

Report reveals Australian disability scheme's cost-cutting agenda

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A “State of the Disability Sector Report 2015,” released this month, points to the true character of Australia’s National Disability Insurance Scheme (NDIS), introduced by the previous Labor government in July 2013.

The report reveals under-funded service providers struggling to cope with low prices set by governments for their contracts, and employing an increasingly casualised workforce, with potentially damaging consequences for their clients.

When Labor unveiled the scheme, with the bipartisan backing of the Liberal-National Coalition, it was touted as a progressive “reform” and enthusiastically supported by every section of the political establishment, including the Greens, as well as the trade unions.

Supposedly, the NDIS would overcome years of government neglect and substandard facilities, and give disabled people and their carers, the power to choose the best providers for their services.

In reality, the NDIS is a pro-business measure, designed to further privatise the provision of social programs. It consists of contracting out services previously provided by specialist government agencies to low-cost non-government organisations (NGOs) and charities, and eventually to corporate profiteers.

The NDIS is currently being expanded from a three-year trial stage, with 20,000 participants, to a planned national rollout, starting from July 2016. According to the State of the Disability Sector Report, however, many NGOs lack the financial capacity to provide the required services, particularly at the low prices being imposed by the federal and state governments.

National Disability Services (NDS), which published the report, is the peak body representing the more than 1,000 NGOs that are competing to gain the tenders to

run the programs. The NDS maintains that the NDIS is the “right destination” for disability services, arguing that the scheme “will double the funding for disability support, expand choice for people with disability and their families, invest in early intervention and replace a fragmented inequitable system with one that gives people across Australia access to reasonable and necessary supports.”

Yet the report describes the current pricing and cost for service provision as “inadequate,” noting that only 20 percent of organisations reported that they were ready for service provision under the NDIS pricing guide.

The extent of the cost cutting under the NDIS was highlighted in a price list update released in October. Provision for high intensity one-on-one support, for instance, was lowered from \$41.18 an hour to \$39 an hour—far less than the approximately \$50 an hour under the previous funding system.

The NDS report quotes Serhat Oguz, the chief executive officer of one NGO, the Windgap Foundation, who warned that care providers would have to cut corners or withdraw support. “Service providers that may continue to offer services will provide lower quality services with lower qualified staff,” he said.

Low wages and insecure employment already dominate the sector, with workers being pushed into these conditions by high unemployment rates. According to the report’s surveys, 18 percent of all community service workers are unemployed. Of those who are employed, almost four in ten disability workers are casuals. Only 23 percent of all disability workers are on full-time contracts, with the other 39 percent being either part-time or fixed-term.

“Workforce casualisation can result in inconsistency

of support for participants, low investment in training and qualifications, and weak career pathways,” the report comments.

Because of these poor conditions, 69 percent of NGOs experienced problems in recruiting allied health professionals, who are essential to provide high-quality support to disabled people with complex needs. As a result, there are waiting times of up to 12 months to see occupational and speech therapists, for example.

The NDS reports that two-thirds (67 percent) of NGOs lack the recommended three months’ cash flow in reserve necessary to implement the NDIS, which will replace upfront block funding with payments for services provided. At present, 42 percent of agencies operate at a loss, and one-fifth has suffered a deficit for two consecutive years.

Many of the agencies meant to provide services under the NDIS will flounder under the pressure of the NDIS pricing formulae. The report comments that “prices for some key NDIS supports are too low and the intention to set a ‘national efficient price’ overlooks the diverse circumstances in which support is provided.”

The “national efficient price” is a mechanism similar to the one that the Labor government imposed on the public hospital system, designed to constantly drive down prices under the pressure of competition between rival operators.

Smaller community-based organisations, which have turnovers of less than \$1 million, are at particular risk, the report notes, with 44 percent not having sufficient financial resources to support the NDIS, compared with 31 percent of the larger organisations.

One particularly acute crisis concerns accommodation. The NDS states that as many as 120,000 NDIS participants will need housing by 2020 as their current institutions are closed down. With private rentals soaring, and long waiting lists for public and social housing, at least 100,000 new community houses would need to be built by 2020.

According to earlier media reports, another crisis exists with autistic children. Parents have been offered just three to six hours a week of occupational, speech or behavioural therapy, despite worldwide best practice indicating children need about 20 hours a week to produce quality early-intervention outcomes. In the current South Australian trial, children with autism made up 46 percent of the NDIS applicants, leading to

unofficial “rationing” of therapy packages.

During the 2013 federal election campaign, the WSWS warned that what the Labor government was presenting as a progressive “reform” were “regressive, pro-market measures that are aimed at further privatising the provision of social services and slashing public spending in the long-term.” The NDS report underscores the accuracy of that analysis.

The WSWS also pointed to another cost-cutting aim of the NDIS—to help push some 400,000 people off disability support pensions (DSP) and into low-paid work. One of the purposes of NDIS programs is to lift employment levels among disabled people.

This process had already begun in 2011, when the Labor government compelled people younger than 35 to pass stringent new tests of their incapacity to work before they could qualify for the DSP.

Last year, the current Liberal-National government announced even tighter rules, forcing 28,000 people to be “reassessed.” So far, 7,249 individuals have been put through this process and 746 had their pensions revoked.

Earlier this year, the government’s Welfare Reform Reference Group, chaired by Patrick McClure, proposed going further. It recommended replacing the DSP with a means-tested Supported Living Pension that would be restricted to people judged unable to work for less than eight hours a week.



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