CREATING THE INDUSTRTY NEEDED TO ACHIEVE NDIS GOALS (WORKFORCE)

> The shortage of qualified staff is a well documented issue with obvious implications for participants. What is less obvious are the limitations on the capability to deploy the staff to make the NDIS effective. The entities that currently employ the staff delivering NDIS services are characterised by deep experience in service delivery but have virtually non-existent balance sheets reflecting historical funding arrangements where surpluses (profit) were not allowed by governments. They cannot absorb the risks of upscaling and innovation required by the NDIS. Other entities which may have balance sheets to do so do not have the depth of experience of working with people with disability to achieve improved life outcomes.
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> These are areas where Alliance20 members can assist in developing new workforce and industry development strategies. Collaboration with government and other sectors is required with enhanced leadership from both Commonwealth and state government agencies. These collaborations can produce an effective sector that delivers better services and outcomes for people with disability at lower overall costs to governments and communities.

BACKGROUND

The NDIS will support 460,000 participants by mid-2020 but as December 2018 only around 250,000 participants were in the scheme. Many thousands of the 460,000 total participants will be people who had never received services previously.

In terms of the workforce implication of this change:

- The Productivity Commission estimates that 90,000 new jobs will need to be created to meet this demand. In its October 2017 Report into the establishment of the NDIS, the Productivity Commission noted that: “it is estimated that 1 in 5 new jobs over the next few years will need to be in disability care, but workforce growth remains way too slow.”
- There is already a significant shortage of workers in the disability sector with an even greater shortage of skilled workers; and no clear industry strategy to address the capacity and skills gap

In addition to the undeniable workforce implications, the organisational structures required to deploy the increased workforce are not there. The largest current employers are government entities which are exiting the market. The other providers, who are mostly acquiring the government provided services, are not-for-profit organisations which have very small balance sheets reflecting that their long-running involvement in disability services were governed by a mandate that they cannot accumulate surpluses (profit). Their ability to absorb risk from significant upscaling and innovation (without backing) is, therefore, highly limited. Other entities that may have the balance sheets to enter the fluid market do not have the depth of experience with working with limited resources to help people with disability achieve (and exceed) their life outcomes.

IMPACT STATEMENT

The sector will have limited capacity to meet demand

- Limited balance sheets will restrict the opportunity for providers to support alternative service solutions, restricting participants real choices.
- To support the roll-out of the NDIS, the disability sector workforce needs to grow significantly, with up to 90,000 full-time positions expected to be created.
- Increased demand, intensified competition and low attractiveness of the sector all place pressure on providers to maintain sufficient staffing levels.
- It will not be possible to meet market demand and build sufficient capacity.

The sector will not have a skilled workforce

- Staff need the necessary skills, attributes and accreditations in order for providers to meet legislative, contractual and accreditation requirements and maintain service quality.
- High use of casual and agency staffing can make it difficult to maintain these quality standards and also presents challenges for continuity of client care and relationships.
- There is a significant risk of service failure and safeguarding risk with the opportunity for substandard operators to enter with unskilled labour.

The sector will not be able to meet the real cost:

- The change of scope of offerings required to make the NDIS successful requires innovation. The existing balance sheets of providers has very limited capacity to accommodate the necessary degree of innovation on any prudent basis. Without external funding injections innovation will be inadequate and, in the end, that will be to the detriment to people with disability and the scheme (which will have to bear the higher costs that result).
- Labour costs make up a significant proportion of providers' overall cost base, so any additional labour expenditure such as agency staffing, puts significant pressure on operating margin and viability.
- Many providers have high levels of overtime and penalty rates and report the need for more flexibility to meet participant needs and funding limitations.
- Turnover rates across the sector are high, creating significant recruitment and on-boarding costs.
- Labour pricing and supporting investment for training is inadequate.

PROPOSED SOLUTIONS

Consideration should be given to:

- Pricing or direct industry investment that enables existing providers to take on the change in risk and investment requirements necessary to meet the demands of the NDIS.
- Whole of industry sourcing and recruitment campaigns

- Links to similar sector workforce strategies, such as the aged care workforce.
- Shared industry pools for casual labour.
- Review of the use of targeted visa schemes to attract overseas workers (skilled migration programs).
- Review of NDIS labour pricing to make workforce participation more affordable.
- Review of NDIS training pricing / investment to support capability building.
- Industry accreditation standards for building and monitoring capability.