



Auditor-General for Australia



7 August 2017

The Hon Kevin Andrews MP  
Chair  
Joint Standing Committee on the National Disability Insurance Scheme  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Mr Andrews

**Inquiry into and report on the transitional arrangements for the National Disability Insurance Scheme**

The Australian National Audit Office (ANAO) published performance audit report No.24 of 2016–17, *National Disability Insurance Scheme—Management of Transition of the Disability Services Market* that you may find relevant to the Joint Standing Committee on the National Disability Insurance Scheme inquiry into the transitional arrangements for the National Disability Insurance Scheme.

Information about what the audit assessed, concluded and recommended is attached. The audit report is available online at [www.anao.gov.au](http://www.anao.gov.au).

Should the Committee require further information in relation to these matters, my office would be pleased to provide you with a briefing at a time convenient to you or appear as a witness at a hearing. To arrange a briefing, please contact our External Relations area at [external.relations@anao.gov.au](mailto:external.relations@anao.gov.au).

Yours sincerely

Grant Hehir  
Auditor-General

Report No.24 of 2016–17, *National Disability Insurance Scheme—Management of Transition of the Disability Services Market* assessed the effectiveness to date of the management of the approach to transitioning the disability services market to the National Disability Insurance Scheme (NDIS) market arrangements.

The audit concluded that by mid-2016 the Department of Social Services (DSS) and the National Disability Insurance Agency (NDIA) had established, or had taken steps to establish, the key building blocks for a successful transition of the disability services market to the new NDIS arrangements, but many risks and some gaps remain. Within NDIS' intergovernmental governance arrangements, the processes and timeframes for collective decision-making have been inconsistent with the timeframes for the rollout of the Scheme. This, along with a lack of clarity over roles and responsibilities, has contributed to delays, risk and complexity. There is limited evidence of a strategic approach to the use of the Commonwealth's \$146 million Sector Development Fund, in the first three years of the Fund's administration. Both the department and the NDIA have captured, analysed and used lessons from the trial sites to develop market policy and operational settings in response to feedback and experience. While the department did not have a clearly documented work program to implement its disability workforce development responsibilities, the Agency documented a program of activities to operationalise its market transition responsibilities. However there was no published overall work plan which sets out timeframes and deliverables. There is a high degree of executive oversight of NDIS risks within both DSS and the NDIA but opportunities remain to enhance both intergovernmental and Commonwealth risk management. Both the department and the NDIA have recently changed their organisational arrangements to improve their ability to meet their responsibilities. In October 2016, DSS developed a draft NDIS Transition Program Plan to support its market oversight role in the NDIS market transition. The NDIA's transition planning provides for continued collection of data, and mechanisms are in place, or under development, to improve data collection. Finalising the national NDIS Quality and Safeguarding Framework and its supporting infrastructure and implementation arrangements needs to be a priority to improve regulatory certainty and address market transition risks. The deployment of a new NDIS Information and Communication Technology (ICT) system from July 2016 experienced significant problems. Timely and accurate communication is essential in such circumstances. Going forward, the NDIS is a complex social and economic reform. The magnitude of the growth and change required to the disability services market cannot be underestimated, and the transition to full Scheme elevates an already high risk environment. This requires ongoing monitoring and active management. Within this context, both DSS and the NDIA need to invest in their capability to identify and resolve emerging market concerns for many years to come.

The ANAO made the following recommendation:

**Recommendation No.1** - The Department of Social Services should produce and publish a disability care workforce action plan as soon as practicable, which includes specific actions, timeframes, accountabilities, and monitoring arrangements for implementation.