially forced to give up access to Tasmania’s Taxi User Subsidy Scheme (a card that allows people with disability to access taxi services for significantly discounted fares) without a replacement Scheme in place40, and the State’s mental health system pared back its service provision despite a lift in demand due to the change in funding41. Both of these situations were remedied, with the State Government providing bridging funding and services as they continue to work on the transition.

Transition strategies

Like all other jurisdictions, the Tasmanian Government has utilised the funding provided through the SDF to improve the capability of service providers across the State[^42]. However, the Tasmanian Government’s approach is unique in that funding has been used to establish a *Disability Workforce Industry Round Table*. The members of the Round Table are experts that provide advice to service providers, with a focus on providing support to organisations that provide services in thin markets, especially rural and remote areas. As a second part of this project, various forms of workforce training are funded, with a focus placed on developing leaders in the sector and developing the sector’s workforce to provide services in a person-centred environment.

Another project funded through the SDF has been undertaken to increase the supply of skilled allied health workers in the sector. This project included:

- developing an understanding of the current allied health sector workforce;
- forecasting the future workforce need;
- implementing strategies to increase the capacity of the allied health sector workforce, particularly in rural and remote areas; and
- marketing and recruitment targeted towards potential employees.

To further strengthen and ensure the sector’s workforce under the NDIS, the Tasmanian Department of State Growth partnered with NDS Tasmania and the Commonwealth Government to develop a workforce development plan[^43]. The priority areas of the plan included, supply, utilisation and capability, with each of these areas being supported by a list of recommended workforce strategies.

[^42]: https://www.ndis.gov.au/sdf_state_territory.html#tas_providers
NDIS: WA DISABILITY SERVICES SECTOR DEVELOPMENT PLAN

TABLE 2.8  STATE OF PLAY – VICTORIA

<table>
<thead>
<tr>
<th>Population</th>
<th>6,068,042</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population with disability*</td>
<td>1,080,111</td>
</tr>
<tr>
<td>NDIS adoption date</td>
<td>2013-14</td>
</tr>
</tbody>
</table>

Governance

NDIA

| Total plans approved | 4,086 |
| Number of approved service providers | 1,476 |
| Federal funding** | $2.6 billion |
| Local funding** | $2.51 billion |

NOTES

*calculated using current population estimates and 2015 proportions.

**2015-16.

Source: ACIL Allen Consulting, ABS cat. 3101.0, ABS cat. 4430.0, Productivity Commission (NDIS costs), Vic Government (Bilateral Agreement), NDIA.

NDIS transition

The NDIS is currently being rolled out over five areas north-east of Melbourne. Funding shortfalls have arisen as a result of Commonwealth demand forecasts. It is estimated that there is currently a shortfall of $6 million worth of funding that has not been met by either Commonwealth or State Governments. This has raised concerns that the Victoria Government is stuck in a political debate with the Commonwealth Government at the expense of people with disability.

There is also concern that clients who were previously receiving care prior to the NDIS are no longer eligible to receive funding under the NDIS. Further, there is concern that individual plans for care are being fast tracked, and the consultation phase with clients and their families is being skipped.44

Administrative delay, specifically in relation to privacy issues, has resulted in 1,000 people missing a year’s worth of funding in Victoria. The Bilateral Agreement between the Victorian Government and the Commonwealth Government requires data on existing clients to be approved by the NDIA six months prior to support packages being approved, and it has been reported that the Victorian Government has failed to provide this information to the NDIA.45

Industry in Victoria has raised concerns that under the NDIS people could wrongly perceived the disability sector to now be fully funded. Guide Dogs has been cited as an example of an organisation that is set to lose eight per cent of State Government funding under the NDIS, and are expecting the number of donors to be reduce.46


Transition strategies

More so than other jurisdictions, the Victorian Government has provided transition funding out of its own State budget to assist people with disability, their family and carers and service providers during the transition to full-scheme roll-out.

In June 2016, the State Government announced a $10 million transition support package\(^{47}\), with funding provided to 16 providers and consumer peak organisations in Victoria. The funding provided to these organisations will be used to provide targeted resources to people with disability and providers, including through workshops, online information, training, NDIS helpdesks and sector consultancy support.

A further transition support package worth $26 million was announced in October 2016 to prepare and transform Victoria’s disability sector workforce\(^{48}\). The $26 million funding package will assist with the following workforce priorities:

- understanding workforce needs;
- supporting regions to be NDIS ready;
- supporting staff through transition;
- targeting quality training;
- achieving excellence in research and education;
- promoting best practice support;
- building allied health capacity;
- promoting the sector; and
- measuring progress.

Greater transition support for Victorian service providers has also been provided through the SDF, with Victorian projects funded through the SDF including:

- a project to build the capacity of service provers that provide service to Aboriginal and Torres Strait Islander people or culturally and linguistically diverse people;
- a project that aims to support and develop regional and remote markets so that they can provide services under the NDIS;
- 50 training workshops for disability service providers, private allied health practitioners and VET-trained disability workers, to build their capacity to utilise allied health assistants using the *Supervision and Delegation Framework for Allied Health Assistants*\(^{49}\); and
- a project that aims to enhance the collaboration between the NDIA, specialist service providers and mainstream service providers through collaborative approaches, policies and protocols.

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To inform the development of the Industry Plan, ACIL Allen has developed a separate, standalone Industry Profile of the WA disability services sector, which provides an understanding of the sector’s performance and outlook and its overall strengths, weaknesses, opportunities and threats.

The Industry Profile is based on a SWOT analysis undertaken by ACIL Allen on the sector, and other reports already developed by ACIL Allen, including the WA Disability Sector Economic Impact Assessment report, and the WA Disability Sector Survey report. The Industry Profile only reflects the data that ACIL Allen has created during this project, ensuring that it is an accurate and robust representation of the sector at this point in time; and that it is not conflicted by other information that reflects the circumstances of the sector at a different stage, using different data sources, and different methodologies.

This Section of the Industry Plan provides a summary of the Industry Profile report, with the executive summaries of the WA Disability Sector Economic Impact Assessment, and the WA Disability Sector Survey provided in Appendices B and C, and the full Industry Profile report containing more comprehensive analysis, including details on the SWOT analysis methodology.

3.1 WA disability sector funding and economic contribution

The WA disability sector has grown significantly over past decade in line with the growth in funding directed to the sector. Under the current disability funding arrangements, there was a total of $908 million worth of expenditure for the provision of disability related supports and services in 2015-16, which included community-focused support ($336 million), accommodation services ($336 million), coordination and individual support ($147 million), and family support ($89 million).

In 2015-16, the total funding provided to the sector is estimated to have generated $1.4 billion in activity across the WA economy, $941 million in incomes and 10,507 direct and indirect jobs (in full-time equivalent employee terms).

Under the future funding arrangements where the NDIS is fully implemented, total funding in WA for the provision of disability supports and services is expected to increase by 92 per cent to $1.7 billion. Of this total, coordination and individual support is forecast to increase by 95 per cent to $286 million; community-focused support is forecast to increase by 93 per cent to $648 million; family support is forecast to increase by 91 per cent to $170 million; and accommodation support is forecast to increase by 90 per cent to $638 million.

The level of funding estimated under the NDIS in 2019-20 is projected to generate $2.7 billion in activity across the WA economy, $1.8 billion in incomes, and 20,144 direct and indirect jobs (in full-time equivalent employee terms).

ACIL Allen has summarised the economic impact of this funding by region in the below figures.
FIGURE 3.1  ECONOMIC IMPACT BY REGION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth</td>
<td>18,600</td>
<td>27,400</td>
<td>$700 million</td>
<td>$1.2 billion</td>
<td>$1.1 billion</td>
<td>$1.9 billion</td>
<td>8,048</td>
<td>13,709</td>
</tr>
<tr>
<td>South West</td>
<td>2,400</td>
<td>3,100</td>
<td>$78 million</td>
<td>$139 million</td>
<td>$103 million</td>
<td>$185 million</td>
<td>790</td>
<td>1,413</td>
</tr>
<tr>
<td>Peel</td>
<td>1,300</td>
<td>2,400</td>
<td>$41 million</td>
<td>$104 million</td>
<td>$50 million</td>
<td>$127 million</td>
<td>389</td>
<td>985</td>
</tr>
<tr>
<td>Wheatbelt</td>
<td>700</td>
<td>1,700</td>
<td>$20 million</td>
<td>$90 million</td>
<td>$23 million</td>
<td>$108 million</td>
<td>181</td>
<td>830</td>
</tr>
</tbody>
</table>

SOURCE: ACIL ALLEN CONSULTING, DSC
All jobs figures are in full-time equivalent employee terms
### FIGURE 3.2 ECONOMIC IMPACT BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>2015-16</th>
<th>NDIS 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People with disability</strong></td>
<td>800</td>
<td>1,300</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>$24 million</td>
<td>$59 million</td>
</tr>
<tr>
<td><strong>Gross product</strong></td>
<td>$31 million</td>
<td>$77 million</td>
</tr>
<tr>
<td><strong>Jobs (direct and indirect)</strong></td>
<td>235</td>
<td>583</td>
</tr>
<tr>
<td><strong>Great Southern</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mid West</strong></td>
<td>2015-16</td>
<td>NDIS 2019-20</td>
</tr>
<tr>
<td><strong>People with disability</strong></td>
<td>420</td>
<td>1,100</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>$14 million</td>
<td>$60 million</td>
</tr>
<tr>
<td><strong>Gross product</strong></td>
<td>$19 million</td>
<td>$78 million</td>
</tr>
<tr>
<td><strong>Jobs (direct and indirect)</strong></td>
<td>142</td>
<td>597</td>
</tr>
<tr>
<td><strong>Goldfields-Esperance</strong></td>
<td>2015-16</td>
<td>NDIS 2019-20</td>
</tr>
<tr>
<td><strong>People with disability</strong></td>
<td>500</td>
<td>900</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>$13 million</td>
<td>$41 million</td>
</tr>
<tr>
<td><strong>Gross product</strong></td>
<td>$16 million</td>
<td>$52 million</td>
</tr>
<tr>
<td><strong>Jobs (direct and indirect)</strong></td>
<td>123</td>
<td>398</td>
</tr>
<tr>
<td><strong>Kimberley</strong></td>
<td>2015-16</td>
<td>NDIS 2019-20</td>
</tr>
<tr>
<td><strong>People with disability</strong></td>
<td>400</td>
<td>600</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>$8 million</td>
<td>$26 million</td>
</tr>
<tr>
<td><strong>Gross product</strong></td>
<td>$9 million</td>
<td>$31 million</td>
</tr>
<tr>
<td><strong>Jobs (direct and indirect)</strong></td>
<td>72</td>
<td>236</td>
</tr>
</tbody>
</table>

*SOURCE: ACIL ALLEN CONSULTING, DSC*

All jobs figures are in full-time equivalent employee terms.
### FIGURE 3.3 ECONOMIC IMPACT BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>People with disability</th>
<th>2015-16</th>
<th>NDIS 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilbara</td>
<td></td>
<td>360</td>
<td>440</td>
</tr>
<tr>
<td>Funding</td>
<td>$7 million</td>
<td></td>
<td>$21 million</td>
</tr>
<tr>
<td>Gross product</td>
<td>$8 million</td>
<td></td>
<td>$24 million</td>
</tr>
<tr>
<td>Jobs (direct and indirect)</td>
<td>63</td>
<td>189</td>
<td></td>
</tr>
</tbody>
</table>

| Gascoyne     |                         | 60      | 160          |
| Funding      | $1.5 million            |         | $8 million   |
| Gross product| $1.8 million            |         | $10 million  |
| Jobs (direct and indirect) | 14 | 76 |

<table>
<thead>
<tr>
<th>Western Australia</th>
<th>People with disability</th>
<th>2015-16</th>
<th>NDIS 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>25,600</td>
<td>39,100</td>
</tr>
<tr>
<td>Funding</td>
<td>$908 million</td>
<td></td>
<td>$1.7 billion</td>
</tr>
<tr>
<td>Gross product</td>
<td>$1.4 billion</td>
<td></td>
<td>$2.7 billion</td>
</tr>
<tr>
<td>Jobs (direct and indirect)</td>
<td>10,507</td>
<td>20,144</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** ACIL ALLEN CONSULTING, DSC

Note: Figures for WA may not equal the summed regional figures due to rounding, and due to imports being accounted for differently when economic impact assessment are undertaken at the State level.

