

National Disability Insurance Agency Submission

Queensland Productivity Commission

***Inquiry into the National Disability Insurance
Scheme (NDIS) market in Queensland***

Introduction

The National Disability Insurance Agency (NDIA or the Agency) welcomes the Queensland Productivity Commission's *Inquiry into the National Disability Insurance Scheme (NDIS) Market in Queensland*, and the opportunity to make a submission.

This submission is a response to the Inquiry's issues paper. It provides an overview of the NDIS transition in Queensland, the rapid growth of a new market of disability supports, and insights into the NDIS performance in Queensland.

The paper is most appropriately understood within the context of the approach to NDIS transition in Queensland, and the significant work that has been undertaken to manage emerging challenges in the implementation of the Scheme. The NDIA has not responded to questions that are more appropriately answered by other parties involved in NDIS transition and oversight, such as the Commonwealth Department of Social Services (DSS) and the NDIS Quality and Safeguards Commission (NDIS Commission).

Overview

The NDIS is a world-leading, once in a generation social and economic reform. Based on insurance, not welfare principles, its purpose is to improve economic and social outcomes for all Australians with a significant and permanent disability by taking a lifetime approach to providing support. This includes investing early to get positive outcomes that represent value for money for participants and their families and carers.

There is much to celebrate in what has so far been achieved. On 1 July 2020, the NDIS celebrated its seven year anniversary. This also marked the completion of the staged national geographical roll-out of the NDIS, with Christmas Island and the Cocos Islands joining the Scheme. Nationally, more than 400,000 participants are now benefitting from the Scheme, including 74,000 participants in Queensland.

Table 1. Key highlights nationally and in Queensland from 30 June 2017 to 30 June 2020

| | National | | | Queensland | | |
|---|------------|-------------|--------------|------------|------------|--------------|
| | 30 June 17 | 30 June 20 | Increase (%) | 30 June 17 | 30 June 20 | Increase (%) |
| Number of active participants (excl. ECEI) | 89,610 | 391,999 | 337% | 7,386 | 73,726 | 898% |
| Number of active providers | 4,005 | 14,882 | 272% | 582 | 5,508 | 846% |
| Payments | \$2,184.9m | \$16,114.9m | 638% | \$122.2m | \$3,301.1m | 2,601% |

The NDIA is also seeing improvement in participant outcomes over time as participants are becoming more involved in their community and the economy. In the June 2020 quarter, 87 per cent of Queensland participants agreed that the NDIS is helping them make progress towards their goals. Parents of Queensland children in the Scheme are seeing their child's independence increase. Participants aged 15 to 24 are making more of their own decisions

and are much more involved in the community, and participants over 25 are meeting more people.

The journey of rolling out this national endeavour has not been easy, and the Agency recognises the need to do more to embed this world-first reform to ensure participants realise the full benefits of the Scheme.

Central to this is helping participants access the Scheme, as well as enhancing participant satisfaction and their experience. While satisfaction levels are high and continue to improve across each stage of participant engagement with the Scheme, the imminent introduction of the Participant Service Guarantee (PSG) will improve the participant experience by setting new standards to streamline the NDIS process. This will lead to clearer timeframes for NDIS assessments, the provision of plans and for plan reviews. Whilst the enabling legislation for the PSG has been delayed due to coronavirus, the NDIA is advancing these operational standards ahead of the anticipated legislative changes.

Increasingly, the Agency will be using independent assessments (paid for by the NDIA) to provide an objective and consistent evaluation of a participant's functional ability. In early 2021, independent assessments will be required as part of the access process, and from mid-2021, it will be required as part of the plan review process. This means that no matter where a participant lives, access decisions and funding will be based on a fair and equitable assessment. The NDIA will also support participants to have greater flexibility over their plan budget.

Equally critical to supporting participants achieve better outcomes is the continued development of a vibrant and innovative provider sector. The Agency recognises the importance of balanced and effective market stewardship in delivering improved participant outcomes over time. The NDIA, DSS, NDIS Commission and Queensland Government are working together to support the growth of a robust and responsive disability support market in Queensland. As in other sectors, market and workforce strategies will need to respond to the impacts of the coronavirus pandemic on the provision of disability supports.

The NDIA continues to work with DSS, the NDIS Commission, Services Australia, and state and territory governments to ensure continuity of essential supports for NDIS participants during the coronavirus pandemic. This includes a specific focus on supporting participants in coronavirus 'hot-spots'. As at 30 June 2020, the NDIA had proactively contacted more than 65,000 vulnerable participants, including more than 13,000 Queensland participants to ensure they had the essential support they required; worked closely with state and territory officials to alleviate pressure on the hospital system by discharging almost 1,000 participants from hospital to alternative accommodation, including 116 participants in Queensland; and provided one-off advance payments to 4,769 registered providers to support with immediate cash flow to help continue to support participants.

In addition, on 22 August 2020, in response to the Queensland Government's Disability Accommodation Services Direction, the Minister for the NDIS, Stuart Robert, announced temporary changes to support participants in restricted areas of Queensland. This included allowing NDIS participants to claim the cost of personal protective equipment (PPE), including masks, for use when a worker is with them, and allows providers to directly claim the costs of PPE for NDIS workers.

1. NDIS participant transition in Queensland

1.1. Bilateral agreement and estimates

On 1 July 2016, the NDIS commenced roll out across Queensland on a geographical basis defined by Local Government Areas (LGAs) in accordance with the bilateral agreement between the Commonwealth and the Queensland Government. Early transition in Queensland occurred on 1 January 2016 for children and young people in Townsville and Charters Towers, and for participants on Palm Island. The NDIS has been available to all Queenslanders since 1 January 2019.

As at 30 June 2020, 73,726 people in Queensland are benefiting from the NDIS, including 33,011, or 45 per cent, who are receiving disability supports for the first time. This is 81 per cent of the total bilateral estimate of 91,217 participants expected to enter the Scheme. The bilateral estimates for NDIS transition were the Commonwealth, state and territory governments' best estimates at the time of the number of people expected to enter the NDIS over the three year transition period.

In Queensland, a number of factors contributed to the difference in actual and anticipated participant numbers. Through transition it became evident that the data provided to the Agency by the Queensland Government included duplicate records, individuals who have moved interstate or overseas, deceased individuals, individuals who could not be contacted (including where information was incomplete), or individuals who declined to enter the Scheme. The reliability of data used to form the bilateral estimates has been an issue for all states and territories during transition.

The roll-out of the NDIS was later in Queensland compared with most states and territories, with early transition commencing on 1 January 2016, and the three year roll-out period from 2016-17 to 2018-19, seeing more than half of participants expected to enter in the third year (2018-19). The lower intake than anticipated in year one was in part driven by the bilateral estimates' composition, requiring more than half of the year one proposed intake to be allocated to 'new' participants who had never before received disability-related supports.

In addition, the Bilateral Agreement for NDIS Transition between the Commonwealth and Queensland Governments was not signed until March 2016, three months before the roll out was due to start. This resulted in a delay in the implementation of communication and engagement activities and the timely establishment of a Local Area Coordinator (LAC) to build individual and community awareness of the Scheme.

Disability support in Queensland prior to the NDIS

Before the commencement of the NDIS, disability services were administered by states and territories through the Commonwealth, State and Territory Disability Agreement, and later the National Disability Agreement. Investment in disability services varied across jurisdictions, meaning the services available to support participants entering the NDIS also differed across states and territories at the commencement of the Scheme.

For Queensland, the spend per capita on disability services was lower than all other states and territories from the period 2009-10 to 2014-15. This meant that a lower proportion of the "potential population" in Queensland received services, and there was less investment in

early intervention and prevention, resulting in higher cost models of supports in Queensland compared with other states and territories (refer to Appendix A).

Indicative of lower investment in disability services before the commencement of the NDIS and a comparatively later roll-out, fewer people with disability have approached the Scheme in Queensland to test their eligibility relative to other states and territories at 30 June 2020. This may be due to Queenslanders with disability missing out on formal disability supports in the past, and therefore having a greater reliance on informal and mainstream supports. Despite this legacy issue, experience in other states and territories indicates that more people with disability will approach the Scheme as awareness increases over time.

1.2. Transition of different cohorts

Identifying and supporting 'new' participants to access the NDIS in Aboriginal and Torres Strait Islander and Culturally and Linguistically Diverse communities (CALD) has proved challenging, both in Queensland and nationally. In addition, connecting with populations who have less access to information and mainstream supports, including people with psychosocial disability, has also posed challenges.

Although an increasingly diverse cohort of participants are now entering the Scheme nationally and in Queensland, the Agency recognises more work is required to meet the expected proportion of Aboriginal and Torres Strait Islander, and in particular CALD participants in the Scheme, 7 and 21 per cent respectively (nationally).

