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Annual Report

ndis

Dear NDIS,

Just wanted to say thank you. My son is off with his support worker today having fun with some new friends in that big wide world that has always been so scared of him.

Me, I've had a few leisurely cups of tea, read the news, done the washing, and I must admit, feeling a tad lost. You see, in 22 years I have forgotten how to just sit and relax, to do things just for me.

- Karen, mother of NDIS participant



# Letter of transmittal

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12 October 2017

The Hon Christian Porter MP  
Minister for Social Services  
Parliament House  
CANBERRA ACT 2600

Dear Minister,

On behalf of the National Disability Insurance Agency, I present to you the Annual Report for the reporting year 1 July 2016 to 30 June 2017.

The report provides a detailed description of the Agency's operations during the year and has been prepared in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *National Disability Insurance Scheme Act 2013* (the NDIS Act).

In accordance with section 39 of the PGPA Act, the report provides information about the Agency's performance in achieving its purposes.

The report includes a copy of the Agency's annual financial statements and the Auditor-General's report as prescribed by subsection 43(4) of the PGPA Act.

The report is made in accordance with a resolution of the Board of Directors, who are responsible for its preparation and content and is being provided to you as the responsible Minister under section 46 of the PGPA Act.

The incorporated summary of the Annual Financial Sustainability Report 2016–17 and the inclusion of the reviewing actuary's report fulfils the Agency's obligations under subsection 172(4) of the NDIS Act.

Yours sincerely,



**Dr Helen Nugent AO**  
**Chairman, National Disability Insurance Agency**

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# About this report

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This report is a summary of the performance and operations of the National Disability Insurance Agency ('the Agency') for the 2016–17 financial year as required by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It presents the actions, initiatives and key performance indicators around the implementation and management of the National Disability Insurance Scheme ('the Scheme') against targets set out in the Department of Social Services 2016–17 Portfolio Budget Statement (PBS) and the NDIA 2016–21 Corporate Plan.

The NDIA and the Board acknowledge the objectives of the *Convention on the Rights of Persons with Disabilities*.

We show our respect and acknowledge Aboriginal and Torres Strait Islander people who are the Traditional Owners and Custodians of this land. We pay our respects to their Elders both past and present.

Please note: Aboriginal and Torres Strait Islander people should be aware that this report may contain images or names of deceased persons.

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# Structure of this report

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The Introduction and Section 1 of this Annual Report provide an overview of the NDIS rollout to June 30 2017, and detail key programs of work undertaken by the NDIA in the 2016–17 financial year.

The Annual Performance Statement in Section 2 and Annual Financial Statement in Section 4 are written to meet the reporting requirements of government, as required under the PGPA Act.

Section 3 provides details of the NDIA’s governance arrangements and other reportable items required under the PGPA Act for corporate Commonwealth entities.

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# In this section

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The Introduction includes messages from the National Disability Insurance Agency (NDIA) Chairman, Dr Helen Nugent AO, and the new Chief Executive Officer, Mr Robert De Luca.

It provides an overview of the National Disability Insurance Scheme (NDIS), including the core features of the Scheme's design and how the NDIS fits into the National Disability Strategy. It also provides an overview of the NDIA, the NDIS trial, Bilateral Agreements and key outcomes at 30 June 2017.

This section ends with a summary of the first year of NDIS transition to full Scheme, including a state-by-state review of major achievements, challenges and future opportunities.

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# Message from the Chairman

The mission of the NDIA is crystal clear. We want to help participants have a better life. To do that, participants must be at the core of everything we do. We also recognise the critical role played by carers, providers and disability groups.

But delivering on that mission with the ambitious speed of the rollout of the National Disability Insurance Scheme (NDIS) embodied in the Bilateral Agreements is not easy. This Scheme is a world first and there is no template to follow.

Certainly, we have been successful in the first year of transition in bringing 66,500 participants into the Scheme and the Early Childhood Early Intervention program. This is in addition to more than 35,000 Australians who entered the NDIS during the first three years of trial.

However, given the speed of the rollout in other areas, we have fallen short of the high expectations the Board and management have for the fulfilment of our mission.

We are committed to addressing the issues that have arisen.



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First, we are addressing the quality of the participant experience. It has not always been consistent with our aspirations. Plans have not always been as outcomes driven as we would like. Participants have not always found it easy to interact with the NDIA. Telephone planning has not always delivered an empathetic and value-adding experience for participants. At times, the wait time for the call centre has been too long. And the portal is not as easy to navigate as it might be. We are working with haste to address these and other issues through the Participant Pathway Review.

Through 13 workshops held with more than 300 stakeholders since April, we have sought feedback on what needs to improve. In conjunction with those stakeholders, we are now redesigning the pathway to deliver a quality experience that improves participant outcomes. This is a significant task. The new approach needs to be responsive to a diverse array of participants' disabilities, backgrounds and geographies. We are trying to get it right for all participants regardless of those differences.

We are making good progress and are looking for quick wins that are consistent with the longer term approach. However, there is little doubt that as we continue to bring participants into the Scheme in accord with the Bilateral Agreements, we will continue to rely on the goodwill and patience of participants and the sector more broadly as we work with speed to address these fundamental issues.

Second, we are engaged in improving the quality of the provider experience. It has sometimes been variable. This became obvious in July 2016 when payments could not be made because of issues with the portal. While the payments issue was fixed, other underlying issues remain, including with the user-friendliness of the portal. To that end, in conjunction with the Participant Pathway Review, we are undertaking an end-to-end review of the provider pathway. Again, good progress is being made. In addition, in response to feedback from providers, we are undertaking an Independent Pricing Review. The results of that review are expected to be given to the NDIA in December 2017.

Third, we are striving to roll out the NDIS in accordance with the ambitious schedule in the Bilateral Agreements at the same time as addressing the quality of the participant and provider experience. We are mindful of the need to balance the desire of participants to enter the Scheme as soon as possible and our obligations under the Bilateral Agreements between the Commonwealth and state and territory governments, with our commitment to ensure a quality experience for participants and providers.

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Fourth, we are highly conscious of the need to ensure the long-term financial sustainability of the Scheme. This is a responsibility we do not take lightly. The NDIS is an insurance scheme for all Australians, paid for through a “premium” by all Australian taxpayers. We have an obligation to them which we are committed to fulfilling. While underlying pressures have emerged, the Board and management of the NDIA are proactively taking measures to ensure the Scheme’s long-term financial sustainability.

Fifth, we are working with other government bodies and the sector to better communicate the role of the NDIA within the broader disability sector. The NDIS is not designed to provide all of the support required for all people with disability. It is designed to supplement the support provided through mainstream service systems, such as health and education, and the informal support provided by families, carers and communities. This complex picture of where to seek such assistance is not clear for many individuals, particularly those with psychosocial disabilities. We are working to eliminate this source of frustration in the lives of people with disability, their families and carers.

These are challenges that the Board of the NDIA is committed to addressing. Indeed, we are very fortunate to have a highly talented Board of Directors who have a shared view of the mission of the Agency and who have the skills to deliver on that commitment. In particular, I thank the Chairs of the committees of the refreshed Board for their dedication to the task: Mr John Walsh AM (Sustainability Committee); Ms Sandra Birkenleigh (Audit Committee); Mr Jim Minto (Risk Committee); and Mr Paul O’Sullivan (ICT Committee).

I also thank the other continuing members of the Board, namely Professor Rhonda Galbally AO (who also chairs the Independent Advisory Council); Mr Glenn Keys AO; and Mr Martin Laverty, as well as the other new directors: Ms Robyn Kruk AM, Mr John Langoulant AO, Ms Estelle Pearson and Ms Andrea Staines. For my part, I consider myself immensely privileged to have been asked to take on this enormously challenging but very rewarding role. Like my colleagues, I am committed to getting it right for participants and to making a difference to their lives.

In that context, I also acknowledge and thank the former members of the Board led by Mr Bruce Bonyhady AM for all they have done to get this ground-breaking Scheme up and running. This was a Herculean feat for which every participant, I am sure, is extremely grateful. It is a truly significant achievement which will long be recognised in the annals of Australian history.

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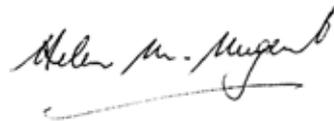
I also wish to acknowledge and thank the management and staff of the NDIA for all they are doing to bring this significant Scheme to fruition.

As has recently been announced, there has been a change in leadership at the NDIA.

Our outgoing CEO, Mr David Bowen — who announced in March 2017 his intention to retire — has made an enormous contribution to the NDIS and this Agency. Through his vision and tireless work, he has led the biggest social and economic policy reform in Australia this century. He was instrumental not only in establishing the NDIA, but also in wanting to ensure that it could truly change the lives of Australians with disability for the better.

In turn, we welcome our new CEO, Mr Rob De Luca, who is unequivocally committed to the mission of the NDIA. He has the vision, values, will and skill to ensure that the NDIA rises to the challenges it faces and moves forward in making a difference to the lives of participants in the Scheme. The Board of the NDIA knows that with his customer focus, drive, determination and willingness to embrace and engage the sector, our aspirations will be fulfilled.

Finally, the Board wishes to acknowledge the ongoing support it has received from participants and their families, as well as the disability sector more generally, and from the governments—the Commonwealth and the states and territories—as well as from politicians across the spectrum. One of the truly remarkable aspects of the NDIS is the community support that has been forthcoming. That is something we acknowledge and treasure.



**Dr Helen Nugent AO, Chairman**

# Message from the Chief Executive Officer

I am pleased to have the opportunity to introduce myself and acknowledge the fourth Annual Report of the National Disability Insurance Agency (NDIA).

I am excited by the opportunity to lead the NDIA during this next important phase. I believe in the purpose of the NDIS – to improve the independence, economic and social outcomes for people with disability, their families and carers, and in turn make Australia a better place.

I am driven by my values and look forward to bringing my personal experiences and skills to the NDIA. I have worked for over 20 years in the financial services sector, most recently as Managing Director of BankWest.

I am motivated to lead a high-performing organisation where the experience of the customer, or participant, is at the centre of everything that we do.

I would like to acknowledge the work of the Chairman, Dr Helen Nugent AO and the Board in improving the experience of participants and providers, and managing the Scheme's long-term financial sustainability.

The NDIA would not be where it is today without the significant contribution of inaugural CEO, Mr David Bowen. David has taken the NDIA from an idea to a national organisation. I would like to take this opportunity to thank him and mark his significant contribution to people with disability, their families and carers.



This fourth Annual Report of the NDIA looks back at the significant body of work which has occurred over the last 12 months to improve outcomes for people with disability, their families and carers. As new CEO, I am looking forward to the future – both the challenges and opportunities that lie ahead.

To participants, their families and carers, service providers, peak bodies and the Australian community - thank you for your ongoing support of the Scheme. I am confident that together we can make a significant difference to the lives of Australians.

A handwritten signature in black ink, appearing to read 'R De Luca', written in a cursive style.

**Mr Robert De Luca, Chief Executive Officer**

# About the NDIS

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**The National Disability Insurance Scheme (NDIS or the Scheme) is a new way of providing support for people with disability, their families and carers in Australia.**

The Scheme represents a fundamental shift in the way supports are provided to, and funded for, Australians who have a significant and permanent disability. It represents a once-in-a-generation social and economic reform, and will better the lives of hundreds of thousands of participants, and their families and carers, through a focus on improved outcomes.

Over and above existing mainstream supports, the Scheme will provide all Australians under the age of 65 with significant and permanent disability (referred to as participants), with the reasonable and necessary supports they need to enjoy an ordinary life, and to participate in employment and the community.

Consistent with the Scheme's participant-centric approach, funding for these supports will be determined by an assessment of their individual needs, goals and aspirations.

Participant choice and control is a core feature of the Scheme's design. In this new market-based system, once reasonable and necessary supports are determined, participants are deeply involved in making decisions around how their funds are spent, and how their supports are delivered. Participants are able to choose and move between disability providers rather than having providers contracted for them. In this way, participants are empowered to own their goals and aspirations, and to have a say in how they attain improved social and economic outcomes.

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## Insurance, not welfare

The NDIS is a social insurance scheme. Building the economic, education and social participation of Australians with disability is the core focus of the NDIS. This means the Scheme is aimed at delivery of better outcomes for people with disability through an insurance approach that invests to produce a long-term social and economic dividend for the whole country.

It marks a deliberate departure from a welfare-based approach, where the costs of providing disability support were viewed through a short to medium-term lens. The Scheme is intended to improve outcomes for participants and produce long-term fiscal and economic gains for Australia.

The Scheme takes a lifetime approach to supporting people with disability, informed by actuarial analysis. This means expenditure is considered over the life of an individual, and Scheme sustainability is measured by calculating the total future cost of supports for participants.

This social insurance approach is based on early investment and intervention, which will improve outcomes later in life and will reduce long-term costs.

This insurance approach is underpinned by four principles:

1. Develop actuarial estimates of the reasonable and necessary support needs of the targeted population.
2. Focus on lifetime value for Scheme participants.
3. Invest in research and encourage innovation.
4. Support the development of community capability and social capital.

## How the NDIS fits into the National Disability Strategy

The NDIS forms an important part of the Government's *National Disability Strategy 2010–2020*, a 10-year policy framework for improving life for Australians with disability, their families and carers. The Strategy supports Australia's commitments to the UN Convention on the Rights of Persons with Disabilities. It guides public policy across all levels of government and drives change in mainstream, specialist disability programs and services, and community infrastructure.

The specialist disability supports provided by the Scheme complement the mainstream services provided by Commonwealth and state and territory governments, including health, education, housing, transport and safety.

CASE STUDY:

# How the NDIS works with other government services

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Carl is an NDIS Participant and Project Officer at the Australian Federation of Disability Organisations (AFDO). As part of his role with AFDO, Carl runs workshops to support participants, families and carers in their NDIS transition.

“When I’m running workshops we talk lots about what the NDIS is responsible for, and what other systems of support are responsible for. It can be a tricky topic, but I try to tell everybody the NDIS can’t be responsible for everything,” Carl said.

“A couple of years ago I was on the Disability Support Pension provided by Centrelink. I have a full-time job now so I’m no longer getting any income support through Centrelink, but that’s okay, I would much rather have my full-time job.

“I mainly use public transport where possible. The NDIS shouldn’t have to pay to make trains and buses more accessible for people with disability. The same with taxis, they are private companies that make a profit, so the NDIS can’t and shouldn’t use our taxes to make them accessible.”



AFDO Project Officer, Carl.

# The National Disability Insurance Agency

## From trial to transition

The National Disability Insurance Agency (NDIA or the Agency) was created in 2013 when the *National Disability Insurance Scheme Act 2013* (NDIS Act) came in to effect.

The NDIA is the independent Commonwealth entity responsible for implementing the NDIS. It is the Agency's responsibility to deliver the Scheme in a way that builds confidence and trust amongst participants, carers, the community, the disability services market and other stakeholders.

The Agency receives funds contributed by the Commonwealth, states and territories, manages Scheme funds, administers access to the Scheme, approves the payment of individualised support packages and reviews participants' plans.

The Partners in the Community program provides funding for community organisations to partner with the Agency to help deliver the NDIS across the country. The Agency works with these Partners at a local level throughout Australia to deliver Local Area Coordination (LAC) services and Early Childhood Early Intervention (ECEI).

The Agency will continue to harness expertise from the disability sector to build a Scheme for all Australians.

Learn more about the NDIA and Partners in the Community on page 93.

The *National Disability Insurance Scheme Act 2013* (NDIS Act) received Royal assent on 28 March 2013. A three-year trial of the Scheme commenced in 2013. Seven selected sites were launched across Australia, with the addition of two early transition sites.

At the end of the trial at 30 June 2016, there were 35,695 NDIS participants; 30,281 participants had an approved NDIS plan, and 5,414 had received approval for access and were awaiting a plan.

From 1 July 2016, the full rollout of the NDIS commenced, with an estimated 460,000 participants expected to enter the NDIS by 2020. From 2020 and beyond, the Scheme will continue to support existing participants and bring in new participants.

# At 30 June 2017:



Participants with an approved plan.

90,638

\$7.3b

Support committed to participants since 1 July 2013.

\$3.2 billion was committed for participant support costs in 2016-17.



Children supported through the Early Childhood Early Intervention approach.

6,134

8,698

Registered service providers.



Total plan reviews for 2016-17.

37,020

1,950

Employees across the 79 sites.



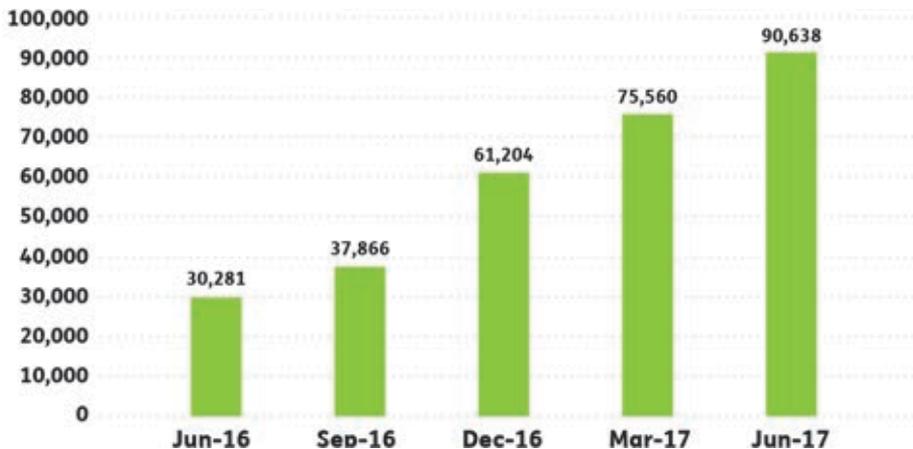
Per cent of surveyed participants who rated their experience either good or very good.

84%

14.4%

Per cent of the Agency workforce who identified as having a disability.



**Figure 1: Number of participants with approved plans by quarter 2016-17<sup>1</sup>**

## Bilateral Agreements

Bilateral Agreements outline the roles and responsibilities between the Commonwealth, state and territory governments and the Agency, as well as high-level arrangements for the transition to full Scheme.

During the trial period, Bilateral Agreements were signed for all states and territories except Western Australia.

Operational Plans detailing implementation activities, roles and responsibilities have been signed for all states and territories.

1. In addition to the 90,638 participants with approved plans at 30 June 2017, a further 6,134 children are supported in the ECEI gateway. Small adjustments to the number of participants as at 30 September 2016, 31 December 2016 and 31 March 2017 have been made to reflect more up-to-date data.

# Year one: transition to full Scheme

The following information is a summary of activities for the first year of transition, 1 July 2016 to 30 June 2017.

## Achievements

- In 2016-17, 60,357 participants entered the Scheme and received an approved plan and 6,134 children were supported through ECEI (in addition to the 35,695 who entered during trial).
- More regions and age groups entered the NDIS in addition to the nine trial and early access sites.
- Baseline measures were collected on 98 per cent of participants receiving their first plan in 2016-17. These measures allow the NDIA to assess the medium and long-term benefits of the NDIS to participants, families and carers.
- The NDIS is supporting small business with individuals/sole traders making up 40 per cent of registered service providers.
- The proportion of participants who are fully or partly self-managing their plan is growing.
- The 2011 Productivity Commission estimate for the longer-term costs of the NDIS at \$22 billion per annum at full Scheme remains the best estimate of a well-managed NDIS.
- Grant agreements valued at more than \$116 million were awarded to Partners in the Community to deliver LAC and ECEI.



