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Department of Social Services

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Joint Standing Committee on the National Disability Insurance Scheme
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Dear Mr McNally 

National Disability Insurance Scheme (NDIS) inquiry into the transitional arrangements for the NDIS

Thank you for the opportunity for the Department of Social Services (DSS) to make a submission to the *Joint Standing Committee on the NDIS inquiry into the transitional arrangements for the NDIS*.

After a successful trial period, transition of the NDIS to full scheme commenced on 1 July 2016, except in Western Australia which commenced on 1 July 2017. At the end of June 2017, there were over 90,000 NDIS participants with an approved plan, and in mid-July this has reached 100,000. In the next three years, around 360,000 more Australians are expected to transition into the NDIS. By July 2020, all jurisdictions expect to have fully implemented the NDIS and transitioned all state clients to the NDIS.

DSS acknowledges the scale and pace of the NDIS rollout as set out in the bilateral agreements between governments is highly ambitious. All governments are committed to a phased and orderly rollout timetable that is consistent with a reform of this scale and magnitude.

Through the Information, Linkages and Capacity Building (ILC) program, the NDIS provides information and referral services that help strengthen links between all people living with disability and community and mainstream services. As the number of people accessing these services is potentially very high, the level of funding and how the ILC can be effectively and efficiently delivered is being monitored, especially as a national commissioning approach will not be implemented until full scheme.

Additionally, as states and territories reduce provision of specialist disability services with the transition of the NDIS to full scheme, it is essential to ensure that mainstream service provision for people with disability is not reduced. The reinvigoration of the *National Disability Strategy* will play an important role in strengthening mainstream services particularly in the priority areas of health, mental health, and criminal justice; however it is recognised work needs to continue to clarify the interfaces between the NDIS and mainstream service systems, and this will take time.

Support for the scheme remains strong and DSS, together with states and territories, continues to work to progress the Council of Australian Governments' priorities to support a better life for Australians with a significant and permanent disability.

Please find enclosed the DSS submission responding to the Inquiry's specific terms of reference. I understand the NDIA will also be making a submission to the Inquiry.

Regards

Finn Pratt

9 August 2017



Australian Government

Department of Social Services

Joint Standing Committee on the National Disability Insurance Scheme

Inquiry on the transitional arrangements for the National Disability Insurance Scheme

Australian Government
Department of Social Services
Submission

August 2017

Introduction

The National Disability Insurance Scheme (NDIS/the Scheme) is a significant and ground-breaking social reform that will deliver life changing supports nation-wide for people with disability, their families and carers, throughout transition and into full Scheme.

The Commonwealth is committed to a strong and financially sustainable NDIS. Early indications suggest the NDIS is successfully delivering on its core objective of improving the lives of people with disability, through improved social and economic outcomes, with participant satisfaction levels remaining high throughout the trial and transition period thus far.

The NDIS is a major and complex reform. As such, there will be ongoing implementation challenges as the Scheme moves from relatively small scale trials to full national rollout. Transition to full Scheme commenced on 1 July 2016. The early months of transition demonstrated emerging pressures, in part from the significant scale up required, and readiness of supporting infrastructure (data and systems) and NDIS users (participants, providers, staff and community partners).

In particular, there were significant issues arising from implementation of the new National Disability Insurance Agency (NDIA) ICT system, particularly the *myplace* portal, which had serious impacts on payments to participants and providers and the flow-on effect of slowing down the rate of plan approvals for the large number of people deemed eligible after 1 July 2016.

A range of measures were put in place by the NDIA to ensure issues experienced during the implementation of the ICT were addressed and did not occur again and to get the plan approval rate back on track, including:

- the Departments of Human Services and Social Services providing senior resources to the NDIA;
- establishing an NDIS Transition Management Group to address all outstanding portal issues, plan approval targets and communication with the sector;
- appointing a Chief Operating Officer to oversee all of the NDIA's operational matters during the transition to full Scheme roll out; and
- monitoring payments and service recovery, with weekly status reports to the Minister for Social Services, the Hon Christian Porter MP, and monthly status reports to the COAG Disability Reform Council and the Secretaries NDIS Committee.