Table 2. Key participant characteristics in Queensland and nationally

| Characteristics | Prior Quarters | | 2019-20 Q4 | | Total | |
|--|----------------|------------|------------|------------|----------|------------|
| | National | Queensland | National | Queensland | National | Queensland |
| Aboriginal and Torres Strait Islander | 6.3% | 8.7% | 8.1% | 9.8% | 6.4% | 8.8% |
| Culturally and linguistically diverse* | 9.1% | 5.4% | 10.9% | 6.3% | 9.2% | 5.4% |
| Residing in remote and very remote areas | 1.4% | 1.8% | 2.0% | 1.9% | 1.5% | 1.8% |
| Psychosocial disability | 9.4% | 8.5% | 12.6% | 11.8% | 9.6% | 8.8% |

*Australians aged under 65 from a CALD background make up 26 per cent of the population. In Queensland, the CALD population aged under 65 is 16 per cent (38 per cent lower than the national proportion). Nationally, 9.2 per cent of participants in the Scheme are from a CALD background. In Queensland, the figure is 5.4 per cent (41 per cent lower than the national proportion). Therefore, the proportion of Queensland participants from a CALD background is not dissimilar to the national figure.

As at 30 June 2020, Access met for people with disability from Aboriginal and Torres Strait Islander and CALD backgrounds is largely consistent with the national average:

- Aboriginal and Torres Strait Islander cohort: 87 per cent in Queensland, compared to 86 per cent nationally.
- CALD: 79 per cent in Queensland and nationally.

In recognition of the need for additional investment in this area, the Agency and the Queensland Government developed a New Entrants Action Plan in 2019 to identify 'new' participants and support their access to the Scheme. The plan included:

- the expansion of pre-access activities for prospective Aboriginal and Torres Strait

Islander and CALD participants;

- the establishment of Access Clinics in Aboriginal and Torres Strait Islander communities to provide onsite clinical assessments, access decisions and planning;
- working with Aboriginal Medical Services and the Murri Court to support referrals to the NDIS;
- developing the capability of General Practitioners to complete NDIS access requests;
- an advertisement campaign in November 2019 in 14 Queensland regions to encourage new participants to join the Scheme, with a focus on people from CALD backgrounds, and Aboriginal and Torres Strait Islander and rural and remote communities.

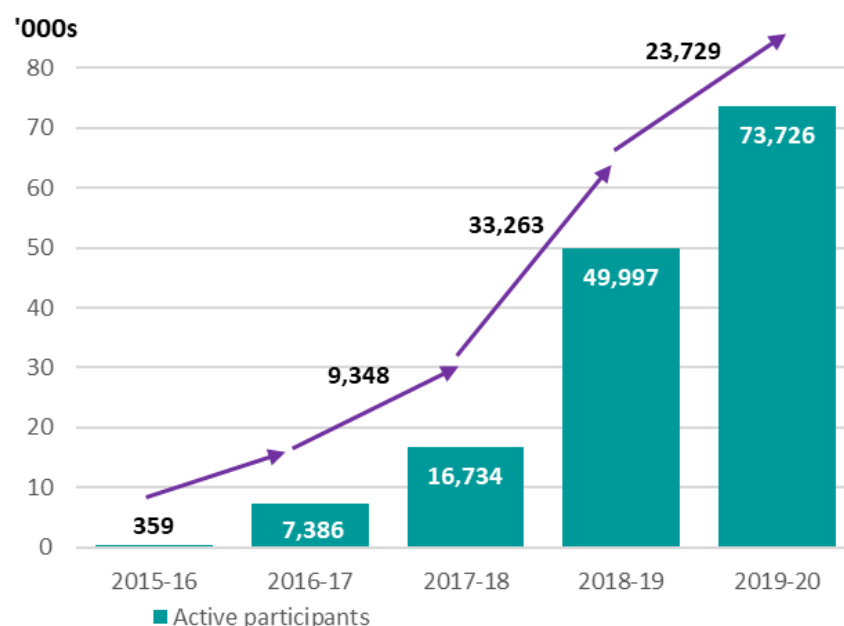
In addition to the Action Plan, the Agency has implemented the following initiatives to connect with 'hard to reach' cohorts:

- **Community Connector Program:** Implementation of an expanded \$20 million Community Connector Program in 2020 to improve access to the NDIS for Australians with disability in rural and urban locations from four population groups: Aboriginal and Torres Strait Islander communities, CALD communities, people experiencing psychosocial disabilities; and ageing parents or carers of people with disability. In Queensland, the NDIA has contracted five organisations to deliver community connector services in 16 LGAs.
- **Information, Linkages and Capacity Building (ILC):** In 2018, the Agency provided \$3.2 million in ILC funding to four Queensland-based organisations to provide place-based and culturally specific information, resources and supports to people with disability living in rural and remote communities. In 2019, an additional \$6.4 million was awarded to five organisations based in Queensland to increase the accessibility, quality and consistency of information available for people with disability, including the 'hard to reach' cohort.
- **Partnering with Aboriginal and Torres Strait Islander organisations:** The Agency partnered with the Institute of Urban Indigenous Health in Queensland to improve service delivery, communication and engagement with Aboriginal and Torres Strait Islander communities in eight LGAs across South East Queensland. In addition, the Agency is working closely with Queensland-based Aboriginal Community Controlled Health Organisations to better engage with Aboriginal and Torres Strait Islander people.
- **Psychosocial disability:** The NDIA continues to rollout improvements for people with a psychosocial disability nationally. This includes embedding processes for streamlined access into everyday practices, the development and sharing of key documents to support access decisions, delivering training and education regarding NDIS access requirements to the mental health sector, and the addition of a new support item called 'psychosocial recovery coach' in the NDIS Price Guide from July 2020.
- **Justice and Health Liaison Officers:** The NDIA is working with the Queensland Government to introduce four NDIS Justice Liaison Officers and six NDIS Health Liaison Officers to work across custodial and hospital settings in Queensland to support the transition of participants in the hospital or justice system.

2. Meeting the needs of Queensland participants

The NDIS is supporting an increasing number of people with disability in Queensland. Over the last two years, the number of participants in Queensland has increased by almost 60,000 to 73,726 at 30 June 2020.

Figure 1. Growth in participant numbers in Queensland



Access decisions

Indicative of lower investment in disability services before the commencement of the NDIS and a comparatively later roll out, fewer people have approached the Scheme in Queensland to test access relative to other states and territories at 30 June 2020.

Table 3. Access decisions

| | NSW | VIC | QLD | WA | SA | TAS | ACT | NT | National |
|---|-----------|-----------|------------------|-----------|-----------|---------|---------|---------|------------|
| Access decisions (to 30 June 2020) | 161,793 | 132,749 | 95,877 | 39,737 | 45,054 | 10,891 | 10,867 | 4,418 | 501,458 |
| Population aged 0-64 years | 6,765,698 | 5,575,553 | 4,292,878 | 2,233,046 | 1,424,054 | 427,244 | 370,684 | 226,447 | 21,315,604 |
| % of the population testing access | 2.39% | 2.38% | 2.23% | 1.78% | 3.16% | 2.55% | 2.93% | 1.95% | 2.35% |
| Relativity to national rate | 1.02 | 1.01 | 0.95 | 0.76 | 1.34 | 1.08 | 1.25 | 0.83 | 1.00 |

Access met

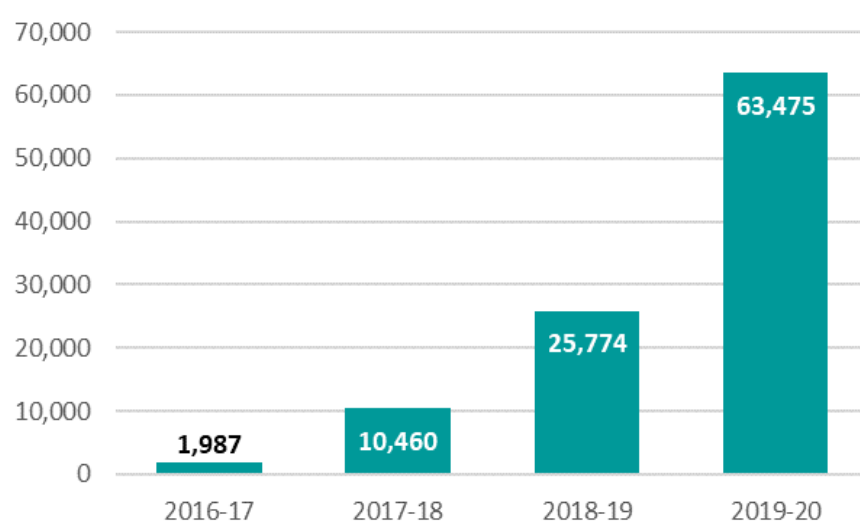
As at 30 June 2020, there have been 95,877 scheme access requests in Queensland, with 79,584 people meeting access. This equates to an access met percentage of 83 per cent, close to the national average of 85 per cent.