**Minister Porter, NDIS participant Asha and Prime Minister Malcolm Turnbull celebrating the transition to full Scheme NDIS**

- The first Information, Linkages and Capacity Building (ILC) grants were awarded on a national level and in the ACT.
- The NDIA was recognised as the seventh most appealing Australian Employer of Choice out of a pool of 150 employers at the Randstad Awards.
- A new Board and new Chairman were appointed on 1 January 2017.
- An Agreement of Lease was signed for a new NDIA National Office building in Geelong.
- Eight information sessions in partnership with Members of Federal Parliament were hosted, with more than 700 people in attendance.
- A major focus was placed on community engagement through hundreds of events and information sessions, along with the launch of NDIS TV and interactive webinars.

## Year one transition:

### Achievements, challenges and future priorities (continued)

## Challenges

The commencement of transition to full Scheme commenced on 1 July 2016, and the NDIA has acknowledged that it experienced significant difficulties in the implementation of a new Information and Communication Technology (ICT) system for participants and providers, the myplace portal.

Whilst a range of system enhancements and increased support for portal users largely resolved these early portal issues, this impacted the Agency's ability to roll out the NDIS in accordance with the pace of participant intake in Bilateral Agreements.

The NDIA, working with the Commonwealth and all state and territory governments, implemented a recovery plan and by 30 June 2017, the cumulative total number of participants receiving support through an NDIS plan or ECEI was 96,772, representing 83 per cent of the bilateral estimates.

Through the resolution of these significant difficulties, it has become clear that the Agency has been unable to deliver the superior service to which it aspires and that participants require. Greater use of the telephone to create participant plans has not delivered the outcomes-focus the NDIS requires and participant satisfaction declined during the first year of transition (reported participant satisfaction however continues to be high at between 84 and 88 per cent for 2016-17).

The Agency also identified a number of emerging cost pressures that require ongoing monitoring:

- higher than expected numbers of individuals approaching the Scheme;
- higher than expected numbers of children entering the Scheme;
- lower than expected participants exiting the Scheme;
- increasing package costs over and above the impacts of inflation and ageing;
- a mismatch between benchmark package costs and actual committed support; and
- inadequately defined boundaries between the NDIS and other mainstream supports, particularly in the area of mental health.

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## Future priorities

The future priorities for the Agency will be:

- ensuring quality outcomes and improved participant experiences;
- building and refining systems and processes to support a nationally-consistent, high-quality approach to Scheme access, and the planning and funding of participant supports working with, and learning from Partners;
- supporting the development of a disability market of adequate size and quality, including the potential development of an e-Market ecosystem;
- scaling from administering the Scheme to more than 96,000 participants to an expected 460,000 participants at full Scheme;
- delivering the NDIS within the agreed funding, and monitoring and managing pressures on the total future cost of the Scheme; and
- establishing approximately 100 service delivery sites nationally, and significantly growing the Agency and Partners in the Community workforce.



*NDIS participant Lisa*

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# Australian Capital Territory

The ACT is the first state or territory to fully transition all state clients to the NDIS.

The rollout of the NDIS in the ACT is in line with bilateral estimates for 30 June 2017.



## Participants with an approved NDIS plan

At end of trial (30 June 2016)	At 30 June 2017 (including ECEI)
4,098	6,047 (119 per cent of bilateral estimate)

## Total payments to participants

At 30 June 2017 a total of \$583.6 million had been committed since Scheme inception to participants in the ACT.<sup>2</sup>

## Providers

In 2016-17 registered providers operating in the ACT increased from 261 to 814.

## Partners in the Community

Partner	Service area	Activity start date	ECEI/LAC services
Feros Care	ACT	Feb 2017	LAC
EACH	ACT	Feb 2017	ECEI

2. This includes amounts committed in future years for current plans in place that have an end date past 30 June 2017.

## Rollout to date

From July 2014 the NDIS rollout commenced in the ACT by age group. All eligible individuals are now able to apply for access to the NDIS.

## 2016-17 in review

- The ACT marked a significant milestone in September 2016 with the 5,000th participant receiving their NDIS plan. A local mother of two, Wahibe, received her plan from former Chairman Bruce Bonyhady AM and Assistant Minister for Social and Disability Services, the Hon Jane Prentice MP, in a special event at the Braddon office.
- The ACT was the first jurisdiction to receive ILC Grants. Twenty-two grants totalling close to \$3 million were awarded.
- The ACT became one of the first areas to implement new School Leaver Employment Supports (SLES) funding. SLES offers individualised support when a participant finishes Year 12 to help them get ready for work and plan their pathway to employment.
- Two new Partners in the Community commenced in the ACT during 2016-17 to provide additional capability for planning and community capacity building.
- The ACT has the highest rate of self-management with 38 per cent of participants self-managing all or part of their NDIS plan.

## 2017-18 priorities

- The Agency will draw on the expertise of its Partners in supporting NDIS participants in the ACT to implement their plans and connect with mainstream and community services that will help them achieve their goals.

# New South Wales

2016 marked a year of rapid growth in New South Wales (NSW) as it is the state with the largest participant numbers.

Existing state clients are currently transitioning to the Scheme and the disability market is expanding to meet increasing demand.



## Participants with an approved NDIS plan

At end of trial (30 June 2016)	At 30 June 2017 (including ECEI)
9,609	48,266 (87 per cent of bilateral estimate)

## Total payments to participants

At 30 June 2017 a total of \$3,663.6 million had been committed since Scheme inception to participants in NSW.<sup>3</sup>

## Providers

In 2016–17 registered providers operating in NSW increased from 1,467 to 4,301.

## Partners in the Community

Partner	Service area	Activity start date	ECEI/LAC services
Uniting	• Nepean Blue Mountains	Jan 2016	LAC
	• Northern Sydney	Jan 2016	LAC
	• Western Sydney	Jan 2016	LAC
	• Southern NSW	Jan 2016	LAC
	• Illawarra Shoalhaven	Jan 2017	LAC
St Vincent de Paul Society NSW	• South Western Sydney	Jan 2016	LAC
	• Central Coast	Jan 2016	LAC
	• Hunter New England	Jan 2016	LAC
	• South Eastern Sydney	Jan 2017	LAC
	• Sydney	Jan 2017	LAC

3. This includes amounts committed in future years for current plans in place that have an end date past 30 June 2017.

Partner	Service area	Activity start date	ECEI/LAC services
Social Futures	• Western NSW	Jan 2017	LAC
	• Far West NSW	Jan 2017	LAC
	• Mid North Coast	Jan 2017	LAC
	• Northern NSW	Jan 2017	LAC
	• Murrumbidgee	Jan 2017	LAC
Lifestart	• Nepean Blue Mountains	July 2015	ECEI
SDN Children's Services	• Nepean Blue Mountains	July 2015	ECEI
Hawkesbury Early Childhood Intervention Service (HECIS)	• Nepean Blue Mountains	July 2015	ECEI
Lapstone Preschool	• Nepean Blue Mountains	July 2015	ECEI

## Rollout to date

The NDIS is rolling out by region across NSW. Existing state clients are transitioning to the Scheme first.

- 2013 (trial) – Hunter New England (Newcastle, Maitland and Lake Macquarie).
- July 2015 (early launch site) – children aged up to 18 years in Nepean Blue Mountains.
- July 2016 – existing state clients in Northern Sydney, South West Sydney, Western Sydney, Central Coast, Southern NSW, all remaining eligible participants in Hunter New England and Nepean Blue Mountains.

- Targeted information sessions were delivered for:
  - Culturally and Linguistically Diverse (CALD) communities;
  - providers including workshops on topics such as the new Supported Independent Living tool, Support Coordination, and specific workshops for ECEI providers; and
  - participants and providers on the use of the myplace portal.

## 2016-17 in review

- The range and depth of Partners in the Community – well-established, experienced organisations – grew rapidly in NSW.
- Working groups with Local Area Health Networks, and the NSW Departments of Justice and Education were established to resolve issues that occur through the transition of participants from NSW state services to the NDIS.

## 2017-18 priorities

- The NDIA will work with its Partners to deliver exceptional service for participants, their families, carers and providers.
- 2017-18 will see large numbers of participants enter the NDIS. This will require a scale-up of NDIS operations in line with the Bilateral Agreement and a dedicated focus to ensure participant readiness when the NSW Government ceases their involvement in disability-related services.
- The Agency will support local business groups to attract new providers to rural and remote areas of NSW.

# Northern Territory



Since July 2014, the Northern Territory (NT) undertook a trial in the Barkly region. This provided valuable insight into the unique opportunities and challenges in rolling out the Scheme in the NT.

The full rollout of the Scheme commenced in January 2017. The Agency is focussed on working with participants and other stakeholders to help facilitate better participant outcomes.

## Participants with an approved NDIS plan

At end of trial (30 June 2016)	At 30 June 2017 (including ECEI)
155	388 (71 per cent of bilateral estimate)

## Total payments to participants

At 30 June 2017 a total of \$69.1 million had been committed since Scheme inception to participants in the NT.<sup>4</sup>

## Providers

In 2016–17 registered providers operating in the NT increased from 42 to 383.

## Rollout to date

In the NT, the NDIS is rolling out by region:

- July 2014 (trial) – Barkly region.
- January 2017 – East Arnhem, people in supported accommodation in Darwin urban region.

4. This includes amounts committed in future years for current plans in place that have an end date past 30 June 2017.

## 2016-17 in review

- Strong working relationships with stakeholders, such as the NT Government and Office of Disability, supported the Agency to implement the key learnings of the Barkly trial and embed the community-by-community approach in the NT.
- Implementation of a 'Three Tiered Engagement Strategy' to ensure engagement activities in remote communities are undertaken with permission and knowledge of the traditional owners and key decision makers in Aboriginal communities. This includes Cultural Awareness training for staff to build cultural competency. Read about the Community Connectors on the next page.
- At 30 June 2017, 4.9 per cent of NT staff in Darwin identified as Aboriginal or Torres Strait Islander.
- The NT Office has been working with the National Interpreting and Communication Service to provide Auslan interpreting services to participants in remote communities via Skype. The first Skype Auslan interpreting service was completed in March 2017 for a participant in the Barkly Region.

## 2017-18 priorities

- Exploring options for participants to access suitable service and support options and achieve their goals. This will require the Agency to think flexibly and build on existing local community capabilities.
- Implementing a communication strategy using print, radio and social media to reach geographically-dispersed populations.
- The NT disability market, particularly in remote regions, has limited staff and services. The team will focus on understanding and addressing the barriers preventing providers from entering the NDIS market to ensure participants have better choice and control of who provides their services.

CASE STUDY:

# Community Connectors in East Arnhem communities

A community-based program has commenced in the Northern Territory to ensure the NDIS is accessible for eligible participants in Aboriginal communities.

The Community Connector program uses trusted community members to build awareness and understanding of the Scheme in remote communities in East Arnhem.

Seventeen 'Connectors', all local members of the Aboriginal community, will connect the NDIA, local people and local disability service providers.

The Connectors attended a two-day training session in Nhulunbuy in June 2017 and are now working across various communities.

Funding for the Community Connector positions has been provided to local Aboriginal Community Controlled organisations.

"The Community Connectors are the local 'face' of the NDIA," Lizzie Gilliam, NDIA Regional Manager in Northern Territory said.





The Community Connectors

# Queensland

The benefits of the NDIS are beginning to be seen despite lower than expected participant numbers in some regions and a diverse geography and population.

There has been a focus on local partnerships and community engagement to address these challenges.



## Participants with an approved NDIS plan

At end of trial (30 June 2016)	At 30 June 2017 (including ECEI)
361	7,442 (50 per cent of bilateral estimate)

## Total payments to participants

At 30 June 2017 a total of \$507.8 million had been committed since Scheme inception to participants in Queensland (QLD).<sup>5</sup>

## Providers

In 2016-17 registered providers operating in QLD increased from 139 to 1,484.

## Partners in the Community

Partner	Service area	Activity start date	ECEI/LAC services
Carers Queensland	• Toowoomba	Feb 2017	LAC
	• Ipswich	Jan 2017	LAC
Feros Care	• Townsville	Feb 2017	LAC
	• Mackay	Feb 2017	LAC
Indigenous Wellbeing Centre (IWC)	• Bundaberg	April 2017	LAC
UnitingCare Community	• Toowoomba • Townsville • Mackay	July 2016	ECEI ECEI ECEI
EACH	• Ipswich	Jan 2017	ECEI
BUSHkids	• Bundaberg	April 2017	ECEI

5. This includes amounts committed in future years for current plans in place that have an end date past 30 June 2017.

## Rollout to date

The NDIS is rolling out by region across Queensland:

- January 2016 – children aged up to 18 years in Townsville and Charters Towers, adults in Palm Island.
- July 2016 – Townsville and surrounds.
- November 2016 - Mackay, Isaac and Whitsundays.
- January 2017 – Toowoomba and west to the borders.
- May 2017 – early access for QLD Government disability clients in Ipswich and other eligible people from July 2017.

## 2016-17 in review

- The Commonwealth and QLD Governments brought forward the NDIS start date for existing state clients in Ipswich, Bundaberg and Rockhampton – to address lower than expected participant numbers in some regions. As part of this the Agency provided access to 500 people from Ipswich before the end of June 2017.
- Community awareness about the NDIS was boosted through a grassroots approach to events and engagement. Over the year, the Agency was involved in a variety of activities including:
  - NDIS Ipswich Expo in May 2017, with more than 200 people attending, representing a cross section of providers, participants, carers and community members;

- An official launch of the NDIS ECEI approach in September 2016 in Townsville with the Assistant Minister for Disability Services, the Hon Jane Prentice MP; and
- Townsville marked the first anniversary of the introduction of the NDIS to the region with a community event attended by 200 people including former Paralympian Karni Liddell.
- New Partners brought a breadth of experience in working with people with disability and their carers across QLD regions.
- Access to rural and remote communities presented challenges for the Agency and Partners, particularly in areas with poor internet access and adverse weather, including Cyclone Debbie in North QLD in March 2017.

## 2017-18 priorities

- The Agency teams in North, Central and Southern QLD will continue to prioritise engagement with state and local government and the public and disability sectors to raise awareness of the NDIS.
- Engaging with rural and remote as well as Aboriginal and Torres Strait Islander communities will be a key focus of the NDIA and Partners moving forward. This is important as many parts of remote QLD have a limited provider market that will need time to develop and mature in order to provide participants living in rural and remote areas with genuine choice and control.

# South Australia

Children and teenagers have been the first to enter the NDIS in South Australia (SA), providing invaluable insights to inform the NDIS ECEI approach nationally.



The Scheme is expected to cover all of SA and all age groups by July 2018.

## Participants with an approved NDIS plan

At end of trial (30 June 2016)	At 30 June 2017 (including ECEI)
7,118	12,116 (94 per cent of bilateral estimate)

## Total payments to participants

At 30 June 2017 a total of \$466.8 million had been committed since Scheme inception to participants in SA.<sup>6</sup>

## Providers

In 2016–17 registered providers operating in SA increased from 522 to 1,153.

## Partners in the Community

Partner	Service area	Activity start date	ECEI/LAC services
Feros Care	• Barossa, Light and Lower North	Jan 2017	LAC
	• Northern Adelaide	Jan 2017	LAC

## Rollout to date

The NDIS is rolling out by age group in SA:

- July 2013 (trial) – children aged 0–16.
- February 2016 – 14 year olds.
- January 2017 – 15 to 17 year olds.

6. This includes amounts committed in future years for current plans in place that have an end date past 30 June 2017.

## 2016-17 in review

- A partnership with Early Childhood Intervention Australia commenced and a dedicated NDIA team was established to assist children aged up to six years to access early intervention services.
- Agency staff participated and presented at more than 150 SA Government disability information sessions, events and expos to provide people with disability, family, carers and people interested in working in the disability sector with information.
- There was an increased focus on supporting teenagers as they explore options beyond school. This has been a positive experience for both families and NDIA planners as young people report on their growing independence.
- 2017 commenced with the welcoming of a new Partner in the Community delivering LAC services, bringing local knowledge and experience in supporting individuals to build independence in their homes.
- The Agency is working with the SA Government to stimulate market growth and employment in country towns, as well as supporting providers who are moving their services across state and territory borders. This is to address existing gaps in the market in rural and remote regions of SA that are beginning to become more evident.

## 2017-18 priorities

- The Agency will continue to work in partnership with Department of Prime Minister and Cabinet to stimulate opportunities to grow the number of Aboriginal people working with Aboriginal and Torres Strait Islander and other participants during the NDIS access and planning process.
- Another priority will be ensuring readiness for full Scheme by building strong connections to mainstream supports to ensure pathways and responsibilities are clear.

# Tasmania

Tasmania transitioned from three successful years of trial to full Scheme, with participants aged 12 to 14 and 25 to 28 joining the Scheme since July 2016.

The rollout of the NDIS in Tasmania is in line with bilateral estimates for 30 June 2017.



## Participants with an approved NDIS plan

At end of trial (30 June 2016)	At 30 June 2017 (including ECEI)
1,162	2,247 (100 per cent of bilateral estimate)

## Total payments to participants

At 30 June 2017 a total of \$301.3 million had been committed since Scheme inception to participants in Tasmania.<sup>7</sup>

## Providers

In 2016–17 registered providers operating in Tasmania increased from 260 to 730.

## Partners in the Community

Partner	Service area	Activity start date	ECEI/LAC services
Baptcare	• North	July 2016	ECEI & LAC
	• South West	July 2016	ECEI & LAC
Mission Australia	• South East	July 2016	ECEI & LAC
	• North West	July 2016	ECEI & LAC

7. This includes amounts committed in future years for current plans in place that have an end date past 30 June 2017.

## Rollout to date

The NDIS is rolling out across Tasmania by age group:

- July 2013 – young people aged 15 to 24.
- July 2016 – children aged 12 to 14.
- January 2017 – adults aged 25 to 28.

## 2016-17 in review

- LACs assisted in the transition of shared supported accommodation properties previously funded by the Tasmanian government, working to ensure all participants living in the same house transition into the Scheme at the same time.
- Tasmania has isolated and sparsely populated areas with a limited range of service providers that present a challenge. To address this, the Department of Human Services launched two mobile service centres to tour small regional areas. They were joined by LACs from March 2017.

## 2017-18 priorities

- ECEI commences in Tasmania from July 2017 for four to six year olds. The Agency is working with existing early childhood service providers to build understanding of the NDIS national approach to early intervention.
- Another priority will be to increase awareness among potential participants and service providers of the benefits of the NDIS for eligible people with psychosocial disability.

# Victoria

It was a busy year in Victoria, with the conclusion of the Barwon trial and three new regions transitioning to the Scheme.

As the Victorian disability market matures, the Agency is focussed on working with newly-appointed Partners in the Community to deliver excellent service and meaningful participant outcomes.



## Participants with an approved NDIS plan

At end of trial (30 June 2016)	At 30 June 2017 (including ECEI)
5,284	16,484 (82 per cent of bilateral estimate)

## Total payments to participants

At 30 June 2017 a total of \$1,377.1 million had been committed since Scheme inception to participants in Victoria.<sup>8</sup>

## Providers

In 2016–17 registered providers operating in Victoria increased from 896 to 2,532.

## Partners in the Community

Partner	Service area	Activity start date	ECEI/LAC services
Brotherhood of St Laurence	• North East Melbourne	July 2016	ECEI & LAC
Intereach	• Loddon	Nov 2016	ECEI & LAC
Latrobe Community Health Services	• Ovens Murray	April 2017	LAC
	• Central Highlands	July 2017	ECEI & LAC
	• Wimmera South West	April 2017	ECEI & LAC
	• Barwon	April 2017	LAC
	• Inner Gippsland	April 2017	LAC
	• Inner East Melbourne	May 2017	LAC
	• Outer East Melbourne	May 2016	LAC
Merri Health	• Ovens Murray	April 2017	ECEI
Barwon Child, Youth & Family	• Barwon	July 2017	ECEI
Link Health and Community	• Inner Gippsland	April 2017	ECEI
	• Inner East Melbourne	May 2017	ECEI
	• Outer East Melbourne	May 2016	ECEI

8. This includes amounts committed in future years for current plans in place that have an end date past 30 June 2017.

## Rollout to date

The NDIS is rolling out by region across Victoria:

- July 2013 – Barwon (trial).
- July 2016 – North Eastern Melbourne.
- January 2017 – Central Highlands.
- May 2017 – Loddon.