The NDIA was able to recover against the bilateral estimates, but problems emerged during this time with the consistency of the quality of some plans and concerns were expressed about aspects of the planning process and the impact on the participant experience. Following stakeholder feedback, the NDIA has undertaken an end-to-end review of the participant and provider pathways. The review has identified the key issues for participants and providers, with the aim being to deliver a consistent, high quality participant and provider experience.

By July 2020, all jurisdictions expect to be at full Scheme, with New South Wales (NSW) and South Australia (SA) expected to complete transition by July 2018. It should be noted that while the Western Australian (WA) Government is currently reviewing its decision on the NDIS in WA, until a formal decision to move to the national Scheme is made, work is progressing on operationalising the current agreement announced on 1 February 2017.

The Department of Social Services is pleased to provide a submission to the Joint Standing Committee on National Disability Insurance Scheme *Inquiry into transitional arrangements for the National Disability Insurance Scheme*.

Statements addressing the inquiry terms of reference

a) the boundaries and interface of NDIS service provision, and other non-NDIS service provision, with particular reference to health, education and transport services

The interactions between the NDIS and mainstream services are guided by a set of *Principles to Determine the Responsibilities of the NDIS and Other Service Systems* agreed by the Council of Australian Governments (COAG) in April 2013 and updated in November 2015.

These principles are:

1. People with disability have the same right of access to services as all Australians, consistent with the goals of the National Disability Strategy which aims to maximise the potential and participation of people with disability.
2. The NDIS will fund personalised supports related to people's disability support needs, unless those supports are part of another service system's universal service obligation (for example, meeting the health, education, housing, or safety needs of all Australians) or covered by reasonable adjustment (as required under the *Commonwealth Disability Discrimination Act 1992* or similar legislation in jurisdictions).
3. Clear funding and delivery responsibilities should provide for the transparency and integrity of government appropriations consistent with their agreed policy goals.
4. There should be a nationally consistent approach to the supports funded by the NDIS and the basis on which NDIS engages with other systems, noting that because there will be variation in non-NDIS supports funded within jurisdictions there will need to be flexibility and innovation in the way the NDIS funds and/or delivers these activities.
5. In determining the approach to the supports funded by the NDIS and other service systems governments will have regard to the efficiency, the existing statutory responsibilities and policy objectives of other service systems and operational implications.
6. The interactions of people with disability with the NDIS and other service systems should be as seamless as possible, with a no wrong door approach, and minimising

the impact of system and organisational boundaries on people with disability, enabling coordinated and integrated plans, supports, referrals and transitions.

The Principles to Determine the Responsibilities of the NDIS and Other Service Systems form part of the Bilateral Agreements for Transition to the NDIS, and Operational Plans commit jurisdictions to work with the NDIA to develop working arrangements for operationalising the Principles.

The COAG agreed Principles and Applied Principles and Tables of Support across 11 mainstream interfaces, need to be operationalised to be effective. This is a major undertaking in the transition period. The Principles are generally effective in providing clarity for system responsibilities, but there is a need to clarify responsibilities at the local level, given the NDIS interfaces with many different systems that are different in each jurisdiction. Some of these systems, such as health, are complex in their own right, and as the NDIS is a new system, it will take time to resolve all local level issues and have a nationally consistent approach.

There is limited experience from the trial period and the first year of transition to draw on for some interfaces. When the Applied Principles and Tables of Support were agreed in 2015, it was recognised that further refinements may be needed, reflecting lessons from trial and transition.

The complementary role of the National Disability Strategy 2010-2020

The NDIS is a critical component of the National Disability Strategy (the Strategy). Ensuring access to mainstream services for people with disability is a priority for DRC. On 2 September 2016, the DRC agreed to reinvigorate all governments' effort to drive progress under the Strategy, including through the Second Implementation Plan.

Three priority mainstream areas are being actioned through the NDS: health; mental health; and criminal justice. A number of areas such as access to general health services, access to housing, and participation in education are largely the responsibility of service systems outside the NDIS.