Table 4. Access Met

| | National | Queensland |
|------------------------|------------|------------|
| Access Met | 425,036 | 79,584 |
| Access Not Met | 76,422 | 16,293 |
| Total Decisions | 501,458 | 95,877 |
| % Access Met | 85% | 83% |

Plan reviews

The rapid increase in participant numbers has led to an increase in the number of plan reviews. In 2019-20, the Agency undertook 63,475 reviews in Queensland, compared to 25,774 reviews in 2018-19, a 146 per cent increase.

Figure 2. Growth in plan reviews in Queensland

2.1. Outcomes

The NDIS is having a positive impact on the lives of Queensland participants. Since July 2019, the NDIA has released comprehensive data from the NDIS Outcomes Framework, including longitudinal analysis.

Table 5. Highlights of reported participant outcomes in Queensland

| Age Group | Question | Review 1 | Review 2 | Review 3 | Change from Review 1 to Review 3* |
|---------------------|--|----------|----------|----------|-----------------------------------|
| 0 to school | Has the NDIS improved your child's development? | 90% | 95% | 98% | +8% |
| | Has the NDIS improved how your child fits into community life? | 54% | 62% | 80% | +26% |
| School to 14 | Has the NDIS helped your child to become more independent? | 56% | 66% | 72% | +15% |
| | Has the NDIS improved your child's relationships with family and friends? | 44% | 52% | 58% | +13% |
| 15 to 24 | Has the NDIS helped you have more choices and more control over your life? | 66% | 67% | 73% | +6% |

| | | | | | |
|--------------------|--|-----|-----|-----|------|
| | Has the NDIS helped you with daily living activities? | 68% | 70% | 74% | +6% |
| 25 and over | Has the NDIS helped you be more involved? | 65% | 67% | 76% | +11% |
| | Has your involvement with the NDIS improved your health and wellbeing? | 51% | 54% | 62% | +11% |

*The percentage figures have been rounded.

The lives of Queensland families and carers are also improving. More of them are in paid jobs, and they are seeing improved relationships with the services that assist with the care of their loved ones. Importantly, they are also seeing significant improvements in obtaining services that meet the needs of the participant and their needs as carers. This data is a strong indicator of the benefits of the Scheme, not just for participants, but also for families and carers.

Table 6. Highlights of reported families and carers outcomes in Queensland

| Age Group | Question | Review 1 | Review 2 | Review 3 | Change from Review 1 to Review 3* |
|--------------------|--|----------|----------|----------|-----------------------------------|
| Birth to 14 | Has the NDIS improved the level of support for your family? | 60% | 65% | 74% | +14% |
| | Has the NDIS improved your access to services, programs and activities in the community? | 66% | 72% | 80% | +14% |
| 15 and over | Has the NDIS helped you to know your rights and advocate effectively? | 42% | 51% | 55% | +14% |
| | Has the NDIS improved your health and wellbeing? | 33% | 33% | 41% | +7% |

*The percentage figures have been rounded.

For the families and carers of Queensland participants entering the Scheme in 2017-18, the percentage with a paid job:

- increased from 42 per cent at baseline to 50 per cent after two years in the Scheme for participants aged 15 to 24 (versus 46 per cent to 52 per cent nationally)
- increased from 45 per cent at baseline to 49 per cent after two years in the Scheme for participants aged 25 and over (versus 52 per cent to 54 per cent nationally)

Participant Employment

In addition to improving community and social participation rates for participants, the Agency is working hard to ensure better access to employment for participants. In Queensland, for participants entering the Scheme in 2017-18, the percentage with a paid job:

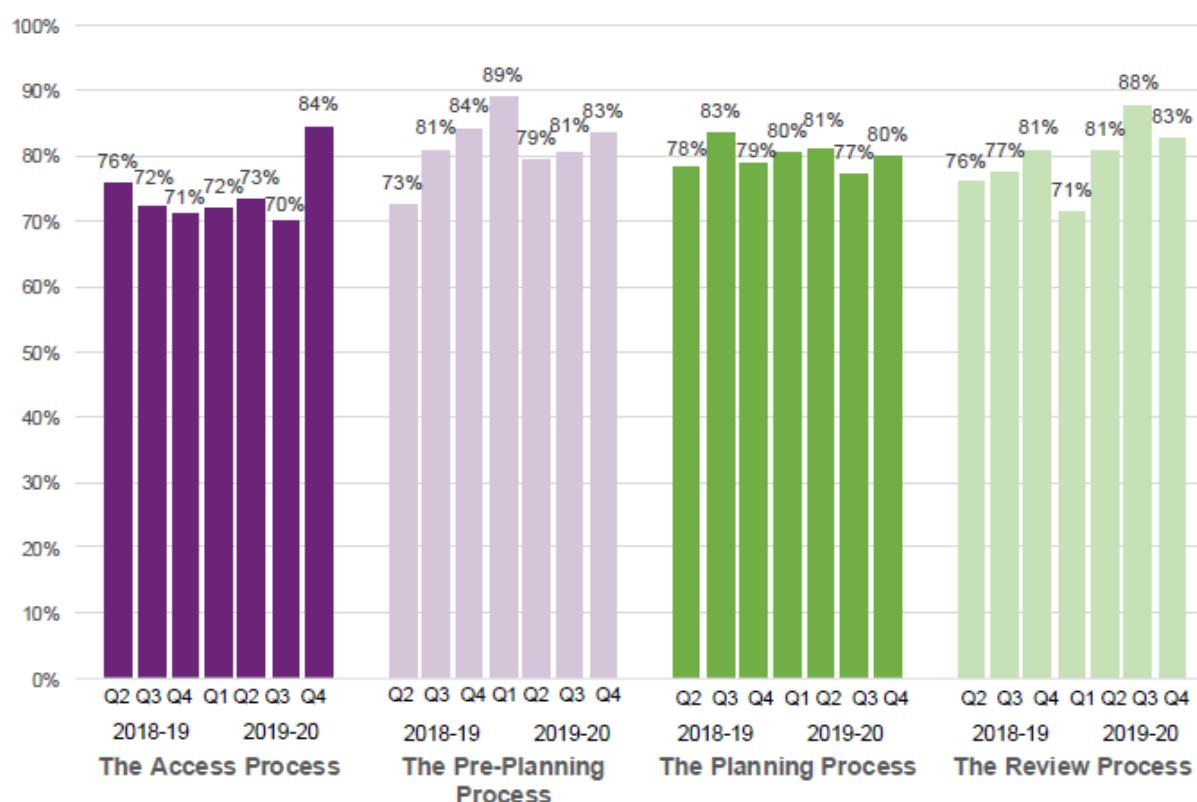
- increased from 19 per cent at baseline to 23 per cent after two years in the Scheme for participants aged 15 to 24 (versus 15 per cent to 21 per cent nationally)
- decreased from 18 per cent at baseline to 16 per cent after two years in the Scheme for participants aged 25 and over (versus 25 per cent to 23 per cent nationally)
- remained at 18 per cent after two years in the Scheme for participants aged 15 and over (versus remaining at 23 per cent nationally).

The Agency recognises more has to be done to facilitate access to employment opportunities. As part of the NDIA's Participant Employment Strategy, the Agency is committed to increasing the number of working-age NDIS participants in meaningful work from 24 per cent to 30 per cent by 2023. While coronavirus continues to have an impact on the labour market and broader economic conditions, the NDIA remains focused on seizing the opportunities arising due to changing work practices and supporting NDIS participants to achieve their employment goals. The Agency has developed an implementation plan to support participants to enter the workforce and find employment that suits them. The strategy also sets out increasing market innovations that improve the path to paid work and improving confidence of employers to employ NDIS participants.

2.2. Participant Satisfaction

Satisfaction levels are high and continue to improve across each stage of participant engagement with the Scheme. A larger, more robust survey launched in Quarter 2 2018-19, shows the improvements made up to Quarter 4 2019-20: from 76 per cent to 84 per cent at the Access stage; from 73 per cent to 83 per cent during the Pre-Planning Process; from 78 per cent to 80 per cent at the Planning Process; and from 76 per cent to 83 per cent at the Review Stage.

Figure 3. Participant satisfaction continues to improve in Queensland



The Agency is continuing to enhance the way it works with participants, their families and carers to:

- simplify processes to support people to gain access to the Scheme
- provide more clarity around decisions and communicate with participants in easier to understand formats
- ensure plans include the supports required to achieve participant goals

- improve the timeframes in which decisions are made to comply with PSG standards
- be transparent about how decisions are made.