## 2016-17 in review

- Extensive work has been completed in educating service providers about psychosocial disability and support coordination. This has resulted in a growth in the support coordination market, and has strengthened providers' understanding of the requirements of specialist support coordination for people with psychosocial disability.
- There has been a focus on community engagement and readiness through events and information sessions including:
  - supporting the Victorian Advocacy League for Individuals with Disability Having a Say Conference in Geelong with more than 900 attendees;
  - an NDIS provider exhibition in Ballarat;
  - Partners in the Community roadshows in new transition areas to build community awareness and community engagement activities;
  - targeted Aboriginal and Torres Strait Islander, and Culturally and Linguistically Diverse (CALD) Community Information Sessions; and
  - official launch events in Ararat (Central Highlands) and Bendigo (Loddon).

- To assist in a smooth transition to the NDIS in Victoria, people in each area will transition according to an agreed participant phasing plan developed by the Victorian Government and agreed by the Commonwealth. Children on the ECEI waitlist and people on the Disability Support Register who have the most urgent need for supports will enter the Scheme ahead of their geographic area as determined by the Victorian Government.

## 2017-18 priorities

- A new Victoria East regional hub will be established in preparation for areas transitioning to the NDIS in 2017-18. This will ensure regional hubs are established in advance, with timely recruitment and onboarding of new staff and community readiness activities such as community and provider information sessions.
- The Agency will continue to engage and collaborate in cross-border towns such as Albury, Mildura, Echuca and Mt Gambier to help individuals and providers understand their transition arrangements.

# Western Australia

The NDIS trial has been underway at the same time as a State Government version of the trial, known as Western Australia (WA) NDIS (formerly called NDIS My Way).

The WA Government are currently reviewing the WA Bilateral Agreement which establishes a nationally-consistent but state-run Scheme.



## Participants with an approved NDIS plan

At end of trial (30 June 2016)	At 30 June 2017 (including ECEI)
2,494	3,782 (71 per cent of bilateral estimate)

## Total payments to participants

At 30 June 2017 a total of \$361.6 million had been committed since Scheme inception to participants in WA.<sup>9</sup>

## Providers

In 2016-17 registered providers operating in WA increased from 255 to 756.

## Rollout to date

The Perth Hills site has successfully completed three years of trial, including a significant expansion into six new local government areas at the start of 2017.

- 1 July 2014 – people aged under 65 living in the Perth Hills local government areas of Swan, Mundaring and Kalamunda.
- 1 January 2017 – people aged under 65 living in the suburban local government areas of Bayswater and Bassendean, and the inner-Wheatbelt areas of Chittering, Toodyay, Northam and York.

9. This includes amounts committed in future years for current plans in place that have an end date past 30 June 2017.

## 2016-17 in review

- The Agency has continued to focus on improving access to the NDIS for prospective participants who are poorly connected to traditional disability and mental health services. This has been a multi-faceted approach including weekly co-location at drop-in and street doctor services, and lunchtime forums with general practitioners.
- The Agency established a CALD Reference Group and continued its Aboriginal and Torres Strait Islander Reference Group to ensure the Scheme rolls out in a manner that is culturally appropriate, locally-guided and responsive to community needs.
- At 30 June 2017 more than 110 residents in psychiatric hostels across the trial site received support to access the NDIS. A summary of the two-year project was presented to the 2017 WA Association for Mental Health Conference held at the Perth Concert Hall. Read Stewart's story on page 57.
- The School-to-Work project, established in 2016, continued to support participants in Years 10–13 explore future employment options.
- More than 200 information and stakeholder engagement sessions were held throughout the year, spanning the new and existing trial site areas.

## 2017-18 priorities

When decisions are made for the future arrangements in WA the Agency will ensure that the full Scheme NDIS transition in WA is carefully managed so as to minimise the impact for affected participants, providers and staff.



Aran, World Down Syndrome Swimming Champion

CASE STUDY:

# Aran

When Aran was born 23 years ago and diagnosed with Down syndrome, his sole sibling - sister Narelle - was adamant that he would never be given a label.

With the help of his mother, Narelle and an incredibly supportive community in Tasmania's north, Aran has made good on his sister's pledge.

At the World Down Syndrome Swimming Championships in July 2016 he added nine gold medals to an already bulging trophy collection.

Since joining the NDIS in 2013, Aran's world has expanded and the Scheme has brought access to occupational support services that has broadened his social circle.

"Monday I do drama and in the afternoons, social," he said. "Thursdays I go to the gym and do social things".

Aran works two days each week at a frozen food outlet. He still enjoys swimming immensely, training most days and in April 2017 he received special commendation from the Premier at the Tasmanian Young Achievers Awards in Hobart for his achievements in the pool.

Aran's dream of one day living independently is becoming a reality with the help of family and the NDIS. On 30 June 2017 he moved into his new unit, which he is very proud of. It is a short 15 minutes' walk away from his family.

"Without help from the NDIS there is no way we could have entertained the thought of Aran living alone," Narelle said.

# SECTION ONE

**Year one of  
full Scheme  
transition**





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This section explores the delivery of the NDIS in the first year of full Scheme transition. It sets out major areas of work and developments during the 2016-17 financial year.

Information in this section is structured against the Agency's four aspirations as identified in the new NDIA Corporate Plan 2017-21 as follows:

In this section:

<b>Chapter 1:</b> Better participant outcomes	<b>44</b>
<b>Chapter 2:</b> Supporting a growing market with innovative supports	<b>62</b>
<b>Chapter 3:</b> A financially sustainable Scheme	<b>72</b>
<b>Chapter 4:</b> Building a high-performing Agency	<b>78</b>

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# Chapter 1

## Better participant outcomes

The NDIA helps facilitate independence for participants by supporting their social and economic participation. This assists people with disability to live ordinary and fulfilling lives. This is done against a backdrop of understanding their mainstream and informal supports.

The NDIA helps participants achieve this by providing them with funding for reasonable and necessary supports, empowering them to exercise choice and control in the pursuit of their goals and the delivery of their supports.

This Chapter sets out key activities and areas of work undertaken by the Agency in 2016-17 in pursuit of this objective:

- 1.1 improving the experience for participants and their providers;
- 1.2 providing early intervention and long-term outcomes for young children through the Early Intervention and Early Childhood approach;
- 1.3 promoting choice and control through self-management of NDIS funds;
- 1.4 delivering support to people with psychosocial disabilities through better understanding of the NDIS;
- 1.5 creating pathways to employment and improving economic outcomes for young adults through the School Leaver Employment Supports initiative;
- 1.6 supporting NDIS access and meaningful outcomes for diverse communities through targeted strategies; and
- 1.7 supporting a more inclusive Australia through Information, Linkages and Capacity Building (ILC).

Further information and examples on how the Agency is delivering on each of these activities follows on pages 45 to 61.

# 1.1 Improving the experience of participants and providers

Ensuring a quality experience for participants that promotes better outcomes lies at the core of all that the NDIA does. This allows participants to enter the NDIS in a streamlined and efficient way and makes it a value-adding experience.

In April 2017, it became clear that the experience for participants was not aligned to the high standards to which the NDIA aspires. As a consequence, the Board and management of the NDIA initiated a Participant and Provider Pathway Review (the Review).

The Review aims to find strategies and solutions to improve the way the NDIA interacts with participants and providers to make their experience more positive.

From April to June 2017, the Agency worked individually and in workshops with more than 300 participants, providers, peak disability bodies and other stakeholders from all states and territories. Out of that process, 400 specific improvement ideas and 200 solutions have been generated.

Initial findings of the Review have identified a range of suggestions to improve the quality of the participant and provider experience, including:

- a need to more specifically identify the mainstream and information supports that exist for a participant;
- a greater outcomes focus throughout a participant's life;
- more active involvement with communities;
- more face-to-face (rather than telephone) communications, including planning meetings;

- fewer participant hand-offs between staff;
- a significant improvement in the quality of the portal; and
- a more responsive call centre experience.

Starting in the 2017–18 financial year, the NDIA and its Partners will implement a revised and more cohesive end-to-end approach for participants and providers.

While full implementation of the Pathway Review recommendations is a priority, timing will depend on retraining employees, implementing system changes and improving communications. The Agency will test any proposed changes with participants and providers to evaluate their effectiveness before implementation on a national basis. The process of implementation will also reflect the severity of a person's disability as well as an individual's demographic and geographic situation.

“Our aim is to deliver a high-quality experience for participants and providers in a way that is consistent with maintaining the Scheme's financial sustainability. While the NDIS is already changing peoples' lives for the better, the Pathway Review is an opportunity to collaborate with participants and providers to improve overall outcomes.”

– **Robert De Luca, NDIA CEO**



Linda and her guide dog Daicos

CASE STUDY:

## Linda

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Barwon NDIS participant Linda attended two of the Participant and Provider Pathway Review workshops, in Sydney and Geelong.

According to Linda, a lack of consistency about what was deemed reasonable and necessary to be funded by the NDIS was a common issue that was raised in both workshops.

She said many participants and their families were also daunted by the process of seeking a review of an NDIA decision.

“A lot of participants raised issues about how they could lodge a complaint, and the review process. They said it was taking them so long,” Linda said.

Linda has been with the NDIS for almost four years. She said that while her NDIS experience has been a relatively smooth one, there was room for improvement.

“I have given feedback about the accessibility of NDIS information, including the website, which has improved. I can properly access the website now,” she said.

Linda also said it was important for both NDIS planners and participants to do their research before a planning meeting.

“Planners don’t need to have a total understanding of every disability, but they do need to do some research before talking with a blind person, or a person with cerebral palsy for example, before the planning,” Linda said.

“Participants also need to realise that the NDIS is there for necessary and reasonable support for their disability, not for their medical or education costs.”

## CASE STUDY:

# Rebecca Fletcher, CEO, Sunshine

Rebecca Fletcher, CEO of NSW-based disability provider Sunshine, reflects on the NDIS transition and the Sydney Participant and Provider Pathway Review workshop held in April 2017.

“Our challenges in relation to transitioning to NDIS are not unique to us, such as pricing, the myplace portal, Quality and Safeguards, housing and workforce shortages.

“We have been able to overcome some of these issues by developing a close working relationship with the NDIA team, the planners and the support coordinators. We have also rolled out significant training to our staff to ensure they are up-to-date with information and changes under the NDIS.

“One of the key changes from the introduction of the NDIS is the focus on the participant and the ability for the participant to be able to have flexibility and choose their own service provider. To adapt to this change we’ve introduced a number of new initiatives including a bespoke customer service training program for all staff, a significant increase in marketing and social media activity, and a feedback and complaints process. We have also expanded our Client Management System to track achievement of goals.

“We welcomed the opportunity to participate in the Sydney workshop and the general openness of the NDIA to feedback. This approach led to a free flow of ideas which will hopefully improve the experience for the remaining phases of rollout and for the annual review processes going forward.

“Our general approach is that we are all in this together and that we need to continue to work together to make the NDIS a success.

“Despite the difficulties we’ve all experienced with the initial implementation of the NDIS we remain positive about its benefits to people with disability. We continue to believe that the fundamental building blocks of the NDIS are correct and that we all need to work together to find a way to maximise the benefits for participants while developing a system that is practical and financially sustainable for providers and for Australia.”



*Sunshine client Elias and CEO Rebecca Fletcher*

## 1.2 Providing early intervention for young children

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The early years are critical in setting up the foundations for how a child learns and develops in later life. The Early Childhood Early Intervention (ECEI) approach has been designed to deliver long-term outcomes for children aged up to six years old with developmental delay or disability. The aim of the ECEI approach is to give children the best possible start in life.

Rolling out the approach has been influenced by transitional arrangements agreed at the request of respective states and territories. A full picture of the impact and benefit of this approach will not be possible for some years.

ECEI will contribute to greater sustainability by reducing lifetime costs to the Scheme and will also help to build the capacity of the mainstream system.

The Agency has worked with some of Australia's leading early childhood intervention practitioners and researchers to design a best-practice approach that is family-centred and importantly, supports children to achieve good outcomes on a case-by-case basis.

“Evidence shows that timely support for a child with developmental delay before the age of six can significantly change that child's developmental trajectory and overall quality of life,” inaugural NDIA CEO, David Bowen said.

“The short, medium and long-term benefits to children from such support are proven to be significant. Effective early intervention also reduces the medium to long-term liability on the NDIS.”

At 30 June 2017, there were 15 Partners in the Community delivering ECEI services across Tasmania, ACT, Queensland and Victoria, as well as a pilot in the Nepean Blue Mountains region in NSW. There are transitional arrangements in place in South Australia. In remote and very remote areas, there is a community-by-community approach to ECEI. Further Partners delivering ECEI services will be appointed in line with Scheme rollout.

Under the ECEI approach, a child and their family will be referred to a specialist early childhood access Partner who will discuss their needs and determine the appropriate supports to help them achieve their individual goals. Supports may include information services, emotional support or referral to mainstream services, or longer-term more intensive supports as part of a funded NDIS plan.

## Australia's first national diagnostic guideline for autism led by the Autism CRC

The Cooperative Research Centre for Living with Autism (Autism CRC) has released the first draft national diagnostic guideline for autism - for consultation and feedback.

There is strong evidence to suggest that the way health professionals diagnose autism varies considerably across Australia, both within and between states and territories. The draft guideline aims to create greater consistency in diagnostic practices across the country to ensure individuals with autism and their families can be assured of quality and knowledgeable advice.

The project, part funded by the NDIA, is led by Professor Andrew Whitehouse, Chief Research Officer at the Autism CRC.

“Developing a national diagnostic protocol is a critical step to ensuring consistent and equitable access to autism diagnosis across Australia for both children and adults,” Professor Whitehouse said.

While access to the NDIS is not dependent on a diagnosis, the draft guidelines are expected to lead to better evidence around the type of supports that will most benefit a person with autism depending on the functional impact and who is best placed to provide this support – be it the education system, health system, community more generally or the NDIS.

CASE STUDY:

# Alexander

Mother of three Amy said it was a bittersweet moment when son, Alexander, who has autism, no longer needed NDIS support because he had achieved all his milestones and was now ready for mainstream school. One of the enablers was the connection to access a paediatrician within the health system. This means Alexander will be able to continue with mainstream, ongoing support independent of the NDIS.

Amy said while she and her husband were ecstatic with their six-year-old's progress, they did shed some happy and sad tears.

"It was bittersweet," Amy confessed. "We were so happy Alex had reached all his milestones and we were self-sufficient, and it was a good feeling to think Alex no longer needed the \$10,000 he had left in his budget and it would go towards helping somebody else. But at the same time, we felt a bit sad because it was like losing a family member. Alex's occupational therapist, Helen, had been working with him for 18 months and she became so important to us.

"Helen, like us, saw him go from a boy who refused to hold anything, not even a pencil, who wouldn't comply with anything, start to draw and colour-in properly; use scissors to cut out; write his name; write letters and tie his shoe laces – it was just amazing!"

Amy said they moved the family from Queensland to the ACT two years ago. "Initially we were on Better Start in Queensland and when we announced we were moving to Nicholls, our autism advisor said the NDIS was in so they helped us transition straight away," Amy said.

"It all happened so smoothly. NDIS staff were wonderful and really accommodating. I was able to do everything over the phone. It was such a relief not to go into an office and have meetings because, at that stage, Alex was very non-compliant.

"Just to have NDIS funding to access required supports has been life changing!"

"Who knows, in six months Alex may need extra care, it's great to know we can apply to get back on the Scheme if need be."

**Alexander is one of 1,028 NDIS participants who had exited the Scheme at 30 June 2017.**



Amy and son Alexander

# 1.3 Promoting choice and control through self-management

The self-management of NDIS funds by participants does, and can, have significant value in achieving the objectives of the Scheme beyond a rights-based perspective. The self-management of funds can:

- empower and give independence to participants;
- facilitate innovative support solutions for participants and their families;
- improve participant and family outcomes;
- increase value for money purchasing;
- contribute to the sustainability of the Scheme;
- positively disrupt the disability support market;
- facilitate fiscally sound decision-making by the participant and reduce support needs over a lifetime; and
- transcend crisis-driven disability service systems by rewarding initiative and future planning.

The Agency has established a dedicated Self-Management Project to ensure a ‘whole of NDIA’ approach to increasing self-management of Scheme funds.

At 30 June 2017, the distribution of the way NDIS funds were managed was as follows in Table 1, with 16 per cent of participants fully or partly self-managing their supports.

**Table 1: Distribution of active participants by method of financial plan management at 30 June 2017<sup>10, 11</sup>**

Method	Percentage
Self-managed fully	7%
Self-managed partly	9%
Plan-managed	11%
Agency-managed	73%
<b>TOTAL</b>	<b>100%</b>

The Independent Advisory Council (IAC) are actively promoting the value of self-management through the establishment of a working group in late 2016.

All-day workshops in Melbourne on 3 November 2016 and 6 June 2017 included people with a lived experience of self-management (either through the NDIS or similar state and territory schemes), international expert Dr Sam Bennet, staff representatives, the IAC, organisations supporting self-management such as the Community Disability Alliance Hunter (CDAH) and the Growing Space.

10. Participants can use more than one method to manage their funding. This table is a hierarchy therefore each participant is only captured once. The hierarchy is: (1) self-managed fully, (2) self-managed partly (regardless of other methods being used), (3) anyone who does not fall into ‘self-managed partly’ and has a plan manager, and (4) anyone else.

11. Trial participants are not included.

# 1.4 Delivering support to people with psychosocial disabilities

The NDIS represents an unprecedented opportunity for Australians with significant and permanent psychosocial disability to have choice and control over their supports.

For many people with psychosocial disability, their families and carers, the Scheme is very different to the previous approaches to the way they have received supports.

In particular, there have been increases in the choice of providers and the opportunities to pursue goals and to actively engage with more diverse and inclusive recovery strategies.

Products and resources have been developed to assist participants, their families and carers and providers, including:

- an ‘on the couch’ video – question and answer video about mental health and the NDIS;
- a fact sheet ‘*Psychosocial Disability, Recovery and the NDIS*’ which was co-designed with consumers with a psychosocial disability and their families and carers; and
- a compilation of tips ‘*Completing the Access process*’ for communicating about psychosocial disability.

The NDIA recognises the significant number and diversity of individuals with a psychosocial disability. The table below provides the total number and percentage of active participants with approved plans by disability group at 30 June 2017.

**Table 2: Active participants with approved plans by disability group at 30 June 2017<sup>12</sup>**

Disability	Total number	Percentage (rounded to nearest whole number)
Intellectual disability	32,144	36%
Autism	25,542	29%
Psychosocial disability	6,093	7%
Cerebral palsy	4,339	5%
Other neurological disability	4,077	5%
Other physical disability	4,009	4%
Acquired Brain Injury (ABI)	2,562	3%
Visual impairment	2,060	2%
Hearing impairment	2,520	3%
Other sensory/speech impairment	2,478	3%
Multiple sclerosis	1,722	2%
Spinal cord injury	870	1%
Stroke	989	1%
Other	205	0%
<b>TOTAL</b>	<b>89,610</b>	<b>100%</b>

12. Excludes participants who have exited the NDIS.

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More specifically, at 30 June 2017, Scheme data showed:

- 11.9 per cent of all participants since Scheme inception who have had their access met had a psychosocial disability and, of these, 6.3 per cent had psychosocial disability recorded as their primary disability.
- 77 per cent of people with a mental health condition who submitted an access request met the access requirements for psychosocial disability under the Scheme.
- \$412.1 million (5.7 per cent of approved committed supports) has been committed for participants with a primary psychosocial disability and a total of \$805.8 million (11.2 per cent of approved committed supports) for participants with any psychosocial disability.