All jobs figures are in full-time equivalent employee terms.
3.2 WA disability sector survey results

The *WA Disability Sector Survey* highlights the extent of the challenges faced by the sector as it transitions to the full implementation of the NDIS, with over one-third of respondents reporting a break even or loss position in 2015-16.

Of those organisations that reported a break even or loss position in 2015-16, some 65 per cent were smaller sized organisations, just under one quarter were medium sized organisations, and the remaining 12 per cent were larger sized organisations. The cash reserves reported by respondents further demonstrated the financial challenges faced by many organisations in the sector, with 43 per cent of respondents not able to cover three months of expenses with the cash they had available for immediate access.

Notwithstanding the current state of play of the sector, respondents to the *Survey* were generally optimistic about future operating conditions, with 44 per cent suggesting that operating conditions for their business would be stronger or much stronger in 2019-20.
Respondents (on average) predicated their operating profit will increase by close to 75 per cent by 2019-20, which also translates into expectations of higher gross margins (5.2 per cent in 2019-20 compared to 4.8 per cent in 2015-16). Smaller and larger sized organisations were the primary drivers of the expected increase, with:

- gross margins across smaller sized organisations expected to increase from -0.7 per cent in 2015-16 to 6.7 per cent in 2019-20; and
- gross margins across larger sized organisations expected to increase from 4.7 per cent in 2015-16 to 5.7 per cent in 2019-20.

**FIGURE 3.5 PAST, CURRENT AND FUTURE EXPECTED OPERATING PROFITS, BY RESPONDENT**

An increasing percentage of respondents reported that they intend to provide services across most areas, but particularly daily living services, behaviour support and specialist care services, wellbeing services, episodic coordination of support services and therapy and specialist support services by 2019-20. Similarly, all regional development areas in WA are expected to see a greater proportion of organisations providing disability services by 2019-20, with the strongest growth expected to be recorded in the more populated Peel, South West, Wheatbelt and Goldfields-Esperance regions.
Reflecting the projected growth in their operations, respondent organisations estimate that their workforces will significantly increase over the next four years from an average of 125 FTEs in 2015-16 to 150 FTEs in 2019-20, with allied health staff, direct support workers and volunteers expected to be the roles that are going to be most difficult to source by 2019-20.
3.3 **WA disability sector performance – Key service segments**

In developing the *Industry Plan* for the disability sector, it is important to understand the performance of the sector and its key service segments, as well as the sector’s key strengths, weaknesses, opportunities and threats (SWOT). ACIL Allen has undertaken a SWOT analysis for the sector using:

- a performance tool that assesses the performance of service types in the sector, and the performance of the sector’s service delivery in WA’s regions from a client focus and preparedness, and a commercial sense (the methodology for this analysis is outlined in the separate *Industry Profile* report); and

- a series of strategic questions in the *WA Disability Sector Survey* that determine:
  - issues of strategic importance for the sector’s organisations over the next three years; and
  - specific organisational and WA disability sector opportunities and challenges over the next three to five years from the introduction and future full roll-out of the NDIS.
The service type performance results found the “Daily Living” segment was the only segment assessed to sit in the “Strength” zone of the performance matrix after recording some of the highest scores on the NDIS preparedness and financial sustainability categories. All other service types were placed in either the “Challenge” or “Opportunity” zone of the matrix, with the only other segments close to the “Strength” quadrant being the behaviour support and specialist care and episodic coordination of support service types. The behaviour support service type performed well in specific aspects of NDIS preparedness and client focus, and the episodic coordination of support category reported high cash balances and a high level of stability in their workforce.

The poorer performing service types were the:
- accommodation support segment, which received low scores on NDIS preparedness and certain aspects of financial sustainability;
- aids and equipment segment, which received lower scores on planning and execution for the NDIS; and
- therapy and specialist support category, which was one of the strongest performers on the financial sustainability category but one of the poorer performers on client focus and preparedness related indicators.

The better performing segments on the regional performance matrix were the more populated regional areas, with Metropolitan Perth and the South West both located in the “Strength” quadrant of the matrix. The “Other regional” segment on the matrix represents all regions except for Metropolitan Perth, Peel, and the South West and was located in the “Challenge” quadrant, due largely to lower scores in terms of NDIS preparedness, business sophistication and financial resilience. The “Other regional” segment also requires the greatest percentage increase in funding to meet forecast NDIS demand in its markets.
3.4 WA disability sector outlook

When the WA Disability Sector Survey respondents were asked how important a list of activities were for their organisation in the future, activities relating to organisational growth and maturity were identified by service providers as priority areas, including in:

- increasing the capability of the workforce;
- driving efficiencies and productivity improvements;

Source: ACIL Allen Consulting
improving relationships and collaboration with other organisations;
- investing in capital; and
- increasing market share and entering new markets.

Overall, respondents were less focussed on strategies to reduce the number of services provided by their organisation, divest their operations, or merge with other organisations.

In terms of specific opportunities for their organisation, respondents reported growth and diversification as the number one organisational opportunity brought on by the introduction of the NDIS. The types of growth and diversification expected were across a variety of sources, including growth into new regional areas, growth in the number of people with disability accessing existing services and a diversification of services offered.

Opportunities to improve organisational efficiency as they grow were also reported as key future opportunities, which were expected to largely be a result of organisations developing economies of scale as they grow larger, or having to reduce operating costs in a more competitive environment, and with a new pricing framework.

The most significant organisational challenges reported by respondents were:
- financial sustainability, which predominately included challenges relating to the WA NDIS pricing structure and also cash flow concerns for organisations;
- recruiting and retaining a sufficient and capable workforce, which includes challenges relating to being able to retain and recruit staff that have the right skills and values, especially considering the lack of flexibility of the current Industrial Relations framework in accommodating changing work requirements (for example, the casualisation of labour); and
- the implementation of new systems and processes as a result of the introduction of the NDIS, which can have costly administration and compliance aspects.

In relation to sector-wide opportunities, respondents identified improved outcomes for people with disability highest, with opportunities for sector growth and diversification, and enhanced sector collaboration and partnerships also ranking highly.

Key sector challenges identified by respondents included achieving quality outcomes for people with disability, having a sufficient and capable workforce, a lack of funding for organisations, the implementation of new systems and processes, and meeting the needs of all people with disability.
3.5 Overall sector performance and outlook

From the information and data summarised in this Section and provided in the separate Industry Profile report, ACIL Allen has developed the below SWOT summary, which depicts the overall performance and outlook for the WA disability sector.

This SWOT provides an important starting point in the development of an Industry Plan. It also provides valuable insights for the sector’s organisations in the development of their own strategic plans as the sector moves towards the full implementation of the NDIS in WA.
FIGURE 3.10 WA DISABILITY SECTOR SWOT SUMMARY

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The WA disability sector for many years been at the forefront of many of the innovations that are cornerstones of the NDIS, including individualised funding and the use of local area coordinators</td>
<td>• The financial sustainability of organisations in a new market-driven and highly competitive environment, especially for those already under considerable financial stress</td>
</tr>
<tr>
<td>• The sector is largely representative of established organisations that have a long history in delivering reputable and high quality services to people with disability, and that have built strong and long-standing relationships over many years</td>
<td>• Service provision gaps, including in less-populated regional and remote areas, and for niche services, such as communication and aids and equipment</td>
</tr>
<tr>
<td>• The more populated regional areas of WA are well serviced by the sector’s organisations that provide a diverse mix of services across a range of market segments</td>
<td>• A limited understanding of the impact of the NDIS and increased levels of competition, including overly optimistic revenue expectations for many organisations</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increased levels of sector-wide funding under the NDIS provides prepared organisations with the opportunity to grow and diversify</td>
<td>• Not being able to recruit and retain the magnitude of capable workers required under the NDIS for a variety of roles</td>
</tr>
<tr>
<td>• The implementation of new processes and procedures, coupled with increased opportunities for consolidation, driving efficiency improvements in the sector</td>
<td>• High cost services that are not profitable in a self-directed funding environment being withdrawn from the market, including those in regional and niche markets</td>
</tr>
<tr>
<td>• The necessity to meet the needs of all people with disability provides greater opportunities for collaboration and information sharing across the sector</td>
<td>• Ensuring quality outcomes for people with disability when there is an increasing focus on sector-wide efficiency improvements</td>
</tr>
<tr>
<td>• The implementation of individualised funding provides people with disability with greater autonomy and decision making power</td>
<td>• Uncertainty on the details of the future WA NDIS model, including the levels of bureaucracy and administration, and future services demand across WA</td>
</tr>
</tbody>
</table>

| SOURCE: ACIL ALLEN CONSULTING | SOURCE: ACIL ALLEN CONSULTING |

| SOURCE: ACIL ALLEN CONSULTING | SOURCE: ACIL ALLEN CONSULTING |
Through the research, stakeholder consultation (see Appendix A) and analysis that ACIL Allen has undertaken during this project, three key strategic themes have emerged:

1. The need to build the **knowledge** base of the WA disability sector, including its understanding of the NDIS, people with disability and the broader industry.

2. The **capacity and capability** of the WA disability sector must be built and enhanced during the transition to the NDIS, including the sector’s workforce, its regional services provision, and the current capacity and capability of the sector’s organisations.

3. The transition to the NDIS in WA requires ongoing sector **leadership** to address areas of market failures and to drive for necessary policy and legislative change.

These themes provide an overall view of the key challenges currently facing the sector during the transition to the NDIS, and the areas that require consideration when developing strategies and recommended actions for the sector.

**Figure 4.1** provides a visual illustration of these three strategic themes and how they relate to one another.

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**FIGURE 4.1 INDUSTRY PLAN STRATEGIC THEMES**

The starting point for the sector during the transition should be to expand and build its knowledge base, which is a requirement for effective planning. A strong understanding of the NDIS and the broader market is also necessary for the implementation of relevant, functional and efficient capacity and capability building initiatives and processes. Sector leadership is required to integrate and ensure the first two strategic themes are implemented, market failures are addressed as they
occur, and that future policy and legislative changes are based on ongoing engagement and dialogue between people with disability, service providers and government.

The below sections explain the three strategic themes and their components in further detail.

4.1 Building the knowledge base

Behind any action should be a well-researched knowledge base supporting it. This is especially the case when there is a significant shift in policy, which requires an equally large shift in strategic intent.

The introduction of the NDIS is a revolutionary change in the context of Australian disability policy and broader social reform. It is important that with such a change, all organisations within the sector understand exactly how the NDIS will impact on them and the broader industry. Without a thorough understanding of the NDIS, service providers cannot adequately respond, and the intended benefits of the NDIS will not be realised.

The experience of other jurisdictions that have implemented individualised funding models (see Table 2.1) demonstrates the potential for information asymmetries between service providers, people with disability and government to have negative impacts on all stakeholders involved.

ACIL Allen’s consultations have confirmed that similar information asymmetries exist within the WA disability sector, with some service providers lacking an understanding of the principles and framework of the NDIS, of the needs and preferences of people with disability, and of the broader market.

An understanding of the NDIS and what it means for service providers

Organisations require a greater understanding of the overarching framework and principles of the NDIS, including how it will impact on their operations and the broader disability market.

A common theme among stakeholders during the consultation process was that there are still organisations within the sector that are unaware of the changes brought on by the NDIS, including what the enhanced focus on individualised funding will mean for service providers.

