

Chapter 1

Introduction

1.1 The Parliamentary Joint Standing Committee on the National Disability Insurance Scheme ('the committee') was established on 2 December 2013 following the passing of a resolution in the Senate and the House of Representatives. The committee, composed of six Members and six Senators, is tasked with reviewing the implementation, administration and expenditure of the National Disability Insurance Scheme (NDIS).

1.2 The committee's establishing resolutions require the committee to present an annual report to the Parliament after 30 June each year on its activities during the year. The resolutions direct the committee to include in its report reference to the National Disability Insurance Agency (NDIA) Board's quarterly reports to the Ministerial Council and the Board's Annual Report to the Standing Council on Disability Reform.

1.3 This is the second report from the committee examining the implementation of the NDIS. The first report, published in July 2014, found that the initial four trial sites were developing and, as expected from such a momentous undertaking, were 'works in progress'. Nevertheless, the value cannot be understated in the accounts that the committee heard from people with disabilities and their families as to the positive effects the Scheme is making on their lives.

1.4 Many participants, carers, family members, providers and officials across governments provided evidence to the committee on the benefits and challenges facing the Scheme in its first year of operation. This report follows its predecessor in examining the implementation and administration of the Scheme and the preparations being undertaken in readiness for the transition phase of the Scheme commencing from 1 July 2016.

1.5 The committee notes that both NSW and Victoria have now agreed on new bilateral plans for the transition period to full Scheme. The committee welcomes these developments and encourages all concerned to quickly finalise the remaining bilateral agreements to ensure adequate time for an effective roll-out of the Scheme.

Structure of this report

1.6 This year's report is divided in the following five chapters that cover the committee's work activities over the past year and includes observations, analysis and recommendations for the ongoing implementation and administration of the NDIS.

- Chapter One provides an introduction to this year's report, notes the Australian Government's response to the committee's 2014-15 report and briefly highlights key aspects of the NDIA's inaugural annual report. This chapter also provides an overview of the committee's forthcoming work priorities for 2015-2016.

- Chapter Two notes the progress of the original four trial sites that began operation in July 2013 and examines the three new trial sites that commenced on 1 July 2014.
- Chapter Three explores some of the specific challenges facing participants, particularly in regard to the planning process.
- Chapter Four examines issues from a providers' perspective. Specifically market readiness and initiatives being progressed to assist providers and development of the market.
- Chapter Five discusses issues relating to the governance of the Scheme and some of the broader systemic issues confronting the Scheme, Australian governments and the Agency. The chapter will conclude with the committee's reflections, future work priorities and recommendations.

The Committee's first report

1.7 Following visits to the first four NDIS trial sites—the Hunter in New South Wales, the Barwon region in Victoria, Tasmania and South Australia—and numerous meetings with a range of stakeholders across the disability spectrum, the committee prepared and tabled its inaugural annual progress report into the implementation and administration of the NDIS on 29 July 2014.

1.8 The report noted that the committee heard many positive stories from participants, family members and carers of how the NDIS had changed their lives for the better and were extremely grateful for the Scheme and the bipartisan support it has across the political landscape.

1.9 The report emphasised that success is not guaranteed and that there are numerous challenges and opportunities that need to be worked through to ensure that people with disabilities get the support that they so desperately deserve. The committee stressed that key to this success was the assurance of sufficient flexibility in the Scheme to adapt to the multitude of individual disability needs across Australia.

1.10 Importantly in this earlier stage, the committee noted the need for a smooth transition from the former fragmented ad-hoc supports to an all-encompassing national scheme based on individual aspiration and choice.

1.11 The committee acknowledged the role and cooperation of all governments being pivotal to the success of the Scheme, noting that it was important that all future bilateral negotiations and amendments to transitional arrangements are finalised and publicised well in advance of commencement dates to ensure and provide confidence and certainty for all stakeholders.

1.12 The committee's report made a total of 17 recommendations to the Australian Government, the NDIA, the NDIS Independent Advisory Council and the Council of Australian Governments (COAG) to assist in addressing areas of concern that the committee identified and felt required attention.

The Australian Government response

1.13 The Government provided its response ('The Response') to the report and the recommendations on 19 February 2015 (see Attachment A).

1.14 In the Response's accompanying letter to the Chair of the committee, the Assistant Minister for Disability, Senator the Hon Mitch Fifield welcomed the report and the recommendations, acknowledging 'that the committee had identified a number of areas where implementation, communication and administration needs improvement'. The Minister agreed that the committee's report 'highlighted that when implemented and delivered successfully, the NDIS will deliver economic benefits and acknowledged that it is a significant complex reform'.¹

1.15 The Response recognised 'the important and ongoing work of the committee in reviewing the implementation and administration of the NDIS' and affirms that 'the Government is committed to the full, nationwide rollout of the NDIS within its current scheduled timeframe. The Government Response also stated that it agrees, or agrees in-principle, to all of the 17 recommendations made in the committee's first report to Government.