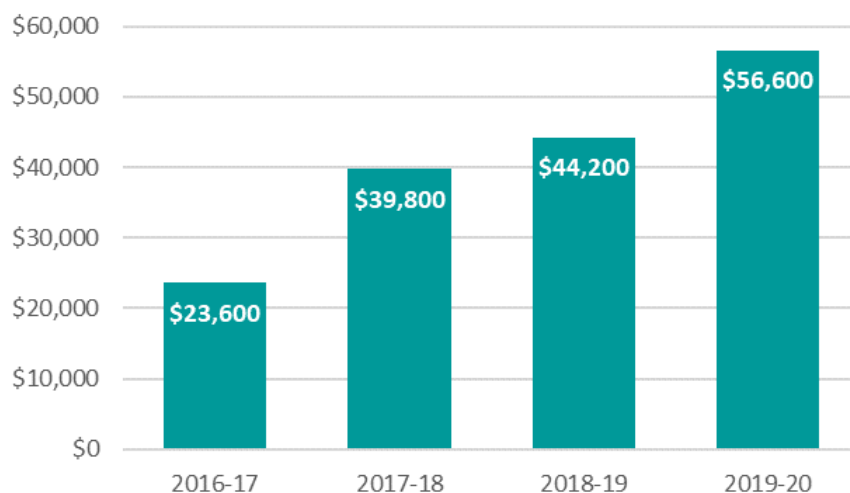
In addition, the Agency will introduce independent assessments to provide an objective, unbiased approach to understand how well a person is able to function at home and in the community, as well as the overall impact their disability has on their life. The Agency will use standardised assessment tools, independently administered by experts like occupational therapists, physiotherapists and psychologists. Assessments will be completed when participants seek access to the Scheme, and when changes in a participant's life mean their plan may need to be updated. Participants will receive a personalised plan budget informed by their independent assessments.

Participants will also have greater flexibility over their plan budget. The Agency will move away from pre-determined plan lengths dictated by arbitrary dates. Instead, plans will be based on life stages, like starting school or moving out of home.

2.3. Payments

The payments being received by individual participants have increased significantly over the last two years. Participants received an average of \$56,600 at 30 June 2020, up from \$39,800 at 30 June 2018. Payments per participant in Queensland are the third highest nationally, \$25,000 above the national average for those who have had four plans.

Figure 4. The average payment per Queensland participant has increased significantly over time



This significant increase requires careful monitoring and reflects both changes in participant mix, as well as real increases in participant benefits. Moreover, the longer participants are in the Scheme, the more empowered they are to utilise their plan. The significant increase in the number of participants and in the average payment per participant has resulted in total Scheme payments increasing six-fold from \$523.7 million in 2017-2018 to \$3.3 billion in 2019-20.

Figure 5. The average payment to Queensland participants has increased the longer they have been in the Scheme

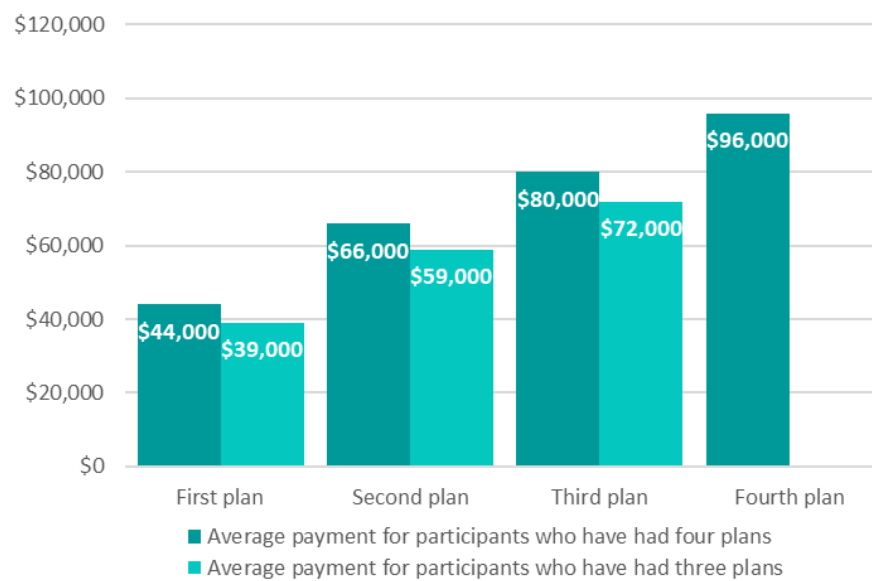
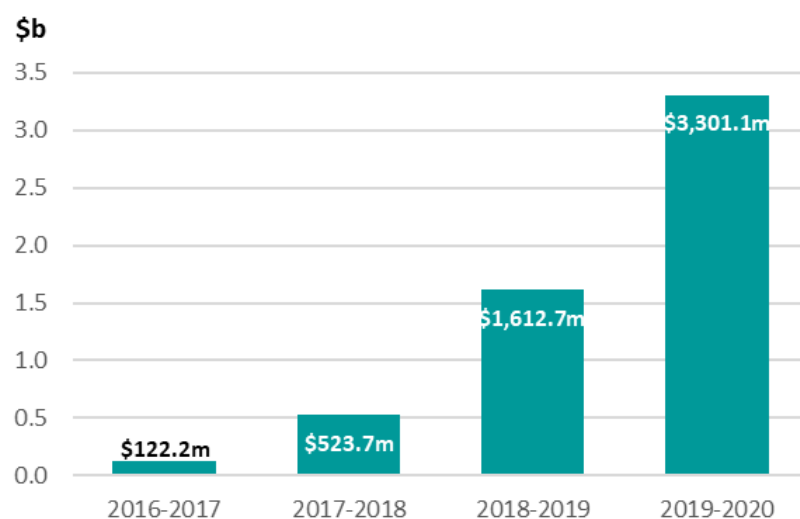


Figure 6. Payments have grown six-fold over two years in Queensland



3. NDIS Market in Queensland

Prior to the introduction of the NDIS, disability supports were capped, inequitable, and dependent on the service offering of a limited range of providers. By transferring purchasing power from governments and organisations to individuals, and significantly increasing the funding available for supports to be purchased, the NDIS has created one of the largest market opportunities in recent history.

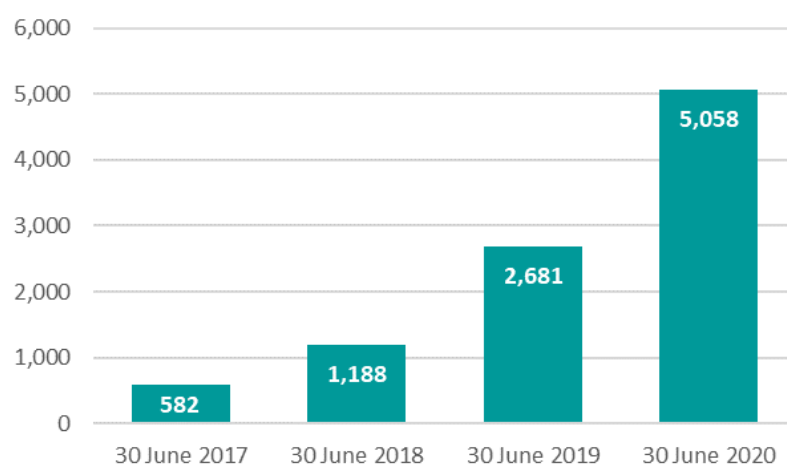
The NDIA recognises it has an important role as market steward in the new disability support services marketplace to ensure participants are able to access the supports and services they need.

The vision of the NDIS is to build a competitive and contestable marketplace that is flexible and responds to the choices and preferences of participants. The NDIA's market stewardship role includes monitoring, evaluation, oversight and, where necessary, intervention. Intervention may take a number of forms including market facilitation, deepening, sounding and commissioning.

3.1. Queensland market overview

Payments to participants are flowing through a larger and more vibrant provider sector, with the number of active providers in Queensland having increased from 1,188 in 2018 to 5,058 in 2020. This significant increase in the number of providers has led to greater choice and control for participants, and expanding employment opportunities for the disability workforce in Queensland.

Figure 7. The growth in active providers in Queensland



Choice and control, utilisation and market concentration

The NDIA produces market monitoring reports¹ which allow comparisons between geographical regions, incorporating both service districts and LGAs, and different participant groups on key metrics: choice and control, utilisation and market concentration. This allows the identification of “hot spots” where market development is required. While there are no Queensland regions that fall significantly below national averages on any of these three metrics, there are some LGAs within Queensland where utilisation is relatively

¹ <https://data.ndis.gov.au/reports-and-analyses/market-monitoring>

lower. This is common in LGAs in remote and very remote areas.