A number of important initiatives were undertaken during the year. One of those was a website project focussed on supporting people with severe and persistent mental health issues to better understand the NDIS.

The website project, 'Reimagine: Mental Health, My Recovery and the NDIS' showcases the comprehensive community support for people with severe and persistent mental illness.

This project, undertaken with the Mental Health Coordinating Council, provides information relating to psychosocial disability, mainstream and community mental health services and the NDIS in a single online environment.

The free website was launched on 30 June 2017 under the theme of "Reimagine what life could be".

The website encourages visitors to conceptualise the unprecedented opportunity the Scheme presents in enabling secure, ongoing, recovery-oriented community support for people with severe and persistent mental illness.

Specifically, the Reimagine website outlines the steps and processes required to apply for NDIS funding and explains the language of the Scheme including psychosocial disability.

It helps a person prepare for access through interactive activities and assists in identifying goals and aspirations to support the planning process.

It also offers valuable hints and tips from people who have been through these same processes.

Work is currently underway to engage with participants, providers and the mental health sector to improve the experience for participants with psychosocial disability, as part of the Participant and Provider Pathway Review detailed on page 45. This work will ensure that the pathway is designed to better support people with more complex needs.

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Stewart and Marlene

## CASE STUDY:

# Stewart

Having been diagnosed with bipolar disorder in 2003, Stewart spent a year in hospital, including six months in a psychiatric ward.

With the support of the NDIS and Mental Illness Fellowship of Western Australia, Stewart has been able to move out of a psychiatric hostel and into a privately-rented home with fellow NDIS participant Marlene, where they enjoy a simple life. They are saving for a holiday and Stewart is looking forward to adding more plants to the garden – he’s enjoyed gardening since he was a kid and it helps calm him.

He knows managing his illness will be lifelong.

“It will be a work in progress until I die,” Stewart said. “You ask me about goals? Not very many. As long as Marlene stays with me and we share this house, that’s all the goals I need.”

Despite this, the Agency equally recognises that much more needs to be done to deliver a quality experience for participants with psychosocial disabilities. This will be a key priority in the coming year.

# 1.5 Creating pathways to employment for young adults

Improving the economic outcomes of NDIS participants is an important part of the NDIA's purpose.

For high school students with a disability, finding and keeping a job continues to be a major focus of supports under the Scheme.

To support their transition into employment once they have completed studies, the Agency has released a number of new supports under the School Leaver Employment Supports (SLES) initiative.

SLES offers participants individualised support for up to two years after finishing Year 12 to help them prepare for work and plan their pathway to employment.

Following successful trials in the ACT and Tasmania in 2015, the initiative is being progressively introduced in other states and territories in line with the approved NDIS phasing arrangements.

Between July 2016 and June 2017, SLES became available to Year 12 school leavers in Victoria, NSW and South Australia. Queensland and the Northern Territory will begin their transition in 2018.

“When I get my pay cheque, I feel good, happy and excited. Just buy new clothes, buy a car and eventually, buy a house.”

– Tasmanian NDIS participant, Kaitlyn Wilson. Kaitlyn was placed in employment through the SLES.

More than 930 participants have school-leaver supports included in their plan. This number is expected to expand to more than 2,400 participants each year Australia-wide by 2019.

Regional employment champions play an important role in building and developing the understanding of employment outcomes for students transitioning to employment. A one-day training and development workshop was held in April 2017 to help build regional capacity.

# 1.6 Supporting meaningful outcomes for diverse communities

Throughout 2016-17 the Agency has progressively worked to ensure the Scheme is accessible and supports better outcomes for people with a diverse range of abilities and from a spectrum of population groups.

Where a person lives, their culture and ethnicity, their relationships and the interplay of other social and health issues can impact their access to the NDIS.

In March 2017 the Hon Jane Prentice MP, Assistant Minister for Social Services and Disability Services, released the NDIA's *Rural and Remote Strategy* and *Aboriginal and Torres Strait Islander Engagement Strategy*.

Throughout 2016 and 2017 the Agency has further progressed the development of specific strategies for other population groups with disability including:

- culturally and linguistically diverse (CALD) populations;
- the lesbian, gay, bisexual, transgender, intersex, queer, asexual (LGBTIQ+) community; and
- people who are 'hard to reach' due to their social, health and welfare circumstances.

The CALD and LGBTIQ+ Strategies are due to be released during 2017-18. In March 2017, the NDIA partnered with People with Disability Australia to participate in the 2017 Sydney Mardi Gras parade. Read more on page 97.

Average Aboriginal and Torres Strait Islander employment with NDIA Partners in the Community as at 30 June 2017 was 5.8 per cent.<sup>13</sup>

<sup>13</sup>. As self-reported by NDIA Partners in the Community

# 1.7 Supporting a more inclusive Australia through ILC

There are 4.3 million people with disability in Australia and 460,000 are expected to become participants in the Scheme. Information, Linkages and Capacity Building (ILC) activities seek to build the capacity of mainstream services and raise awareness about the need to make communities more accessible and inclusive for all people with disability.

During 2016–17, the Agency took a major step towards improving community inclusion for people with disability when the first ILC Grants were awarded. ILC signifies the broader impact of the Scheme beyond funding for individuals.

In 2017, the Agency awarded:

- nearly \$14 million to support 39 ILC National Readiness activities across Australia; and
- nearly \$3 million to support 22 ILC activities in the ACT through the Jurisdictional Based Grant rounds.

Key achievements include developing the foundations of ILC through:

- the ILC Commissioning Framework (released November 2016);
- the release of the ILC Toolkit to help organisations prepare for the introduction of ILC;

- delivering the first ever ILC Grant rounds;
  - ILC National Readiness Grants;
  - ILC Jurisdictional Based Grants for the ACT, the first jurisdiction to commence full ILC commissioning;
- the formal agreement of all relevant state and territory ILC Transitional Plans; and
- work with Partners in the Community (Local Area Coordination) to implement the ILC component of their role.

The ILC Toolkit was developed to help organisations increase their understanding of ILC, to improve their grant management skills and to improve their understanding of, and skills in, measuring outcomes for people with disability.

Successful projects include an inclusion support program to promote participation of children with disabilities in existing local playgroups, a project to foster more inclusive beaches with surf lifesaving clubs around Australia and the 'Aboriginal Aunts and Uncles' mentoring program for young Aboriginal people with disability.

Throughout 2017-18 the NDIA will continue to increase its work to support the broader disability sector through ILC Grants in a way that is consistent with the NDIS approach.



Launch of the AllPlay Dance project

## CASE STUDY:

# AllPlay Dance

AllPlay Dance, a new initiative to give children with disability a chance to express themselves through dance, was awarded \$627,000 under the NDIS ILC National Readiness Grants program.

The Hon Jane Prentice MP, Assistant Minister for Social Services and Disability Services, said the Deakin University-led program gives people with disabilities, particularly children, a chance to access mainstream dance programs and build skills and self-esteem.

“All children love to dance and AllPlay Dance breaks down barriers to enable people with disabilities to have fun and connect to their community,” Assistant Minister Prentice said.

The inspiration behind AllPlay Dance was Melbourne mother Tabitha, who struggled to find a dance school for her 10-year-old daughter Bianca who has Mowat-Wilson syndrome, a rare genetic disorder.

Tabitha said it was only through sheer perseverance that she found a dance school that would take Bianca on an ‘even ground’.

“With assistance from the NDIS, Bianca now attends dance class once a week and is absolutely thriving – it’s the highlight of her week,” Tabitha said.

Professor Jane den Hollander, Deakin University Vice-Chancellor, welcomed the Federal Government’s support and said the ILC program was a perfect fit for AllPlay.

“AllPlay Dance will mean more children with a disability can join routine activities in their communities, while Deakin researchers can gather evidence to show why participation is important for all children, regardless of ability.”

# Chapter 2

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## Supporting a growing market with innovative supports

**The delivery of the NDIS relies on there being a market of adequate size, quality and innovation to ensure participants can readily access the support they need and exercise choice and control.**

The NDIA will work to support a range of stakeholders such as participants, providers, the Department of Social Services (DSS), and states and territories to ensure that the market is of sufficient scale at a national and local level for participants to utilise their plans and achieve their goals.

This Chapter describes key activities undertaken by the Agency in 2016-17 to support the growing disability market through:

- 2.1 improving the provider experience, including through registration;
- 2.2 establishing the NDIA as market steward through the Market Approach, market position statements and pricing controls; and
- 2.3 promoting innovation through housing and Assistive Technology.

## 2.1 Improving the provider experience

To improve the provider experience, an end-to-end review of the provider pathway was undertaken between April and June 2017. This is detailed further in Chapter 1.

Initial findings have identified a range of ideas that will improve the quality of the provider experience, including improving communications for both existing and new providers.

To that end, a number of initiatives are already underway to review outcomes and work is progressing to improve the provider portal.

### Provider registration and payments

The Agency has been developing and implementing business and system process improvements to enhance the provider registration experience and decrease waiting times for processing of provider registration applications.

The Agency ensures providers meet the criteria prescribed by the Scheme rules including that they are accredited against, and compliant with, jurisdictional quality and safeguarding requirements.

In 2016–17, the number of providers registered was substantially more than were registered during the three-year trial period:

- During the three years of trial the provider registration team approved and registered 3,519 entities to become registered providers of supports.
- By 30 June 2017, the number of registered providers rose to 8,698, an increase of 5,179 from 30 June 2016.



**Kid Sense Child Development Managing Director  
Conor McKenna and Founder Joanna Buttfield**

## CASE STUDY:

# Kid Sense Child Development

South Australian NDIS provider Kid Sense Child Development has navigated the transition to the NDIS and is reaping the rewards of adapting to the new disability market.

The Adelaide-based organisation provides more than 28,000 appointments annually to an expanding client base, the majority of whom have an NDIS plan.

Managing Director Conor McKenna said the Kid Sense workforce is expanding to meet the demand from local parents and child psychology will be added to their services.

“Our team will have grown from five to 16 since the introduction of the NDIS in 2013,” Mr McKenna said.

“Our goal is to expand our clinical and operations team to 30 members by June 2018.”

Kid Sense started in 1998 when Founder Joanna Buttfield, at the time working in the US, recognised there were treatments that weren't offered in Australia. Almost 20 years later, Kid Sense now offers occupational and speech therapy to children with a range of disabilities and developmental challenges in their movement, play, speech, language, learning, attention and behaviour.

The NDIS has been a much-welcomed change for many of Ms Buttfield's clients.

“With the NDIS, there's now funding for kids who've been desperately in need of therapy and simply haven't been able to access it before,” Ms Buttfield said.

Mr McKenna said the NDIS is a “wonderful opportunity” but the transition has not been without its difficulties.

“As with every new government initiative or funding program, there is a steep learning curve – particularly for the operational support personnel who need to administer the back-end: the signing for services, appointment scheduling, billing the Agency for services rendered and reconciliation of payments,” he said.

“At times, we have experienced a level of frustration with the lack of efficient provider education as well as response times from the Agency regarding clinical and operational matters.”

“This is, however, more than balanced by the friendly, helpful and professional staff.”

Kid Sense received a Telstra Business Award in 2017. The team are optimistic about the future and while their vision is ambitious, it is one they wholeheartedly believe in.

The Kid Sense vision for the future is simple yet compelling: ‘Creating the most trusted brand in child development in Australia.’

## A national commitment to NDIS Quality and Safety

Nationally consistent protections for NDIS participants will be put in place under a Quality and Safeguarding Framework released in February 2017 by the Council of Australian Governments Disability Reform Council.

The Framework is designed to ensure high-quality supports and safe environments for all NDIS participants. The new system will be nationally consistent and establishes the responsibilities of providers and their staff.

Key components of the new Framework include:

- worker screening and reducing restrictive practices;
- a national complaint and serious incidents system;
- NDIS Code of Conduct for providers and their staff; and
- a national registrar responsible for registering providers and overseeing their compliance with registration requirements, including compliance with the National Standards for Disability Services and Mental Health Services.

States and territories will maintain current quality and safeguarding arrangements until the Framework is implemented in their jurisdiction.

In May 2017, the Commonwealth Government announced the establishment of the Independent NDIS Quality and Safeguards Commission to implement the Quality and Safeguarding Framework and oversee the delivery of quality and safe services for all NDIS participants.

The Commission will be established in early 2018 and is expected to commence operations in each state and territory by 1 July 2020.

## 2.2 Establishing the NDIA as market steward

### Market Approach

The NDIS Market Approach (Statement of Opportunity and Intent) was published in November 2016 to outline the role of the Agency as a market steward during transition to full Scheme.

The Market Approach outlines how the Agency will work with industry and the wider community, as Scheme stakeholders, to support major growth in the number, range and size of disability support providers and the services they offer. The Agency recognises that for businesses of all sizes and types to confidently and sustainably grow and innovate under the Scheme, they require as much clarity as possible about market development, including what they can expect from the Agency.

Where market problems are observed, such as participants not being able to access services to support the achievement of their goals, the NDIA will consider how to improve the situation and make the right changes. This is an important role in creating a new market (for disability supports) where participants are the customer. Many providers will need to adapt to the new environment where the customer, not the government, decides what is needed.

### Market position statements

The final suite of market position statements were delivered in 2016-17; Tasmania in July 2016, the ACT in September 2016 and the Northern Territory in January 2017.

The statements help providers, as well as participants and intermediaries understand the developing local markets they operate in. This assists these three essential groups to make informed decisions now and to identify challenges and opportunities for the future.

The market position statements provide information down to regional or local government area level and include information on the estimated demand for supports, a picture of market supply and incorporate insights from providers that operate in these local markets.

“Across Australia, new providers are emerging to fill gaps in the disability support market. While adapting to a transformation of this size can be challenging, the overwhelming majority of providers are excited about their growth prospects under the NDIS.”

– The Hon Jane Prentice MP, Assistant Minister for Social Services and Disability Services

## Pricing

### Changes to price controls for 2017–18

Each year pricing arrangements applicable to NDIS supports and services are reviewed by the Agency. This year's review was focussed on personal care and community participation supports.

As part of the review the Agency released a discussion paper in March 2017 and invited submissions from the public. In total, 85 respondents contributed to the review on a range of issues including the hourly rate for attendant care.

The key changes to price controls, which took effect on 1 July 2017, were:

- Changes to maximum prices for NDIS supports and services:
  - daily activity and community participation;
  - other supports including those related to Capacity Building; and
  - capital related supports (Consumer Price Index increase only).
- Loadings for Remote and Very Remote Areas:
  - 2017–18 prices will be 20 per cent higher for remote areas and 25 per cent higher for very remote areas, reflecting the most up-to-date loadings from the Independent Hospital Pricing Authority.

- Therapy services cancellation policies:
  - to improve consistency across support types, providers will be able to charge for up to two participant cancellations for therapeutic supports per annum.

The stakeholder submissions received during the price review will be used to inform future pricing decisions and support other initiatives, such as the NDIS provider benchmarking project.

While price caps will remain in place during the rapid ramp-up of the Scheme as the market matures, it is envisaged prices will be gradually deregulated and determined by market forces.

## Independent Pricing Review

The Agency announced an Independent Pricing Review in June 2017. This was in response to the wide range of pricing issues raised in participant and provider workshops, and in the Productivity Commission's Review of NDIS costs. McKinsey & Company is undertaking the review and will report key findings by the end of the year.

## 2.3 Promoting innovation through housing and Assistive Technology

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### Housing

Specialist Disability Accommodation (SDA) aims to give people with disability the opportunity to be a part of their community, rather than isolated from it.

SDA supports greater independence for the individual, improved features in their homes and promotes the use of Assistive Technology and the creation of new support models.

It also aims to help people to live in locations that enable them to better access their informal and paid supports.

SDA was implemented as a funded NDIS support on 1 July 2016. It came into full effect from 14 March 2017.

SDA funding will increase the availability of high-quality, fit-for-purpose homes for people with extreme functional impairments or very high support needs. By increasing the supply of SDA, participants will have choice and control over where they live and who they live with, just like all other members of the community.

Nonetheless, the NDIA recognises the need to ensure appropriate pricing to encourage a sufficient supply of SDA.

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## Assistive Technology

The Agency has been working in the last 12 months to implement the proposed initiatives of the Assistive Technology (AT) Strategy while helping participants and providers to transition to full Scheme.

Assistive technologies cover the full spectrum of technology from new and sophisticated devices like specialised apps on smartphones, to simple but effective tools like tactile maps and walking sticks.

Better design and accessibility features are increasingly making universal technologies (e.g. tablet computers) an important assistive technology in the daily lives of people with disability. AT helps people with disability live a more independent and more inclusive life.

Major presentations and workshops explaining the approach to AT have been shared with more than 1,000 providers and participants in the last year.

The Agency is focussed on delivering key projects against each of the three proposed initiatives.

The projects include the AT Innovation Hub Scoping and Feasibility Study, which was completed in 2016. The Agency is developing a plan to implement the recommendations of the study which was completed by the University of Technology Sydney with input from Northcott Innovation. The study included substantial contributions from a range of people with disability.

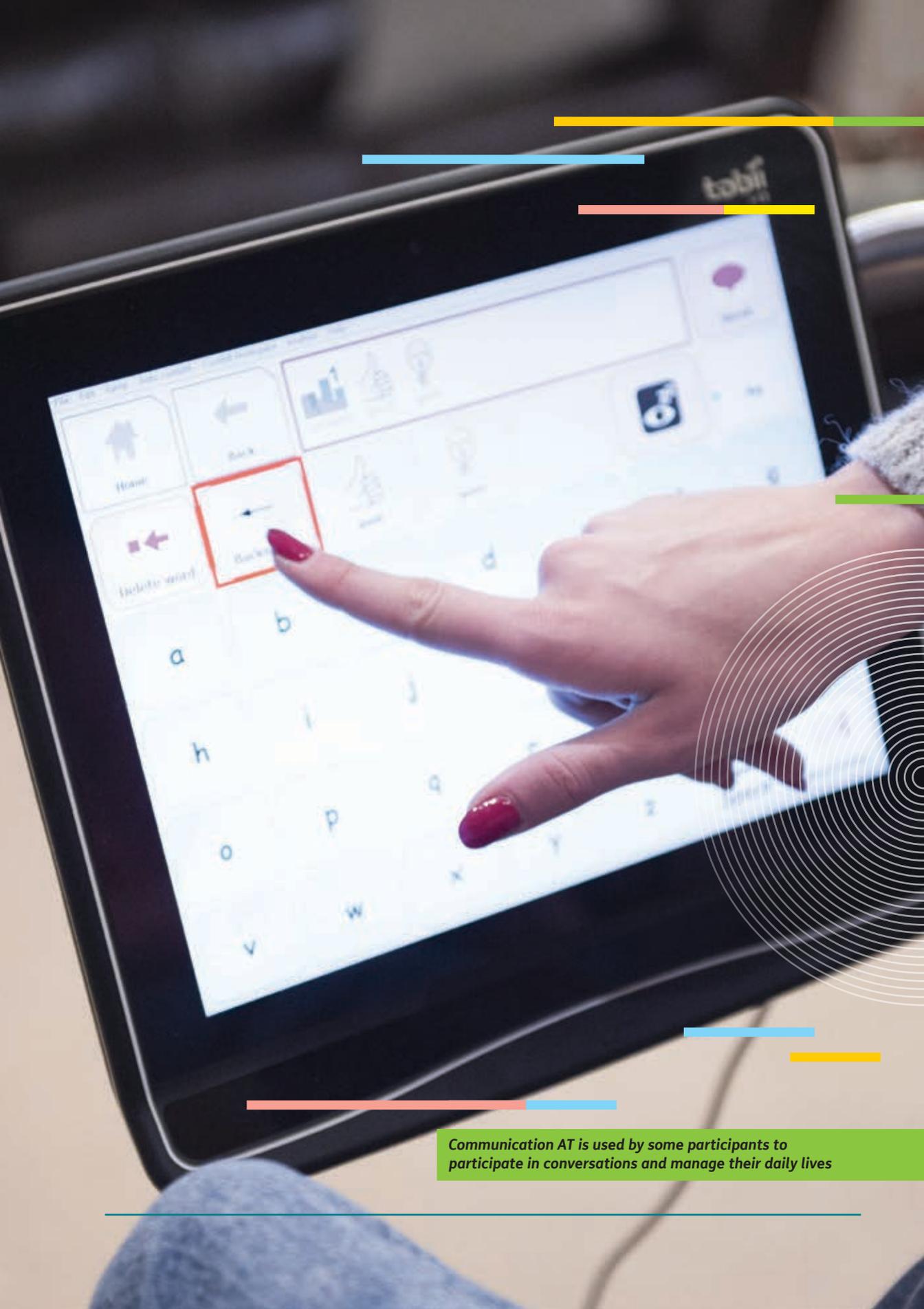
Policy guidance continues to be developed and published to support participants in receiving their reasonable and necessary AT supports and services in complex and emerging AT markets, including:

- release of Assistance Animals Guidance in February 2017; and
- update to the NDIA approach to home modification, particularly for complex home modifications.