In particular, stakeholders were concerned that not all organisations within the sector understood the implications of block funding being totally removed under the NDIS, and individualised funding becoming the sole source of disability sector funding. These implications include:

- service providers having to differentiate the services they offer and compete with other organisations for customers on either quality, or price, or both, which differs from previous arrangements where providers were given a level of certainty through:
  - in-advance payments;
  - long term service agreements; and
  - the WA Government underwriting portability when people with disability moved between providers.
- people with disability driving their own outcomes instead of service providers; and
- service providers having to transform their operations to both succeed in a highly competitive environment and to reflect the individualised principles of the NDIS, including their own governance structures, strategic planning, internal processes, ICT systems, financial modelling and planning, and performance reporting.

These concerns were also reinforced in ACIL Allen’s WA Disability Sector Survey. When respondents to the survey were asked for their revenue expectations in 2019-20, some 45 per cent
of all disability related revenue generated in the sector was still expected to be from government sources excluding the NDIS and Australian Disability Enterprises, despite that by June 2020 almost all disability funding will be individualised and channelled through the Scheme.

“A key challenge for the sector will be to ensure that service provider organisations have an understanding of the future NDIS market. This will include a cultural change throughout the sector, to ensure that organisations accept that there will be no block funding in the future and understand the real impact of self-directed and consumer orientated funding.” – Unidentified stakeholder

The expectations that smaller sized organisations in the survey had for future gross margins (from -0.7 per cent in 2015-16 to 6.7 per cent in 2019-20) were also unlikely to reflect how higher levels of competition could potentially impact their financial performance. The latest State of the Disability Sector Report 2016 developed by NDS shows that competition levels across the sector are already increasing, with 58 per cent of respondent organisations that provide NDIS services experiencing one or more customers leave them for an alternate provider in 2016.

“The sky is the limit under the NDIS. Previously, our organisation did not compete with other service providers; however, now under the NDIS, our organisation is competing with other service providers for their clients. Our organisation can compete on both quality and price due to its economies of scale and maturity in terms of strategic planning.” – Debbie Karasinski, CEO, Senses Australia

An understanding of people with disability

Organisations require a greater understanding of people with disability, including their needs, preferences and outcomes, in order to provide appropriately tailored services in an individualised funding environment.

In alignment with the choice and control principles articulated by the Productivity Commission, service providers will be required to have a greater understanding of people with disability under the future Scheme.

“A significant opportunity exists for the sector to continue to drive culture change that strongly embeds the person centred approach across all levels with a strong quality focus.” – Julie Waylen, State Manager, NDS WA

Stakeholders identified the required holistic cultural change towards person-centred services and supports as one of the most significant challenges under the new NDIS system.

“Service providers cannot assume they know what people with disability want and neither can government” – Unidentified stakeholder

A shared theme among stakeholders was that under individualised funding, organisations could no longer consider that they knew ‘what was best’ for people with disability. Organisations participating in the NDIS will increasingly be required to implement new customer engagement and feedback processes to learn more about people with disability, including:

- the types of services wanted;
- service delivery approaches that are most preferred;
- levels of engagement wanted; and
- methods of engagements that are most preferred.

“The sector needs to better understand their consumer, because for organisations to prepare successfully and appropriately, they must be preparing for what the consumer...
wants, rather than what the service provider thinks they want.” – Zane D’Mello, Executive Officer, Atlas

Currently, this is one of the areas where the WA disability sector is least prepared. When respondents in the WA Disability Sector Survey were asked if they had undertaken a number of activities in preparation for the NDIS, the activity that had been undertaken by the lowest percentage (57 per cent) of respondents was market research to better understand the NDIS market demand for their services.

Organisations must now also better understand the outcomes achieved by each individual in order to continually improve the services they offer, and ensure they are meeting each individual’s needs. This will require a shift in focus away from reporting on outputs as part of their service agreements (for example, service hours), to reporting on the outcomes achieved by the people they are servicing.

An understanding of the market and broader sector

Organisations require a greater understanding of the broader WA disability services market, including operational policies, supply gaps and demand trends, in order to make informed decisions that will affect their future operations and service provision.

Uncertainty surrounding the future market was frequently mentioned by stakeholders as a key reason why their preparation for the NDIS has been limited.

“There is a limited understanding of exactly what this market place will look like in the future; more information needs to be provided.”– Unidentified stakeholder

Stakeholders felt that with the WA NDIS governance structure finally being decided in early 2017, some key questions could now be answered, which would enable further planning across the sector. During the Industry Leaders forum, the following questions were raised as examples:

– What will the NDIS look like in regional areas?
– What is the line of services provision between mainstream and specialist providers?
– What is the sector’s workforce strategy?
– What services will not be funded in the future under the NDIS?

Stakeholders also cited the need for current and forecast future supply and demand data. This includes data on the number and types of service providers across regional areas, and the number and characteristics of NDIS participants across regional areas. Stakeholders found these types of data necessary for future planning.

“There needs to be greater access to current and forward-looking demand data such as de-identified population numbers in geographic areas, the characteristics of potential participants including their support needs and demand for specific service strategies... The longer we wait for this information, the harder it is for us to make good decisions, prepare our organisations to meet the current and emerging needs of participants, and achieve our mission to help people with disability to live a good life” – Justin O’Meara Smith, CEO, Interchange WA

4.2 Building capability and capacity across the sector

For the effective implementation of the NDIS to occur, the capability and capacity of the sector must be built and enhanced. The literature review (see Table 2.1) demonstrates that capacity and
capability building requires initiatives and actions to be introduced and implemented within organisations, and across the broader sector.

The WA Disability Sector Survey results, and the information gathered from stakeholders during the consultation process, reiterates the need for organisations to rethink their existing operations and implement significant operational and strategic changes. In terms of broader sector-wide initiatives, actions are required to develop the workforce, and to ensure that NDIS services can be provided in regional and remote areas.

Organisational level capacity and capability

Organisations require improvements to their existing strategies, structures, planning, systems, processes and business models to better align with the individualised funding framework and person-centred principles of the NDIS, and to be financially sustainable in a more competitive market.

The introduction of the NDIS will require each individual organisation to review and implement extensive changes to almost every aspect of their existing operations. Specifically, it will require organisations to update their strategic intent and strategic direction; activities and planning; organisational and board structures; systems and technology; and business models.

“The biggest challenge is having to completely transform the organisation, while still providing services to people with disability. Part of this is that our organisation is now spending money in areas that it has never spent money in before.” – Debbie Karasinski, CEO, Senses Australia

While there are some organisations that are more advanced than others in their preparation, there is still significant amount of work to be done across the sector. Over one third of respondents in the WA Disability Sector Survey had not yet implemented a new strategic or business plan, governance structure, pricing/costing framework or customer relationship management system to reflect the announcement and introduction of the NDIS three years ago. The survey also showed that at least 10 per cent of providers had not even started to undertake each of those activities. By comparison, some larger service providers indicated that they had started planning for the NDIS in 2011.

Stakeholders suggested that the low preparedness of some organisations to date was the result of either:

- organisations and their leaders not understanding the changes required of them under the NDIS;
- organisations and their leaders not having the experience required to implement the required changes; and/or
- the changes required being too costly and administratively taxing to implement, with organisations in the sector having historically low levels of working capital.

“Some CEOs and managers in the sector are struggling to understand the financial aspects of the future NDIS market, and the characteristics needed to run a business in a competitive market.” – Marcus Stafford, CEO, MSWA

ACIL Allen has outlined below the key areas of organisational capacity and capability building required under the NDIS.
Strategy

There are many aspects of organisational strategy that will require updating, and in some instances, total redevelopment under the NDIS. ACIL Allen has identified the following key areas, which were most prominent during consultation:

- organisational values, with organisations having to embed a person-centred approach rather than a service centric approach to delivering services;
- customer engagement, with organisations having to truly understand people with disability and the types of supports and services they value;
- strategic planning, with organisations having to operate in a more competitive environment and consider initiatives that will support their organisation’s financial sustainability, such as differentiating their product or service or finding other sources of revenue;
- marketing, with organisations no longer being able to rely on government for funding and having to actively chase business by promoting the services and products they offer to people with disability using the right marketing channels; and
- collaboration, with organisations having to consider which areas of their business they will share information and collaborate on, and which areas of their business they will compete on.

“The NDIS is a radical change that required a substantial change in strategic direction. This has led to the development of an innovation hub, which has contributed to redesigning service delivery and processes within the whole organisation. These changes have placed an additional focus on financial sustainability, higher competition, while also having an added focus on consumer design.” – Suzi Cowcher, CEO, Ability Centre

Governance

The changes required in each organisation’s strategic intent and direction will also require subsequent and complementary changes to organisational and governance structures. New roles and skills will be required within each organisation, and their boards and committees, including a higher degree of financial acumen, change management, customer and stakeholder engagement, marketing, and human resource management.

“Our organisation has updated and implemented a new Board structure, which made the Board more strategic in its thinking rather than operational.” – Graeme Mason, CEO, Accessibility

Technology and systems

An enhanced focus on providing individualised services will require the implementation of technology and systems that allow for the individual tracking of people with disability during all stages of service delivery and reporting. These systems should enable the integration of client information across the organisation’s operations, including rostering, invoicing, bad debts management, external reporting requirements, and the recording of outcomes; and should be accessible for frontline staff when they are delivering services on the ground.

“A key challenge for many organisations will be the implementation of new systems and processes to support the full roll-out of the NDIS. This will take time to embed in an organisation with significant resource implications.” – Joan McKenna Kerr, CEO, Autism Association of Western Australia

Business models

Organisational business models will also require updating to reflect the move from group based reporting to reporting on an individual basis. In particular, organisations will have to implement new
pricing/costing models that can track the unit cost of providing services, to understand which of their services are profitable or unprofitable under the NDIS’ pricing framework.

The likelihood of payments moving to in-arrears of service delivery also presents the requirement for organisations to update their existing cash flow models, which are predominately based on payments in-advance of service delivery.

“The changes that came next included developing a pricing and costing framework, in order to specifically understand the cost of each service provided. This resulted in [our organisation] removing some unprofitable aspects, which were not particularly core business.” – Graeme Mason, CEO, Accessability

Service delivery models

In a more competitive market, the organisations that prosper will be those that innovate and develop new service delivery methods, which either better meet the needs of people with disability or are more cost-effective.

Some organisations have already recognised the need for this level of innovation, and have established specific teams to develop innovative service delivery models. However, the majority of stakeholders agreed that at the whole-sector level, the level of innovation currently being undertaken is below what would have been expected during the transition. The primary reason provided by stakeholders was that the prices currently offered within the WA NDIS fixed price band do not incentivise innovation throughout the sector. Specifically, they commented that the margins available were not large enough to bear the risk associated with developing new or innovative service delivery models.

“Right now, we’d like to see a comprehensive investment approach to enable service delivery innovation to flourish right across the sector where greater impact for people with disability can be delivered in a changing world.” – Julie Waylen, State Manager, NDS WA

A sufficient and capable workforce

The large increase in disability sector funding will require a response from the disability sector workforce, with a successful transition to the NDIS dependent on having a workforce that is sufficient in size and that is well trained.

The success of the NDIS is ultimately dependent on organisations in the sector having a workforce that is able to adapt and implement the changes brought on by the Scheme.

Stakeholders within the sector have recognised this, with respondents to the WA Disability Sector Survey identifying recruiting and retaining a sufficient and capable workforce as the second most challenging issue for both organisations and the sector as a whole (see Figure 3.9).

The specific workforce issues mentioned by stakeholders during the survey and consultation processes were broad ranging, covering all aspects of workforce development, including workforce culture and industrial relations. The most prominent workforce issues are outlined below.

Workforce culture

A shared theme among stakeholders (and also the literature review, see Table 2.1) was that the enhanced focus on individualised funding will not only require a structural shift across the disability sector workforce, but it will most importantly require a considerable cultural shift.
The disability sector workforce, and particularly direct support workers, will have to adopt the person-centred principles of the NDIS. This will involve adhering to and delivering the services detailed in a person’s plan, rather than services they consider will best support an individual.