The NDIS is intended to meet people's disability support needs, not to replace other mainstream services. Where there are gaps in mainstream service delivery in state-based systems, the NDIS will not necessarily pick up these service gaps. NDIS participants need access to a broad range of services to ensure they are fully included in society and able to participate socially and economically. It is important that all mainstream services help to coordinate supports for participants and assist families to navigate the broad range of service systems needed, including the NDIS.

All service systems are required to ensure reasonable adjustment for people with disability under Commonwealth and state legislation. A key issue which requires resolution as the Scheme transitions to full Scheme implementation is the level of adjustment or support existing in mainstream service systems, and how NDIS supports interact with them. In some cases, issues that arise have been able to be addressed through operational processes by the NDIA and relevant jurisdictions, or through pilot programmes to test and develop innovative solutions which may roll out more broadly. Other issues may require clarifications to the Applied Principles and Tables of Supports.

Health and Mental Health

Health systems are responsible for the diagnosis, early intervention and treatment of health conditions, including ongoing or chronic health conditions. This may include general practitioner services, medical specialist services, dental care, nursing, allied health services, preventive health care, care in hospitals, and pharmaceuticals.

Health systems are also responsible for funding time limited, recovery-oriented services and therapies (rehabilitation) aimed primarily at restoring the person's health and improving the person's functioning after a recent medical or surgical treatment intervention.

The NDIS is responsible for supports required due to the impact of a person's impairment/s on their functional capacity and their ability to undertake activities of daily living. This includes 'maintenance' supports delivered or supervised by clinically trained or qualified health professionals integrally linked to the care and support that a person requires to live in the community and participate in education and employment.

Some jurisdictions have recently indicated there are emerging gaps in service provision, identified through certain types of services not being included in participants' funded NDIS plans and because some states have ceased to fund certain supports.

In 2011, the Productivity Commission recommended the NDIS include psychosocial supports in order to meet community support needs of people who have significant and enduring psychiatric disabilities. It is projected that, at full Scheme in 2019-20, there will be approximately 64,000 (13.9 per cent) NDIS participants with a psychosocial disability. This group comprises those who have a severe psychosocial disability that is permanent or likely to be.

The NDIS is not designed to support all people with mental illness who require community-based mental health support. Rather, it is intended that mainstream supports will assist people with mental health needs. At the Commonwealth level, this includes Commonwealth health supports and services, and employment services. The states remain primarily responsible for health and community mental health services.

In the 2017-18 Budget the Government committed \$80 million over four years for psychosocial support services to assist people with severe mental illness who are not eligible for assistance through the NDIS. Funding for the program is contingent on a commitment from the states and territories to contribute to a national approach to maintaining community mental health services outside the NDIS. The new program aims to reduce the community-based mental health service gap, improving mental health outcomes and reducing the growing inequity in service availability. In addition, work is progressing to build stronger interfaces with the existing mental health system through the *Fifth National Mental Health Plan*.

The Commonwealth supports monitoring the differences in the interpretation of the Principles to ensure there are no further gaps in service provision to NDIS participants. The Commonwealth notes that the Applied Principles and Tables of Supports document indicates NDIS and other service systems will work together at the local level to plan and coordinate streamlined services for individuals requiring those supports, though the operational arrangements for this process may need to be clarified for jurisdictions.

Transport

Administrative differences between State and Territory service systems pose a challenge to applying a consistent national approach to addressing some transport system interface issues, especially in developing a national approach to NDIS and mainstream funding for taxi and private transport costs for NDIS participants not able to travel independently.

In considering options to individualise specialist school transport as a participant support, work has centred on:

- the vastly different state based systems, and the ability to translate current Scheme eligibilities into reasonable and necessary supports under the NDIS Act 2013;
- the ability and willingness of the current market operators to be moved from current block funding arrangements;
- sustainability of both the Scheme and individual providers (in relation to capital investment under a choice and control model);
- how different arrangements in states could transition into a national scheme and the long timeframes required to transition out of in-kind arrangements; and
- quality and safeguarding requirements.

Any nationally consistent model is likely require a staged approach by jurisdictions and is unlikely to be fully implemented until several years into full Scheme, requiring either ongoing in-kind contributions from the states or a renegotiation of funding contributions.