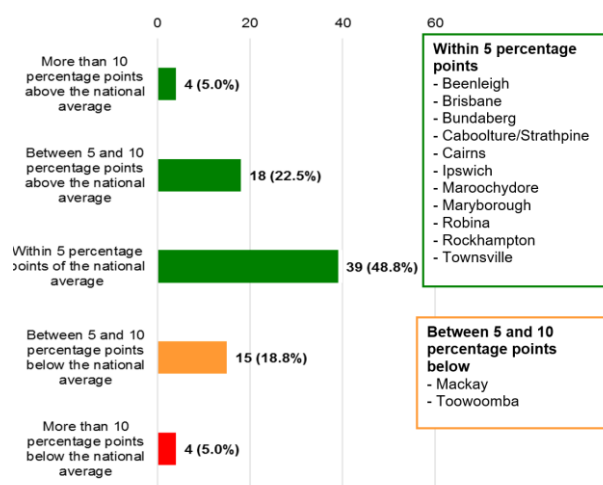
Choice and Control

The NDIA is committed to ensuring people with disability are given every opportunity to make their own decisions, and to exercise choice and control in their lives. Choice and control is a fundamental pillar of the NDIS. It means people with disability have control over the type and mix of their reasonable and necessary supports, how those supports are delivered, and how their funding is managed.

In order to gauge how much choice and control participants have, the outcomes framework measures this through the question “Do you choose who supports you?” The percentage who indicate that they choose who supports them is compared across geographical regions, and a national average is set as the ‘benchmark’, after adjusting for the proportion of participants in supported independent living (SIL) in each region and the length of time participants had been in the Scheme.

All 13 Queensland regions are within 5 percentage points of the national average except for Toowoomba and Mackay regions, which are both between 5 and 10 percentage points below the national average.

Figure 8. Distribution of regions by choice and control nationally and in Queensland



Tables 7 and 8. Number of active participants and annualised plan budget in Queensland regions

| Within 5 percentage points of the national average | | | |
|--|-------------------|---------------------|------------------------------|
| Region | State / Territory | Active participants | Annualised plan budget (\$m) |
| Beenleigh | QLD | 7,171 | \$573 |
| Brisbane | QLD | 13,962 | \$1,186 |
| Bundaberg | QLD | 2,370 | \$159 |
| Caboolture/Strathpine | QLD | 7,261 | \$589 |
| Cairns | QLD | 3,594 | \$316 |
| Ipswich | QLD | 6,279 | \$435 |
| Maroochydore | QLD | 6,060 | \$487 |
| Maryborough | QLD | 3,073 | \$256 |
| Robina | QLD | 7,010 | \$504 |
| Rockhampton | QLD | 4,133 | \$286 |
| Townsville | QLD | 4,992 | \$358 |

| Between 5 and 10 percentage points above the national average | | | |
|---|-------------------|---------------------|------------------------------|
| Region | State / Territory | Active participants | Annualised plan budget (\$m) |
| Mackay | QLD | 2,638 | \$172 |
| Toowoomba | QLD | 5,160 | \$399 |

Utilisation

For support provided between 1 October 2019 and 31 March 2020, data at 30 June 2020 indicated that 69 per cent of support had been utilised in Queensland, consistent with the national average of 70 per cent.

Experience in other schemes with individual budgets (internationally and in Australia) indicates that plan utilisation is unlikely to be 100 per cent. However, for some participants utilisation should be higher than current levels.

The two biggest drivers of utilisation are:

- whether a participant is in SIL
- how long a participant has been in the Scheme (the longer they have been in the Scheme, the more they utilise their plan).

The high percentage of 'new participants' phasing into the scheme in Queensland could be a driver of lower utilisation in first plans. In addition, Queensland participants have been in the Scheme for a shorter period of time than participants across the whole Scheme due to phasing arrangements. The NDIA's experience is that as participants grow in confidence, their use of NDIS plan funding increases. Utilisation is the same, or higher, in Queensland when compared to the Scheme as a whole by plan numbers. As at 30 June 2020, participants in Queensland on average use 59 per cent of their funding in their first plan, which increases to 79 per cent by their fifth plan.

Figure 9. Distribution of regions by plan utilisation nationally and in Queensland

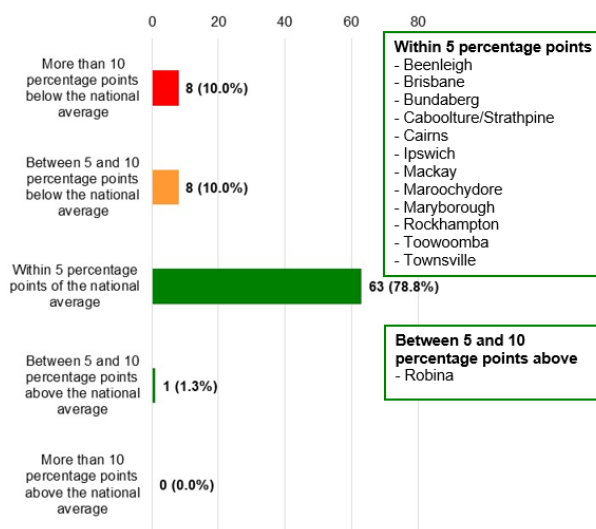


Figure 10. Utilisation of committed supports by SIL status from 1 October 2019 to 31 March 2020 in Queensland²

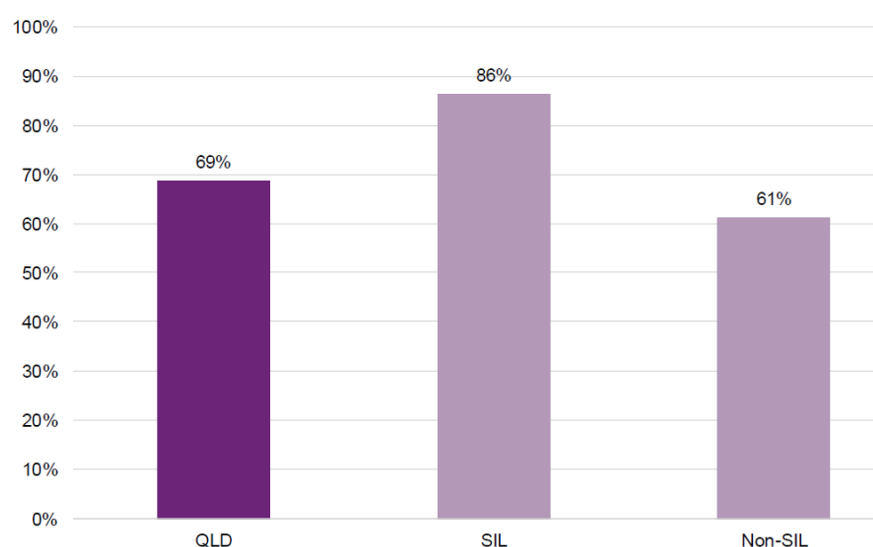
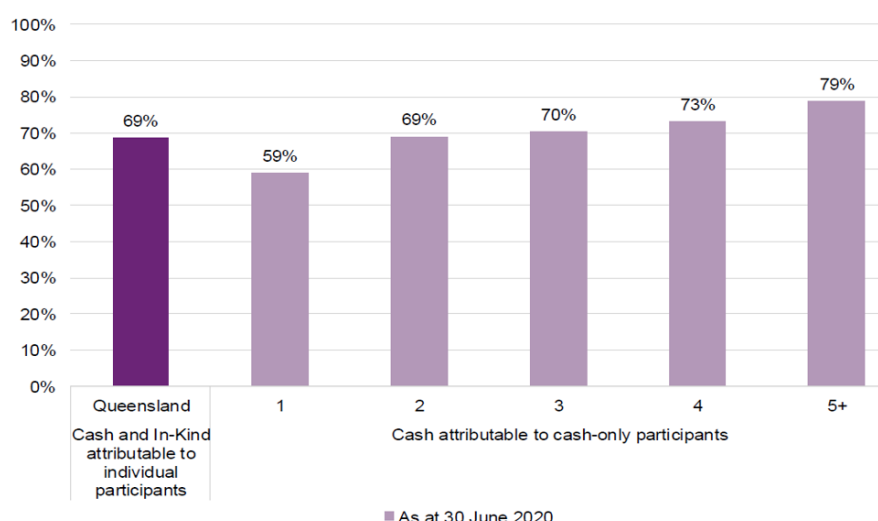


Figure 11. Utilisation of committed supports by plan number from 1 October 2019 to 31 March 2020 in Queensland



Market concentration

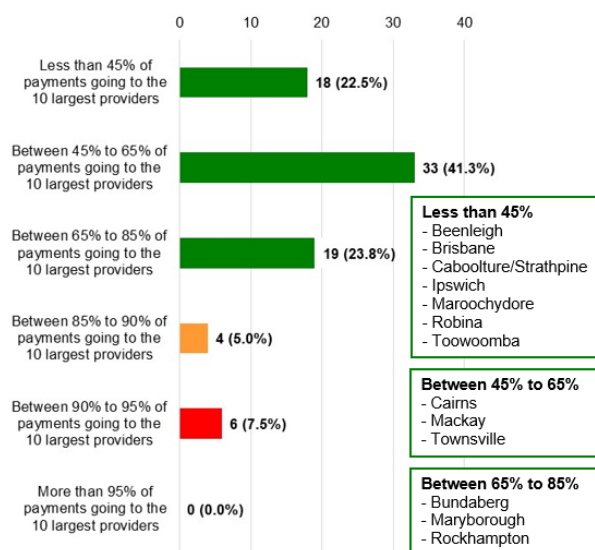
There is increasing competition in markets across Queensland, as more providers join the NDIS. The distribution of payments to service providers in a region provides an indicator of market concentration. Where only a small number of providers are receiving a large amount of payments, the market is considered to be more concentrated, therefore indicating that there may be less competition in the region.