All workers will also be required to implement a degree of commercial acumen during their day-to-day tasks, with individualised funding spurring the need for individualised costs structures. A collective point raised by stakeholders was that frontline workers have so far found it difficult to track their billable hours against each customer, which they considered to promote service delivery based on “transactions” rather than “relationships”.

“A key challenge under the NDIS is changing the values and culture of the existing workforce. Many current direct support workers and allied health staff do not favour the new customer orientated and commercial process.” – Unidentified stakeholder

Understanding and responding to workforce needs

Stakeholders were in general agreement that the NDIS will enforce a structural change across the disability sector workforce. In particular, new roles and skills will be required within the sector. The types of skills that were seen as most important in the future included:
- emotional intelligence, caring and social communication, which are especially required by frontline support workers;
- customer engagement and management, which is required to better understand and respond to the needs and wants of people with disability;
- commercial acumen, which is required to operate in a more competitive and financially aware operating environment;
- marketing, which is required to better engage people with disability;
- data literacy, which is required to better utilise individualised organisational data; and
- technological literacy, which will be required given technological advancements and the higher utilisation of technology in service delivery.

In terms of the types of roles required in the future, a common theme emerged that there will be a greater need for allied health staff and direct support workers, along with managers and supervisors. Stakeholders’ expectations towards the future availability of these roles within the sector were mixed, with some stakeholders expecting these roles to be more difficult to source in the future, and other expecting them to be easier to source.

One key area in which stakeholders were conflicted was in reference to the availability of allied health workers in the sector. Certain stakeholders suggested that the perception of a lack of allied health staff was misinformed, and that the supply of allied health staff is adequate but these types of workers do not currently see the disability sector as an attractive employment destination.

“As there are more and more allied health professionals graduating, we will have increased opportunity to employ these professions and diversify the services provided to our clients. In order to capitalise on this opportunity, employers will need to modify some of their employment practices to ensure they are attractive places for these allied health professionals to work.” – Adrian Munro, Executive Manager of Operations, Richmond Wellbeing

The new skills and roles required in the WA disability sector presents a new set of workforce needs that must be met by existing, and also new, education and training providers. However, before this can occur, stakeholders suggested that a consistent understanding of the future workforce needs in WA will need to be developed and articulated.

“With service delivery moving to the non-government sector, and a new consumer directed focus emerging, the skills required by the workforce have changed. For
example’ industry has observed that the current VET disability support worker qualification introduced several years ago may not have the same ongoing value attached to it by service providers as it has in the past. This observation however requires further investigation.” – Unidentified stakeholder

Workforce attraction and retention

Workforce attraction and retention was a key workforce issue for stakeholders, with the collective opinion being that the WA disability sector has generally struggled to attract and retain workers. Stakeholders suggested a number of factors impacting on the sector’s ability to attract and retain workers, including:

- the relatively low wages offered in the sector;
- the high levels of flexibility required of workers under the NDIS, such as having to work variable hours, on weekends and at night;
- the higher levels of uncertainty that workers in the sector have over their future employment, due to a large proportion of work in the sector being on a part-time or casual basis;
- the lower levels of commitment that employees in the sector generally have, with the unpredictability of employment forcing workers to be employed across a number of organisations; and
- the perceptions that the sector is only for older workers and that there are limited opportunities for professional development and career development.

“Workforce turnover will be a key challenge in the future. When an organisation loses its workers, it can have a very damaging effect on an organisation from a cultural, financial and quality of service point of view.” – Robert Hicks, CEO, Goldfields Individual and Family Support Association

Current pricing and Awards system

Stakeholders considered that the current pricing framework did not allow for organisations to both be financially sustainable, and to employ people on a part-time or full-time basis. This is thought to have led to greater casualisation rates. The State of the Disability Sector 2016 report points to the negative impact that the casualisation of labour has had on organisations in the disability sector, with providers reporting higher turnover rates with causal workers, and a greater difficulty in getting casual workers to attend team meetings and training.

“If the momentum to casualisation of labour inherent in the NDIS pricing framework for individual support is not addressed, there is a very real danger that the disability sector will become an employer of last resort rather than an employer of choice.” – Joan McKenna Kerr, CEO Autism Association of Western Australia

The current industrial relations (IR) framework was also considered as a key workforce barrier impacting on the levels of casualisation, with the existing Awards system offering limited opportunities for flexible part-time employment. Stakeholders presented a strong view that the current system was outdated, and was made at a time where there was little individualised funding, and less flexibility required among employees.

“There is a significant tension between the current IR framework and the type of work that is intended to be provided under the NDIS. For example, people might like to receive supports for one hour, but this may not always be possible to do at a sustainable cost given relevant Awards.” – Lee Broomhall, CEO Workpower

In addition to higher levels of casualisation, tighter prices have meant that some organisations have had to reduce their staff training and development budgets. Stakeholders were generally
concerned about the impact that this would have on the quality of services provided under the NDIS.

“Tightening prices mean that the temptation of reducing training and supervision to lower costs per hour may allow untrained and unsupervised staff to be used in delivering services to people with severe and complex disabilities. How the quality is maintained and monitored will be a growing challenge.” – Gordon Trewern, CEO, Nulsen Disability Services

Local Area Coordinators
The Local Area Coordinator (LAC) role was recognised by stakeholders as the individual role that will likely have the greatest impact on the overall sustainability and effectiveness of the NDIS. The integral role that LACs play as the gateway for all services and supports necessitates that each LAC has:

- a uniform understanding of what reasonable and necessary means to ensure that all people with disability are equally entitled to the same supports and services;
- an understanding of their own area, including the capabilities of all specialist service providers to ensure that all organisations are given an equal opportunity to provide services; and
- an understanding of the informal and community supports and mainstream services available in their area to ensure that:
  - the responsibilities of all actors within the disability support sector are met;
  - all people with disability have their needs met regardless of their eligibility for the NDIS; and
  - the Scheme is financially sustainable.

“A substantial challenge for the WA Government is the increase that is required in the number of Local Area Coordinators. These are the people that need to understand the system and stakeholders in the sector, and have the capability to deliver improved outcomes and services. This can only be achieved with strong relationships and high levels of trust.” – Kathy Hough, CEO, Far North Community Services

Services provision in regional and remote areas

Without support, individualised funding may not be viable in regional and remote areas where services provision is costly and unprofitable, and competition levels are thin.

In alignment with the views of the Productivity Commission, stakeholders consider the provision of NDIS services in regional and remote areas as a key challenge. They cited a range of inherent and contemporary factors that negatively impacted their ability to provide regional and remote individualised services, which cater for the support needs of all people with disability. Stakeholders were in general agreement that the provision of NDIS services in rural areas was not an attractive prospect.

“In GIFSA’s view, insufficient attention has, to date, been given to the unique challenges of disability service provision in remote and very remote settings” – Robert Hicks, CEO, Goldfields Individual and Family Support Association

ACIL Allen’s regional performance matrix also demonstrates the challenges facing regional services providers (see Figure 4.2), with these areas requiring the greatest percentage increase in funding, and a lower percentage of organisations in these areas considered to be NDIS ready and financially sustainable.
The primary risk with NDIS service provision in regional and remote areas is that without a sufficient number of service providers, some people with disability may not receive the full suite of supports they would have access to in Metropolitan areas. If this did occur, the only options for people with disability in regional areas would be to either:

- move to more populated areas to receive the supports they need and are entitled to receive;
- continue to live in these areas and receive fewer supports than they are entitled to receive; or
- disengage with the disability system and not receive any supports.

The key issues affecting the provision of NDIS services in regional and remote areas are outlined below.

**Workforce issues**

Recruiting and retaining a sufficient and skilled workforce in regional and remote areas is not only a challenge faced by the disability sector, it is a challenge faced by most industries. There are a range of factors that work against almost all industries trying to attract workers to their sector in a rural setting, including:

- the higher wage costs or supports that organisations must generally pay or provide to attract workers;
- the lack of training in rural settings, with a perception from potential employees of limited professional development opportunities;
- the lack of infrastructure (such as communications) in regional and remote towns, which makes moving to these areas a less attractive option for potential employees; and
- the perception of isolation that potential employees may associate with working in a rural setting.
In combination with these factors, disability service providers are also disadvantaged by the competitive wages offered by the mining industry, which is often a prominent employer in rural settings.

Further competition for staff is also provided by the NDIS system, with the number of LACs in regional and remote settings expected to increase considerably during the NDIS transition.

“For regional organisations, there are some key challenges which include the cost of travel to remote towns, the costs of housing for its staff, and the costs of recruiting staff altogether.” – Graeme Mason, CEO, Accessability

Regional pricing
The prices offered to provide services in regional areas was considered not attractive enough for many organisations to start servicing people in these areas. While some stakeholders did acknowledge the work being done to implement a regional pricing index in WA, concerns were still raised over unfunded expenses, including:

- travel, with service providers stating that the current framework does not take into account that travel is not always in a straight line and direct;
- wages, which are inherently higher in regional and remote locations due to wage premiums and additional training and development costs; and
- the costs of establishing a regional presence, which includes significant infrastructure and administration.

“GIFSA operate across three distinct sub-regions. How we deliver, what we deliver and at what cost we deliver support services varies significantly. Suffice to say the NDIS pricing model is woefully inadequate in this environment and market failure is assured” – Robert Hicks, CEO, Goldfields Individual and Family Support Association

Collaboration across service providers
Stakeholders mentioned collaboration between service providers as a key opportunity, which could effectively limit service delivery gaps, particularly in a regional and remote context. The types of collaboration mentioned include mergers, the sharing of front-line staff, the sharing of back-office functions, and integrated service delivery.

In an environment of heightened competition, however, service providers were doubtful that organisations would collaborate more. Stakeholders saw this as a key risk, while also acknowledging that the levels of collaboration across the sector have slowly diminished over time. Along with service delivery gaps, (especially in rural areas), stakeholders believed that lower levels of collaboration would potentially lead to a slower rate of best-practice adoption, and an unnecessary duplication of effort.

“Providers need to have an established relationship with communities to be successful in regional WA. New providers will require large upfront costs to create a presence which may prevent many from doing so unless there are opportunities to collaborate at a local level.” – Annette Perrin, Executive Manager Strategy, Activ

Relationship based services and supports
A joint theme among regional and remote stakeholders was that the provision of services in these areas requires a relationship and whole of community approach to service delivery. This approach was considered to be difficult to develop, time consuming and is sometimes ignored by new providers. The higher rates of Aboriginal people in rural settings also increases the need for this type of approach, given the values placed in Aboriginal culture on developing trusting relationships with others and their community.
“Any services (especially in regions) must be holistic, family centred and relationship based, especially in indigenous communities (which have traditions and cultural influencers)….many indigenous languages don't use the word disability. Any services provided to indigenous people can’t just be focused on disability, they must focus on all aspects of life, such as employment, education and health and they must be delivered respectfully.” – Kathy Hough, CEO, Far North Community Services

Mainstream services and informal and community supports
The added potential in regional and remote areas for gaps in service delivery will require a strong presence of informal and community supports, and strong links with mainstream service providers. Stakeholders suggested that having these supports available will ensure that people with disability have their needs met, while minimising the risk of them falling through the cracks and feeling disengaged with the Scheme.

People with disability in very remote communities
Stakeholders considered reaching Aboriginal people with disability in very remote communities as a significant challenge, with:
- these people often being unknown to the disability system, and there being a lack of knowledge in general of the communities these people live in and how many people in these communities would be eligible for the Scheme;
- people in these communities having a lack of understanding of the NDIS system and what it means for them; and
- providers finding it very costly given the travel time required to provide services to one or a low number of people with disability in these communities.

