

REVIEW OF THE SDA PRICING AND PAYMENTS FRAMEWORK

COAG DISABILITY REFORM COUNCIL RESPONSE TO RECOMMENDATIONS

The COAG Disability Reform Council (DRC) agrees in-principle to the recommendations of the KPMG Specialist Disability Accommodation (SDA) Pricing and Payments Framework Review (Review Report).

DRC has a strong and ongoing commitment to the long-term provision and funding of SDA through the National Disability Insurance Scheme (NDIS). In undertaking and responding to this review, DRC is committed to addressing early market issues to ensure the long-term viability of SDA for participants, providers and investors.

To support the implementation of the intent of the KPMG Recommendations, DRC agrees to the following immediate actions:

1. An update to the SDA Pricing and Payments Framework to:
 - a. Recognise the centrality of choice and control in SDA for eligible participants.
 - b. Provide greater certainty to investors that benchmark prices will be determined on the basis that prices will provide appropriate long-term risk weighted returns to investors over the life of the asset given their long term nature, the need to encourage supply, and the associated risks of investing in SDA.
 - c. Provide greater visibility of pricing assumptions, including a commitment for the National Disability Insurance Agency (NDIA) to only review the specific underlying assumptions within the pricing methodology every 5 years in consultation with a panel of independent experts skilled in pricing. Each five yearly review will occur in the first half of the calendar year, with prices to take effect from 1 July of that year.
 - d. Clarify the NDIA may only trigger a special price review within the five year period to respond to systemic cost increases for providers that are due to factors beyond the control of individual providers, or amend pricing assumptions where intended outcomes are not being achieved. This may include responding to unintentional disincentives for investment in particular regions or design categories. Any such reviews will not lead to a downward movement in prices.
 - e. Embed a requirement for the NDIA to provide quarterly updates on SDA data, including the number of participants with SDA, the number of SDA dwellings and dwellings by location.
 - f. Clarify the roles of the NDIA and NDIS Quality and Safeguards Commission.
 - g. Embed the establishment of, and consultation with, an SDA Reference Group by the NDIA to provide practical input on implementation of this response and contribute to the development of the SDA market, choice and control for participants, and the long-term viability of SDA investments. This reference

group will comprise participants, their representatives, providers, investors, and other relevant stakeholders.

2. Finalising changes to the SDA Rules that include:
 - a. Allowing SDA funding to be provided in a plan even if a property is not, or will not be, very soon available. This will allow eligible SDA participants to use their funding to go out into the market and seek a SDA dwelling that suits their needs. This reform will be implemented by a SDA participant being given a notional budget to find a SDA dwelling. If a dwelling is not available, a participant will receive funding for interim non-SDA supports until they activate their SDA funding by moving into a dwelling.
 - b. Removing the requirement for participants to exhaust all other options before they can access SDA funding. This will ensure that participants can get access to SDA funding sooner.
3. Directing the NDIA to undertake an immediate review of pricing assumptions consistent with Section 25 of the revised SDA Pricing and Payments Framework to resolve issues that providers consider may be creating unintentional disincentives for investment in particular regions or design categories, including location factors and build cost differentials for specific design categories. Consistent with the framework, this review will not result in any reductions to current prices. This review will be undertaken with the assistance of independent experts. The SDA Reference Group will be consulted on establishing selection criteria for the independent experts. Any changes to price will take effect from 1 July 2019.
4. Delaying the next price review outlined in Clause 24 of the revised SDA Pricing and Payments Framework until 2023 to give investors greater certainty over prices while the market is developing.
5. Supporting the NDIA to rollout improvements to the participant planning process for SDA, including:
 - a. A dedicated planning team has been established by the NDIA. This new centralised approach using senior delegates will assist the NDIA to fast-track SDA eligibility decisions. Priority groups for fast tracking will include young people in aged care, those in hospital settings awaiting discharge and those with an offer for an SDA vacancy.
 - b. The NDIA will provide guidance to help participants confidently participate in the planning process in 2019.
6. Supporting the NDIA to rollout improvements to the enrolment process for SDA dwellings, including:
 - a. Introduce pre-certification of properties off the plan or under construction as SDA, with Design Category standards to be finalised and published by May 2019. This will allow SDA providers to have SDA property plans certified by an approved assessor and pre-lodged with the NDIA prior to dwelling completion.
 - b. The NDIA will explore ways to give participants greater visibility of the pre-certified SDA properties that may be becoming available, allowing eligible participants to approach providers to secure tenancy in a dwelling and move in when the dwelling is complete.

DRC recognises that many of the above improvements have already been trialled and tested by the NDIA. These actions are designed to further facilitate these improvements by increasing flexibility within the SDA Pricing and Payments Framework and the SDA Rules.

In addition, DRC agrees that the following actions will be operationalised by July 2019 to provide greater flexibility in the rules, noting these changes require detailed planning to ensure sufficient safeguards are in place:

1. Changing the SDA Rules to:
 - a. Allow couples to share a bedroom where they choose to do so.
 - b. Allow children to share a room with their siblings, where appropriate.
 - c. Removing the majority bedroom rule to allow more properties to be enrolled as SDA.
2. DRC also supports SDA participants choosing living arrangements that include non-SDA participants. DRC and the NDIA will explore ways to reduce disincentives or barriers for families to live together, noting that SDA funds can only be used to support the provision of housing for eligible SDA participants.
3. DRC supports consolidating all information relating to pricing and price methodology in a single easy to understand document on the NDIA's website. Further consolidation and simplification of other documents relating to SDA will occur, as well as the publication of clearer information on SDA to make it easier for participants and their families to confidently participate in the planning process.
4. The release of an SDA innovation plan by the NDIA by July 2019 detailing how the NDIA will work with participants and providers to facilitate providers developing innovative SDA design options, including by:
 - a. Commissioning and publishing research on innovative SDA designs that lead to good outcomes for participants
 - b. Sharing aggregated data on participant dwelling preferences
 - c. Establishing a program of innovation showcases to facilitate sharing of best practices in design.
5. Retain the NDIA's responsibility to enrol SDA dwellings, which will include rule changes to transfer the responsibility back from the NDIS Commission to the NDIA. The NDIS Commission will continue to be responsible for registering providers.
6. Further consultation and analysis on the remaining recommendations on the SDA Pricing and Payments Framework, working with the Senior Officials Working Group.

The SDA Reference Group will be consulted as these further actions are finalised.

DRC has received the support of the NDIA to this response, and their commitment to its implementation.