Education (personal care in schools)

Similar issues are emerging in regard to personal care in schools particularly with the administrative complexity of individualising supports; registering providers; requirements under the national Quality and Safeguarding framework; and market responsiveness and innovation. There is also the need to clarify the intersection between the NDIS and the mainstream education system, as regardless of the approach developed, education systems will need to continue to provide personal care in schools for students who are not NDIS participants.

Operationalisation of Interfaces

In some areas mainstream issues will need to be settled bilaterally at an operational level with individual jurisdictions, or as part of arrangements for full Scheme. Further work with jurisdictions to develop arrangements for transitioning complex cohorts who are supported by multiple service systems will provide more guidance on how multiple interfaces can be managed including mechanisms such as memoranda of understanding for service delivery in multiple systems within a jurisdiction.

In some interfaces, issues between mainstream services and the NDIS are caused by information gaps or a lack of understanding in the mainstream system about the Applied Principles. For example, a Justice workshop involving officials from Corrective Services Departments was held on 23 May 2017 and was successful in highlighting a number of information gaps and resolved a number of issues. Further work with individual systems and NDIA communication products will strengthen the operationalization of the interface issues.

Interfaces that are generally working well are early childhood development, vocational education and training and employment. When the interfaces are working well there are clear referral pathways, system-wide understanding of roles and responsibilities and additional work has largely revolved around policy issues rather than implementation issues.

The Bilateral Agreements, signed with all jurisdictions in 2016 and 2017, have strengthened governance arrangements in this area. The NDIS Bilateral Agreements have set out the shared roles and responsibilities so that all parties can work together to minimise risks, continue to work collaboratively and continue to support the interface of the NDIS with mainstream services. Furthermore, the development of NDIA systems for coordination and integrated planning have also strengthened the implementation of the principles as well as better defining roles and responsibilities.

Operational guidelines for each of the eleven mainstream interfaces are being developed by the NDIA in collaboration with jurisdictions and relevant sectors and should be finalised by the end of 2017. This will help inform work being undertaken by the COAG Disability Reform Council's (DRC) Senior Officers Working Group (SOWG), which has made resolving issues from mainstream interfaces a priority for 2017, with an initial focus on health, mental health, transport, and justice. Where other interface issues requiring a national solution emerge in the lead up to full Scheme, they will be brought to SOWG for resolution through existing governance escalation processes. It is hoped that known interface issues will be resolved or significantly progressed by 30 June 2018, however, some interface issues may take time to materialise.

b) the consistency of NDIS plans and delivery of NDIS and other services for people with disabilities across Australia

The consistency of NDIS plans and delivery of the NDIS and other services for people with disabilities across Australia is a focus for all governments.

In December 2016, the DRC requested a review of the NDIA planning approach. The NDIA Board commissioned an end to end review of participant and provider pathways following stakeholder feedback that experiences were not always meeting the high standards to which the NDIA aspires. On 16 June 2017, DRC agreed that the NDIA's implementation of revised processes following the pathways review will inform the review of NDIA planning which will be provided to DRC later in 2017.

Further information on the planning process and the delivery of the NDIS is a matter for the NDIA.

c) the rollout of the Information, Linkages and Capacity Building Program

The NDIA released the Information, Linkages and Capacity Building (ILC) Commissioning Framework in November 2016. The Framework outlines how the NDIA will implement a nationally consistent approach to the funding of grants for ILC supports. It establishes the objectives and focus areas which grant applications must seek to deliver, irrespective of the location in which they are delivered. Additionally, the ILC Outcomes Framework Discussion Starter, also released in November 2016, has commenced the process to establish a nationally consistent approach to evaluating ILC grants.

The NDIA has agreed Transition Plans for the ILC program with all states, with the exception of Western Australia, and finalisation with the Commonwealth Transition Plan is imminent. The plans set out funding arrangements and how ILC type activities will be continued through the transition period, prior to the full national commissioning of ILC activities by the NDIA. The Transition Plans also include funding for jurisdictions to enhance or expand successful ILC-type programs into other areas and to support current organisations to get ready for outcomes-based funding and ILC grant-based funding.