### At 30 June 2017

- 30 per cent of participants have assistive technology in their NDIS plan.
- 10 per cent of participants have home modifications in their NDIS plan.
- A total of \$207.3 million has been committed for AT and home modifications in plans\*.

\*does not include items from the consumables support category such as continence products.



*Communication AT is used by some participants to participate in conversations and manage their daily lives*

# Chapter 3

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## A financially sustainable Scheme

Key to the success of the NDIS transition is ensuring the long-term financial sustainability of the Scheme. The financial sustainability of the Scheme relies on the Scheme being able to support people with a disability to achieve social and economic outcomes in a way which represents value for money.

To achieve these outcomes the NDIA needs to focus on quality plans for participants, and work with the market to implement these plans.

The NDIS is based on insurance principles. In particular, financial sustainability is monitored by considering emerging experience and comparing this experience with expectations. The insurance approach allows any differences between emerging experience and expectations to be identified quickly, and management responses put in place if required.

The financial sustainability of the Scheme is monitored by the Scheme Actuary, and the Annual Financial Sustainability report includes an assessment of the NDIS after the first year of full Scheme transition (see Section 4).

This Chapter provides a summary of:

- 3.1 the initiatives that are underway to ensure the financial sustainability of the NDIS; and
  - 3.2 the Productivity Commission Review to date.
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# 3.1 Managing financial sustainability

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The NDIS was within budget for the first three years of trial and also for the first year of transition (2016-17). The Productivity Commission estimate of \$22 billion a year at full Scheme (2019-20) remains the best estimate of the longer-term cost of a well-managed NDIS.

Monitoring of financial sustainability has indicated the following:

- Higher than expected numbers of children are entering the Scheme (0-18 year olds).
- Plan budgets are increasing over and above the impacts of inflation and ageing.
- Higher than expected numbers of individuals are continuing to approach the Scheme in sites that commenced during the trial period.
- Lower than expected numbers of children are exiting the Scheme and being supported in mainstream and community settings.
- A mismatch exists to some extent between benchmark package costs (typical support packages) and actual plan budgets.
- Boundaries between the NDIS and other mainstream supports are not always well-defined (for example in the areas of health and mental health).

Differences from expectations are not unexpected in the early stages of the Scheme, and the insurance approach has allowed these differences to be identified early. Importantly the Participant and Provider Pathway Review that is currently being undertaken recognises financial sustainability as a critical factor in the success of the Scheme, and improved pathways are being designed considering insurance principles. Some specific initiatives already underway to manage financial sustainability are outlined below.

## Managing early intervention

The Agency implemented the Early Childhood Early Intervention (ECEI) approach (detailed on page 50) in response to higher than expected numbers of children entering the Scheme. While it is still too early to assess the impact of the ECEI approach, it is expected that it will provide a meaningful benefit for children with disabilities. The approach aims to both assist with Scheme sustainability by reducing lifetime costs and help build the capacity of the mainstream and community systems.

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## **Refining typical support packages and the planning process**

The typical support package and planning process is a method for better aligning a participant's support need with their funded support when they first enter the Scheme. The Agency will continue to refine this process to ensure that appropriate assessment tools and questions are used during the planning process. This approach assists with financial sustainability as plan budgets will be more in line with benchmark amounts and plan inflation will also be more in line with expectations.

## **Reviewing plans**

The Agency is implementing a plan review strategy which aims to align better plan budgets to support need and typical support packages for participants already in the Scheme. The strategy also aims to apply a risk-based approach to plan duration. Some plans will require earlier review than others based on the characteristics of participants and the supports in plans. For example, children receiving early intervention support may require earlier review to understand progression against outcomes, compared with some participants whose disability and circumstances are unlikely to change in the near future.

## **Providing quality assurance**

The Agency is implementing additional quality assurance processes so decisions are consistent, equitable and sustainable. The Agency is undertaking file reviews and audits to assist in understanding differences between emerging experience and expectations. This assists in developing management responses to financial sustainability.

## **Improving training**

Staff and Partner training on core capabilities is ongoing and includes training on insurance principles, Scheme sustainability, reasonable and necessary decision-making, typical support packages, and quality.

## **Mainstream interfaces**

As recognised by the Productivity Commission, clarifying boundary issues with mainstream services, including those that exist in the areas of health and mental health, will be essential. The state, territory and Commonwealth governments are responsible for implementing the National Disability Strategy which aims to remove barriers for people with a disability accessing mainstream services. The Agency will encourage the use of mainstream and community supports in the planning process to achieve both better outcomes for participants, and also financial sustainability.

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## 3.2 Productivity Commission Review of NDIS Costs

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**On 20 January 2017, the Commonwealth Government announced a Productivity Commission Review into NDIS costs, consistent with the Heads of Agreements with the states and territories and the Commonwealth. The Productivity Commission had always planned to conduct a review in 2017 to ensure the NDIS was operating sustainably and providing the best outcomes for participants.**

The Agency made a submission to the Productivity Commission in March 2017. At 30 June 2017 more than 200 submissions to the Review had been presented from a range of stakeholders including the Department of Social Services (DSS), service providers, community groups, peak bodies, and individual participants and their families. The level of public engagement in the Productivity Commission demonstrates the high level of public resolve to make the NDIS a success.

The review is intended to inform the final design of the full Scheme by focussing on updating initial cost projections estimated by the Productivity Commission and by providing advice on longer-term projections and overall sustainability issues.

A preliminary position paper of the Productivity Commission published in June 2017 sought feedback on the Commission's preliminary conclusions, and any additional issues for consideration before the public release of the final study report in October 2017.

The position paper raised a number of concerns in relation to the experience of NDIS participants and providers. As highlighted throughout this report, the Productivity Commission's concerns are consistent with those raised by the Agency and the Agency has commenced a number of initiatives in response to these issues, for example through the Participant and Provider Pathway Review and Independent Pricing Review.

On 17 July 2017, the Agency made a submission in response to the position paper. The response notes that the Agency generally agrees with the findings and recommendations of the paper, and that many of these are already being addressed, but that it disagrees with the proposals for an independent pricing regulator and for informal carer payments.



*Budding writer and NDIS participant, Rohan*

CASE STUDY:

## Rohan's story

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Ipswich NDIS participant Rohan joined the NDIS in May 2017, along with his younger brother Bryn. Rohan has Asperger's Syndrome and motor dyspraxia, as well as other physical and cognitive issues. Rohan has found comfort and a creative outlet in writing fantasy stories, and here he shares his story in his own words.

"My name is Rohan and I am 10 years old. I have Asperger's, which is a type of autism. Having autism has affected my life in lots of ways, both positive and negative.

"Before I started doing home-school I always had bullies. In primary school they made me feel like I was just a backdrop in a movie and they were the stars.

"I have come to realise since then that all of my bullies were wrong. Their actions now can just be brushed off like fine dust.

"I know Asperger's makes me unique and special in ways that will leave an important mark on the world.

"I have many dreams and I am so excited that I am in the NDIS because the help I get will propel me towards those dreams so that I can make them real.

"I would like to feel strong and healthy in my body, but my biggest heart's desire is for people to be able to read and enjoy my stories. I want my name to be beside J.K Rowling, Stephen King, Roald Dahl, Dr. Seuss and all of the greats."

# Chapter 4

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## Building a high-performing Agency

The NDIA aspires to be a high-performing organisation that delivers on its commitment to make the NDIS a reality for people across Australia. The aim is to build a truly inclusive and culturally-attuned Agency by removing barriers so all employees can reach their full potential.

The NDIA is new and still maturing, and continues to establish work practices and programs to ensure staff are supported, particularly employees with disability. The Agency is dependent upon the skills and capabilities of its Partners in the Community and respects the knowledge, connections and experience they bring to the task ahead.

This Chapter details the work undertaken by the Agency to help it to become a high-performing organisation. The Agency aims to achieve this by:

- 4.1 creating an expanding and diverse workforce;
  - 4.2 organising staff to deliver results;
  - 4.3 developing staff capability and capacity;
  - 4.4 establishing a high-value Partner network; and
  - 4.5 building stakeholder confidence and trust.
-

## 4.1 Creating an expanding and diverse workforce



**To fulfil its purpose, the NDIA must have a capable and committed workforce, including skilful and passionate leaders, who are empowered to deliver the Scheme.**

During 2016–17 the NDIA grew rapidly to meet its bilateral obligations and operational requirements.

At 30 June 2017, the Agency had 1,950 employees across 79 sites and the national office, employed under the *Public Service Act 1999* (PS Act). Strategic workforce planning is critical in ensuring the NDIA attracts and retains the required workforce.

The NDIA is also focussed on ensuring it is an employer of choice for people with disability, and on becoming a leading organisation for access and inclusion.

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## Workforce expansion

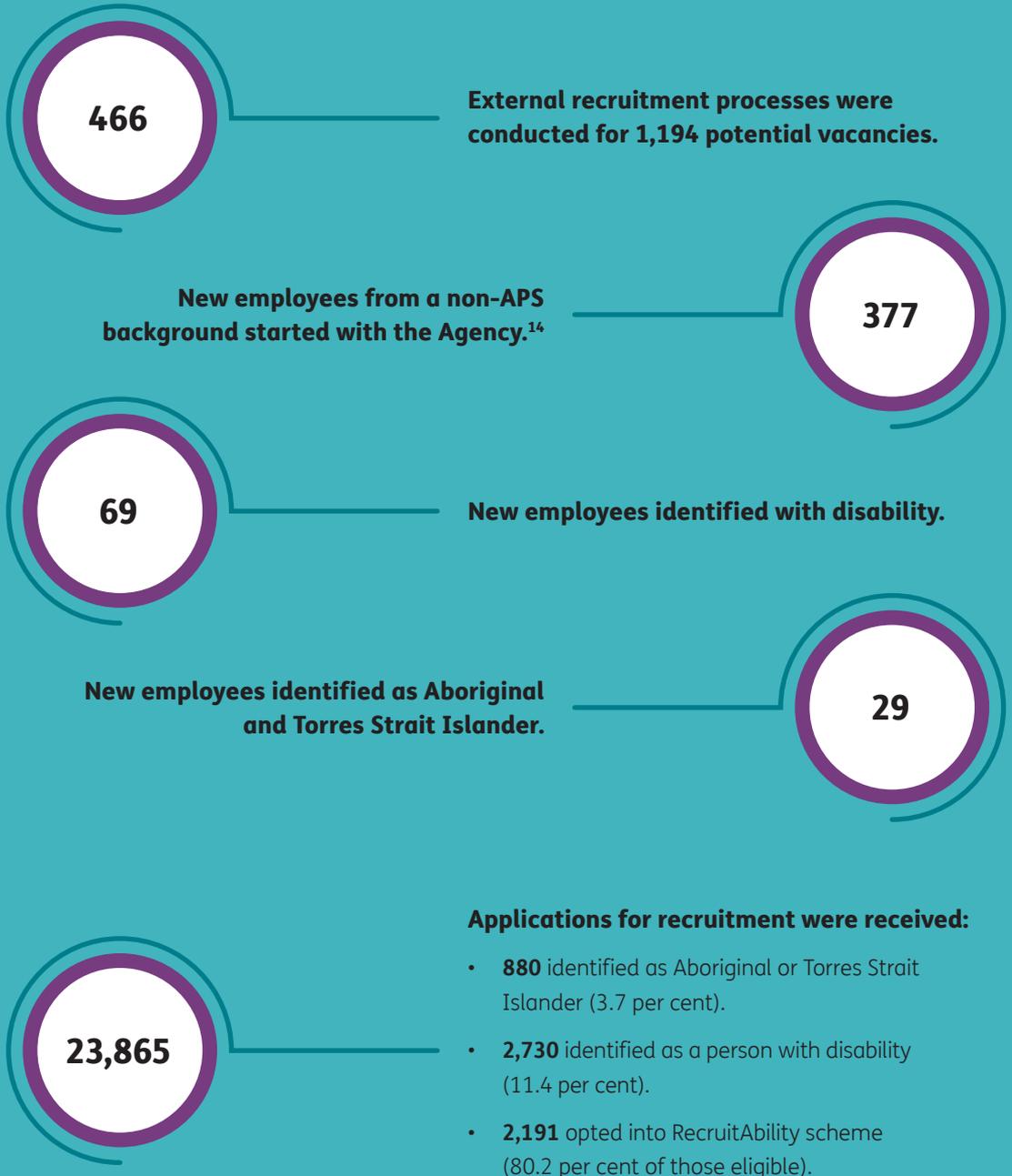
The NDIA workforce is enhanced by the unique mix of experience and knowledge, with employees coming from across policy, program, operational service delivery agencies in Commonwealth and state governments, as well as the private and the not-for-profit sectors.

Under the Bilateral Agreements, the NDIA has an obligation to offer state and territory based employees first opportunity to apply for any new ongoing roles within their respective state or territory. This process is to be completed prior to any external recruitment. This process is commonly known as “first offer” and has shaped the profile of the NDIA workforce and allows the Agency to benefit from a wealth of existing knowledge and experience.

As a geographically-diverse workforce, Agency staff and Partners in the Community work across state and territory boundaries and throughout rural and remote regions. The Agency’s national office staff are predominantly based in Geelong, however the national office also has a presence in Sydney and Canberra.

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## In 2016-17:



<sup>14</sup>. This is based on the number of non-ongoing and ongoing engagements. The data does not differentiate if from a non-APS background.

## Attracting and retaining talent

In the past year, the Agency was recognised as the seventh most appealing Australian employer of choice out of a pool of 150 employers at the Randstad Awards.

The Agency is committed to attracting and retaining the best people to deliver the NDIS. The Agency is also investing in talent development, performance and succession planning processes to ensure it not only attracts the right talent but also grows and develops staff from within.

In 2016–17 the Agency confirmed its commitment to leadership capability in its Leadership Framework. The Leadership Framework defines the capabilities, behaviours and attributes required of the Agency's leaders to deliver a quality, high-performing, sustainable Scheme. The Agency also encourages formal and informal learning and development to develop staff capability and capacity, with initiatives detailed on page 91.

## Diversity and inclusion

The Agency is committed to becoming a leading public sector Agency for access and inclusion, and achieving a diverse workforce that is reflective of the communities it serves. The Agency is determined to be an employer of choice and to create a safe and inclusive environment that keeps its people engaged and committed.

### People with disability

- In 2016–17, 14.4 per cent (280) of the Agency workforce identified as having a disability. This compares with an average across the APS of 3.7 per cent.<sup>15</sup> The Agency's target is 15 per cent of its workforce identifying as having a disability.
- At 30 June 2017 the Agency had 75 staff accessing 83 different licenses from nine different assistive technology software products. These products assist staff with blindness or low vision, mobility, dexterity, cognitive and learning impairments.

### Aboriginal and Torres Strait Islander employment

At 30 June 2017, 2.7 per cent (53) of the Agency's employees identified as Aboriginal and Torres Strait Islander. The Australian Government has set the Agency a target of 2.5 per cent of Indigenous representation by 2018. In the People Strategy 2017–19, the Agency has set this target at three per cent.

### Maintaining a gender balance

- At June 2017, 73.6 per cent of the Agency's workforce was female, compared to an APS average of 59 per cent.

The Agency currently has good female representation across the Agency and at 30 June 2017:

- 62 per cent of 321 executive level employees were women.

<sup>15</sup> Source: APSC 2015–16 State of the Service report

- 51 per cent of Senior Executive Service (SES) staff employees were female.
- Of 280 employees with disability, 67 per cent were women:
  - 165 work under the APS classification.
  - 21 were executive level employees.
  - Two were in the SES.

The Agency is committed to ensuring the views and experience of employees with lived experience of disability are respected. In 2016-17 the Agency continued the Staff Participant Network (SPN) for NDIS staff members who are also NDIS participants, or family or carers of NDIS participants to share ideas and experiences to inform the NDIS rollout. The Agency received accreditation as a 'disability confident recruiter' through the Australian Network on Disability and is the first Commonwealth Agency to obtain this.

Lived experience of disability is also considered in the Agency's approach to recruitment. The Australian Public Service Commission (APSC) RecruitAbility Scheme is applied to all advertised vacancies and affirmative measures and identified positions are used to attract and employ people with disability and also Aboriginal and/or Torres Strait Islander persons. Where possible, a person with disability is included on recruitment interview panels, to reaffirm the Agency's commitment to employing people with disability and to ensure people with disability are represented.

The Agency has trained Aboriginal and Torres Strait Islander employees for selection panels when specific affirmative measures provisions apply.

The Agency launched the first Reconciliation Action Plan (RAP) on 13 July 2016. The RAP was developed by a working group comprised of Indigenous and non-Indigenous staff. This was in addition to launching the Aboriginal and Torres Strait Islander Employee Network, which will provide peer support for Aboriginal and Torres Strait Islander employees and offer a forum to discuss workforce matters for Aboriginal and Torres Strait Islander employees. Online Aboriginal and Torres Strait Islander Cultural Awareness Training was introduced in July 2016 to increase cultural awareness, knowledge and understanding of the First Peoples of Australia.

**See Appendix 1 for Agency staffing statistics:**

- Table 10: Agency staff by employment type and level 2016-17.
- Table 11: Agency staff by substantive classification (headcount), 2015-16 and 2016-17.
- Table 12: Agency staff attributes, 2015-16 and 2016-17.
- Table 13: Agency employees who identify as Aboriginal and Torres Strait Islander (headcount), 2015-16 and 2016-17.



*Graeme Dargie and his son Adam*

## CASE STUDY:

# Graeme Dargie

Graeme Dargie's first experience with the NDIS was as the parent of a son with disability. Intrigued by the focus on choice and control for participants, he made enquiries about how he could get involved.

"I have worked as a psychologist and many other roles in the disability field for more than 25 years and this new model really demonstrated a strong empowerment approach," said the Planning and Support Coordinator from the Perth Hills NDIS Trial Site.

