Australia: New disability scheme to cut long-term costs

Alex Messenger
6 June 2012

The Labor government's plan to introduce a National Disability Insurance Scheme (NDIS) has been welcomed uncritically across the political spectrum. Capitalising on community outrage at the plight of the disabled and their carers, Labor is trying to sell the NDIS as the response of a compassionate government. The scheme will provide individualised care packages, including services and other forms of support, but only to those most impaired by their disabilities, both physical and mental.

Prime Minister Julia Gillard used her much-publicised NDIS launch in April to compare the introduction of the NDIS to that of the aged pension in 1909 and of Commonwealth-funded medical care in 1973 by the Whitlam Labor government. In truth, Labor's NDIS bears no resemblance to the welfare state measures of last century. The pension and Medibank extended much needed financial support, albeit always limited, to the aged and those needing health care. The NDIS, however, is a massive rationalisation of existing services designed to cut costs in the long-term, by encouraging private disability care, propping up the failing carer system, and forcing as many of the disabled off pensions and into work as possible.

Although the scheme will involve an additional $6.5 billion in spending by 2018-2019, it is one of a package of 'reforms' announced in last month's federal budget that are designed to create a structural or long-term surplus. Other measures include cuts to aged care and sole parent benefits. The NDIS has the support of the Liberal Party, big business and the Greens because it is an essential plank of the austerity program being demanded by the financial markets internationally.

The financial benefits of the scheme, including potentially major cuts to the disability support pension (DSP) and carers pensions, will more than pay for government's direct outlay. Under the NDIS, care 'packages' will be rationed and provided by public and private sector disability service providers. Provision will be 'market-based', meaning that service providers will compete for government funding, leading inevitably to cost-cutting and uneven levels of service provision.

The initial implementation of the NDIS, based on the recommendations of a 2011 Productivity Commission report, will take the form of four pilot schemes covering 10,000 people at a cost of $1 billion. According to the government, the number of people covered by the scheme will double in the following year. By 2018, according to the Productivity Commission, the scheme's annual costs will be $13.8 billion and will cover 411,000 people—only about half of those currently receiving disability support pensions. The funding would provide $11.8 billion in direct care and support (including accommodation) and another $1.8 billion in transport, home modifications and appliances.

However, as the Productivity Commission makes clear, that is just the beginning of the scheme's fiscal impact. It calculates that by 2018 the NDIS would have generated $7.1 billion of 'direct offsets', that is, it would allow $7.1 billion of cuts to other programs that would otherwise 'duplicate' provision under the NDIS. The programs marked for axing include spending under the current 'National Disability Agreement' and sundry care schemes and subsidies. According to the

© World Socialist Web Site

commission, the net cost of the scheme 'once it matures', say in 2050, will be no more than $4.4 billion.

Moreover, the commission notes that "there is significant potential for the NDIS to improve employment prospects for people with disabilities and their carers. That would reduce the costs of the DSP and support allowances paid to carers, while also contributing to taxation and productivity." The Commission calculates that the number of people moved off disability pensions because of an NDIS could be as high as 310,000 by 2050—a net benefit of about $8 billion when the additional tax revenue from those employed is factored in.

The Disability Support Pension, which in 2011-12 cost approximately $14 billion (making it the largest item in the welfare budget) has been a prime target of both Labor and Liberal governments. Their cost-cutting efforts have included forcing the disabled back to work or moving them from the paltry DSP onto a jobseekers allowance (Newstart), a payment that places recipients even further below the poverty line.

The NDIS announcement coincided with what the *Australian Financial Review* called a "$1.5 billion blowout" in the cost of DSP. That increase has occurred despite government measures that, according to the *Review*, have reduced the number of successful applications for DSP by 22 percent, thereby "producing the first signs that the burgeoning cost of the welfare measure might be brought under control.'

The Productivity Commission's report devotes a whole chapter to "Aligning the Disability Support Pension to the goals of the NDIS". The chapter's thrust is a pseudo-scientific rehashing of the reactionary argument that, except for those with catastrophic or severe disabilities, what prevents the disabled from working is a lack of 'encouragement' and 'incentive'. "People with musculoskeletal conditions … will often be able to talk with people or provide them information. For instance, a tradesman with a bad back may be able to give customers in a hardware store advice about products or act as call centre workers." The Productivity Commission also calls on the blind to be put to work and promotes the NDIS as the means for that occur.

Carers whose family members have less severe disabilities, will, as part of the NDIS proposal, be forced into the workforce or have their pension entitlements reduced. However, both the Commission and the government implicitly recognise that for a high portion of the severely disabled, there is no cheap substitute for family carers. Put simply, if these carers, living in often unbearable conditions, gave up, the budgetary cost of disability care would increase dramatically. In this regard, the commission is explicit about the aim: "Carers would get the support they need and continue their role as informal carers … Better support for carers through proper respite and other services would reduce relinquishment rates and the blockage of respite beds and would reduce the need for inappropriate and costly full-time accommodation services."

All of these socially regressive, cost-cutting considerations have been buried in the media coverage of the NDIS. No one criticised Gillard when she absurdly declared: "Today, anyone who understands the heavy costs of lifelong disability services and supports, fears becoming disabled or having a child with a disability … This Labor government is going to remove that fear …" In reality, the so-called disability reform, like every other aspect of the budget, is geared to the profit needs of big business and finance capital at the expense of the most vulnerable layers of society.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site