On average across regions, the market in Queensland is more competitive in comparison to other jurisdictions. Nationally, 85 per cent or more of payments went to the largest 10 providers in 13 per cent of regions. There are no regions in Queensland that fall into this category. In addition, nationally less than 45 per cent of payments went to the largest 10 providers in 23 per cent of the regions, compared to Queensland where less than 45 per

² Not all in-kind can be allocated to an individual participant. Only utilisation of committed supports between 1 October 2019 to 31 March 2020 is shown, as experience in the most recent quarter is still emerging.

cent of payments went to the largest 10 providers in 54 per cent of the regions.

Figure 12. Distribution of regions by market concentration nationally and in Queensland



3.2. Queensland provider transition

Provider experience is fundamental to delivering on the Agency's aspiration to grow a competitive market of innovative supports. The Queensland Bilateral Agreement was developed to include an Operational Plan with a focus on sector and provider readiness, with plans developed to assist participants and providers to understand and prepare for transition to the NDIS.

To help providers make the transition, the NDIS ran a comprehensive community readiness campaign over four years to inform communities, including existing and potential providers about the NDIS. Monthly engagements were held with peak disability organisations and providers, chambers of commerce and community organisations across the 13 bilateral regions in Queensland.

In 2018, the NDIA implemented a Provider Relationship Management model, assigning relationship managers to providers that service a large number of participants to assist in issues resolution. In Queensland, 58 registered providers have a dedicated relationship manager. Interactions are used to monitor, track and address key issues for providers in general and the market as a whole.

The Agency monitors provider sentiment and satisfaction and uses this information to design and implement process and system improvements to enable a consistent provider experience. Results from the Quarter 1 2019–20 provider sentiment and satisfaction survey show that most indicators have improved, including providers' optimism about the health of the NDIS market and their satisfaction with the experience of interacting with the Agency. In particular, providers see more opportunities for business growth, expect to increase the range of NDIS supports and services they offer, and are more optimistic about the long-term success of their business. Since the first survey, the overall satisfaction score has increased by 0.6 points (from 4.7 to 5.3).

3.3. Supporting Market Development

As the NDIS matures, the Agency is gaining valuable insights into the needs, successes and challenges of participants, families and carers, and the growing disability supports market. The NDIA continues to release world-leading disability data to inform market development and improve participant outcomes. This includes:

- **Data and Insights:** The NDIS website provides data in a range of formats, categories and subsets on participants, active providers, market concentration and utilisation of plan budgets.
- **Market Monitoring Reports:** The NDIA releases regular Market Monitoring Reports, comparing market indicators, including utilisation, market concentration, choice and control, participants per provider, and provider growth and shrinkage, across geographical regions and participant characteristics to identify “hot spots” where the health of the market is comparatively lower or higher than the rest of the NDIS market.
- **Insights Forums:** The NDIA rolled out a series of Insights Forums during 2019, including a forum in Brisbane, to share NDIS insights and data with participants, providers, academics and government officials.
- **Quarterly reports to Disability Ministers:** The NDIA releases quarterly reports to Disability Ministers, providing in-depth analysis about participants in each jurisdiction and the funding or provision of supports by the NDIA in each jurisdiction.

Thin Markets

Supported by the NDIA Board and management, the December 2019 meeting of the Disability Ministers agreed to use a more flexible approach to address market challenges in the NDIS, recognising that a ‘one-size-fits-all’ approach to delivering the NDIS is not suitable to address market gaps faced by certain geographic locations, particular cohorts or disability support types.

In collaboration with DSS and state and territory governments, the NDIA is developing a Market Commissioning Strategy and comprehensive roll out plan to deliver a flexible and proportionate approach to addressing market challenges. The strategy is being led through a series of trial projects in all jurisdictions.

In Queensland, the thin market trial is in the early implementation stage and is focused on improving plan utilisation rates on Palm Island. The NDIA is also progressing targeted market development activity in the remote areas of Cloncurry and Woorabinda. The trial aims to build the capacity of support coordination services to assist in developing the local market and to consider different models of commissioning. The NDIA is engaging stakeholders, including Aboriginal and Torres Strait Islander organisations, to explore opportunities to respond to participant demand. Market snapshots highlighting the known demand profile have been developed for each area to engage existing and potential providers around the available opportunities.

3.4. NDIS Pricing

The NDIA’s role in respect to pricing is critical in transitioning the NDIS market to cope with

significant demand growth, reaching the longer-term goal of price deregulation and improving efficiency, quality, outcomes and choice and control for participants.

Setting price limits is part of the NDIA's commitment to build confidence and certainty for the provider market, while balancing the need for NDIS participants to obtain reasonable value for money.

There are 632 supports in the NDIS Price Guide that are price regulated, 493 support items have price limits and 139 supports are quotable. There are no significant differences between the approaches to NDIS price regulation in the Queensland market compared to other jurisdictions.

The NDIA Pricing Strategy recognises that during the transition to deregulation, the NDIA must strike a balance between maintaining current levels of supply of disability supports in the short-term, and encouraging a significant increase in supply in the medium to long-term. This transition and the required growth in supply will take time, and pricing may need to be adjusted to encourage providers to expand existing operations, and new suppliers to enter the markets.

A key lever for supporting this transition is the Temporary Transformation Payment (TTP), which was introduced by the NDIA in 2019-20. For 2020-21, TTP has been set at 6 per cent above the standard price limits of most core supports and will decrease each year by 1.5 per cent for five years until it is completely removed.

In the longer-term, it is envisaged that prices will increase or decrease, depending on the behaviour of the market and relative need for an increase in supply to meet participants' needs.

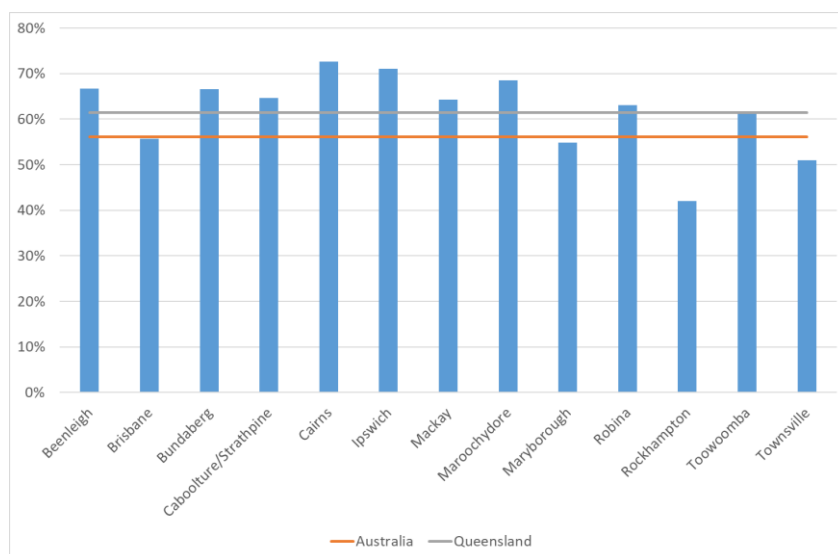
Indications as to whether supply currently matches demand are mixed, noting the previous discussion on relative plan utilisation and the significant increases in average payment per participant. One indicator of the extent to which supply is meeting demand is whether or not providers are charging at the price limit or below the price limit.