1.16 The Response listed those responsible for carriage of each recommendation and described what actions they are progressing or propose to progress against each recommendation. Further advice on actions regarding the recommendations was provided to the committee by the Government in an updated "Action Plan" on 4 June 2015.²

1.17 The committee commends the Government and the Agency on its positive response to the committee's first report. The commitment to actions by the Government and the Agency in relation to the recommendations should give participants, carers, their family members and providers reassurance of the sincerity the Government has to ensure the success and sustainability of the Scheme. Over the next 12 months the committee will continue in its role to examine and assess the implementation and administration of the Scheme and the trials. The committee has found the regular interaction with Government and Agency officials and representatives from peak organisations very useful and looks forward to further updates and opportunities to discuss issues as they arise.

1.18 Also central to the committee's understanding of the nature of the implementation has been its engagement through the public hearings with participants, their carers and family and providers. Without this interaction, the committee's

1 Australian Government response to the Joint Standing Committee on the National Disability Insurance Scheme report: Progress Report on the implementation and administration of the National Disability Insurance Scheme, p. 2.
http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/National_Disability_Insurance_Scheme/Correspondence_received

2 NDIA Action Plan on progress report:
http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/National_Disability_Insurance_Scheme/Correspondence_received

comprehension would be significantly curtailed—for this the committee thanks all those involved with the hearings.

NDIA's first Annual Report

1.19 As required under Section 172 of the *National Disability Insurance Scheme Act 2013* ('the Act'),³ the NDIA Board published its inaugural Annual Report in October 2014 for the financial year 2013-2014. During this period, the report noted that four trial sites commenced operations—the Hunter in New South Wales, the Barwon region in Victoria, Tasmania and South Australia.

1.20 As of 30 June 2013, the Annual Report highlighted that the NDIA identified 8 585 people with disabilities eligible for NDIS support and had approved **7 316 plans** providing access to the reasonable and necessary support they require to lead an ordinary life.

1.21 Over \$130.9 million was provided to participants with an **average individual annualised NDIS package cost of \$38 200** (when including the Stockton residence in NSW) which closely aligns to the original Productivity Commission (PC) estimate of \$35 000 per plan.

1.22 Over **1 350 providers** became registered with the NDIA across the four trial sites and the NDIA expended **\$4.5 million of the Sector Development Fund (SDF)** on programmes and activities to assist individuals and organisations transition from federal and state-based supports to the NDIS.⁴

1.23 In establishing its new operational headquarters in Geelong in April 2014 the NDIS workforce expanded to 516 staff across all its operations. The NDIA Board also reported that it established its governance procedures and implemented an extensive risk management system. During the year the Board also oversaw four separate reviews of elements of its operations:

- Operational review to monitor average annualised package costs.
- Capability review to assess NDIA processes, systems and the expertise of its people to deliver the NDIS roll out.
- KPMG review of the optimal transition to full scheme.
- Boston Consulting Group review of business capabilities to assess what of the NDIA's functions can be outsourced to private and non-government providers.

1.24 The committee notes that the Board has identified a range of actions and strategies for the 2014-15 fiscal year. Areas of focus include:

- a. Bundling supports; (p. 51)

3 Section 172 of the National Disability Insurance Scheme Act 2013 sets out the requirement for the Board to provide an Annual Report on the NDIA's activities to the Minister and the Ministerial Council. Section 174 of the Act requires the NDIA Board to prepare a report on the operations of the NDIA for each period of three months.

4 National Disability Insurance Agency, *2013-2014 Annual Report*, p. iv.

-
- b. Working with Indigenous and CALD participants and their communities—NDIA is currently developing both an Indigenous and Rural and Remote Service Delivery Strategy and a CALD Strategy; (p. 51)
 - c. Trialling new operating models—the WA, NT and ACT trial sites will trial combining planner and LAC roles; (p. 51)
 - d. Building a scalable operating model—transitioning to the full Scheme; (p. 60)
 - e. Improving the Agency's ICT system; (p. 60)
 - f. Developing a comprehensive disability services and supports Market Design Strategy (possibly supported by the SDF); (p. 54)
 - g. Developing an outcomes framework which measures individual participant outcomes; (p. 67)
 - h. Designing a lifetime cost estimator tool—to assist planners to develop innovative ways of providing funded supports; (p. 67)
 - i. Arrangements for people who do not need funded supports; (p. 67) and
 - j. Mental health—develop strategies for supporting individuals with a mental illness eligible for the Scheme. Work to be supported by the Independent Advisory Council (p. 67).

1.25 The committee welcomed this forward looking agenda and noted the advancement in these initiatives throughout the year.

1.26 The committee commends the NDIA and the Department of Social Services on the achievements over the last two years in implementing this important work. In particular, the committee welcomes the progress on the committee's recommendations in improving its website and feedback processes and appreciates receiving the reports on *Gaps in Service* and the *Agency Service Charter*.

1.27 The committee looks forward to receiving the results of ongoing work including a number reviews yet to be completed and the release of the second NDIS Annual Report 2014-2015, due to be released in the coming months.

The committee's focus

1.28 In preparing this report, and in conducting its activities, the committee is mindful of what it is tasked to do and the responsibilities of those who administer and implement the Scheme.