“A key challenge for the sector will be to provide services to consumers in regional areas. Within a healthy market, I do not believe that enough organisations will provide services in very remote regions in the future under the current pricing framework.” – Marcus Stafford, CEO, MSWA

4.3 Sector leadership
There will be a significant role for sector leadership to play during the transition to the NDIS. It will be required to ensure that the negative impacts of the NDIS itself are minimised by addressing market failures as they occur, deciding on appropriate interventions, and ensuring a consistent whole of government approach to service delivery for people with disability. Perhaps most importantly, however, sector leadership will be required to continually advocate and ensure that any future policy or legislative changes are based on co-design between people with disability, industry and government.

Addressing market failures

A more competitive and deregulated market environment in itself will not address market failures, which may result in negative unintended outcomes for people with disability, service providers and government.

The NDIS is based on an environment of deregulation to a degree, where people with disability are able to exercise choice and control over their supports, and where all services delivered under the Scheme will be individualised rather than block funded. Such a market relies on supply, being the
number and types of supports provided, equalling demand, being the number and types of supports required by people with disability.

While people with disability will achieve more beneficial outcomes, any market that incorporates a degree of deregulation carries a risk of market failure. Under the NDIS, this includes:

- demand for services outstripping supply due to service providers considering certain types of services unprofitable to provide, which may include:
  - services in regional and remote areas;
  - niche services; and
  - services for people with complex needs.
- demand for services outstripping supply, with service providers not being able to (financially or strategically) implement the changes required under the NDIS and existing the market;
- the sector’s workforce not growing at the rate required to meet demand;
- information asymmetries between people with disability, service providers and government; and
- service delivery gaps emerging due to mainstream service providers reducing their level of service provision.

If these potential market failures are not addressed through policy or market changes, this could result in negative outcomes for people with disability, service providers and government.

“The DSC or the agency that replaces it will likely retain a stewardship role in the sector. Maintaining a range of viable service options for people with disability living in regional and remote areas will require proactive management. It will be the job of the WA NDIS agency to ensure that providers are in these areas, through enablers and incentives.” – Unidentified stakeholder

Integration and collaboration across state-based service delivery systems

A greater level of collaboration and integration is required across the NDIS and relevant state-based service delivery systems to ensure there are minimal duplications and gaps in service delivery, and that the provision of social services is cost-effective.

While the NDIS will significantly increase the funding available for disability care and support, it will not replace and consume the traditional responsibilities of other state-based service delivery systems. People with disability under the NDIS will continue to access supports and funding from mainstream service providers such as those in health, the justice system, education, housing, welfare and transport.

A shared theme across all stakeholders was that integration and collaboration between the NDIS and state-based service delivery systems is necessary to ensure:

- there are no service gaps and people with disability do not miss out on services or funding they are entitled to, including during key transition points such as leaving Year 12, exiting the justice system or leaving employment;
- people with disability are not required to unnecessarily provide information to each mainstream service provider they have a relationship with;
- there are minimal delays in people with disability receiving supports when they transition between mainstream agencies;
- there are no duplications in service delivery or data collection and storage, which will affect the efficiency and cost-effectiveness of the Scheme and mainstream service providers; and
- there is no cost-shifting between the NDIS or mainstream service providers.
Greater integration and collaboration will also provide the WA Government with a greater understanding of the outcomes achieved by each individual across all service delivery portfolios, which will be useful when:

- considering the allocation of resources and the effectiveness of different supports; and
- identifying individuals (through profile matching) that are at risk of poorer outcomes in the future and delivering appropriate early interventions to them.

“The interaction of the NDIS with mainstream service providers is a further challenge, including these services knowing their responsibilities of service provision, and effective and efficient communication taking place between them.” — Darren Ginnelly, Managing Director, MyPlace

Driving for policy and legislative changes

Strong advocacy is required during the transition to the NDIS in WA in order to drive for necessary policy and legislative changes that are based on co-design between people with disability, service providers and government.

The amount of change and disruption currently facing the disability sector requires ongoing leadership and advocacy to represent the views of all stakeholder during the transition, especially in relation to future policy and legislative changes. Specific areas where stakeholders felt advocacy was required during the transition included:

- views on the WA NDIS pricing framework, including the prices paid in regional areas, on weekends, after typical business hours and for travel;
- the need for a market steward, including the requirement for market failures to be addressed;
- the levels of funding available for Information, Linkages and Capacity Building;
- the inflexibility of the current Awards system; and
- updating outdated aspects of the Disability Services Act 1993 (WA), including:
  - the definition of psychosocial disabilities;
  - compensation payments; and
  - provisions for participant nominees.

In addition to the above areas, stakeholders also felt it necessary for sector leadership and strong advocacy to promote and implement this Industry Plan once it was completed.

“The future WA NDIS model must be co-designed with the sector. Areas where this can occur includes payments, planning for participants and the processes surrounding these. The key thing will be to engage and consult with the sector, but do not hand over choice and control to service providers, this must still be with people with disability and where appropriate, their families and carers.” — John Knowles, CEO, Good Samaritan Industries
The recommended strategies detailed in this Section aim to ensure that the sector’s transition to the NDIS is successful, and that the sector is well prepared for the full introduction of the NDIS. They address the strategic themes discussed in Section 4, with seven areas for strategic action evolving from these themes:

1. Understanding the NDIS and the disability services market
2. Building the capacity and capability of the workforce
3. Improving organisational level strategy and infrastructure
4. Supporting regional and remote service delivery
5. Monitor, prevent and mitigate market failures
6. Ensuring a whole of Government approach to service delivery
7. Ongoing sector leadership

These strategies have either been suggested by stakeholders during the consultation process (see Appendix A), or have been developed by ACIL Allen through its own research.

The guiding principle underpinning each of the strategies is the same principle that underpins the development of the NDIS: choice and control for people with disability. Each strategy is underpinned by a set of recommended initiatives that will enable the sector to provide the services and supports needed by people with disability in the new market environment.

ACIL Allen has outlined the next steps required to ensure the effective implementation of the recommended strategies in Section 6.

5.1 Understanding the NDIS and the disability services market

RECOMMENDED STRATEGY 1

Build the business intelligence of disability sector organisations by improving access to data and information pertaining to the NDIS, people with disability and the broader disability services market.

Actions and initiatives

1. **NDIS information**: Ensure that service providers have access to information detailing what the NDIS means for them, including the implications of switching from block funding to individualised funding and of implementing an organisational-wide person-centred approach. There is still a high degree of uncertainty as to what the NDIS means for service providers, as revealed through ACIL Allen’s research and consultation with the sector.
2. **Consumer information:** Ensure that service providers have access to regular consumer information, including the service delivery approaches and methods of engagement most preferred by people with disability. This information is seen as critical to enable service providers to respond to the needs and preferences of people with disability.

3. **Market information:** Ensure that service providers have access to regular market position statements and updates, which provide information on key supply and demand trends by region. This information is seen as critical for service providers for their future business planning.

4. **Policy information:** Ensure that service providers have access to NDIS operational policies and frameworks. There is still a high level of uncertainty among service providers as to what guidelines and procedures will be in place under the NDIS in WA.

5. **Consultation:** The provision of the above information should be underpinned by regular dialogue with the sector, to gain an understanding of the specific and ongoing information requirements that would support and better prepare service providers during the transition to the NDIS.

### 5.2 Building the capacity and capability of the workforce

**RECOMMENDED STRATEGY 2**

*Develop and implement a State workforce plan for the disability services sector to address capacity and capability requirements.*

**Actions and initiatives**

The following priorities should be incorporated into the State disability sector workforce plan:

6. **Understanding workforce needs:** An evaluation of the sector’s workforce needs should be undertaken, which will be used as the primary evidence base for future workforce initiatives and policy. This evaluation should determine the:

   - current and future expected number of workers in the sector by occupation type and by region;
   - current and future expected workforce supply by occupation type and by region;
   - key skills and core competencies required by workers in the sector under the NDIS, and how they compare to the current skill sets of workers;
   - types of employment required under the NDIS, and how it compares to the existing types of employment in the sector;
   - current trends in attraction and retention across the sector’s workforce; and
   - primary difficulties workers in the sector are experiencing in transitioning to the NDIS and in adopting its principles.

There is currently a level of uncertainty across service providers on the impact that the NDIS will have on the sector’s workforce, which has made future workforce planning challenging.
7. **Organisational self-assessment:** Each organisation within the sector should evaluate their own workforce with tools such as NDS’ Workforce Wizard, with a focus placed on:

- the roles, skills, proficiencies and overall quality of their current workforce; and
- any difficulties their current workforce is experiencing during the transition to the NDIS and in adopting the principles of the NDIS.

The results of these evaluations can be compared to the results of the evaluation undertaken as part of initiative six, which will enable organisations to understand their own workforce needs, and how these needs compare to those experienced across the broader sector.

8. **Education and training:** A review of the education and training currently provided to workers in the sector should be undertaken to determine whether it is appropriate, effective and efficient in the context of meeting the future workforce needs under the NDIS. This review should be based on extensive consultation with industry, and should include:

- an evaluation of the current disability related training packages and accreditations, including the quality of training and the skill level and standard of the disability sector workforce following the completion of training;
- an evaluation of the education and training options that current workers in the sector have to up-skill; and
- an evaluation of the current partnerships and level of engagement between service providers within the sector and education and training providers.

Organisations within the sector commonly reported that the current education and training system is not appropriate and effective within the context of the NDIS.

9. **Targeted planning at a local level:** Workforce plans should be developed and implemented for each of WA’s nine regional development areas to:

- identify local priorities, challenges and opportunities;
- identify and implement local workforce initiatives that are targeted to the particular circumstances of each region;
- strengthen local networks by ensuring that LACs have a strong level of engagement across the local community, including an understanding of the full range of supports available in each region (for example, community, informal, mainstream and specialist supports); and
- be integrated into the existing strategic plans and Regional Investment Blueprints in each of the nine regional development areas.

The ability of the regions to attract and retain a sufficient and capable workforce is an ongoing challenge, which requires a targeted, tailored and local response for each regional development area.

10. **Amending the Industrial Award:** The WA disability services sector, relevant union bodies, NDS WA and the Chamber of Commerce and Industry (WA) (both with their national bodies), should discuss and agree on necessary amendments to the current Industrial Award, the Social, Community, Home Care and Disability Services Industry Award. In particular, amendments that would allow for more flexible work arrangements to better align with the person-centred principles of the NDIS.
11. **Promoting the sector:** A marketing campaign should be developed and implemented to promote career and professional development opportunities in the WA disability sector. This campaign should be targeted towards:

- university students in specialised fields like allied health (such as speech therapists, occupational therapists, psychologists, physiotherapists), and business and commerce (such as accounting, management, marketing, human resources, information technology, data analytics);
- vocational education and training students in fields such as dietetics and nutrition, information technology, direct support and customer service;
- displaced workers from other sectors of the WA economy;
- workers from other sectors of the WA economy seeking a career change or returning from a career break; and
- overseas workers looking for career opportunities in Australia.

The introduction of the NDIS will create significant career opportunities across a range of professions and occupations across the State. ACIL Allen’s economic modelling has estimated that the WA disability sector will require an additional 5,800 direct FTEs once the NDIS is fully implemented, which will see the total direct WA disability sector workforce increase beyond 12,000 FTEs.

12. **Regularly review:** The State workforce plan should be reviewed annually, with progress measured against key workforce indicators. This will ensure that emerging risks are addressed, and the long-term requirements of WA’s disability sector workforce are met.

5.3 Improving organisational level strategy and infrastructure

**RECOMMEND STRATEGY 3**

Develop and improve the organisational level strategy and infrastructure of service providers within the sector.

**Actions and initiatives**

13. **Organisational review:** Each organisation within the sector should undertake a strategic review of their operations to ensure they align with the person-centred principles of the NDIS. These reviews can be supported with tools such as NDS’ *NDIS Provider Toolkit*, with a focus placed on:

- strategy (organisational values and culture, change management, customer engagement, strategic planning, marketing and collaboration);
- governance (organisational and board structures and skill mixes);
- their workforce (see initiative seven);
- business systems and processes (quality management and improvement processes, customer relationship management systems, rostering systems, invoicing systems, debtor management systems, pricing and cash flow models); and
- service delivery models.
The shift to individualised funding will require these changes to be made in order for organisations to understand the needs and preferences of people with disability, provide services on an individualised basis and track the performance of their business. ACIL Allen understands that some organisations will require support to undertake these reviews, and has addressed this in initiative 14.