"I have a disability myself and found that my lived experience was valued by the Agency."

Graeme spent six months as Chairperson of the NDIA's Staff Participant Network (SPN), a forum open to staff who are NDIS participants, or are a parent, family member or carer of a participant. The network provides valuable advice to influence NDIA operations.

"I really enjoyed my time as Chairperson of the SPN," Graeme said. "I felt this was a good chance to bring issues forward for discussion and comment on the direction of our Agency."

He said changes to the Agency's operations and the Scheme were directly felt by staff like himself working directly with participants.

"I think as a Planner, the greatest thing I have had to deal with is a huge, constant change environment," Graeme said.

"It has been important to appreciate we started in a trial environment where we were learning the best way of doing things. It takes a certain resilience to accept and adopt some of the changes, and it takes good leadership to keep the team focussed on the achievements of the Scheme.

"I think the biggest inspiration that I have experienced as a father of a participant, a participant myself and a planner is the stories and achievements participants have experienced coming into the Scheme."

## 4.2 Organising staff to deliver results

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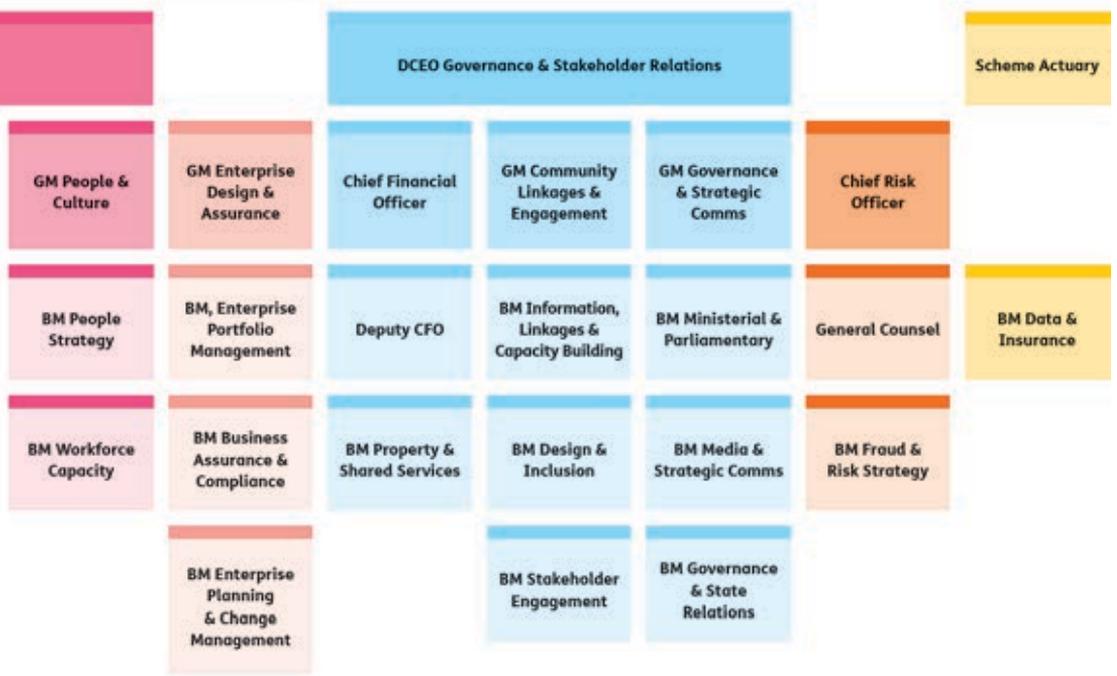


The NDIA aspires to be an operationally-excellent organisation. The unprecedented growth in the NDIS has necessitated rapid Agency growth and build-up of human resources frameworks and processes.

In 2017, the Agency delivered a new People Strategy and a new Enterprise Agreement. These underpin the Agency's vision for how it will operate in the final years of transition to full Scheme and the employment conditions that will enable staff to deliver better outcomes for participants and other stakeholders.

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# Organisational Structure as at 30 June 2017

Figure 2: Senior Executive Organisational structure as at 30 June 2017

## Key

External/Expert Advisor

GM - General Manager

BM - Branch Manager

RM - Regional Manager



**Chief Executive Officer**





Later in 2017, NDIA CEO Rob De Luca announced a new organisational structure to ensure the NDIA has the right foundations in place to deliver on its mission to build a world-leading NDIS. The new structure provides the Agency with a strong foundation to deliver on its aspirations as outlined in the NDIA Corporate Plan 2017-2021.

## Organisational Structure as at 2 October 2017

Figure 3: Senior Executive Organisational Structure at 2 October 2017

### Key

- Expert Advisor
- GM - General Manager
- BM - Branch Manager
- RM - Regional Manager

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## People Strategy 2017-19

In February 2017, the NDIA released the refreshed People Strategy 2017-19. The Strategy informs how the Agency will support its people to meet Agency objectives by 2020 and become a world leading NDIS.

The Strategy will support the NDIA to prepare for anticipated future changes and to further define, source and build the capability of its people to deliver the Scheme.

## NDIA Enterprise Agreement (EA) 2017-2019

The NDIA's inaugural EA came into effect on 28 February 2017 for a three year period. Between 1 July 2016 and 27 February 2017 the Australian Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) EA 2012-14 had continued to be applied to non-Senior Executive Services (SES) staff.

The new EA was an important milestone as it was developed for NDIA staff, by NDIA staff, after an extensive consultation and bargaining period. It was developed with conditions that are important for individuals and the Agency, such as certainty of entitlements and conditions; building an inclusive culture; and supporting an agile, flexible service delivery agency.

Both the FaHCSIA EA 2012-14 and NDIA EA 2017-19 agreements allow for Individual Flexibility Arrangements (IFAs) to vary conditions in the agreements. At 30 June 2017, 1,907 employees were covered by the agreement of which 18 were the subject of IFAs.

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## 4.3 Developing staff capability and capacity

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By building the capability and capacity of its people, the NDIA is cultivating a culture of continuous improvement. Employees are provided opportunities to grow their capabilities through a mix of on-the-job, collaborative and more structured learning opportunities.

A 100-day performance development program allows all staff members to reflect on their performance and how it aligns to Agency goals.

The Agency also manages a dedicated Graduate program, aimed at fostering the next generation of Agency leaders.

### Learning and development

With the pace of transition and the rapid growth in Agency staff, the Agency acknowledges the need to improve its training and investments in capability development.

The Agency has focussed learning and development on Scheme sustainability and participant experience and improving training materials.

Key focus areas in 2016-17 included:

- **Induction** – design and implementation of a six-week induction framework for new starters.
- **Mandatory learning program** – online mandatory learning courses aimed at building knowledge in key aspects of being a public servant. These courses include:
  - Australian Public Service Values, Employment Principles and Code of Conduct;
  - Fraud Awareness;
  - Information Handling;
  - Security Awareness; and
  - Work Health and Safety for Employees.
- **Disability confidence** – implementation of a disability awareness program, ‘Disability Awareness at the NDIA’ for all new starters.
- **Participant Pathway learning program** – the Participant Pathway training aims to improve familiarity and understanding of the fundamental elements of participant service delivery; pre-planning, plan implementation and plan review.
- **Leadership and Management Capability** – launch of the Progressive Leadership Series, providing leaders with the opportunity to attend events on coaching, resilience, executive writing, and leadership and management essentials.

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In 2016–17, more than 40,000 structured learning courses were completed via the learning management system, LEAP.

Staff also accessed external learning opportunities through organisations such as the Australian Public Service Commission (APSC), Australian Human Resources Institute, Australian and New Zealand School of Government, Institute of Public Administration Australia and Jawun.

## Performance management

The Agency has embedded a strong approach to performance development that supports flexibility and agility in the Agency's workforce in its dynamic, fast-paced operating environment.

The Performance Development Framework (PDF) assists in aligning individual performance with the Agency's leadership culture and drives the Agency's strategic priorities.

As part of performance development, every employee needs to have a 100 day plan based on team goals and the NDIA Corporate Plan. The 100 day plan cycle is underpinned by regular and ongoing communications and performance conversations between leaders and their team members.

No performance pay arrangements apply.

## Graduate program

The Agency supported the APSC Graduate Development Program, recruiting and supporting 12 graduates through a 10-month development program.

The Agency also supports the Commonwealth Government and APSC's commitment to building Aboriginal and Torres Strait Islander workforce engagement, engaging two participants in the Indigenous Australian Government Development Program in 2016–17.

Graduates undertake two five-month workplace rotations and formal development via the APSC Graduate Development Program.

The success of the inaugural graduate program in 2016 has seen retention of all 12 graduates.

The 2017 graduate cohort commenced in February 2017, again comprising 12 graduates. Additional development opportunities for graduates include working with a planner, a day of volunteer work with a local disability organisation and a formal mentoring arrangement with one of the SES officers. Of the 12 graduates recruited to the 2017 cohort, 40 per cent identify as having disability and eight were previously volunteers with organisations providing services to people with disability, indicating the Agency is attracting socially-minded and community-engaged applicants.

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## 4.4 Establishing a high-value Partner network

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### **The growing network of Partners in the Community (Partners) continues to be critical to the delivery of the NDIS.**

Partners are suitably experienced and qualified organisations chosen for their strong local knowledge and understanding of people with disability or developmental delay.

The Agency works with these Partners at a local level throughout Australia to deliver Early Childhood Early Intervention (ECEI) and Local Area Coordination (LAC) services.

Partners in the Community delivering ECEI services are experienced in providing early childhood intervention services. ECEI supports children aged 0–6 years who have a developmental delay or disability and their families and carers.

Partners in the Community delivering LAC services assist people with disability aged seven and above to understand and access the NDIS, develop and refine their plans and link them to community and mainstream services. They also work within the local community to ensure inclusiveness for people with disability.

In 2016-17, the Agency funded 21 Partners in the Community to deliver ECEI and LAC services via \$116 million of grants and contracts.

The Agency established a National Partner Network to assist with the sharing of knowledge and experience between the Agency and Partners.

Partners are also focussed on reaching their cultural diversity and disability employment target of 15 per cent of employees having a disability. Many Partners have already exceeded this goal.



Staff from BUSHkids

CASE STUDY:

## BUSHkids

The Royal Queensland Bush Children’s Health Scheme, known as BUSHkids, commenced from 1 April 2017 as a Partner in the Community delivering Early Childhood Early Intervention services in Bundaberg.

Queensland Government disability clients in the Bundaberg area will begin to enter the NDIS from September 2017.

“So far, the transition to becoming an ECEI Partner has been smooth and we are on track to delivering great ECEI services in Bundaberg,” said BUSHkids Clinical Services Manager Susan Harrison.

“We really appreciate the collaborative partnership developing between BUSHkids and the NDIA and believe this approach will yield the best results for Bundaberg families.”

BUSHkids has more than 80 years’ experience working with children and families across rural, regional and remote areas of Queensland; in partnering with the NDIA, BUSHkids has been able to continue building its workforce with a focus on local expertise in the Bundaberg region.

## 4.5 Building stakeholder confidence and trust

### The way the NDIA approaches its work and interacts with the community it serves is important.

As referenced in Chapter 1, the Participant and Provider Pathway Review provides an important opportunity for the Agency to reassess its interactions with participants and providers. It also provides an opportunity to build community confidence in the Agency's ability to deliver quality outcomes for NDIS participants.

Beyond the review, the Agency is focussed on building and maintaining strong relationships, and responsive, transparent communications with key stakeholders.

During the 2016-17 financial year, the Agency and Partners connected with the community through strategic engagement, events and communications.

The NDIA's engagement strategy outlines how the Agency aspires to build and drive deep relationships with key stakeholders, particularly with the disability sector. As part of this, the Agency runs a CEO Forum every six to eight weeks, which brings together CEOs from 24 key disability peak bodies. This forum is an opportunity to provide updates on the progress and challenges of implementing the NDIS, as well as to listen to feedback from the sector regarding their experiences of the NDIS.

In 2016-17, an average of 75 events were either run or attended by NDIA regional teams each week.

Three interactive webinars were held for participants and the most popular, 'Developing and starting your first plan' had 3,271 registrants. More than 550 comments and questions were submitted during the webinar.

Eight NDIS information sessions co-hosted by Members of Parliament were held between April and June 2017, with more than 700 people attending.

The Agency recognises that incorporating the perspectives, opinions and experiences of people with disability and other stakeholders will lead to the best Scheme possible. The Agency is progressing work to provide more opportunities to include the experience and expertise of stakeholders, including participants and providers, in projects and processes that matter to them.

Some of the key areas of work in 2016-17 were:

- **Participant and stakeholder workshops** – testing the usability of processes such as service bookings in partnership with participants.
- **Employment** – establishing the Agency's Employment Steering Committee and addressing the interface between NDIS funded supports and Disability Employment Services to improve employment outcomes for people with disability.
- **Carers** – acknowledging the essential role of carers by developing specific carer-related training for staff.

## Improving ICT systems and processes to deliver quality outcomes

The NDIA is committed to building effective systems and processes, including Information and Communication Technology (ICT), to execute its goals. This will enable the NDIA to inspire community confidence in its ability, and the ability of its systems, to deliver the Scheme.

The Agency has been working with the Department of Human Services (DHS) to optimise its ICT systems to support full Scheme operations and payment accuracy. A particular focus has been improving the functionality and user experience of the participant and provider myplace portals.

The Participant and Provider Pathway Review is providing invaluable insight into how the Agency's systems can be improved, from an end-user's perspective.

Key ICT projects and process improvements during the year included:

- system changes to the online participant and provider portals with a focus on improved functionality and a positive user experience;
- enhancements to address identified business process gaps to improve the experience for participants, providers and staff;
- expanding the operating hours of the NDIS Contact Centre to 8am – 11pm local times, Monday to Friday; and
- embedding more rigour to test ICT functionality for system updates. These quality control processes will be phased in progressively during the first quarter of 2017–18.

## MP events

The Agency continued to strengthen its links with elected representatives. Senators and Members of Parliament (MPs) were offered the opportunity to host or attend an NDIS information session, in partnership with the NDIA, for their constituents.

Eight of these events were held in the 2016–17 financial year with more than 700 people attending.

Post-event evaluations have shown people value the opportunity to speak face-to-face with NDIA staff, Partners and their local representative about the Scheme and their personal circumstances.

Zoe Neville, parent of NDIS participant Ruthie, attended the Albury MP event. “I think people should go in feeling relaxed and feeling confident that this is going to make their lives better, because it really has changed our lives,” she said.

These events complement a number of initiatives undertaken by the Agency, working in conjunction with the state, territory and Commonwealth governments, to build community awareness and understanding of the NDIS. This includes working with the Parliamentary Joint Standing Committee on the NDIS and holding NDIS information sessions in partnership with state and territory governments to assist local communities to prepare for the NDIS.



*The 2017 Mardi Gras parade*

## Mardi Gras

In March 2017, the NDIA partnered with People with Disability Australia (PWDA) to participate in the 2017 Sydney Mardi Gras parade.

The NDIS and Mardi Gras event are perfectly aligned. Both are about building a more inclusive Australia. The partnership with PWDA demonstrates the Agency's commitment to empowering LGBTIQ+ people with disability to live the life they choose. Agency staff walked side-by-side with PWDA members wearing purple NDIS shirts and wigs. The event reached thousands of people online through live social media and videos made from the parade.

The Agency recognises the power of partnering with established disability and community groups to reach new audiences, and in the past year has worked with organisations such as the Raising Children Network, the Royal College of General Practitioners and the Australian Paralympic Committee.

## CASE STUDY:

# Maryanne Diamond AO

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Maryanne Diamond AO was one of four finalists in the 2017 Victorian Australian of the Year Awards. It's the latest in a long list of accolades for the NDIA's General Manager, Community Linkages and Engagement Division.

Maryanne, who is blind and has a son who is vision impaired, was made an Officer in the Order of Australia in 2014. Two years later she received the Louis Braille Medal, the most prestigious honour given by the World Blind Union. Both acknowledge Maryanne's leadership in the Marrakesh Treaty, a landmark shift in copyright restrictions geared towards ending the "book famine".

Maryanne's work advocates for accessible versions – such as braille, audio books, large print – of literature to be made available to the world's blind and visually impaired, less than seven per cent of whom have been able to enjoy these fundamental resources.

Accessibility is a key principle Maryanne brought with her when she joined the NDIA in late 2015, following a seven-year tenure at Vision Australia. Maryanne uses a range of different technologies, including braille and the computer software JAWS, which allow her to download books and newspapers and work. Her experience, both personal and professional, has been crucial in NDIA communication with people of a wide range of abilities.

"Working with stakeholders is key to the success of the NDIS," Maryanne said.

"Supporting the inclusion of a range of voices and hearing emerging issues straight from the source is important so we can improve and deliver the best Scheme possible."

Maryanne is the most senior NDIA staff member with a disability, and she is committed to communicating the message that the NDIS is a journey that will take time, yet ultimately change lives. She has become a key spokesperson in community events and with the media.

"The NDIS is about putting people in charge of their own lives and future – it is about empowerment, decision-making and choice and control," Maryanne said.

"That's a really big shift for people with disability and the sector. Any transformational change has problems – you don't press a button on day one and it's all fine."

"I can understand the frustrations of the individuals who have been finding the transition difficult. For many people with disabilities life's always difficult. To add change and unexpected problems, it is adding a huge amount of stress to people who don't need it. I have a lot of sympathy."



Maryanne Diamond AO

# SECTION TWO

## Performance Report




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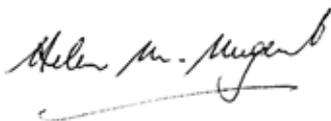


# Performance statements authority

# Performance statement

I, Helen Nugent, as Chairman of the accountable authority of the National Disability Insurance Agency, present the 2016–17 annual performance statements of the National Disability Insurance Agency, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and the *National Disability Insurance Scheme Act 2013 (NDIS Act)*.

In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.



**Dr Helen Nugent AO**

The National Disability Insurance Agency's (NDIA or Agency) mission is to build and manage a world leading National Disability Insurance Scheme (NDIS or Scheme) for all Australians. Its vision is to optimise social and economic independence and participation for people with disability.

The past year has been one of rapid change and expansion. More than 90,000 Australians with disability now have an approved NDIS plan<sup>16</sup>. The challenges inherent in the sheer size and pace of transition have resulted in a participant and provider experience that is not consistent with the high standards to which the NDIA aspires. As acknowledged earlier in this Annual Report, the NDIA has learnt from these challenges and is well advanced in redesigning the participant and provider pathway, following extensive consultation with key stakeholders. While high-level agreement now exists on the proposed pathways, further discussions on the detail will occur before the revised pathways are finalised.

These statements provide information on how the NDIA has performed against the goals outlined in its 2016–21 Corporate Plan.<sup>17</sup> The period covered by these statements is 1 July 2016 to 30 June 2017.

16. As at 30 June 2017, the NDIS has 90,638 participants with an approved plan and a further 6,134 children supported in the ECEI approach.

17. In relation to the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), the "purpose" of the NDIA is expressed through the mission, vision and three goals identified in the NDIA Corporate Plan 2016–21 on page 8 and pages 17–19.

### The Corporate Plan sets three goals for the Scheme:

**Goal 1** - People with disability are in control and have choices consistent with the United Nations Convention on the Rights of Persons with Disabilities.

**Goal 2** - The National Disability Insurance Scheme is financially sustainable and governed using insurance principles.

**Goal 3** - The community has ownership, confidence and pride in the National Disability Insurance Scheme and the National Disability Insurance Agency.

Each goal is to be achieved through three corresponding strategies. In turn, each strategy is implemented through a number of activities as listed in the Corporate Plan.