1.29 In considering how the Scheme is progressing and the current issues, the committee has decided that this second report will concentrate on the following:

- the implementation of the three newest trial sites in terms of the transitional arrangements at each location;
- the Agency's processes in developing the operational arrangements to administer the Scheme and assist the planners;
- the planning process; and

- the associated issues that impact on the individual experiences of participants, carers, families and service providers.

1.30 The committee's future work plan will focus on a range of key issues that are integral to the successful rollout of the NDIS. These may include, but are not limited to: workforce capacity; contestable market sector; training of individuals to work in the disability sector, such as allied health workers and training of people who live with a disability to participate in the workforce; supply of adequate and appropriate accommodation; the supply of specialist equipment; managing complex, episodic and high needs; the provision of Information, Linkages and Capacity Building (ILC) services; the provision of mainstream services, such as health and education; and community capacity building.

1.31 Accommodation continues to be a key concern for all Australians. Like all Australians, people living with a disability also aspire to control and improve their own environment. There is a lack of safe, secure, affordable and appropriate accommodation for people with disabilities. A lack of adequate accommodation can limit people's ability to fully participate in society and live an ordinary life like any other Australian. If the matter of accommodation remains unresolved, it could significantly impinge on people's ability to fully exercise their individual choice and control, impacting on their ability to improve their quality of life and care.

1.32 As accommodation has been repeatedly raised by all stakeholders, the committee has sought advice from the relevant government agencies on this issue. The committee notes that the Department of Social Services is currently undertaking work of its own work on accommodation, including funding and supporting innovative housing pilot programs for people with disabilities. The committee also notes that other committees have conducted inquiries and tabled reports on housing, accommodation or related issues.⁵

1.33 Given this is a major issue the committee intends not to address it in this report but a separate report. The committee has conducted a roundtable in the second half of 2015 followed by a submissions process and hearings, with a final report and recommendations to be tabled in the first half of 2016.

The committee's activities

1.34 Since the last committee report there has been a considerable amount of activity to report progress on.

1.35 The committee met 17 times over the period 1 August 2014 to 31 July 2015. Of these, 12 were private meetings held each Wednesday of the joint parliamentary sitting weeks. While the details of these proceedings are confidential,⁶ the committee can report that it conducted numerous private briefings over the period

5 Community Affairs References Committee report on young people in aged residential care http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Young_people_in_aged_care/Report (accessed 8 July 2015).

6 The Senate, *Standing Orders and other orders of the Senate*, November 2009, SO 37.

July 2014–July 2015. The committee held sessions with the NDIA and its Board as well as with representatives from the Department of Social Services and the Treasury, state government officials and key stakeholders. The committee extends its thanks to all those who attended these briefings.

1.36 The committee has been active visiting the four NDIS trial sites established since 1 July 2014. The Scheme is now also operating in the Australian Capital Territory (ACT), the Northern Territory (NT) and at two sites in Western Australia (WA).

1.37 The committee heard from NDIS service providers, participants, families and carers. The committee has also discussed operational matters with the NDIA, the NDIA Board, the NDIS Independent Advisory Council, both Scheme Actuaries and the relevant State and Federal government officials.

1.38 The committee notes that in the last 12 months the NDIA Board has published four quarterly reports to the Ministerial Disability Reform Council (DRC) presenting data on these trial sites, and is due to present their final quarterly report for the 2014–2015 as well as its second annual progress report to the Minister and the MDRC in September.

NDIS public hearings and trial site visits

1.39 The committee has conducted the following public hearings since its first report:

- 13 March in Brisbane on sector readiness and advocacy;
- 27 March in Canberra on the ACT trial site and advocacy;
- 8 April in Busselton, WA on the WA NDIS My Way trial site;
- 9 April in Perth Hills, WA on the WA NDIS trial site and the WA NDIS My Way trial site;
- 5 June in Canberra, on the implementation and administration of the NDIS;
- 19 June in Canberra, on the implementation and administration of the NDIS;
- The Chair and Ms Macklin also visited Tennant Creek, in the Barkly trial site, on 20 July 2015. During this visit, they spoke to participants and Indigenous community groups about their experiences with the Scheme and the challenges of delivering services in remote locations.
- 21 July in Darwin, on the NT trial site and the NDIS rollout in the Territory.

1.40 A list of those who gave evidence at these hearings is at Appendix 1. The transcripts of evidence from the hearings are available on the committee's website.⁷ The evidence taken at the hearings allowed the committee to gain a broader picture of how the trial sites and the Scheme is progressing, the improvements that have been made and lessons that have been learnt.

1.41 The committee advertised its intention to conduct hearings at each trial site through the national and relevant local media. The Parliamentary website also provided further advertising of the hearings and provided access for a registration process that was managed by the committee secretariat.

1.42 In addition, the committee has received numerous submissions and items of correspondence relating to the NDIS, the trial sites and the rollout. A list of correspondence received can be found in Appendix 3. The documents can also be found on the committee's website.⁸