In May 2017, outcomes of the ACT ILC Grants process were announced with 22 grants awarded for information, linkages and capacity building type activities in the transition period, to a total of nearly \$3 million. The delivery of funding for ACT ILC Grants commenced in July 2017.

Funding for ILC Jurisdictional Based Grants Rounds will commence in South Australia and New South Wales in July 2018 and in Victoria, Queensland, Tasmania and the Northern Territory in July 2019.

Additionally in June 2017, outcomes of the National Readiness Grants process were announced with 39 grants awarded to a total of \$14 million. A second funding round for ILC National Readiness Grants is likely to open in August 2017.

Further information on the delivery of the NDIS is a matter for the NDIA.

In considering these issues, the committee will have regard to:

i. the Bilateral Agreements between the Commonwealth and State and Territory Governments;

The Intergovernmental Agreement (IGA) signed by the Commonwealth and all states at COAG on 7 December 2012 provided the foundation for governments to work together to develop and implement the first stage of the NDIS. Bilateral agreements were signed with five jurisdictions to host launch sites for trial, of the trial sites, three were geographically based, and two were age-cohort based.

In addition, the IGA provided the framework for progressing to the full Scheme rollout of the NDIS. The IGA and its six annexes were the basis of a number of provisions in the *National Disability Insurance Scheme Act 2013* and for Bilateral Agreements for Transition to a NDIS.

- Annex A- High-level Principles for an NDIS that have guided the design of the Scheme.
- Annex B- Multilateral Funding Arrangements that demonstrate the treatment of funds in a range of scenarios.
- Annex C- Portability Arrangements that details how the NDIS will work when a person moves from or into a trial site during the trial period.
- Annex D- Principles to Determine the Responsibilities of the NDIS and Other Service Systems and support decisions about the funding and delivery responsibilities of the NDIS and other systems for supporting people with disability.
- Annex E- Continuity of Support Arrangements that outline the approach to providing continuity of support to people with disability who currently receive support but do not meet the access requirements outlined in the NDIS Act.

- Annex F- Integrated NDIS Performance Reporting Framework comprising three components:
 - Scheme performance;
 - Agency operational performance; and
 - Scheme activity in jurisdictions.

The full Scheme Heads of Agreement for each state and territory outline the parameters for transition to full Scheme within specific timelines, full Scheme funding arrangements, and scope of the National Injury Insurance Scheme (NIIS). Heads of Agreements for Full Scheme were signed bilaterally with each jurisdiction (except WA) during 2012 and 2013 to set out a commitment and broad parameters for NDIS Full Scheme. By July 2020, all jurisdictions expect to be at full Scheme, with New South Wales and South Australia expected to complete transition by July 2018.

Bilateral Agreements for Transition

On 16 September 2015, the Prime Minister, the Hon Malcolm Turnbull MP, signed bilateral agreements with the NSW and Victorian Premiers for the transition to the NDIS. Transition began July 2016, with a geographical rollout moving from region to region, covering all eligible people under 65, over two years in NSW and over three years in Victoria. Schedules to the agreements supported arrangements for:

- the phasing of people into the NDIS and related financial arrangements;
- the approach to payments to give effect to changed responsibilities as per the National Health Reform Agreement;
- the approach to support and assess the readiness of the disability services market;
- implementation responsibilities of the NDIS and other service systems;
- the approach to providing specialist disability housing;
- the approach to quality and safeguards during the transition period; and
- arrangements to provide state government staff with employment opportunities with the NDIA.

These agreements also formed the basis for consistent transition agreements with all other states and territories. This ensured consistent arrangements across a range of elements such as funding shares, provision of continuity of support for ineligible clients in current services, risk management and a funding mechanism for transition. However, the agreements allowed for individual states to negotiate the best arrangements for the transition of people into the NDIS that was affordable for each government and viable for the NDIA to implement. They also had flexibility to take into account various jurisdictional differences in disability service provision, for example a focus on regional and remote service delivery in the Northern Territory.

The Bilateral Agreements are governed by tripartite arrangements, involving the Commonwealth DSS, the relevant jurisdiction and the NDIA.

