

FINsights: New disability scheme to stimulate growth

Disability 'Uberisation' to Create Growth

The National Disability Insurance Scheme (NDIS), is the largest shake-up the Australian Disability sector has ever seen. NDIS is a new model of funding and social support for people with disability, which following a lengthy trial, is being rolled out across the country.

Based on insurance principles, the scheme assesses a qualifying individual's needs on an on-going basis and provides funding direct to participants to pay for the support and services they require. This consumer-centric model represents a paradigm shift from the previous top down 'paternalistic' government funding model, where funding was provided by the government directly to service providers.

Handing power back to the consumer (or disability 'uberisation' as the AFR calls it) is intended to drive choice, value for money outcomes and social innovation, by opening doors to new entrants and investors as well as new opportunities to existing providers who learn to adapt.

Future innovation is a certainty and is an essential element of the NDIS model.

3,500

registered service providers, an increase of **1,500** over previous year

\$22bn

estimated expenditure on disability support by 2019. More than double present levels

Current participants (for support)

35,695

30,000 who have an approved plan – expected to grow to more than **450 000** by 2019

\$36,049

average annual participation cost

95% participation satisfaction

OPPORTUNITY CREATION

The NDIS has created significant opportunities across a range of industry sectors and will promote emerging alternative asset classes:

Care industry



The Productivity Commission has identified a shortage in qualified care personnel as an impediment to the successful implementation of the NDIS, therefore, commercial opportunities exist in education and training for care workers across the age spectrum, as well as in early childhood (early intervention) programs. The education sector for nursing and care workers is expected to grow significantly. Health Workforce Australia estimates there will be a shortfall of nurses in 2025 which will drive up salaries for nurses.

Market rationalisation and consolidation



Aggregation across care and ancillary support, Supported Independent Living (SIL) and Specialist Disability Accommodation (SDA) service providers can be expected given the current market fragmentation of care providers: **32%** sole traders; **27%** not-for-profit organisations; **26%** for-profit organisations; and **15%** trust, partnerships and government organisations.

There will also be growth in numbers and types of service providers and operating models, including innovative social procurement / enterprise models (as reflected in 3-fold increase in registered providers with NDIS). There will be a race to build scale.

Social innovation



Social innovation and social enterprise models for service delivery and capacity building, including the development of Information, Linkages and Capacity building processes (designed to build community connectivity) are subject to separate grant funding lines for Community Inclusion and Capacity Development (CICD).

Technology



Increased use of and investment in technology and other platforms to enable collaboration and streamline support and ancillary services to front line service providers. Assurance and certification services with peer reviews driving consumer choice (reinforcing the 'uberisation' theme). Technology around data analytics, impact measurement and service delivery efficiencies will also be critical in driving value for money outcomes.

OPPORTUNITY CREATION (continued)

Specialist Disability Accommodation (SDA) Services



- In a move away from institutional style accommodation, NDIS will encourage innovation in the provision of accessible and affordable housing options for people with severe functional impairment and/or very high support needs. This includes the promotion of universal housing designs, smaller group homes and shared living models to maximise independent lifestyles and community inclusion (eg. The NSW government is already closing large residential centres in favour of smaller 1-3 room group housing).
- NSW and QLD Governments have announced the sale of key assets and the transition of departmentally delivered disability accommodation support and respite services to the private sector (eg a pilot project being undertaken in the Hunter Valley in NSW and Australian Unity's acquisition of NSW Government's Home Share service).
- New builds by developers, with private and institutional investors and community housing providers (SDA benchmark pricing payments for new builds has been set to reflect for profit returns with reasonable debt and equity funding models over a 20 year funding horizon).
- Family registrations and establishment of co-operatives and other vehicles as 'self-managed' SDA providers.

Social impact



Social impact investing and other innovative funding techniques. Existing and newly established social impact funds and investors will be looking to seed innovative social enterprise start-ups and technology providers.

'Assistive Technology'



'Assistive Technology' (AT) (the umbrella term for a large and diverse group of products and technologies used to support and enhance social and economic participation) and the role of global and local technology companies and incubators in design and delivery (the National Disability Insurance Agency (NDIA) contemplates a \$1B annual spend on AT).

Ancillary Services



NDIS will also impact markets for services such as:

- Home modifications
- Vehicle modifications
- Food preparation and delivery
- Transport and taxis.

Demand for SDA will not be met without a significant increase in housing supply. This opens up opportunities for developers, operators, investors and funders in delivering innovative SDA solutions.

Innovation in Disruption

NDIS' power shift to the consumer requires care providers to deliver a customer-centric business model. This creates enormous opportunity for innovation and collaboration, including potential disruption from new entrants.

The market is already responding. Recent examples include:

- New online platforms helping customers find and hire local care and support workers, eg Better Caring and Hireup.
- Intergenerational living models, eg those being developed by providers such as Home Share and CareConnect.
- An online disability service directory featuring peer ratings and reviews from care recipients, eg Clickability.
- Cross-sector collaboration and networking, innovation hubs and knowledge sharing.
- Ability Links NSW information and referral service with 'Linkers' meeting people in their homes, community, expos, offices and online presence (assisted over 7,500 people and made over 90,000 connections in the Hunter Region during the first 2 years).
- NDIS focused incubators, eg the 'Supporting Independent Living Co-operative' established to assist families and carers of disabled people to develop their own independent housing models. Cerebral Palsy Alliance's Life Labs, which received a \$500,000 Telstra Foundation 'Tech4Good' program grant to encourage investment in universal design of digital technology solutions.



Stewart Robertson
Partner
T +61 2 9921 4962
M +61 400 167 101
E stewart.robertson@minterellison.com



Keith Rovers
Partner
T +61 2 9921 4681
M +61 411 275 823
E keith.rovers@minterellison.com



Nicola Clayton
Special Counsel
T +61 2 9921 4939
M +61 413 058 081
E nicola.clayton@minterellison.com