

**Office of the Queensland Small Business Commissioner**

PO Box 15483, CITY EAST, BRISBANE QLD 4002

email: [qsbc@desbt.qld.gov.au](mailto:qsbc@desbt.qld.gov.au)

phone: 1300 312 344

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Queensland Productivity Commission

by email to: [enquiry@qpc.qld.gov.au](mailto:enquiry@qpc.qld.gov.au)

**The NDIS market in Queensland Inquiry: submission**

The Queensland Small Business Commissioner (QSBC) welcomes the opportunity to make a submission to the Queensland Productivity Commission's (QPC) inquiry into the National Disability Insurance Scheme (NDIS) market in Queensland and draft report. As the NDIS market is transitioning, the QSBC considers that the report's draft recommendations relate to the current point-in-time and suggests that the NDIS market will need to be monitored as it continues to evolve. We acknowledge the evidence base that underpins this inquiry and the QSBC is willing to work with the QPC in any further examination of small business engagement in the NDIS market in Queensland.

The rollout of the NDIS in Queensland has not been without its challenges as it transitions disability services from a centrally funded model to model where individuals have greater control over the purchase of their supports. This dynamic environment uses market forces to set efficiencies, while at the same time maintaining some legacies of the previous system in terms of pricing structures (e.g. price caps) and regulation of providers. While there are opportunities, it is not easy for small businesses to enter and engage with the market which ultimately reduces the range and availability of services for participants.

There are many factors that are changing in the NDIS marketplace requiring businesses to constantly adapt. Access to information is critical to both participants, to make informed decisions about the services they need, and to small businesses, enabling them to engage with the market dynamically and adjust products and services. This is paramount as participants move from an agency-managed plan model to plan-managed and self-managed models. The report notes that participants' control will increase as people become more familiar with the NDIS and exercise greater choice over the services they access.

Encouraging providers to operate in thin markets, such as the NDIS, is a particular challenge in Queensland. We note that in 36 local government areas (LGAs) in Queensland there are fewer than 50 participants and in 24 LGAs throughout Queensland there are less than 20 participants. The short duration of market contracts (with the majority being less than a year) impedes market development and particularly affects service delivery in these thin markets with set-up costs and ongoing audit costs acting as barriers for business development. In particular, the Queensland market has thin markets in Aboriginal and Torres Strait Islander communities, culturally and linguistically diverse communities and geographically remote communities. Each requires tailored, inclusive consultative processes when developing businesses.

While we acknowledge that the number of providers has increased significantly, the QPC's report suggests that there is unmet demand for services evidenced by the under-utilisation of participants' planned budgets (69%). We note that while there has been an increase in the number of NDIS participants in Queensland with 40% or participants receiving government support for the first time, this is less than the forecasted participation rate. We also note the report's commentary on the growth of unregistered providers and paucity of data about this apparently rapidly growing sector.

We are encouraged by the report's market reform approach. The focus on deregulation in submarkets, rather than a broad-brush approach, recognises the nuances of the evolving market and the role of individual providers. We recognise there are a number of unmet service demands and business opportunities, particularly in the area of accommodation services, and we support the development of a 'thin markets framework' through the NDIS Thin Markets Project.

There are two distinct opportunities for small businesses in the NDIS – providing services and providing plan management support for participants. It is from this perspective that we make the following comments on the QPC's draft recommendations; however, we acknowledge that the NDIS does not operate in a vacuum and that the other draft recommendations may also impact small business development in the sector.

#### **Draft Recommendation 6**

QSBC supports the intent of draft recommendation 6. This recognises that increased information helps inform business decision-making which will help improve services to participants. Deidentified data that preserves confidentiality of participants but provides timely, accurate information is essential for businesses to develop markets. Data must be accurate, accessible and useable.

#### **Draft Recommendation 7**

QSBC supports draft recommendation 7 in principle. Effective support coordination will provide for businesses and participants to further engage with the NDIS.

#### **Draft Recommendation 8**

QSBC supports draft recommendation 8 in principle. Technology advancement and participant needs are likely to influence the evolution of the plan manager and support co-ordinator roles within the NDIS. It is anticipated this will increase plan utilisation rates.

#### **Draft Recommendation 9**

QSBC supports draft recommendation 9. Accessible information is paramount to improving the delivery of the NDIS with more relevant services to participants as well as assisting business development. The draft recommendation to develop a digital marketplace with the requisite safeguards and functionality is supported. The effectiveness of a digital marketplace in helping address thin markets should be evaluated, particularly in regional areas of Queensland.

#### **Draft Recommendation 10**

QSBC supports draft recommendation 10. Short contract durations impede business development and are a disincentive to providers impacting participants in thin markets. Stable contracts are needed to encourage businesses to plan and deliver services over time.

#### **Draft Recommendation 15**

QSBC supports draft recommendation 15. A Provider Guarantee provides industry with a set of guiding principles to help business, and therefore participants to engage with the NDIS. This is particularly important in emerging markets and in thin markets such as rural and remote regions in Queensland.

#### **Draft Recommendation 16**

QSBC supports the intent of draft recommendation 16. The appointment of a Pricing Commissioner will assist pricing decisions. Transparent and accessible pricing is important in developing stable markets.

**Draft Recommendation 17**

QSBC supports the intent of draft recommendation 17. Clear and accessible information on pricing is needed in an industry that is in transition. We recognise the relative benefits and challenges in transitioning from a heavily regulated environment to a participant-centred market. This should be monitored and evaluated over time.

**Draft Recommendation 18**

QSBC supports the intent of draft recommendation 18. We acknowledge the NDIS aims to empower participants by increasing the choice about the services they receive. The criteria for assessing the capability of participants to manage their own plan must be carefully considered. The increase in self-managed plans will open markets, and businesses wishing to service these markets will benefit with surety about the efficacy of decisions.

**Draft Recommendation 19**

QSBC supports draft recommendation 19 in principle. Whilst the rollback of the price cap regulation can improve market efficiencies and effectiveness, this must be monitored over time.

**Draft Recommendation 20**

QSBC supports draft recommendation 20 in principle. A price comparator can potentially increase transparency and accessible information. However, this mechanism must ensure the privacy of commercial and may impact consumer choice by considering cost only. The benefits to businesses are increased efficiencies and better decision making about price setting in an increasingly deregulated market.

**Draft Recommendation 21**

QSBC supports the intent of draft recommendation 21 in principle. Access to timely information is essential for participants and will help businesses to make decisions about entering and expanding in this market.

**Draft Recommendation 27**

QSBC strongly supports draft recommendation 27. The proposed NDIS Thin Markets Project and framework should provide insights, strategies and recommend actions to address persistent and unresolved market failures. Flexibility in commissioning models, if implemented and monitored appropriately may be effective in helping to address supply problems. Coordination of service delivery can lead to economies of scale, which will benefit NDIS participants and improve delivery in regional and remote markets across Queensland.

If you have any questions, please contact my office directly on 07 3334 2414 or by email to [QSBC@desbt.qld.gov.au](mailto:QSBC@desbt.qld.gov.au)

Kind Regards,



Maree Adshead  
Queensland Small Business Commissioner  
**Office of the Queensland Small Business Commissioner**