Features of the Bilateral Agreements

Under the agreements, the Commonwealth will fund 40 per cent of package costs for participants aged 0-64 (0-50 for Indigenous Australian participants) and 100 per cent of costs for participants aged over 65 (over 50 years for Indigenous Australian participants) in the Scheme, operational costs, Information Linkages and Capacity

Building, and agreed cost overruns. States will fund 60 per cent of package costs for participants aged 0-64 (0-50 for Indigenous Australian participants).

The agreements include a commitment for the Commonwealth and states to work together to minimise and manage unexpected risks as issues arise, including Commonwealth conditions for controlling risk during transition. These include:

- Commonwealth and states making payments based on Scheme performance and the actual number of people in the Scheme;
- amending transition phasing if necessary;
- unused state funds remaining in the Scheme (up to a cash ceiling) to allow the NDIA to manage its liabilities and costs; and
- review of transition arrangements if costs are higher than anticipated.

Other arrangements included in the agreements as schedules include:

- cross billing and budget neutrality adjustment;
 - this schedule outlines the long-term budget neutrality arrangements due to changed responsibilities under the National Health Reform Agreement
- continuity of support arrangements;
 - reaffirms Head of Agreement arrangements that governments will provide continuity of support for existing clients of disability services which cease as the NDIS is introduced and that administrative responsibility for people aged 65 and over and Indigenous people aged 50 and over will transfer to the Commonwealth
- the readiness of the disability services market;
 - sets out activities including ensuring the supply of quality data to the NDIA and leveraging existing investment in sector development activities and infrastructure
- approach to quality and safeguards during the transition period;
 - clarifies roles and responsibilities for implementing quality and safeguards during transition
- implementation responsibilities of the NDIS and other service systems through implementation of the Applied Principles and Tables of Support agreed by the Council of Australian Governments; and
- the agreed approach to providing specialist disability housing.
 - clarifies the scope of the NDIS to provide support for speciality disability housing
 - This schedule was overtaken by the specialist disability accommodation pricing framework, agreed by the Disability Reform Council on 13 November 2015 and the Specialist Disability Accommodation Rule 2017.

ii. the Operational Plans between the Commonwealth and State and Territory Governments;

The Operational Plans support the transition arrangements agreed in the Bilateral Agreements for Transition by setting out the actions required to implement the bilateral agreements. They articulate the roles and responsibilities of each agency through the transition period, including the Commonwealth, the state or territory government,

mainstream service departments such as Health, and the NDIA. Each plan articulates the details required to give effect to the bilateral agreements for transition, including working arrangements between the agencies and escalation procedures.

The Operational Plans are governed by tripartite management arrangements, primarily involving the relevant jurisdiction and the NDIA.

iii. the risks borne by the Commonwealth and State and Territory Governments in the rollout of the NDIS nationally;

Risk sharing

The Commonwealth funds 100 per cent of the risk of any increase in costs associated with higher participant numbers and/or higher average per person care and support costs, and 100 per cent of the NDIA's cash flow risk, during transition period.

The Commonwealth assumes 100 per cent of the risk as described above for full Scheme subject to the review of scheme costs by the Productivity Commission in 2017, noting the Commonwealth is always committed to assuming a minimum of 75 per cent of risk. However, in the case of Western Australia, which is delivering a nationally consistent NDIS outside the NDIA, the Commonwealth will only fund a maximum of 25 per cent of the risk of any increase in costs associated with higher than expected participant numbers or higher package costs, with Western Australia funding the remaining risk. Bilateral Agreements for Transition provide safeguards to mitigate these risks in transition.

The Heads of Agreement between the Commonwealth and the states and territories on the NDIS state the Productivity Commission would undertake a review of Scheme costs in 2017. This review is intended to inform the final design of the full Scheme, prior to its commencement. The Productivity Commission has made a number of initial findings and recommendations, and has sought further feedback from interested stakeholders in order to finalise their Review. The Commission will release its Final Report in October 2017.

