

Future of NDIS Funds in Doubt

Matthew Franklin and Adam Creighton - The Australian - May 14, 2012

Finance Minister Penny Wong has intensified pressure on state governments to contribute to the National Disability Insurance Scheme.

Labor has been unable to rule out a new tax or levy to bankroll its National Disability Insurance Scheme, conceding it has not finalised a funding stream despite having made delivery of the reform a centrepiece of last week's 2012-13 budget.

Finance Minister Penny Wong has instead intensified pressure on state governments to contribute, attacking the states and Tony Abbott for failing to provide bipartisan support for the \$13 billion-a-year reform.

With states hardening their resistance to Canberra's tactics, Senator Wong's attack backfired last night as the Opposition Leader confirmed he had twice written letters to Julia Gillard offering support for the NDIS, including co-operation in the creation of a bipartisan parliamentary committee to guide its creation.

Mr Abbott told The Australian the Prime Minister had not returned his letters. He warned that Labor's implementation appeared to be linked to "an election timetable" saying undue haste could lead to a poorly designed scheme.

In last week's budget, Labor funded early moves towards an NDIS, the creation of which was recommended by an exhaustive report of the Productivity Commission.

The budget brought forward by one year the commission's proposed timetable, allocating \$1 bn over four years to care for 10,000 people with disabilities in four test sites to be agreed to with the states, rising to 20,000 people in 2014.

The commission has estimated that a nationwide scheme covering Australia's 400,000 people with disabilities would cost \$8bn a year, on top of the \$7bn now spent on disability services.

After premiers noted last week that the Productivity Commission had recommended that the scheme be funded by Canberra, Senator Wong was unable to say yesterday how Labor would bankroll its implementation, but she nonetheless demanded that the states and the federal opposition embrace Labor's proposals.

Senator Wong told Sky News's Australian Agenda program that while the \$ 1 bn trials would be fully funded by the commonwealth, she could not pre-empt the details for funding the nationwide scheme, saying this would be negotiated with the states.

Asked whether a new levy might be required, she said: 'Yell, we will make decisions subsequently about the National Disability Insurance Scheme.

"I'm not going to get into, you know, what might or might not happen down the track." Responding to suggestions that a failure of the states to co-operate would cause a blowout in the federal budget, Senator Wong said the real blowout would be in the credibility of the states.

"A number of premiers have made the very important point that people with a disability have waited a long a time."

The budget claims up to 20,000 "eligible individuals will be entitled to reasonable and necessary care" in the next few years as the scheme is rolled out. Senator Wong did not say how the government would pay for the scheme if the states did not come on board, and did not reveal how the growing costs would be financed in the future.

Calling for a "modicum of bipartisanship about how we approach this", she indicated no decision had been made about whether to fund the NDIS from a specific tax - such as the Medicare Levy - or from consolidated revenue.

Last night, the Opposition Leader said he had twice written to Ms Gillard offering full support.

In an April 13 letter, he had described the NDIS as "an idea whose time has come".

In the April 27 letter, noting that Ms Gillard had not responded to the earlier communication, he said. "While I was disappointed you initially appeared to reject my suggestion (creation of a parliamentary committee), I hope that you have been swayed by the obvious community support for a bipartisan approach.

If we are serious about delivering an NDIS that delivers a new deal for disabled Australians, I ask you to sincerely reconsider your earlier comments and respond positively to my letter seeking your support for a parliamentary committee." Last night, Mr Abbott said: 'Ye want to make this a reform that lasts, that is genuinely historic change, not something which is a political football.

"This will require a very high level of consultation and attention to detail that can't be rushed without big risks to the scheme's subsequent success."

Mr Abbott said Ms Gillard's budget allocation of \$ 1 bn over four years was \$2.9bn less than had been proposed by the Productivity Commission.

He said states might have reason to ask whether they would be expected to meet the difference. '76 replace the Productivity Commission's timetable with an election

timetable could easily create the impression that we are more concerned about striking a pose than to make a difference.

"This is too important for people to be told to sign up to without knowing what they are actually getting."

NSW Treasurer Mike Baird said: "We ... urge the commonwealth to now stick to the recommendations of the Productivity Commission that recommends this scheme be 100 per cent federally funded."

Queensland Disability Services Minister Tracy Davis said the commonwealth had yet to make any funding proposal. "The Newman government has always supported the NDIS in principle, but we maintain in line with the Productivity Commission's report, that it must be funded by the commonwealth."

West Australian Disability Services Minister Helen Morton said the state believed it could face costs of between \$400m and \$480m a year on top of the \$700m a year already spent on disability services. "As far as Pm concerned, this is a federal government that's absolutely hell-bent on unnecessary duplication and administration, centralisation and new federal bureaucracies," Ms Morton said. "This was always our fear - that the expectation of people with disabilities and their families would be raised and then somehow or other it would be too difficult or they would waste the money in this duplication and we wouldn't be able to meet those expectations."

A spokesman for Victorian Community Services Minister Mary Wooldridge said: "The commonwealth needs to begin discussions with us about the funding principles. We are not the ones delaying that discussion."

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