These annual performance statements provide performance information for the past year against each of the Corporate Plan's goals and strategies. In addition, the *Public Governance, Performance Accountability Rule 2014* (PGPA Rule)<sup>18</sup> requires the NDIA to report on its performance against the single outcome<sup>19</sup> (and three associated programs)<sup>20</sup> in the Portfolio Budget Statement 2016-17 for the Social Services portfolio (PB Statements). Reporting on these programs is integrated throughout the Performance Statements under the relevant goals or strategies.

In 2016-17, the first year of transition to full Scheme, the NDIA has collected baseline data using the NDIS Outcomes Framework - the Agency's mechanism for measuring success for people with disability in areas like choice and control, social inclusion, education, employment, health and housing. At this stage, only cross-sectional (baseline) analysis is possible since longitudinal data is yet to be captured. When the Scheme operates for a longer period, long-term data will provide the ability to measure and report at a more granular level.

18. Section 16F of the PGPA Rule requires the NDIA to report its performance in accordance with the methods of measuring and assessing set out in its Corporate Plan and the Department of Social Services Portfolio Budget Statements, 2016-17 (2016-17 PB Statements).

19. The single outcome (referred to as "Outcome 1") is 'to implement a NDIS that provides individual control and choice in the delivery of reasonable and necessary care and supports to improve the independence, social and economic participation of eligible people with disability, their families and carers, and associated referral services and activities', 2016-17 PB Statements, page 151.

20. These programs are: Program 1.1 (Reasonable and necessary care and support for participants), Program 1.2 (Community inclusion and capacity development grants), and Program 1.3 (Agency Costs).

## Goal 1:

People with disability are in control and have choices consistent with the United Nations Convention on the Rights of Persons with Disabilities

The intended outcome of Goal 1 is that ‘people with disability plan and exercise choice and achieve their goals for independence, social and economic participation, increased self-determination and self-management.’<sup>21</sup>

Under Goal 1, the NDIA also reports on the performance criteria under *Program 1.1 - Reasonable and necessary care and support for participants* under the PB Statements relating to the number of participants.<sup>22</sup>

### Strategy 1.1

Strategy 1.1 is to ‘build the capacity of people with disability to exercise choice and control in the pursuit of their goals’.<sup>23</sup>

Over the year, the Agency focussed on building the capacity to deliver the following activities as identified in the Corporate Plan:

- encouraging, enabling and challenging participants to take control and self-manage their supports (with support from family and carers where needed);
- supporting people with disability to make informed choices in all their dealings, including through information, capability and linkage;
- providing certainty of supports for participants including early intervention supports, through adequate funding and underwriting of the Scheme; and
- delivering the Agency’s market stewardship functions to facilitate the development of a diverse and competitive market.

### Key performance measures for Strategy 1.1

- The NDIS aims to improve the choice and control available to people with disability. In 2016-17, 60,357 participants entered the Scheme and received an approved plan. In addition, 6,134 children were supported in the Early Childhood Early Intervention (ECEI) approach. At 30 June 2017, this has resulted in 90,638 participants in total. This represents 83 per cent of the cumulative bilateral estimate of states and territories at 30 June 2017.<sup>24</sup>
- At 30 June 2017, \$370 million was allocated to current plans for active early intervention participants (eight per cent of the total).
- The NDIS encourages participants to take control and self-manage their supports when they consider it appropriate. Seven per cent of participants are self-managed fully; nine per cent are partly self-managed; 11 per cent managed with the assistance of a plan manager; and 73 per cent are Agency-managed. The Agency has set a target of 18 per cent of participants being fully or partly self-managed by 30 June 2018.

21. This is one of the indicators of success under Goal 1 in the NDIA Corporate Plan 2016-21, page 17.

22. 2016-17 PB Statements, page 151.

23. NDIA Corporate Plan 2016-21, page 17.

24. The performance target in the 2016-17 PB Statements is that the ‘number of participants entering the Scheme are as per Bilateral Agreements and actuarial forecasts’ (page 151).

- The baseline data captured during this first year of transition (2016-17) shows that 46 per cent of participants choose who supports them.<sup>25</sup>
- A healthy, innovative and efficient market of supports is also needed to support a culture of choice and control for a full range of disability services.<sup>26</sup> Market growth over the year resulted in:
  - 8,698 registered providers approved to deliver disability supports to NDIS participants in at least one registration group at 30 June 2017. This is an increase of 5,179 registered providers from 30 June 2016; and
  - 1,763 providers assisting with providing more choice and control as they are providing new types of supports to participants.
- assisting people with disability (with support from their families and carers, where needed) to have the skills and confidence to participate in, and contribute to, community life and to protect their lives.

### Key performance measures for Strategy 1.2

The Agency captured data during 2016-17 to establish social and economic baseline levels for 98 per cent of participants prior to entering the Scheme. The Agency will use this data to measure the impact of the Scheme in assisting with progress toward outcomes in future years. The baseline data identified that before joining the NDIS:

- participants want to undertake courses and training, with 32 per cent of participants over 25 years of age saying they were unable to do a course or training they wanted to do in the last 12 months;
- twenty-six per cent of participants over 25 years of age had a paid job in 2016-17, which can be benchmarked against the 76 per cent general employment to population ratio<sup>28</sup>; and
- thirty-six per cent of participants over 25 years of age had been actively involved in a community, cultural or religious group in the last 12 months.

## Strategy 1.2

Strategy 1.2 is to 'promote the independence and social and economic participation of all people with disability and especially those who are vulnerable or marginalised'.<sup>27</sup>

Over the year, the Agency focussed on building the capacity to deliver the following activities, as identified in the Corporate Plan:

- reaching out and supporting participants to contribute to social and economic life guided by the principles in the NDIS Outcomes Framework;
- providing participants, their families and carers, with certainty of the care and support that is needed over a lifetime;
- ensuring the decisions and preferences of people with disability are respected and they are afforded the dignity of risk where it is their choice; and

25. This refers to participants aged 15 and above.

26. This is one of the indicators of success under Goal 1 in the NDIA Corporate Plan 2016-21, page 17.

27. NDIA Corporate Plan 2016-21, page 17.

28. ABS Labour Force statistics, Dec 2016.

## Strategy 1.3

Strategy 1.3 is to ‘recognise, nurture and uphold informal support and care arrangements, especially for children and vulnerable adults’.<sup>29</sup>

Over the year, the Agency focussed on building capacity to deliver the following activities as identified in the Corporate Plan:

- adopting a flexible approach in planning to take account of the needs and aspirations of participants, their families and carers, and the evolution of available supports;
- recognising and supporting sustainable care by carers, families and other significant persons by building a more inclusive community and providing opportunities to share and learn from one another;
- building community capacity and supports for people with disability who do not receive funded supports; and
- developing positive relationships and informal support arrangements for people who do not have these relationships and/or arrangements.

### Key performance measures for Strategy 1.3

- Individual planning sessions occur for 100 per cent of participants.
- Information Linkages and Capability building (ILC) is the component of the NDIS that provides information, linkages and referrals to efficiently and effectively connect people with disability, their families and carers, with appropriate disability, community and mainstream supports. ILC also helps to ensure that the NDIS establishes and facilitates capacity building supports for

people with disability, their families, and carers that are not directly tied to a person through an individually funded package.

- The NDIS aims to support care arrangements that are sustainable and forward looking.<sup>30</sup> As participants spend longer in the Scheme, the NDIS expects to see indications that this is occurring. The baseline data captured during this first year of transition shows:
  - seventy-one per cent of families and carers rate their health as good or very good or excellent;
  - thirty-six per cent of families and carers have made plans for when they are no longer able to care for their family members with disability; and
  - forty-three per cent of families and carers say they are able to work as much as they want.

## Commentary:

As the Agency continues to gather data to track social and economic outcomes the success of the Scheme in delivering its objectives will become more apparent. This includes establishing mechanisms to assess the adequacy of funding for participants in the context of the achievement of individual outcomes and monitoring success in supporting dignity of risk where it is a participant’s choice.

<sup>29</sup> NDIA Corporate Plan 2016–21, page 17.

<sup>30</sup> This is one of the indicators of success under Goal 2 in the NDIA Corporate Plan 2016–21, page 18.

## Goal 2:

### The National Disability Insurance Scheme is financially sustainable and governed using insurance principles

To achieve Goal 2, the Scheme's 'short-term and long-term costs should be estimated and managed using actuarial evidence',<sup>31</sup> in line with the Agency's insurance principles.

Under Goal 2, the NDIA also reports on performance criteria under *Program 1.1 - Reasonable and necessary care and support for participants*<sup>32</sup> (relating to costs of supports) and *Program 1.3 - Agency Costs*<sup>33</sup> under the PB Statements.<sup>34</sup>

## Strategy 2.1

Strategy 2.1 is to 'base governance and operations on strong insurance principles using comprehensive and reliable data'.<sup>35</sup>

Over the year, the Agency focussed on building the capacity to deliver the following activities as identified in the Corporate Plan:

- basing Agency decision-making on actuarial advice and best available evidence;
- establishing effective estimation and management of short-term and long-term costs;
- operating within the funding envelope approved by governments as informed by Productivity Commission estimates; and
- identifying and managing financial risks of the Scheme.

### Key performance measures for Strategy 2.1

- Scheme costs were within the bilateral estimates and actuarial forecasts – as required under the PB Statements.<sup>36</sup> The Productivity Commission has also noted that Scheme costs are broadly on track with the NDIA's long-term modelling.<sup>37</sup>
- The NDIA is on-track to decrease operating costs from 23.7 per cent of Scheme costs to the targeted 6.4 per cent by 2019-20.<sup>38</sup> At the end of full Scheme rollout average costs are expected to sit at the lower end of the band of the Productivity Commission proposed funding target of seven to 10 per cent of package costs.
- The NDIS undertakes actuarial analysis and reporting, along with targeted research and evaluation to effectively implement the Scheme's insurance principles.<sup>39</sup>
- The NDIA has produced long-term modelling of Scheme costs based on actuarial analysis and reporting.

31. *Ibid*

32. *2016-17 PB Statements Program 1.1 (Reasonable and necessary care and support for participants)*, page 151.

33. *2016-17 PB Statements Program 1.3 (Agency Costs)*, page 153.

34. *2016-17 PB Statements Program 1.1 (Reasonable and necessary care and support for participants)*, page 151.

35. *NDIA Corporate Plan 2016-21*, page 18.

36. *2016-17 PB Statements Program 1.1 (Reasonable and necessary care and support for participants)*, page 151.

37. *Productivity Commission Position Paper on NDIS Scheme Costs (June 2017)*, page 53.

38. *2016-17 PB Statements Program 1.3 (Agency Costs)*, page 152.

39. *NDIA Corporate Plan 2016-21*, page 18.

- The NDIA has invested in targeted research. As an example, it has recently invested in the development of nationally consistent Autism guidelines with the Cooperative Research Centre for Living with Autism.
- Using the NDIS Outcome Framework, the NDIA has collected participant, families and carers baseline data on 98 per cent of participants who received their first plan in 2016-17.
- The Scheme Actuary attends Executive Management Group meetings as an observer to ensure that governance and operations are based on strong insurance principles. In addition, the Scheme Actuary attends the NDIA Board's Sustainability Committee monthly meetings.
- designing and funding reasonable and necessary packages of supports for participants which encourage creativity and effectiveness;
- developing effective interfaces with complementary mainstream service systems that will meet changing needs and deliver best outcomes over a lifetime for participants; and
- utilising available general and community supports for all people with disability first.

### Key performance measures for Strategy 2.2

- Twenty-four per cent of all participants have entered the Scheme under early intervention criteria this year.
- Ninety-eight per cent of current plans include funding for capacity building supports. Capacity building supports are aimed at increasing the capacity of participants, their families and carers, to achieve social and economic outcomes.

## Strategy 2.2

Strategy 2.2 is to 'invest, including through intervention, in a lifetime approach.'<sup>40</sup>

This involves focussing on lifetime value for Scheme participants and seeking to maximise opportunities for early investment in independence, and social and economic participation with the most cost-effective allocation of resources.

Over the year, the Agency focussed on building the capacity to deliver the following activities as identified in the Corporate Plan:

- investing early to deliver improved and sustainable outcomes and to reduce long-term costs;

## Strategy 2.3

Strategy 2.3 is for the Agency to 'drive support services and workforce to be high-quality, effective, efficient and responsive to the diversity of Scheme participants, so as to create a new, dynamic and non-inflationary market for disability supports.'<sup>41</sup>

Over the year, the Agency focussed on building the capacity to deliver the following activities as identified in the Corporate Plan:

- investing significantly in research and adopting a risk based, fair and minimalist approach to regulation;

40. NDIA Corporate Plan 2016-21, page 18.

41. NDIA Corporate Plan 2016-21, page 18.

- supporting a robust and dynamic market where all providers deliver high-quality and effective support to participants with diverse disabilities across Australia, including rural and remote areas; and
- influencing the market to ensure current and new support workers are retained and attracted to diverse and flexible opportunities and careers in a rapidly expanding disability sector.

### Key performance measures for Strategy 2.3

- The Agency has developed an integrated assurance approach in 2016-17 to support the Agency's rapid growth and changing risk profile. The approach aligns assurance activities under a single umbrella within the enterprise risk management framework. This risk-based approach guides the Agency's assurance in relation to market operations, including provider audits.
- The NDIA has a role in influencing the market to ensure that 'a healthy market is developing that increases the mix of support options and innovative approaches.'<sup>42</sup>

In 2016-17:

- the number of registered providers grew from 3,519 to 8,698 over the year, including 3,512 individuals/sole traders and 5,186 companies;
- participants are supported by, on average, 1.49 providers with 0.5 new providers per participant in the fourth quarter of 2016-17; and
- there were 3,291 new providers delivering supports to participants.

42. This is one of the indicators of success under Goal 2 of the NDIA Corporate Plan 2016-21, page 18.

## Commentary:

Currently, the Productivity Commission's estimate of \$22 billion a year at full Scheme remains the best estimate of the long-term costs of a well-managed Scheme. Actuarial work continues to verify the long-term costs of the NDIS. This includes managing already identified costs pressures, such as higher than expected numbers of children entering the Scheme and increasing package costs over and above the impacts of inflation and ageing. Deliberate interventions, such as the ECEI approach, will make a difference to the lives of those with disability and help manage the Scheme's long-term sustainability.

The NDIA is actively supporting DSS in the establishment of the new National Disability Insurance Scheme Quality and Safeguards Commission. These arrangements will support NDIS participants to exercise choice and control, ensure appropriate safeguards are in place for NDIS supports, and establish expectations for providers and their staff to deliver quality support. States and territories will maintain current quality and safeguarding arrangements in the meantime.

The NDIA Board and Management has commissioned an Independent Review of Pricing that will make recommendations about future pricing options, taking into consideration the need for prices to facilitate market growth. This review is integral to the NDIA's commitment to grow the market for disability supports and services with a view to establishing a balance between demand and supply.

## Goal 3:

The community has ownership, confidence and pride in the National Disability Insurance Scheme and the National Disability Insurance Agency

The NDIS has ‘overwhelming support’ from various stakeholders as stated by the Productivity Commission in June 2017.<sup>43</sup>

Under Goal 3, the NDIA also reports on the performance criteria under *Program 1.2 – Community Inclusion and Community Development Grants* of the PB Statement.<sup>44</sup>

### Strategy 3.1

The Agency aims to ‘respect and actively seek the views of people with disability, their families, carers and other significant persons in the design and evaluation of supports and services to participants.’<sup>45</sup>

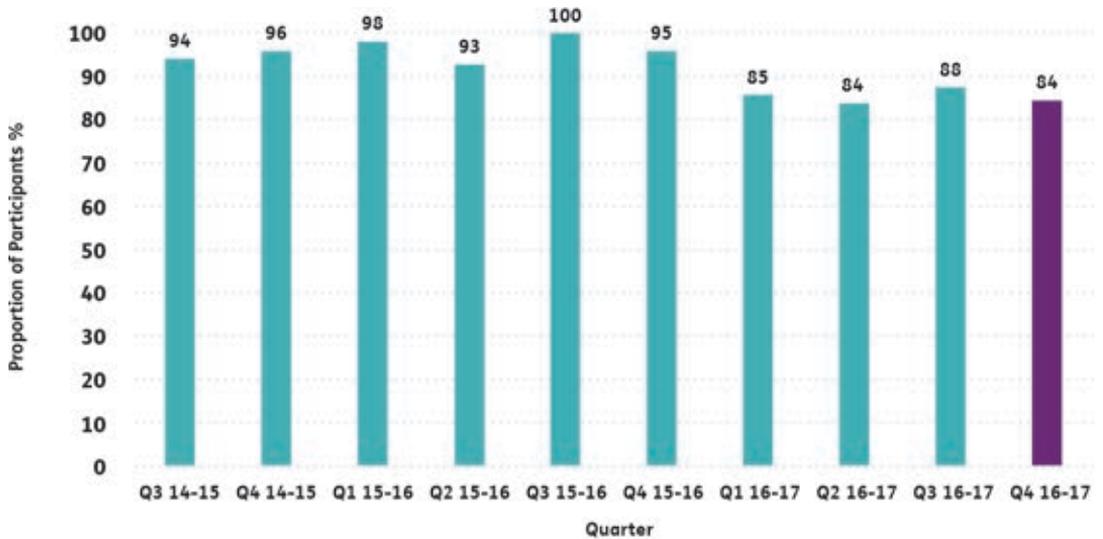
Over the year, the Agency focussed on building the capacity to deliver the following activities as identified in the Corporate Plan:

- involving people with disability, their families, carers and other significant persons in the design and evaluation of supports and services to participants;
- supporting a culture of service that is open, accountable and welcomes feedback;
- building confidence in the Scheme and its administration by working constructively with the disability sector; and
- being the employer of choice for people with disability.

43. NDIA Corporate Plan 2016-21, page 18.

44. 2016-17 PB Statements Program 1.2 (Community inclusion and Community Development Grants), page 152.

45. This is one of the indicators of success under Goal 3, NDIA Corporate Plan 2016-21, page 19.

**Figure 4: Participant satisfaction quarter 3 2014-15 to quarter 4 2016-17****Key performance measures for Strategy 3.1**

- Participant satisfaction continued to be above 84 per cent across the year – as outlined in Figure 4 above. This was lower than the satisfaction levels during the trial period and reflects the pressures created by the speed of the rollout this year.
- The NDIA established a new consultative team and held three workshops to seek the views of people with disability in 2016-17. In addition, the consultative team actively sought the views of people with disability, their families, carers and other significant persons in the design and evaluation of supports and services to participants through:
  - fifteen individual peak body meetings and forums; and
  - five major representations at external key stakeholder or government forums.
- The NDIA has surveyed 98 per cent of participants entering the Scheme in 2016-17, to establish baseline data relating to participant goals using the NDIS Outcomes Framework.
- The Administrative Appeals Tribunal (AAT) can, in response to applications, review decisions made by the Agency under the NDIS Act, including decisions about whether a person meets the access criteria to become a participant in the Scheme, the supports provided under the Scheme and the registration of providers of support. Total applications for the AAT for the year equated to 0.21 per cent per cent of active participants (see page 141).
- The NDIA received 4,968 complaints in 2016-17, with 75 per cent of the complaints closed at 30 June 2017.

## Strategy 3.2

Strategy 3.2 is for the Agency to 'work constructively with governments, peak disability organisations and Agency partners.'<sup>46</sup>

Over the year, the Agency focussed on building the capacity to deliver the following activities as identified in the Corporate Plan:

- faithfully representing the interests of people with disability in contributing to the development of policy, service delivery and physical and social infrastructure;
- acknowledging the role of participating governments as reputational and fiscal shareholders in the Scheme;
- being transparent through the timely provision of information and data to governments in relation to the performance, expenditure and activities of the Scheme; and
- working with local governments to build on their local connections and knowledge to build opportunities.