The 2019-20 Annual Price Review found that 40 per cent of eligible providers chose not to take advantage of a 7.5 per cent increase in existing price limits that the Scheme offered under the TPP. The analysis in Figure 13 shows that in 2019-20 providers in Queensland were more likely than other providers in Australia to claim for support at the lower non-TTP price. Across all of Australia, 56.2 per cent (by adjusted volume³) of relevant supports were claimed under the lower non-TTP pricing regime, whereas in Queensland this percentage was considerably higher at 61.5 per cent.

This indicates that the level of supply and competition for the provision of supports is higher in Queensland than in the rest of Australia. The NDIA notes that in all except one service district in Queensland more than half of all relevant supports were claimed under the lower non-TTP price limit. Moreover, in that service district (Rockhampton) 42.1 per cent of supports were claimed under the lower non-TTP price limit.

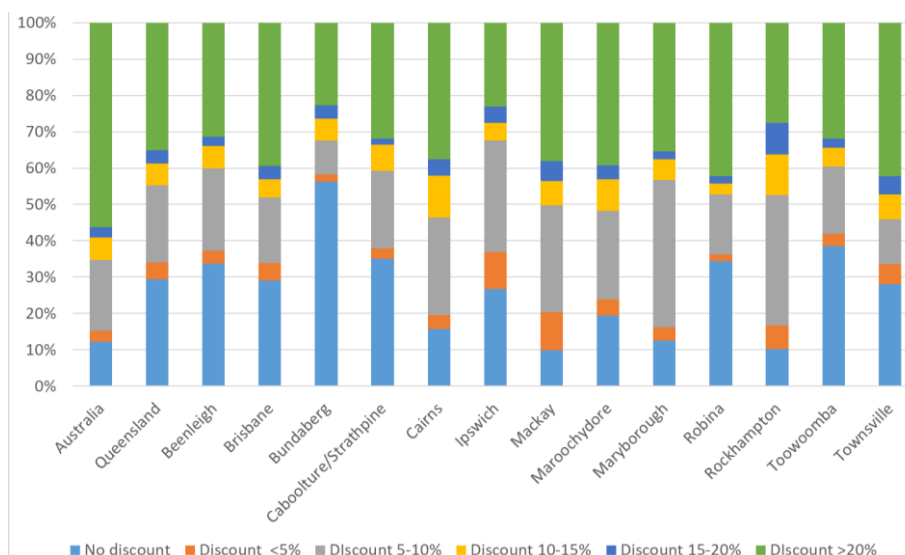
³ "Adjusted volume" is the total value of the supports claimed with the value of TTP supports discounted by the TTP loading.

Figure 13. Share of relevant supports claimed under the lower non-TTP price limit regime



Similarly, Figure 14 examines the extent to which providers are charging at the price limit or below the price limit for therapy supports funded by the NDIS in 2019-20. The data shows that, while the level of discounting is lower in Queensland than in Australia as a whole, there is still a considerable level of discounting in every service district in Queensland. This pattern is not consistent with a lack of supply or competition. In every service district at least 1 in 5 therapy supports are offered at a discount of 20 per cent or more against the published price limit. Even in Bundaberg, where 56.2 per cent of therapy supports are offered at the price limit, 22.7 per cent of supports are offered at a discount of 20 per cent or more against the published price limit.

Figure 14. Extent of discounting on Therapy prices



The NDIA recognises price controls may not be the most appropriate or effective way to address all market issues, such as in thin markets. The Annual Price Review 2020-21 recognised that thin markets operate in remote, very remote and some regional areas, especially for more specialised services. The Review considered solutions in greater use of commissioning, rather than through increases in price limits. Alternative commissioning models are especially relevant where the thinness of the market is due to the low number

of participants, such as in remote and very remote locations, or particular support categories. The role of commissioning is being explored in the thin market trial in Palm Island, Queensland.

Rural and Remote Markets

The NDIA recognises some market issues are exacerbated in rural and remote areas, such as access to a sufficient and suitable workforce, and the costs associated with travel.

In 2019, the NDIA undertook a Western Australia (WA) Market Review to examine factors that can affect specific markets including remote and very remote areas. The Review found that markets in remote areas are still thin, and that this was not unique to WA.

The Review found that the previous Remote and Very Remote price limits and plan funding loadings (20 and 25 per cent, respectively) were not attracting sufficient supply to these regions in WA and that the ability to charge for time taken to travel in these areas was a key barrier. In response to the Review's recommendations, the NDIA implemented changes from 1 July 2019, to increase remote and very remote loadings on price limits and plan funding amounts from 20 per cent to 40 per cent, and from 25 per cent to 50 per cent respectively.

Preliminary analysis of the impact of these changes indicates that utilisation of plans in remote and very remote regions increased by 5 per cent and 10 per cent respectively between 2018-19 and 2019-20. Given that the higher loadings were applied to both price limits and plan funding amounts, these increases in utilisation rates indicate that the increases in price limits are working to attract additional supply to these regions.

In partnership with the Commonwealth and states and territories, DSS is currently developing a NDIS Workforce Plan to deliver a capable and sustainable workforce needed to support NDIS participants.

Geographical pricing classification

The NDIA acknowledges the Modified Monash Model (MMM) classification of some locations may need to be adjusted to support market growth.

From 1 October 2020, the NDIA will be moving from the 2015 MMM to the 2019 MMM for classifying remote and very remote classifications. The NDIA uses the MMM to determine a participant's remoteness status, in particular for remote and very remote areas. This has an impact on whether providers can claim the higher price limits available for services delivered in remote and very remote areas. From 1 October 2020, five locations in Queensland are changing from regional to remote in Queensland (Coochiemudlo Island, Dunwich, Glenden, Karragarra Island and Lamb Island), and one location in Queensland is changing from very remote to remote (Injune).

Regional areas and travel

As the Scheme has matured, the NDIA has worked with the sector to understand the cost of service delivery in outer regional areas.

The WA Market Review recommended an increase to claimable travel time from 45 to 60 minutes for services delivered in regional areas across Australia. This increase was implemented on 1 July 2019.

Further, the Annual Price Review 2020-21 made changes to provider travel rules,

improving the way providers can recover their travel costs and encouraging providers to increase their service reach to support participants. As at 1 July 2020, providers are able to claim non-labour costs associated with provider travel when eligible, which will assist in markets where travel is a necessity to deliver supports. The Review also concluded that supply issues in some areas are better addressed through revised travel and commissioning arrangements, as compared to making adjustments to standard claiming and price control arrangements.

3.5. Improving regulation and deregulation of the market

Achieving a mature marketplace will take time and is a shared responsibility among all governments. In the longer term, pricing regulation could be improved by incorporating elements of outcomes-based pricing in certain situations. Outcomes-based pricing focuses on making prices reflect the value and outcomes received by participants as a result of the support, rather than the costs of providing the support. To implement outcomes-based pricing, the NDIA's ongoing insights into participant outcomes will be essential.

Deregulation is the fourth phase of the NDIS pricing strategy and can be achieved in efficient markets. The NDIA recognises that deregulation will occur at different points in time for different markets and may not be feasible in some cases (i.e. thin or specialised markets).