14. **Specialised support:** A panel of consultants should be established to provide specialised support and advisory services to service providers in relation to strategic planning, change management, marketing, customer engagement, governance, and business systems and processes.

The scale of the change required by each organisation is unprecedented, and will require in many cases a complete redesign of operations. Such changes will require specialised support and advisory services in order to assist some organisations in transitioning to the NDIS.

15. **Service delivery innovation grants:** A service delivery innovation grant should be established to fund the trial and/or implementation of innovative service delivery models in the WA disability sector. To be eligible for this grant, service providers must present a well-developed business case.

Innovation in service delivery will be critical to ensure that service providers are continually improving the way in which the needs of people with disability are met, and also ensuring that they remain financially sustainable.

5.4 Supporting regional and remote service delivery

**RECOMMENDED STRATEGY 4**

*Develop regional and remote NDIS plans for each of WA’s nine regional development areas to support local communities that are at risk of market failure under the NDIS.*

**Actions and initiatives**

The following priorities should be included in the regional and remote NDIS plans:

16. **Targeted workforce planning at a local level:** Refer to initiative nine.

17. **Regional pricing:** The existing regional pricing frameworks should be refined to ensure they reflect the true cost of service provision across the nine regional development areas, such as the additional costs associated with travel and employee compensation. This should be supported by an annual review of the frameworks to ensure that the prices offered are flexible and contemporary.

Organisations within the sector consider the current prices offered under traditional systems as unsustainable and not representative of the true costs of providing services in each unique WA region. The current Productivity Commission *Inquiry into the NDIS costs* will provide important insights into pricing and cost structures in regional areas.
18. **Regional start-up support**: Initial financial start-up support should continue to be provided to establish new service providers in regional and remote areas that have service delivery gaps.

19. **Provider of last resort**: Where/if some regional and remote communities are not adequately serviced, there should be in place suitable intervention strategies and responses, including a provider of last resort. Refer to initiative 21 for more information.

20. **Specialist support**: A panel of consultants should be established to provide specialist support in relation to regional service provision, including:

- developing and supporting partnerships that are community-owned, inclusive and sustainable with Aboriginal and other community groups, mainstream providers, local governments and specialist providers;
- effectively engaging with people with disability in regional and remote areas to understand, plan for and respond to consumer demand;
- the delivery of culturally appropriate services;
- the adoption of technology solutions in regional areas; and
- the development of new business lines and revenue sources.

The implementation of individualised funding in regional and remote areas poses additional challenges relative to Metropolitan Perth. Organisations in these regions will require specialised support to assist them in transitioning to the NDIS.

5.5 **Monitor, prevent and mitigate market failures**

**RECOMMENDED STRATEGY 5**

*Develop capacity to ensure that market failure risks are monitored, and that market failures are prevented and mitigated.*

**Actions and initiatives**

21. **Market analysis tool and intervention framework**: A market analysis tool and intervention framework should be developed to:

- assess market health, which includes monitoring the day-to-day operations of the NDIS in WA;
- identify emerging areas of market risk, which includes potential market failures such as unmet demand, excessive delivery, provider sustainability, quality issues, and compliance issues;
- determine decision criteria for potential market intervention when market failures occur or are at risk of occurring;
- identify the appropriate responses when intervention is required; and
- identify which stakeholder in the WA disability sector has responsibility for implementing the response.

Organisations were concerned market failures could occur in certain areas under the NDIS (like regional and remote service provision, and services for people with complex needs), given the shift
towards greater choice for people with disability and market based mechanisms. A market steward will be required in WA to help improve the NDIS marketplace through its monitoring function, and to facilitate or implement interventions when required.

5.6 Ensuring a whole of government approach to service delivery

RECOMMENDED STRATEGY 6

Develop a holistic, whole of government approach to delivering services to people with disability.

Actions and initiatives

22. The NDIS Coordinating Committee: A State NDIS Coordinating Committee should be established of department and agency heads who play a role in delivering social services. The Coordinating Committee’s terms of reference should include:

- effective coordination and collaboration between mainstream departments and agencies in relation to the delivery of state-based social services to people with disability;
- ensuring there are no service gaps and people with disability do not miss out on funding or services they are entitled to receive;
- ensuring there is no cost-shifting between the NDIS in WA or mainstream service providers; and
- ensuring that accessing supports and services across mainstream service providers is simple and streamlined for people with disability.

As people participating in the NDIS will access supports and services from mainstream service providers, it is important to ensure that there is a whole of government approach to supporting people with disability, which will ultimately lead to more effective and efficient service delivery.

23. Integrated ICT systems: ICT systems should be integrated across all state-based social service delivery departments and agencies to ensure:

- no duplications in service delivery or data collection and storage; and
- the adoption of a single, consistent view of each person with disability who accesses services and supports across government.

Not only will integrated ICT systems result in more efficient and effective service delivery across mainstream agencies, it will also result in better information being made available to disability sector organisations.

5.7 Ongoing sector leadership

RECOMMENDED STRATEGY 7

Ensure the successful implementation of the NDIS in WA, which is based on a policy of co-design.
Actions and initiatives

24. **Communication and advocacy:** There should be ongoing engagement and dialogue between the WA Government, the relevant NDIS authority, service providers, peak organisations and people with disability throughout the transition to the NDIS. This will ensure that all policy and legislative aspects of the NDIS in WA are understood across all stakeholders, and are based on the principle of co-design.

5.8 **Summary – Industry Plan on a page**

A summary of the *Industry Plan* is presented in Figure 5.1. The *Industry Plan “on a page”* highlights the linkages between the overall aim of the *Plan* – to ensure the WA disability sector is well prepared for the full introduction of the NDIS – to the three strategic themes (objectives), the seven strategies, and the 24 initiatives.
To ensure the WA disability sector is well prepared for the full introduction of the NDIS

Aim
Improve the understanding of the NDIS and the disability services market

Objectives
Build the knowledge base of the sector
Improve the capacity and capability of the sector
Ensure there is strong sector leadership during the transition to the NDIS

Strategies
Improve the understanding of the NDIS and the disability services market
Improve the capacity and capability of the workforce
Develop organisational level infrastructure and strategy
Support regional and remote service delivery
Monitor, prevent and mitigate market failures
Ensure a whole of government approach to service delivery
Ongoing sector leadership

Actions and initiatives
1. NDIS information
2. Consumer information
3. Market information
4. Policy information
5. Consultation
6. Develop an understanding of the workforce needs
7. Organisational workforce assessments
8. Review the education and training system in the context of the NDIS
9. Targeted workforce planning
10. Amending the Industrial Award
11. Promoting career opportunities in the sector
12. Regular review of workforce indicators
13. Organisational strategic reviews
14. Specialised strategic support
15. Service delivery innovation grants
16. Workforce plans in each regional development area
17. Tailored regional pricing frameworks in each regional development area
18. Regional start-up support
19. Ensuring a provider of last resort in regional and remote communities
20. Specialised support for regional and remote providers
21. Developing a market analysis tool and intervention framework
22. Establishing a State NDIS Coordinating Committee
23. Integrating ICT systems across government
24. Regular communication and advocacy

Outcomes and KPIs
Establish outcomes and key performance indicators for each action in order to regularly track progress
The effectiveness of this Industry Plan in delivering on its stated aim will ultimately be dependent on the sector taking ownership of the Plan and driving the implementation of the strategies and initiatives.

The complexity of a major social reform like the NDIS necessitates careful planning in order to ensure the transition to the NDIS in WA is successful for people with disability, service providers and government.

Whilst the implementation of the Industry Plan is outside of the scope of ACIL Allen’s current engagement with NDS WA, key considerations to successfully implement the Plan are introduced below.

The starting point in bringing the Industry Plan to life should be a strategic workshop of industry leaders, government, and representatives of people with disability in order to ensure there is a shared understanding of the Plan, and a facilitated discussion to develop and agree the key elements of the implementation strategy. Some of the key considerations in implementing the Plan are set out below.

1. **Governance**: For the Industry Plan to be effectively implemented, there needs to be a governing council to oversee and guide the implementation of each strategy and the corresponding initiatives.

   Through the strategic workshop, agreement should be sought as to which stakeholders will be part of the governing council and responsible for overseeing the implementation of the Industry Plan.

2. **Define outcomes and establish key performance indicators**: A clear picture of what success will look like in implementing the Industry Plan, including the specific outcomes that will be achieved, must be developed by the governing council. This will then allow for a clear set of key performance indicators (KPIs) to be developed, which will be used to measure the achievement of each identified outcome.

3. **Actions and accountabilities**: To ensure progress in implementing the Industry Plan and its key strategies and initiatives, it will be essential that defined actions and accountabilities for each initiative are established early by the governing council. In defining actions and accountabilities, a link will be created between the initiatives identified in the Plan and the desired outcomes identified by the governing council.

4. **Communications plan**: The Industry Plan and its progress should be communicated regularly to ensure that there is engagement and buy-in across the sector, with government, and in particular with people with disability.

5. **Evaluation and review**: To ensure progress and enable the opportunity for the Plan to be updated and improved, there should be an annual review process where the implementation of the Plan is measured against the established KPIs, and the strategies in the Plan are reviewed to assess their appropriateness.

   These steps are detailed in Figure 6.1 below.

   Importantly, the implementation strategy must be appropriately resourced if the Industry Plan is to achieve its ambition of ensuring the sector is adequately prepared for the full implementation of the NDIS in WA.
FIGURE 6.1 ACTIONS REQUIRED TO EFFECTIVELY IMPLEMENT THE INDUSTRY PLAN

- **Develop an Industry Profile of the WA disability sector**
  - July 2016 to January 2017

- **Undertake stakeholder consultation**
  - February 2017

- **Develop strategies for the Industry Plan**
  - March to April 2017

- **Sector leaders’ strategic workshop**
  - Mid 2017

- **Establish and implement governance structures**
  - Mid to late 2017

- **Define outcomes and establish key performance indicators**
  - Mid to late 2017

- **Establish and implement a communication plan**
  - Late 2017

- **Implement strategies recommended in the Industry Plan**
  - 2017-2018

- **Review and improvement processes**
  - Ongoing

**SOURCE: ACIL ALLEN CONSULTING**
ACIL Allen has consulted widely across the WA disability sector during this project, to ensure the sector’s multiple and diverse viewpoints are captured. Apart from the WA Disability Sector Survey, which captured the responses of 64 disability sector organisations, ACIL Allen had also undertaken:

- regular meetings with an Industry Plan steering committee;
- 23 face-to-face interviews with key stakeholders; and
- three consultative forums, including:
  - a forum with the sector’s industry leaders, such as CEOs and executive staff;
  - a forum with the Council or Regional Disability Services, which consists or service providers that provide services in regional areas; and
  - a forum of NDS WA’s Workforce and Finance Sub-committee, which included finance and human resources executive managers within the sector.

All stakeholders that were part of the Industry Plan steering committee, consulted with during the interviews, and all stakeholders that were registered to attend the forums can be seen in the below tables.