Risk sharing arrangements have been activated several times in relation to NDIS trial sites in Barwon, South Australia and Tasmania through the transition to full Scheme period, namely:

- the Commonwealth is fully funding higher participant estimates in the Barwon, on the basis that the original trial estimate was a reasonable estimate;
- the Commonwealth and South Australia are sharing the cost from the higher number of children aged 0-14 compared to estimates, with the transition to full scheme agreement seeing both governments contributing additional funding of approximately \$50 million to ensure that the full scheme NDIS rollout was fully funded. The Commonwealth did not fully fund the cost overrun on the basis that the original trial estimate was not a reasonable estimate; and
- the Commonwealth is fully funding higher than estimated costs of young adults aged 15-24 in Tasmania.

The Productivity Commission's (PC) Position Paper of 14 June 2017 relating to the Review of Scheme Costs, stated that risk settings for the Scheme need to be in line with the level of control and that the Commonwealth should not bear the risk for aspects of the Scheme that the states have sole control over and vice versa (Draft Finding 10.2).

In principle, any cost overruns should be apportioned according to the parties best able to manage the risk.

Mainstream services

The states have primary responsibility for providing mainstream services for the 4.3 million people with disabilities in Australia. Around 460,000 people will become NDIS participants with plans for services that rely on mainstream services being available. If state and territory governments do not maintain funding to mainstream services, this would place financial pressure on the NDIS and reduce services for those who do not qualify for the scheme.

More specifically, states are accountable for:

- any lack of services provided through mainstream systems that has the impact of increasing costs in the NDIS, including the implementation of the NIIS; and
- preventing or delaying changes to NDIS policy or legislative settings, which would have the effect of mitigating financial risks to the Scheme.

The PC Review of Scheme Costs report, due later in 2017, may include evidence to inform full Scheme design and funding. In particular, the PC is expected to provide advice on the sustainability of Scheme costs, an appropriate escalation rate, and management of financial risks.

Market reform

In September 2016, the DRC agreed the roles and responsibilities of relevant market actors, including the Commonwealth and State governments, and the NDIA.

The operation of an efficient and effective NDIS market is essential to achieving successful outcomes for participants and sustainable Scheme costs. The *National Disability Insurance Scheme Integrated Market, Sector and Workforce Strategy* (2015) outlines a vision for a robust and mature NDIS market.

While growth in provider registrations has been positive, anecdotal evidence suggests market growth may not keep pace with participant growth in some sub-markets. Limited market and workforce data is currently available and all governments are now working with the NDIA and industry to develop richer and more reliable datasets to improve market oversight, stewardship and market development.

Significant workforce growth is needed to meet demand at full Scheme. DSS has been working with state governments, the NDIA, and the sector, to support disability workforce development. This includes working directly with jurisdictions to leverage their expertise in the delivery of disability services to identify and address workforce gaps and to develop workforce plans.

The Boosting the Local Care Workforce 2017-18 budget measure will invest \$33 million over three years, to boost local job opportunities in care work, particularly in rural, regional and outer suburban areas. It will identify market gaps and areas of thinness, and provide support to providers to adapt their businesses and grow their workforce. It will also help employers increase the supply of care workers in regions by harnessing existing employment services to match local job seekers to local jobs associated with both the NDIS and aged care.

iv. NDIS decision-making processes, particularly in relation to the Disability Reform Council and COAG; and

Governance of the NDIS is a shared venture between the Commonwealth and the states as set out in the NDIS Act. The governance structure includes a legislative framework, NDIA Board/CEO, COAG, Disability Reform Council (DRC), state and territory Disability Ministers, and their Departments. Each body plays an important role in assuring that the NDIS remains true to its objectives.

The DRC, chaired by the Commonwealth, comprising Treasurers and Ministers with responsibility for disability from the Commonwealth and each jurisdiction, generally meets twice a year with additional meetings held as needed. DRC is required to provide an update to each COAG meeting, with a full annual report due to be presented at COAG later this year.

DRC is responsible for:

- Ensuring a broad range of reforms are implemented through the National Disability Strategy to establish inclusive and accessible mainstream services and systems for people with disability, their families and carers;
- Providing strategic oversight of the transition to full Scheme of the NDIS, including oversight of costs and financial sustainability and implementation risks; and
- Make recommendations to COAG on the policy framework for the arrangements for full Scheme NDIS.