Appendix A

Table 1. Spend per capita on disability services

| Year | NSW | VIC | QLD | WA | SA | TAS | ACT | NT | AUS |
|---|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|------------|
| Dollars (\$) (a) | | | | | | | | | |
| 2009-10 | 1 779 983 | 1 467 951 | 949 373 | 532 705 | 397 844 | 148 172 | 79 054 | 59 975 | 5 415 058 |
| 2010-11 | 1 862 340 | 1 498 294 | 942 445 | 574 738 | 419 509 | 161 529 | 82 538 | 62 639 | 5 604 031 |
| 2011-12 | 1 932 556 | 1 516 837 | 1 009 793 | 692 112 | 471 788 | 157 685 | 91 676 | 67 263 | 5 939 711 |
| 2012-13 | 2 068 094 | 1 540 596 | 1 126 866 | 748 207 | 511 670 | 163 116 | 93 696 | 75 604 | 6 327 850 |
| 2013-14 | 2 128 898 | 1 609 303 | 1 140 694 | 808 748 | 566 957 | 162 778 | 104 413 | 84 543 | 6 606 334 |
| 2014-15 | 2 302 838 | 1 649 726 | 1 211 958 | 889 280 | 624 288 | 166 092 | 103 223 | 87 440 | 7 034 845 |
| Population aged 0-64 years (b) | | | | | | | | | |
| 30-Jun-10 | 6,128,356 | 4,707,093 | 3,847,541 | 2,015,602 | 1,372,370 | 429,078 | 324,504 | 217,628 | 19,042,172 |
| 30-Jun-11 | 6,169,625 | 4,760,331 | 3,897,020 | 2,067,441 | 1,378,021 | 429,168 | 329,099 | 218,451 | 19,249,156 |
| 30-Jun-12 | 6,219,097 | 4,841,167 | 3,961,067 | 2,126,257 | 1,385,605 | 426,143 | 335,330 | 222,083 | 19,516,749 |
| 30-Jun-13 | 6,283,940 | 4,932,975 | 4,019,389 | 2,175,442 | 1,392,445 | 423,855 | 339,899 | 227,027 | 19,794,972 |
| 30-Jun-14 | 6,355,829 | 5,026,963 | 4,060,382 | 2,194,653 | 1,399,891 | 422,369 | 343,348 | 227,408 | 20,030,843 |
| 30-Jun-15 | 6,432,002 | 5,125,309 | 4,092,181 | 2,206,228 | 1,405,904 | 420,782 | 348,228 | 228,445 | 20,259,079 |
| Dollars per head of population | | | | | | | | | |
| 2009-10 | \$290 | \$312 | \$247 | \$264 | \$290 | \$345 | \$244 | \$276 | \$284 |
| 2010-11 | \$302 | \$315 | \$242 | \$278 | \$304 | \$376 | \$251 | \$287 | \$291 |
| 2011-12 | \$311 | \$313 | \$255 | \$326 | \$340 | \$370 | \$273 | \$303 | \$304 |
| 2012-13 | \$329 | \$312 | \$280 | \$344 | \$367 | \$385 | \$276 | \$333 | \$320 |
| 2013-14 | \$335 | \$320 | \$281 | \$369 | \$405 | \$385 | \$304 | \$372 | \$330 |
| 2014-15 | \$358 | \$322 | \$296 | \$403 | \$444 | \$395 | \$296 | \$383 | \$347 |
| Relative dollars to national average | | | | | | | | | |
| 2009-10 | 1.02 | 1.10 | 0.87 | 0.93 | 1.02 | 1.21 | 0.86 | 0.97 | 1.00 |
| 2010-11 | 1.04 | 1.08 | 0.83 | 0.95 | 1.05 | 1.29 | 0.86 | 0.98 | 1.00 |
| 2011-12 | 1.02 | 1.03 | 0.84 | 1.07 | 1.12 | 1.22 | 0.90 | 1.00 | 1.00 |
| 2012-13 | 1.03 | 0.98 | 0.88 | 1.08 | 1.15 | 1.20 | 0.86 | 1.04 | 1.00 |
| 2013-14 | 1.02 | 0.97 | 0.85 | 1.12 | 1.23 | 1.17 | 0.92 | 1.13 | 1.00 |
| 2014-15 | 1.03 | 0.93 | 0.85 | 1.16 | 1.28 | 1.14 | 0.85 | 1.10 | 1.00 |

(a) Productivity Commission Report on Government Services 2020, Table 15A.7

(b) Australian Bureau of Statistics:

(<https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3101.0Dec%202019?OpenDocument>), Tables 3101051 to 3101058

Table 2. Percentage of potential population receiving services (%)

| Year | NSW | VIC | QLD | WA | SA | TAS | ACT | NT | AUS |
|---------|------|------|------|------|------|------|------|------|------|
| 2008-09 | 28.3 | 58.0 | 22.9 | 31.4 | 60.7 | 41.2 | 52.2 | 22.4 | 37.3 |
| 2009-10 | 30.7 | 53.9 | 22.1 | 30.3 | 59.9 | 51.9 | 51.3 | 14.4 | 36.9 |
| 2010-11 | 31.3 | 52.9 | 23.1 | 30.6 | 60.4 | 53.3 | 50.8 | 29.8 | 37.4 |
| 2011-12 | 31.1 | 50.5 | 23.3 | 29.4 | 52.3 | 52.6 | 53.0 | 30.0 | 36.1 |
| 2012-13 | 30.3 | 44.8 | 23.8 | 28.4 | 47.6 | 52.0 | 51.6 | 32.2 | 34.2 |
| 2013-14 | 30.0 | 45.0 | 22.7 | 28.6 | 49.0 | 50.5 | 61.4 | 29.4 | 34.1 |
| 2014-15 | 29.3 | 44.2 | 22.7 | 28.9 | 45.9 | 45.0 | 43.6 | 29.2 | 33.1 |

Source: Productivity Commission Report on Government Services 2020, Table 15A.10

Table 3. Average dollars per service user

| Year | NSW | VIC | QLD | WA | SA | TAS | ACT | NT | AUS |
|--|-----------|-----------|-----------|----------|----------|----------|----------|----------|-----------|
| Dollars (\$) (a) | | | | | | | | | |
| 2009-10 | 1 779 983 | 1 467 951 | 949 373 | 532 705 | 397 844 | 148 172 | 79 054 | 59 975 | 5 415 058 |
| 2010-11 | 1 862 340 | 1 498 294 | 942 445 | 574 738 | 419 509 | 161 529 | 82 538 | 62 639 | 5 604 031 |
| 2011-12 | 1 932 556 | 1 516 837 | 1 009 793 | 692 112 | 471 788 | 157 685 | 91 676 | 67 263 | 5 939 711 |
| 2012-13 | 2 068 094 | 1 540 596 | 1 126 866 | 748 207 | 511 670 | 163 116 | 93 696 | 75 604 | 6 327 850 |
| 2013-14 | 2 128 898 | 1 609 303 | 1 140 694 | 808 748 | 566 957 | 162 778 | 104 413 | 84 543 | 6 606 334 |
| 2014-15 | 2 302 838 | 1 649 726 | 1 211 958 | 889 280 | 624 288 | 166 092 | 103 223 | 87 440 | 7 034 845 |
| Users of State/Territory government administered services (b) | | | | | | | | | |
| 2009-10 | 42,411 | 63,219 | 21,749 | 15,183 | 20,151 | 4,555 | 3,927 | 1,639 | 172,191 |
| 2010-11 | 48,056 | 61,949 | 22,207 | 15,573 | 20,784 | 5,977 | 4,054 | 1,108 | 179,013 |
| 2011-12 | 50,993 | 63,564 | 24,244 | 16,577 | 21,822 | 6,356 | 4,213 | 2,378 | 189,388 |
| 2012-13 | 52,617 | 63,186 | 25,409 | 16,783 | 19,561 | 6,463 | 4,593 | 2,471 | 190,328 |
| 2013-14 | 53,128 | 58,466 | 27,152 | 17,187 | 18,386 | 6,547 | 4,673 | 2,757 | 187,559 |
| 2014-15 | 54,053 | 60,559 | 26,749 | 18,092 | 19,372 | 6,455 | 5,723 | 2,626 | 192,915 |
| Dollars per user of services | | | | | | | | | |
| 2009-10 | \$41,970 | \$23,220 | \$43,651 | \$35,086 | \$19,743 | \$32,530 | \$20,131 | \$36,592 | \$31,448 |
| 2010-11 | \$38,754 | \$24,186 | \$42,439 | \$36,906 | \$20,184 | \$27,025 | \$20,360 | \$56,533 | \$31,305 |
| 2011-12 | \$37,898 | \$23,863 | \$41,651 | \$41,751 | \$21,620 | \$24,809 | \$21,760 | \$28,285 | \$31,363 |
| 2012-13 | \$39,305 | \$24,382 | \$44,349 | \$44,581 | \$26,158 | \$25,238 | \$20,400 | \$30,597 | \$33,247 |
| 2013-14 | \$40,071 | \$27,525 | \$42,011 | \$47,056 | \$30,836 | \$24,863 | \$22,344 | \$30,665 | \$35,223 |
| 2014-15 | \$42,603 | \$27,242 | \$45,309 | \$49,153 | \$32,226 | \$25,731 | \$18,036 | \$33,298 | \$36,466 |
| Relative dollars to national average | | | | | | | | | |
| 2009-10 | 1.33 | 0.74 | 1.39 | 1.12 | 0.63 | 1.03 | 0.64 | 1.16 | 1.00 |
| 2010-11 | 1.24 | 0.77 | 1.36 | 1.18 | 0.64 | 0.86 | 0.65 | 1.81 | 1.00 |
| 2011-12 | 1.21 | 0.76 | 1.33 | 1.33 | 0.69 | 0.79 | 0.69 | 0.90 | 1.00 |
| 2012-13 | 1.18 | 0.73 | 1.33 | 1.34 | 0.79 | 0.76 | 0.61 | 0.92 | 1.00 |
| 2013-14 | 1.14 | 0.78 | 1.19 | 1.34 | 0.88 | 0.71 | 0.63 | 0.87 | 1.00 |
| 2014-15 | 1.17 | 0.75 | 1.24 | 1.35 | 0.88 | 0.71 | 0.49 | 0.91 | 1.00 |

(a) Productivity Commission Report on Government Services 2020, Table 15A.7

(b) Productivity Commission Report on Government Services 2020, Table 15A.10