### TABLE A.1 INDUSTRY PLAN STEERING COMMITTEE MEMBERS

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Organisation represented</th>
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<tbody>
<tr>
<td>Julie Waylen</td>
<td>NDS WA</td>
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<tr>
<td>Sarah Morrison</td>
<td>NDS WA</td>
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<tr>
<td>Gordon Trewern</td>
<td>Nulsen Disability Services</td>
</tr>
<tr>
<td>Marina Re</td>
<td>Identity WA</td>
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<tr>
<td>Justine Coyler</td>
<td>Rise Network</td>
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<tr>
<td>Gordon Duff</td>
<td>NDS</td>
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<tr>
<td>Jim Vanopoulos</td>
<td>NDS</td>
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<tr>
<td>Marion Hailes-MacDonald</td>
<td>Disability Services Commission</td>
</tr>
<tr>
<td>David Gilchrist</td>
<td>Curtin Not-for-profit Initiative</td>
</tr>
<tr>
<td>Frances Buchanan</td>
<td>NDS WA</td>
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</tbody>
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### TABLE A.2 STAKEHOLDERS CONSULTED WITH DURING INTERVIEWS

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Organisation represented</th>
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<tbody>
<tr>
<td>Kathy Hough</td>
<td>Far North Community Services</td>
</tr>
<tr>
<td>Zane D’Mello</td>
<td>ATLAS</td>
</tr>
<tr>
<td>Robert Hicks</td>
<td>Goldfields Individual and Family Support Association (GIFSA)</td>
</tr>
<tr>
<td>Annette Perrin</td>
<td>Activ</td>
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<tr>
<td>Gerri Clay</td>
<td>Independent Living Centre WA</td>
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<tr>
<td>Rosie Lawn</td>
<td>Avivo</td>
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<tr>
<td>Patrick Moran</td>
<td>Edge Employment</td>
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<td>Stakeholder</td>
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<tr>
<td>Darren Ginelly</td>
<td>My Place</td>
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<tr>
<td>Janet Wagland</td>
<td>Brightwater Care Group</td>
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<tr>
<td>Lee Broomhall</td>
<td>Workpower</td>
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<tr>
<td>Gordon Trewern</td>
<td>Nulsen Disability Services</td>
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<tr>
<td>Peter Batini</td>
<td>Nulsen Disability Services</td>
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<tr>
<td>Gary Fitzgerald</td>
<td>Department of Training and Workforce Development</td>
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<tr>
<td>John Knowles</td>
<td>Good Samaritan Industries</td>
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<td>Graeme Mason</td>
<td>Accessability</td>
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<td>Suzi Cowcher</td>
<td>Ability Centre</td>
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<tr>
<td>Rod Astbury</td>
<td>WA Association of Mental Health</td>
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<tr>
<td>Adrian Munro</td>
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<td>Debbie Karasinski</td>
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</tr>
<tr>
<td>Greg Madsen</td>
<td>People with Disabilities (WA)</td>
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<td>WA Disability Services Commission</td>
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<td>NDS WA</td>
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<td>Frances Buchanan</td>
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<td>Sarah Morrison</td>
<td>NDS WA</td>
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<td>Jim Vanopoulos</td>
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**TABLE A.3**  STAKEHOLDERS THAT REGISTERED TO ATTEND THE FORUMS

<table>
<thead>
<tr>
<th>Industry Leaders Forum</th>
<th>Organisation represented</th>
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<tbody>
<tr>
<td>Peter Batini</td>
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</tr>
<tr>
<td>Fiona Beermier</td>
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<tr>
<td>Helen Berry</td>
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</tr>
<tr>
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<td>Ruah Community Services</td>
</tr>
<tr>
<td>Janet Changwony</td>
<td>Activ</td>
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<tr>
<td>Rob Cousins</td>
<td>Essential Personnel</td>
</tr>
<tr>
<td>Suzi Cowcher</td>
<td>Ability Centre</td>
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<tr>
<td>Suzan Di Virgilio</td>
<td>Community First</td>
</tr>
<tr>
<td>Sharyn Di Florio</td>
<td>Lifestyle Solutions</td>
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<tr>
<td>Roslyn Felsch</td>
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</tr>
<tr>
<td>Darren Ginnelly</td>
<td>My Place</td>
</tr>
<tr>
<td>Neil Guard</td>
<td>Richmond Wellbeing</td>
</tr>
<tr>
<td>Eileen Heath</td>
<td>Community First</td>
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<tr>
<td>Michelle Jenkins</td>
<td>Community Vision Inc</td>
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<td>Debbie Karasinski</td>
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<td>Kon Konsolis</td>
<td>Autism Association of WA</td>
</tr>
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<td>Teeny Lane</td>
<td>Essential Personnel</td>
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<td>Stakeholder</td>
<td>Organisation represented</td>
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<tr>
<td>----------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Rosie Lawn</td>
<td>Avivo</td>
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<tr>
<td>Trevis Lawton</td>
<td>Rocky Bay</td>
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<tr>
<td>Tony Marwick</td>
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<tr>
<td>Brenda Matthews</td>
<td>Parkinson’s WA</td>
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<td>Shane Mauger</td>
<td>Southern Cross Care</td>
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<td>Sharon McFarlane</td>
<td>My Place</td>
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<td>WA Blue Sky Inc</td>
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<tr>
<td>Kerry Revell</td>
<td>WA Deaf Society</td>
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<td>Marleen Roch</td>
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<td>Luke Rowe</td>
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<td>Justin O’Meara Smith</td>
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<tr>
<td>Paul West</td>
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<td>Judith Wilkinson</td>
<td>Key Assets</td>
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**Workforce and Finance Subcommittees Forum**

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<tr>
<td>Barnabas Maiyo</td>
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<td>Brian Chapman</td>
<td>Therapy Focus</td>
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<tr>
<td>Bruce Land</td>
<td>My Place</td>
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<tr>
<td>Vik Jeyakumar</td>
<td>Kira</td>
</tr>
<tr>
<td>Chris Glasson</td>
<td>Identity WA</td>
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<td>Darren Cutri</td>
<td>Ability Centre</td>
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<tr>
<td>Darren Munday</td>
<td>Senses Australia</td>
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<tr>
<td>Dinesh Pathirage</td>
<td>Baptistcare</td>
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<tr>
<td>Erin Goodwin</td>
<td>Interchange</td>
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<td>Gavin Day</td>
<td>Rocky Bay</td>
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<td>James Walker</td>
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<td>Jess Karlsson</td>
<td>Cahoots</td>
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<tr>
<td>Laurensia Rosana</td>
<td>Inclusion WA</td>
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<tr>
<td>Liane Papaelias</td>
<td>Autism Association of WA</td>
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<tr>
<td>Neil Cady</td>
<td>Adventist Care</td>
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<tr>
<td>Neil Wood</td>
<td>Richmond Wellbeing</td>
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<td>Polly Klante</td>
<td>Rise Network</td>
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<tr>
<td>Roslyn Felsch</td>
<td>Lifestyle Solutions</td>
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<td>Serene Chan</td>
<td>Nulsen Disability Services</td>
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<tr>
<td>Sharyn Di Florio</td>
<td>Lifestyle Solutions</td>
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<tr>
<td>Britta Meyer</td>
<td>Identity WA</td>
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<tr>
<td>Ceri-Marie Writer</td>
<td>Life Without Barriers</td>
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<tr>
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<td>Chris Stuhmcke</td>
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<td>Nevellene Linquist</td>
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<td>Thim Lee</td>
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<td>Angel Yong</td>
<td>Mosaic Community Care</td>
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<td>Melanie Kelsall</td>
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<td>Sheryl Stewart</td>
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<td>Angie Godden</td>
<td>Midwest Community Living Association</td>
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<td>Diane Canale</td>
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<td>Graeme Mason</td>
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<td>Robert Hicks</td>
<td>Goldfields Individual and Family Support Association (GIFSA)</td>
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<td>Stephanie Soter</td>
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<td>Kelly Gurr</td>
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This Executive Summary of the *WA Disability Sector Economic Impact Assessment* provides an overview of the current economic contribution of the sector, and its future economic contribution under the full implementation of the NDIS in WA.

**Methodology and Key Assumptions**

In order to generate the financial projections that were used as the inputs into the economic modelling, ACIL Allen has relied on data from the Disability Services Commission (DSC) and the NDIS Bilateral Agreement between the WA and Commonwealth Governments, including:

- the current and future number of disability services users in each Local Government Area in WA;
- the current funding provided by disability service type for each Local Government Area in WA; and
- the future expected average NDIS participant package costs.

ACIL Allen undertook the following steps to develop the baseline financials that were used as the key inputs into the economic modelling.

1. Determine an average service user cost in each regional development area, which is based on the data supplied by DSC.
2. Forecast the future funding in each region by multiplying the current average package cost for that region by a mark-up that is reflective of the expected future package costs as provided in the NDIS Bilateral Agreement, and multiplying this figure by the expected number of disability service users in each region once the NDIS is fully implemented.
3. Determine the current share of funding in each regional development area that is directed towards the four identified service areas.
4. ACIL Allen has assumed that the funding shares calculated in Step 3 converge to some degree to the funding shares reported in the Metropolitan Perth region. This is based on the assumption that the services demanded in the Metropolitan Perth region are representative of the services that would be demanded and provided across all regions without any limitations in supply; and that the strategic nature of the NDIS is to increase the range of suppliers and services offered in each of WA’s regional development areas and to meet the needs of all people with disability, regardless of location. To account for this and for potential variation in future participant numbers from the figures provided by DSC, ACIL Allen has conducted sensitivity analysis based on the following three scenarios.
   i) Under the base case scenario, the degree of convergence assumed is 25 per cent, while using the participant numbers provided by DSC.
   ii) Under the low case scenario, there is assumed to be no convergence, and the future participant numbers are assumed to be 90 per cent of those provided by DSC.
   iii) Under the high case scenario, the degree of convergence assumed is 50 per cent, and the future participant numbers are assumed to be 110 per cent of those provided by DSC.

ACIL Allen notes that the three scenarios have been developed to represent a wide range of convergence in services provision across the regions, and a varying future number of NDIS participants. These three scenarios are all possible but dependent upon other factors which, at this
stage, are unclear and difficult to forecast. For example, the levels of infrastructure made available in the regions to support different types of services provision, the type of funding provided in regional areas (self-directed or block funding), which will affect the level of supply in the regions, or the level of unmet need across regional areas.

A summary of the key finding from the economic impact assessment is provided below.

**Financial Results**

Under the current disability funding arrangements, there was a total of $908 million worth of expenditure for the provision of disability related supports and services in 2015-16, which included community-focused support ($336 million), accommodation services ($336 million), coordination and individual support ($147 million) and family support ($89 million). The Perth Metropolitan region received the largest share of funding in WA in 2015-16 (77 per cent or $701 million).

Under the future funding arrangements where the NDIS is fully implemented, total funding in WA for the provision of disability supports and services is expected to increase by 92 per cent to $1.7 billion. Of this total, coordination and individual support is forecast to increase by 95 per cent to $286 million; community-focused support is forecast to increase by 93 per cent to $648 million; family support is forecast to increase by 91 per cent to $170 million; and accommodation support is forecast to increase by 90 per cent to $638 million.

By regional development area, total future funding is forecast to increase by:
- 70 per cent in the Metropolitan Perth region to $1.2 billion;
- 78 per cent in the South West to $139 million;
- 152 per cent in the Peel region to $104 million;
- 355 per cent in the Wheatbelt region to $90 million;
- 318 per cent in the Mid West region to $60 million;
- 145 per cent in the Great Southern region to $59 million;
- 221 per cent in the Goldfields-Esperance region to $41 million;
- 224 per cent in the Kimberley region to $26 million;
- 194 per cent in the Pilbara region to $21 million; and
- 444 per cent in the Gascoyne region to $8 million.

Due to sensitivity and potential variance in the future number of service providers, the future range of services provided, and the future number of NDIS participants in regional development areas, ACIL Allen has conducted sensitivity analysis around the future funding arrangements under full implementation of the NDIS.

- Under **low case** future funding arrangement estimates, total funding will increase from current funding arrangements by $660 million to $1.6 billion ($174 million lower than estimates for the base case future funding arrangements). Family support is expected to see the largest growth under the low case (82 per cent), however, even under the low case, funding arrangements for all service types are expected to increase significantly.

