

Submission to the NDIS Independent Pricing Committee

Endeavour Foundation welcomes the invitation to provide feedback as part of the NDIS Independent Pricing Committee's review of NDIS pricing approaches.

Endeavour Foundation is an independent, for-purpose organisation established in 1951 with a vision to support people with disability to live their best life. Endeavour Foundation has a primary focus on people with intellectual disability. We provide accommodation services to 520 people, learning and life skills programs for more than 890 people and in-home support and community access for 470 people. We operate 24 Learning & Lifestyle Hubs across Queensland and one each in NSW and Victoria.

Additionally, more than 1,700 people with disability are employed at 18 Endeavour Foundation social enterprises in Queensland and a further six in NSW and Victoria. We also manage the Defence Assistance Program employing 115 people at Defence Facilities in all mainland Australian capital cities. Each of these workplaces provide income, skill development, and a sense of belonging and independence.

The National Disability Insurance Scheme is a world-leading approach to supporting people with disability to live an ordinary life. We recognise that the Scheme costs had become unsustainable and we support current efforts to remove fraud and waste, and ensure the Scheme is focussed supporting those with significant and permanent disabilities.

However, we also believe that the current approach to pricing and price setting is creating market failure, particularly for people with complex support needs. Many of the established, quality providers who support the most vulnerable participants, including Endeavour Foundation, are suffering operational losses, and this situation is not sustainable.

The current pricing approach can play a role in driving industry reform and promoting market stewardship but has proven to be ineffective due to the conflicting interests of the NDIA in its implementation. This has led to:

- Under-pricing risks
- Stifling innovation
- Increasing administrative burden
- Regional disparity
- Proliferation of unscrupulous providers and profiteering

We provide the following advice for the Committee's consideration:

1. The current approach to NDIS pricing does not best serve the delivery of good participant outcomes, higher quality services, or sustainable disability provider markets.
2. We believe the NDIA's role in setting prices for services and supports to be in direct conflict with its responsibility to manage the scheme and reduce overall scheme costs. The current pricing approach disregards the cost pressures in the market, as demonstrated in past annual pricing review consultations.
3. Price control is only one tool for achieving service reform, and when used poorly or in isolation it can stifle innovation and work counter to service reform.
4. The current pricing approach undermines the market stewardship required for a sustainable market of quality supports that safeguard scheme participants.
5. We strongly support the establishment of an Independent Pricing Authority separate from the NDIA as recommended by the NDIS review. We agree with the NDIS review that the Independent Health and Aged Care Pricing Authority is a suitable agency to take on this role for the NDIS.

6. We recommend a differential pricing approach for quality, registered providers - per the NDIS review recommendations - that enables participants to exercise greater choice and control by distinguishing quality of service based on registration requirements, particularly for more complex supports.
7. The current pricing approach has placed registered therapy and support coordination providers under stress, undermining the sustainability of this segment of the disability sector. These providers have not received any CPI increase for several years.
8. The current pricing approach inadvertently disadvantages participants with complex needs. Standardised pricing inadequately recognises the true cost of complex support, including the higher resource demands, time and effort, and staff training and retention.
9. We recommend an immediate loading for registered providers is crucial to maintain sustainability whilst longer-term pricing reforms are developed.
10. The existing segmentation of supports in participants' plans promotes fragmentation and a lack of transparency, making it challenging for support to be well coordinated and complementary.
11. The current pricing approach does not adequately recognise the cost of service provision, compliance, and alignment with industrial instruments, and does not provide any incentive or reward for quality and safety; in fact, the current approach incentivises low-quality services to cut costs.
12. The NDIS is a highly controlled market, and adjustments in pricing do not adequately reflect changes in the market, such as salary and other cost increases. The Disability Support Worker cost model, which provides the basis for setting prices, is not fit for purpose and should be replaced.
13. Whilst the pricing model continues to be a significant concern, application of the Pricing Arrangements and Price Limits by planners varies and lacks clarity; clear guidance on how pricing is applied and planning decisions are made is essential to support participants and their supports as well as providers.
14. Increased costs and pressures are experienced due to the lack of predictability in the release of annual updates to pricing. Organisations are unable to budget effectively, plan and effectively update systems, analyse changes, and communicate to staff, participants, and their supports.
15. When price increases occur, these should be passed on in full to existing participant plans. In previous years this has not occurred meaning that participants have exhausted their funds before the plan end date and providers have been left out of pocket.
16. A sector transformation package would better deliver the industry reforms required for a quality, sustainable disability services market that delivers genuine choice and control without compromising quality and safety.

Price controls are a powerful mechanism for shaping the disability services market, promoting fairness, and ensuring sustainability. When combined with other market stewardship tools, such as targeted subsidies, grants, and capacity-building initiatives, they can support industry reform and foster a well-functioning, participant-centred market.

Endeavour Foundation is also a member of the Alliance20, and we support the responses to the Committee's questions included in the Alliance20 submission.

17 January 2025