DRC has had five meetings since transition commenced on 1 July 2016. Planning and readiness activities for transition and continuing to improve the transition of the NDIS to full Scheme has been, and remains, a key focus for DRC.

At its meeting of 2 September 2016, DRC acknowledged there had been significant issues in the first two months of transition to full Scheme roll out of the NDIS since 1 July 2016. DRC committed to all governments working together to resolve those issues and implement a recovery strategy to get participant plan approvals back on track by the end of 2016, with monthly reports to COAG DRC on progress against agreed actions, plan approvals and key metrics of payment portal performance.

At its meeting of 5 December 2016, the COAG DRC noted that while some issues remained, the NDIA and all governments had been responsive to feedback from people with disability and the service provider sector to inform further enhancement of processes and systems as transition progresses. COAG DRC agreed to review, after the first year of transition, the planning approach being applied by the NDIA.

At its meeting of 3 March 2017, DRC agreed a Statement of Strategic Guidance which was provided to the refreshed NDIA Board setting out the Council's expectations for the Board in managing transition, with a focus on participant experience and outcomes and the management of risks and the financial sustainability of the NDIS.

At its meeting of 16 June 2017, DRC noted a report from the NDIA Board Chairman, Dr Helen Nugent AO and NDIA Chief Executive Officer, David Bowen, on the findings of the extensive consultation the NDIA has undertaken as part of its end-to-end review of participant and provider pathways, and welcomed the actions the NDIA is taking to improve the consistency of experience of participants and providers. DRC agreed the need to bring participants into the NDIS as quickly as possible with the need to also

ensure high-quality participant plans and NDIS sustainability. The NDIA's implementation of its pathways review will inform the report to DRC on the NDIA's approach to planning later in 2017.

v. the impact on rural and remote areas, with particular reference to indigenous communities.

Ensuring the NDIS is delivered appropriately to rural and remote areas and to Indigenous communities has been a focus for all governments. DRC has endorsed and COAG has noted a NDIS Rural and Remote Strategy and a NDIS Aboriginal and Torres Strait Islander Engagement Strategy, both of which the NDIA is responsible for implementing. Services delivered in remote and very remote areas have higher NDIS price limits to accommodate additional service delivery costs. The NDIA is also contracting local partners for a range of services, including ILC, in rural and remote areas.

Thin markets are likely to be more sustained or pronounced in regional and remote areas and for specific cohorts such as Indigenous or Culturally and Linguistically Diverse (CALD). The NDIA works with communities and with other government agencies, including the Commonwealth Department of the Prime Ministers and Cabinet's Indigenous Affairs officials, to deliver the NDIS in remote areas. The Commonwealth is supporting market development through the Sector Development Fund (SDF), which has funded 76 projects totalling over \$108 million (as at 30 May 2017), a number of which have a regional focus. In addition there is a rural, regional and outer suburban area focus for the Boosting the Local Care Workforce measure announced in the 2017-18 Budget which invests \$33 million over three years to help service providers in these areas to grow their workforce.

Further information on the delivery of the NDIS is a matter for the NDIA.

Closing comments

The transition to full Scheme NDIS is an enormous undertaking, where the NDIA is moving rapidly from the start-up phase to delivery of the NDIS to all eligible people in Australia, with a full Scheme budget of around \$22 billion per annum.

Transition is challenging and unique. The speed and scale of growth required of the NDIA is unprecedented in Australia. Governments understand the significant challenge they have imposed on the NDIA to ramp up in such an ambitious timeframe, with an immature market, and participants not used to dealing with choice and control of the services they receive. Nevertheless, these challenges must be managed to give all governments, participants and service providers the confidence required to take the NDIS to full Scheme.

When considering risk, governments were previously focussed on the scale of the financial responsibilities of full Scheme NDIS. However, their focus has now extended to broader risks including reputation, consistency and quality of participant plans during the ramp-up phase, the capacity of the market to meet increasing demand and the expected phased rollout in 2018 of national quality and safeguards arrangements that will underpin the NDIS in the future.