- Under **high case** future funding arrangement estimates, total funding will increase from current funding arrangements by $1 billion to $1.9 billion ($174 million higher than estimates for the base case future funding arrangements to be twice the level of current funding). All service types are expected to grow significantly, with accommodation services expected to grow by the most (119 per cent).
FIGURE B.2 CURRENT AND FUTURE FUNDING ARRANGEMENTS BY DEVELOPMENT AREA

SOURCE: ACIL ALLEN CONSULTING, DISABILITY SERVICE COMMISSION (WA)
Economic Impact of the NDIS

In 2015-16, it is estimated that funding to the disability services sector generated $1.4 billion in activity across the WA economy, $941 million in incomes and 10,507 direct and indirect jobs (in full-time equivalent employee terms).

Under the base case when the NDIS is fully implemented in 2019-20, it is estimated that the NDIS funding arrangements will generate $2.7 billion in activity across the WA economy, $1.8 billion in incomes, and 20,144 direct and indirect jobs (in full-time equivalent employee terms).

FIGURE B.1 ECONOMIC IMPACT, FULL NDIS IMPLEMENTATION

The economic impact by region is illustrated in the below charts, and provided in detail in the below table.
FIGURE B.2  ECONOMIC IMPACT BY REGIONAL DEVELOPMENT AREA

SOURCE: ACIL ALLEN CONSULTING
FIGURE B.3  IMPACT ON JOBS (IN FTE TERMS) BY REGIONAL DEVELOPMENT AREA

SOURCE: ACIL ALLEN CONSULTING

GROWTH FROM CURRENT FUNDING TO BASE CASE FUTURE FUNDING ARRANGEMENTS

SOURCE: ACIL ALLEN CONSULTING

NDIS: WA DISABILITY SERVICES SECTOR DEVELOPMENT PLAN
### TABLE B.1  ECONOMIC IMPACT BY REGIONAL DEVELOPMENT AREA, BASE CASE FUTURE FUNDING ARRANGEMENTS

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<thead>
<tr>
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<th>Funding</th>
<th>Gross product</th>
<th>Gross income</th>
<th>Total employment</th>
<th>Direct employment</th>
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<td>$89m</td>
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<td>Gascoyne</td>
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<td>$7m</td>
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<td>54</td>
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**SOURCE: ACIL ALLEN CONSULTING**

Note: All jobs figures are in full-time equivalent employee terms

ACIL Allen has conducted sensitivity analysis on these results, which is based on the low case and high case future funding arrangements discussed in the Methodology and Key Assumptions section.

Relative to 2015-16, under low case future funding arrangement estimates, by 2019-20:

- the economic footprint of the sector will increase by 72 per cent (or $1 billion) to $2.5 billion;
- gross incomes across the economy will increase by 72 per cent (or $676 million) to $1.6 billion; and
- total employment (direct and indirect) across the economy will increase by 72 per cent (or 7,589 jobs) to 18,096 jobs (in full-time equivalent employee terms).

Relative to 2015-16, under high case future funding arrangement estimates, by 2019-20:

- the economic footprint of the sector will increase by 111 per cent (or $1.6 billion) to $3 billion;
- gross incomes across the economy will increase by 112 per cent (or $1 billion) to $2 billion; and
- total employment (direct and indirect) across the economy will increase by 111 per cent (or 11,694 jobs) to 22,200 jobs (in full-time equivalent employee terms).
This Executive Summary of the WA Disability Sector Survey provides an overview of the results of the Survey, which all NDS WA member organisations and associate members were invited to complete. Additionally, disability service providers registered to provide services in NDIS trial sites were also invited to take part in the survey along with selected peak organisations and advocacy bodies.

The survey was open between November 2016 and January 2017. During this time, the survey collected a total of 64 responses from organisations of varying size that provide services across a range of service types, and across most of WA’s regional areas.

Profile of Respondents

Overall, the profile of respondents are not-for-profit organisations of medium size (between 20 and 199 full-time equivalent employees) that have an established presence in delivering disability services for more than five years.

The workforce profile of respondent organisations is largely made up of permanent part-time employees (44 per cent) and full-time employees (32 per cent). Casual employees made up the remaining 24 per cent of the workforce.

The key service types provided by respondent organisations in 2015-16 were daily living services and wellbeing services (each provided by 64 per cent of respondents), and accommodation
support (46 per cent). Accommodation support services were the largest sources of revenue across respondent organisations in 2015-16 (42 per cent of all revenue).

In terms of the location of services provision, the majority of respondent organisations provided services in the Metropolitan Perth region in 2015-16 (83 per cent), with a high percentage of respondents servicing the Peel (33 per cent) and South West (28 per cent) regions.

**FIGURE C.2 SERVICE PROVISION TRENDS**

The average operating profit of respondent organisations was just below $640,000 but varied significantly, with 36 per cent reporting a breakeven or loss position in 2015-16, some 36 per cent reporting an operating profit of between breakeven and $640,000, and the remaining 38 per cent above $640,000. Of those organisations that reported a break even or loss position in 2015-16, some 65 per cent were smaller sized organisation, just under one quarter were medium sized organisations, and the remaining 12 per cent were larger sized organisations.

The main source of revenue for respondents in 2015-16 was non-NDIS government funding (77 per cent), while wages and salaries were the biggest expense (68 per cent).

On average, respondent organisations had cash reserves to cover 7.3 months of expenses. However, excluding the top three respondents, the remaining organisations are able to cover 4.6 months of expenses (on average) with the cash they have available for immediate access.
Impact of the NDIS

Respondent organisations were generally positive about future operating conditions, with 44 per cent suggesting that operating conditions for their business would be stronger or much stronger in 2019-20.

When asked on their future services provision intentions, an increasing percentage of respondents reported that they intend to provide services across most areas, but particularly daily living services, behaviour support and specialist care services, wellbeing services, episodic coordination of support services and therapy and specialist support services by 2019-20. Behaviour support and specialist care services and therapy and specialist support services are expected to experience the largest increase in the number of organisations providing them by 2019-20.
All regional development areas in WA are expected to see a greater number of organisations providing disability services by 2019-20, with the strongest growth expected to be recorded in the more populated Peel, South West, Wheatbelt and Goldfields-Esperance regions.

In terms of the total revenue sourced in each region, respondents believe that the largest increases will occur in the Kimberley (128 per cent increase in revenue), the Pilbara (102 per cent increase) and the Goldfields-Esperance (91 per cent) regions by 2019-20.

Reflecting the projected growth in their operations, respondent organisations estimate that their workforces will increase by 20 per cent on average over the next four years, to an average of 150 FTEs by 2019-20.

Allied health staff are expected to be the roles that are going to be most difficult to source, with 67 per cent of respondents believing these roles will be scarce or very scarce by 2019-20. Larger organisations were particularly concerned about their ability to source allied health staff (91 per cent expecting these roles to be scarce or very scarce).
Respondent organisations were generally confident about their future revenue growth and their ability to contain expenses, with 41 per cent of respondents predicting that their revenue base will grow by greater than 60 per cent between 2015-16 and 2019-20, and 39 per cent thinking the same for their expenses. In addition, 52 per cent believe their annual revenue will grow by between zero and 60 per cent, while 49 per cent think the same in terms of their expenses.

By 2019-20, the most notable change in the sources of revenue will be the increase in NDIS fee for service revenue, which is expected to rise to 38 per cent of total revenue, offsetting the decline in government non-NDIS funding (from 84 per cent of total revenue to 45 per cent).
On average respondents are predicting their operating profit will increase by close to 75 per cent to just over $1.1 million by 2019-20. Smaller and larger sized organisations are the primary drivers of the expected increase, with:

- gross margins across smaller sized organisations expected to increase from -0.7 per cent in 2015-16 to 6.7 per cent in 2019-20; and
- gross margins across larger sized organisations expected to increase from 4.7 per cent in 2015-16 to 5.7 per cent in 2019-20.
Strategic Priorities and Challenges

In preparing for the introduction of the NDIS, a majority of respondents reported that they were updating or implementing new strategic or business plans (62 per cent), governance structures (60 per cent) and new pricing and costing frameworks (56 per cent).

Respondents were generally less advanced with actions relating to understanding the customer base, including implementing a new customer relationship management system and undertaking research to better understand market demand.
In reference to **future strategic priorities**, activities relating to organisational growth and maturity were identified by respondents as priority areas, including in increasing the capability of the workforce, driving efficiencies and productivity improvements, improving relationships and collaboration with other organisations, investing in capital, and increasing market share and entering new markets.

Overall, respondents were less focussed on strategies to reduce the number of services provided by their organisation, divest their operations, or merge with other organisations.
When asked for **specific organisational opportunities**, almost half of all identified opportunities related to organisational growth and diversification, including growth into new regional areas, growth in the number of people with disability accessing existing services and a diversification of services offered.

In terms of broader **WA disability sector opportunities**, the opportunities that were most identified were those relating to improved outcomes for people with disability (23 per cent of all identified WA disability sector opportunities), and ones relating to opportunities for growth and diversification in the sector (20 per cent of all identified WA disability sector opportunities).

When respondents were asked to provide **specific organisational challenges**, three types of organisational challenges stood out from the rest: financial sustainability, recruiting and retaining a sufficient and capable workforce, and the implementation of new systems and processes.

A mix of responses were provided when respondents were asked to identify **WA disability sector challenges**, including achieving quality outcomes for people with disability, having a sufficient and capable workforce, a lack of funding for organisations, the implementation of new systems and processes, and meeting the needs of all people with disability.
**FIGURE C.3** IDENTIFIED ORGANISATIONAL AND DISABILITY SECTOR OPPORTUNITIES AND CHALLENGES

**Organisational opportunities**
- Merge with other organisations: 15%
- Enhanced workforce outcomes: 15%
- Improved outcomes for people with disability: 8%
- Improved efficiency of services delivery: 4%
- Growth and diversification: 13%
- Other: 4%

**Organisational challenges**
- Lack of funding for non-NDIS services: 23%
- Ensuring quality outcomes for people with disability: 6%
- Recruiting and retaining a sufficient and capable workforce: 6%
- Organisational services delivery growth and diversification: 5%
- The implementation of new systems and processes: 4%
- Higher levels of competition: 4%
- Financial sustainability: 3%
- Managing the expectations of people with disability: 27%
- Marketing to people with disability: 19%
- Other: 11%

**WA disability sector opportunities**
- Meeting the needs of all people with disability: 22%
- Organisational and disability sector growth: 16%
- Enhanced workforce outcomes: 10%
- Enhanced sector collaboration and partnerships: 10%
- Enhanced information sharing and public awareness of the WA disability sector: 17%
- Improved sector efficiency: 11%
- Other: 11%

**WA disability sector challenges**
- Having a sufficient and capable workforce: 17%
- Financial sustainability of the NDIS: 15%
- Levels of bureaucracy: 15%
- Having adequate levels of sector collaboration and information sharing: 11%
- Achieving quality outcomes for people with disability: 11%
- The full roll-out of the NDIS, including the implementation of new systems and processes: 11%
- Lack of funding for organisations to remain viable: 12%
- Other: 12%

**SOURCE:** ACIL ALLEN CONSULTING, WA DISABILITY SECTOR SURVEY

N=71 TO 104 DEPENDING ON QUESTION
ABOUT ACIL ALLEN CONSULTING

ACIL ALLEN CONSULTING IS ONE OF THE LARGEST INDEPENDENT, ECONOMIC, PUBLIC POLICY, AND PUBLIC AFFAIRS MANAGEMENT CONSULTING FIRMS IN AUSTRALIA.

WE ADVISE COMPANIES, INSTITUTIONS AND GOVERNMENTS ON ECONOMICS, POLICY AND CORPORATE PUBLIC AFFAIRS MANAGEMENT.

WE PROVIDE SENIOR ADVISORY SERVICES THAT BRING UNPARALLELED STRATEGIC THINKING AND REAL WORLD EXPERIENCE TO BEAR ON PROBLEM SOLVING AND STRATEGY FORMULATION.