



National Disability Insurance Scheme

Assistive Technology discussion paper

Feedback - Scooters Australia Pty Ltd

To quote from the Joint Standing Committee on the NDIS – Progress Report, July 2014:

“ a national scheme based on individual choice and flexibility.”

“ this is a fundamental element of the original intent of the policy to empower and provide choice to people with a disability in the National Disability Insurance Scheme.”

“ promoting self-management of plans will provide participants with choice and control which should in turn lead to greater innovation and responsiveness from service providers.

“ There is also broad-based support to fully develop the Scheme's market-based mechanism which aims to provide greater choice and control for participants.”¹

Scooters Australia is both a provider to the NDIS in several states, and a supplier of product to other providers who are registered with NDIS.

Scooters Australia was established in 1992 and has experienced and participated in many schemes that supply clients with assistive technology. We are a retailer, an importer and a distributor of assistive technology products in the Australian market, with outlets in all states and territories.

We wish to comment on the paper in two sections:

A. From the perspective of a provider.

1. The paper proposes a clear move away from a market / demand centred approach that is a hallmark of the NDIS and returns to the discredited centralised model that clearly does not work for either client or provider.

To quote the Hon. Mal Brough, the Chair of the Joint Standing Committee on the NDIS, at a speech he gave on July 21st, 2014 in Caloundra:

The suppliers now *“..... have a contestable market for the first time.”*

He went on to say that ... *“The person living with the disability will be able to choose who supplies their services It's a massive change.”²*

A centralised model such as is being proposed discourages competition, by definition reduces choice and range of products and inevitably leads to increases in prices and administration costs. While the focus in the paper is on cost reduction it will lead to an overall cost increase in the long run as administration costs blow out.

2. The paper clearly focuses on price rather than quality, as the determining factor governing the impetus behind the whole approach. This obsession inevitably results in:

- Quality compromise, leading to higher long term costs as the products fail prematurely,
- Sacrificing before and after-sales add-ons, including assessments, customising, product demonstration, return visits for corrections, after sales service, and warranty issues when the client is unable to return the product, and
- A decrease in competition and consequent choice for the client, leading to an inevitable increase in price over time as normal market contestability is reduced.

3. There is no guarantee that the panel will not pick and choose from a supplier's range only those products that meet their cost requirements. Thus the supplier will waste a considerable time on tendering only to find that it becomes uneconomic to supply only part of their range. This has clearly been the experience of some of the winning tenderers in the SWEP process recently concluded in Victoria, and on which parts of this paper appear to be based.

4. Tendering to a centralised authority is onerous for many suppliers, most of whom tend to be decentralised and relatively small in size. Because there is such a low chance of recouping a return on the investment in time and money on a tender, the experience of many in the industry is to simply walk away from such processes. This inevitably leads to a reduction in variety, choice and competitiveness. The recent experience of many suppliers in the SWEP tender has born this out.

5. The addition of a "third party provider" inevitably leads to additional costs as the gross margin has to be shared between a middle "man", the supplier, and the client. Past experience has exposed this process to further cost cutting leading to uneconomic tenderers who either fail or simply pull out of contracts, leaving the process in chaos.

6. The paper canvasses the possibility of the client not being able to find a suitable product or supplier from the "approved" list and then has permission to seek an unlisted supplier. Again, this system has been unsuccessfully tried in the past and leads to even more complexity:

- How will this be administered?
- What additional costs will be incurred by the scheme in additional staff time for both the suppliers and the case managers?
- Who makes the decision on whether the listed product is unsuitable and which substituted product is acceptable?

Administering such a scheme will inevitably increase the overall costs of the NDIS and create considerable obstacles to suppliers from providing the most suitable product for the client.

7. Our experience with these issues in past schemes that are centrally administered is that they quickly become chaotic, difficult to administer and ultimately costly for the administrators.

- Who owns a product under this scheme?
- How will warranty and servicing/repair issues be administered, and at what cost to the scheme?
- Will the client have the normal protections granted to consumers who purchase their equipment?

8. The paper's proposals have the potential to drive smaller players out of the industry, thus reducing diversity, entrenching larger companies in the industry and the inevitable price rises that will result over time.

B. From the perspective of a Client.

1. The paper's proposal goes against the whole ethos and intent of the original legislation – ie to give the client the choice, the responsibility and the power to make their own decision on what they consider is the best outcome for themselves. This proposal centralises much of the decision making into the hands of remote bureaucrats who are concerned more with cost control than with client satisfaction. It is a patronising model that seeks to take control out of the hands of the client.

2. There is an assumption that a "Panel" will be able to choose for the client the most suitable range of products. This is in direct contrast to the original rationale of the scheme which firmly put the choice in the hands of the client. On what basis is a Panel more qualified to make an informed decision regarding the client / product fit?

3. A one-size-fits-all mentality inevitably leads to client frustration, disempowerment and incorrect choice from the limited range "approved" by the panel. The race to the bottom by the tenderers and the administrators to find the cheapest products and services will severely reduce the client's range of choices. There is no necessary correlation between price, quality, and suitability.

4. If a client has the need for multiple products there is a high probability that they will have to deal with a far larger number of suppliers. Many suppliers are able to provide multiple product lines and this alleviates the need for the client and case manager to meet with multiple suppliers if each supplier is only approved for a limited number of products.

5. If the choice is limited for the client, and the approved product found to be unsuitable:

- *Who* decides on whether or not the "approved" product is unsuitable, and
- Who then decides on what product *is* suitable?

It appears to us that this is an unworkable and overly complex solution to a problem that need not exist if the original intent behind the NDIS is maintained – client choice and client empowerment, rather than a centrally administered list of panel approved products.

6. A client may be far more confident with a particular supplier than an alternative that has been chosen by a remote panel whose main purpose is cost control.

CONCLUSION

Our submission is that the original design of the NDIS which concentrated power in the hands of the client to make their own decisions about suppliers and products is the fairest and most efficient for all stakeholders.

Centralised models have a history of failure, are inefficient, and lead to client frustration and poor decision making caused by restrictive choices. They are patronising in their intent and impact.

Scooters Australia believes a market based approach is the best outcome for this scheme.

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¹ http://www.aph.gov.au/~media/Committees/Senate/committee/ndis_ctte/progress_report.pdf

² <https://www.youtube.com/watch?v=Yue8jQ7FPt0>