### Key performance measures for Strategy 3.2

- The Scheme's performance is transparent to the community,<sup>47</sup> including through the release of 71 public documents in 2016-17. These include the 2015-16 Annual Report and four NDIA Quarterly Reports to COAG Disability Reform Council (CDRC).
- The NDIA has worked directly and extensively with participants and providers to identify solutions to improve the participant and provider experience from initial access, planning and the ongoing plan review process.
- The NDIA has continued to expand its presence across the country to meet ongoing operational requirements, including engaging face-to-face with participants. In 2016-17, six standalone service delivery sites and 39 co-located service delivery sites have been established, bringing the total number of sites across Australia to 79. All service delivery sites planned for 2016-17, to support the bilateral estimates, were in operation at 30 June 2017.<sup>48</sup>
- The Agency is building its capacity to influence policy development and social infrastructure. The NDIA has attended the following quarterly intergovernmental meetings in 2016-17: Secretaries NDIS Committee, Senior Officials Working Group and COAG Disability Reform Council meetings.

46. NDIA Corporate Plan, 2016-21, page 19.

47. This is one of the indicators of success under Goal 3 outlined in the NDIA Corporate Plan 2016-21, page 19.

48. This is one performance target set against 2016-17 PB Statements Program 1.3 (Agency costs): '90 per cent of services centres are opened as per the bilateral estimates'. It should be noted that no target was set in the Bilateral Agreements for service centres, but the NDIA has operationalised services centres to support the bilateral estimates of participant space between numbers, page 152.

- The Agency participates in tripartite meetings with the Commonwealth and individual states and territories on a fortnightly or monthly basis.
- The Agency has held six CEO forums with CEOs from across the disability sector.
- The NDIA funded 21 Partners in the Community to deliver ECEI and LAC services via \$116 million of grants and contracts in 2016-17.
- The Agency is in the early stages of engaging with local government to leverage local connections and knowledge.

## Strategy 3.3

Strategy 3.3 is to 'raise community awareness and knowledge of how to support people with disability'.<sup>49</sup>

Over the year, the Agency focussed on building the capacity to deliver the following activities as identified in the Corporate Plan through:

- building awareness in the community of the value of including people with disability in all social, education and economic activities;
- providing accessible, accurate, timely, authoritative and multi-media information to the community;
- demonstrating the capacities and employability of people with disability and those with lived experience of disability by being a leading employer; and
- being a leader in diversity through exemplary employment and communication practices.

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49. NDIA Corporate Plan 2016-21, page 19.

### Key performance measures for Strategy 3.3

- The NDIA has utilised \$33,736,808 of ILC funding committed in 2016-17. There were also 73 Community Inclusion and Capability Development grants awarded, totalling \$34,055,105, in 2016-17 to help build capacity for social inclusion and participation for people with disability within their local community.
- The NDIA aims to ensure that people with disability are welcomed in the community and can readily access support from mainstream services:<sup>50</sup>
  - thirty-six per cent of participants over 25 years of age with a first plan approved from 1 July 2016 said they had been involved in a community, cultural or religious group in the last 12 months; and
  - eighty-two per cent of participants with a first plan approved from 1 July 2016 access mainstream services.
- The Agency continued to use social media as a strategic communications tool to engage with its diverse audience in a relevant and timely way.
- Engagement levels increased across the NDIA's key channels – YouTube and Facebook. Video played a lead role, with the number of videos released on NDIS TV (the Agency's YouTube channel) and Facebook increasing by 113 per cent to 66 videos during the period.
- In May 2017, the NDIA was presented with an award from the Australian Not-For-Profit Technology Awards in the best government agency category. The award acknowledged the quality of the NDIA's website content and outstanding use of animation and participant story telling through video.
- Over 14 per cent of the Agency's workforce identified as having a disability, as at 30 June 2017.

### Commentary:

Despite slightly lower participant satisfaction levels this year, compared to the trial period, commitment to the NDIS and the principles of choice and control from the broader community remain strong.

The NDIA has met with over 300 participants, carers, families, and providers to identify solutions to improve the participant and provider experience from initial access, planning and the ongoing plan review process. On a broader level, the Agency placed a greater focus on consultation and community engagement in 2016-17.

50. This is one of the indicators of success under Goal 3 in the NDIA Corporate Plan 2016-21, page 19.



Wheelchair athlete and model, Robyn Lambaird

# Financial performance 2016-17

This section of the Annual Report provides a summary of the financial performance of the Agency in 2016-17.

Overall, the Agency recorded a surplus of \$617 million. Revenue and Expenses by Programs are discussed below. A full set of audited financial statements for 2016-17 have been included in Section 4.

**Table 3: Actual costs 2016-17**

Program	2016-17 \$M
Program 1.1: Reasonable and necessary care and support for participants	2,243.2
Program 1.2: Community inclusion and capacity development grants	33.5
Program 1.3: Agency costs	580.0
<b>TOTAL</b>	<b>2,856.7</b>

Note: Discrepancies in totals may exist due to rounding. The estimates include notional costs of transition to full Scheme over the forward estimates period. State and territory contributions to the trial phase of the Scheme have been agreed in the context of the Intergovernmental Agreement on the National Disability Insurance Scheme Launch. Negotiations on transition to full Scheme are ongoing.

## Ratio of operating expenses to Scheme costs

The ratio of operating expenses to Scheme costs has decreased to 25.9 per cent when compared to last year's ratio of 33.3 per cent.

## Financial performance

The Agency received an unmodified audit opinion on the 2016-17 financial statements from the Australian National Audit Office.

## Funding

The Agency is funded through a combination of cash and in-kind contributions as agreed between Commonwealth, state and territory governments.

In 2016-17, states and territories contributed \$1,376.5 million for reasonable and necessary support for participants and the Commonwealth contributed \$1,714.7 million. The Commonwealth's contribution included \$873.4 million for reasonable and necessary support for participants, \$33.3 million for grants, \$691.8 million for Agency operating costs and \$116.2 million in capital funding.

The Agency also received \$475.5 million of in-kind (non-cash) income from governments in the form of existing programs that are transitioning into the Scheme.

## Financial performance 2016-17

The Agency ended 2016-17 with an operating surplus of \$617 million, compared to a surplus of \$15.8 million in 2015-16.

Highlights:

- The Agency incurred \$2,243.2 million in expenses related to Program 1.1. This included \$2,238.2 million for participant plan expenses and \$5.0 million impairment expense recognised against cash advances made to participants in previous financial years.
- Total grant expenses recorded by the Agency in 2016-17 were \$39.1 million. \$33.5 million of this is directly related to Program 1.2. The remaining \$5.6 million of grants provided include sponsorships and other grants and are attributable to Program 1.3.
- In addition to the \$5.6 million grant expenses, the Agency recorded \$574.4 million in operating expenses for the Agency, which includes \$125.7 million of community partnership costs. These costs relate to Program 1.3.

## Forward position

In 2017-18 total expenses are forecast to exceed \$9.1 billion including \$8.0 billion to be incurred in providing reasonable and necessary supports of Scheme participants.

## Statement of financial position

### Equity

The total equity of the Agency at 30 June 2017 was \$862.5 million, representing contributed equity of \$205.7 million, reserves of \$5.6 million and retained surplus of \$651.2 million.

### Assets

Total assets held by the Agency as at 30 June 2017 were \$1.6 billion.

### Liabilities

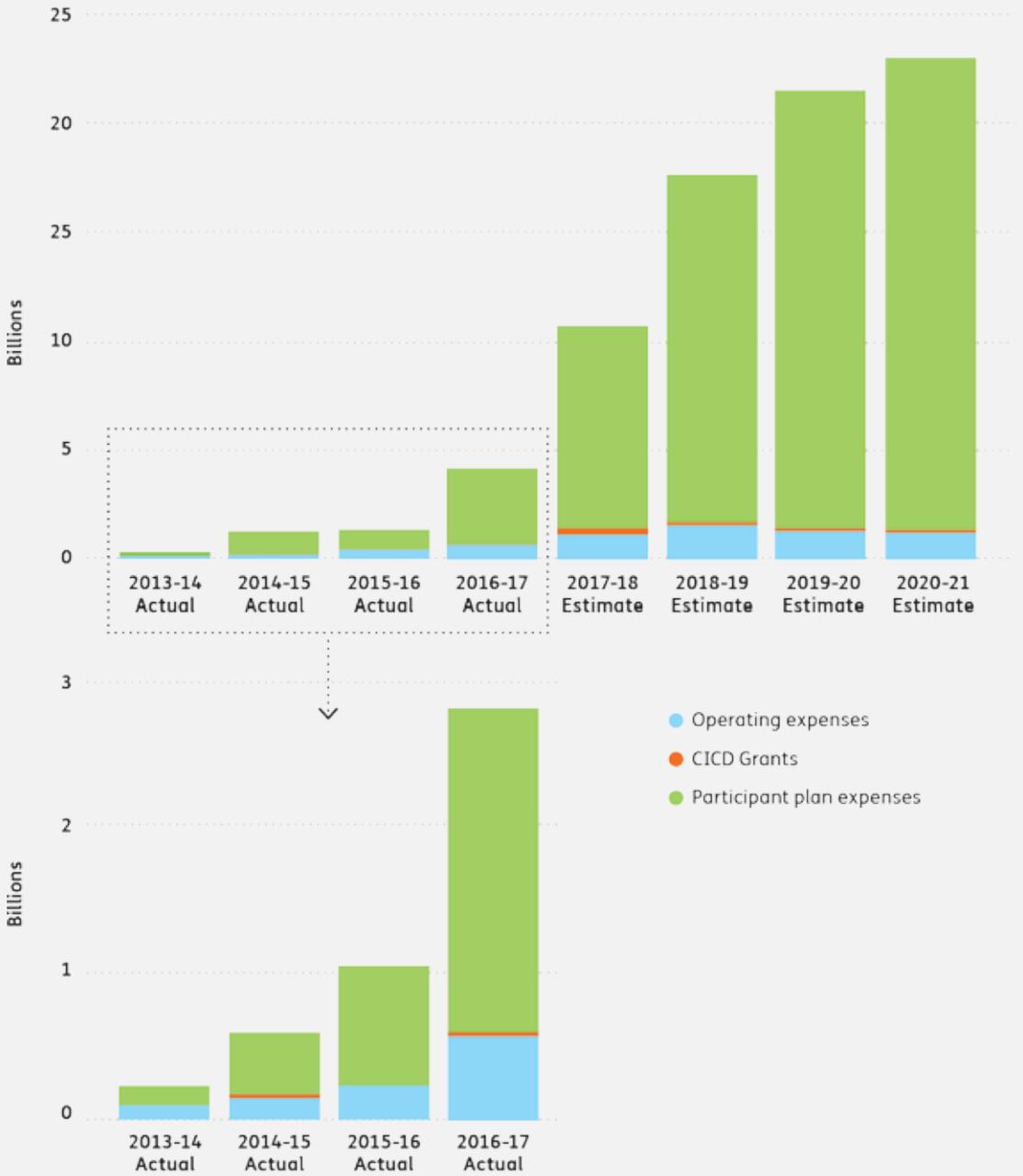
The Agency's total liabilities as at 30 June 2017 were \$709.5 million.

The Agency has sufficient cash reserves to pay its debts as and when they fall due.

**Table 4: Expenses and grants 2013-14 to 2020-21**

	Operating Expenses (\$000)	CICD Grants (\$000)	Participant Plan Expenses (\$000)
2013-14 Actual	123,180	4,515	130,861
2014-15 Actual	169,841	14,928	451,293
2015-16 Actual	266,709	7,008	800,520
2016-17 Actual	580,083	33,503	2,243,103
2017-18 Estimate	1,033,017	68,871	8,045,077
2018-19 Estimate	1,393,872	105,264	14,267,086
2019-20 Estimate	1,143,913	119,348	17,855,828
2020-21 Estimate	1,096,187	118,603	19,165,494

**Figure 5: NDIA Operating Expenses 2013-14 to 2020-21**





*NDIS participant Austin and his mother Lisa*

CASE STUDY:

## Lisa and Austin

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Mum Lisa knows firsthand that transitioning to the NDIS can be tricky; especially when you're juggling three children and a university degree.

"It (the NDIS) was difficult and hard for me to set up because I was at uni full-time, the kids were doing Jiu Jitsu, and I had constant other children's appointments," Lisa said.

"I know setting up to be part of the NDIS is a long, hard road but when you get there, it's easier and it's so good – it's just so worth it!"

Lisa's eldest son, 14 year-old Austin, was born with a rare chromosomal disorder which caused Duane syndrome – a congenital eye disorder leaving him with blurry vision, as well as two forms of epilepsy.

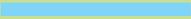
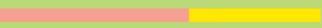
"Austin's condition makes it hard for him to function but since he's been part of the NDIS, he's really improved," she said.

"I get one-on-one in-home support for Austin, a few hours a week.

"I engaged a local support provider because I wanted to choose a qualified female support worker – someone he would love and relate to. We hit the jackpot with Emma who can stop and take her time with him in the morning, where I can't, and he's not having me do everything for him, it's giving him more independence."

# SECTION THREE

## Governance





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The Agency is meeting its legislated objectives in two broad ways through the *National Disability Insurance Scheme Act 2013* by:

- creating the Scheme, which is based on insurance principles; and
- increasing the capacity of the entire Australian community, including providers of mainstream health, education and social services, community organisations, businesses and employers, to play its part. The Agency's functions include developing and improving the disability sector by encouraging innovation, research and contemporary best practice.

The NDIA is committed to delivery on both of these objectives.

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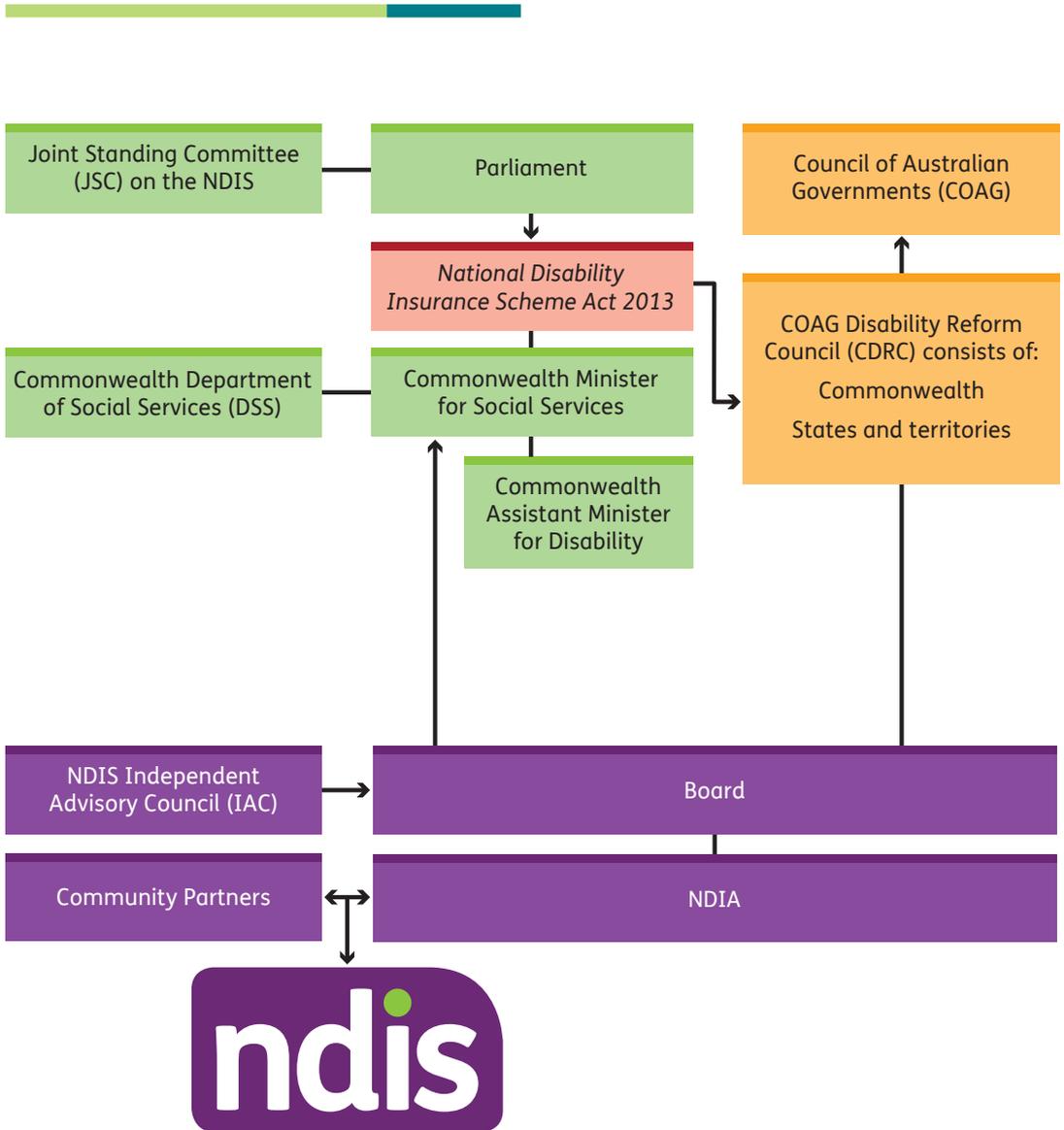


# Governance arrangements

The governance for the NDIA is set out in the NDIS Act. Key elements of the Agency's governance are below:

- The Scheme is administered by the **National Disability Insurance Scheme Launch Transition Agency** (National Disability Insurance Agency or the Agency), which has been established under Commonwealth legislation, the *National Disability Insurance Scheme Act 2013* (NDIS Act).
  - The Agency is an independent statutory agency whose role is to implement the NDIS. The NDIA holds all funds contributed by the Commonwealth, states and territories in a single pool, manages Scheme funds, administers access to the Scheme and approves the payment of individualised support packages.
- The **Board of the Agency** is responsible for ensuring that the Agency performs its functions in an appropriate, efficient and effective manner. The Board determines the objectives, strategies and policies to be followed by the Agency. The Board manages its costs and liabilities from year to year including through the development of a reserve and investment of funds. Board membership is determined by the responsible Commonwealth Minister in consultation with the states and territories.
- The **Independent Advisory Council (IAC)** provides the Board with independent advice, on its own initiative or at the written request of the Board, which the Board must have regard to when performing its functions. The IAC is composed of people with disability, service providers and carers, and brings the crucial perspectives of these stakeholders to the work of the NDIA and the design of the Scheme.
- **Responsible Ministers:** The Hon Christian Porter MP, Minister for Social Services, has ministerial responsibility for the Agency, including the exercise of specific powers under the NDIS Act. Minister Porter was appointed as Minister for Social Services on 21 September 2015, with responsibility for disability. The Hon Jane Prentice MP is the Assistant Minister for Social Services and Disability Services, appointed on 18 February 2016. Assistant Minister Prentice is responsible for assisting Minister Porter with the transition of the NDIS to full Scheme.
- The **Council of Australian Governments (COAG) Disability Reform Council (DRC)** is made up of Commonwealth, state and territory treasurers and ministers for disability, and is chaired by the Minister for Social Services. It is the decision-making body on Scheme policy issues. The DRC oversees the implementation of the Scheme. It makes recommendations to COAG on the transition to full Scheme.

**Figure 6: NDIS Governance Framework**



# Agency Board

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## Ministerial Statements

In March 2017, the Minister for Social Services, the Hon Christian Porter MP provided NDIA Chairman, Dr Helen Nugent AO, with a Statement of Strategic Guidance (the Statement) in accordance with section 125 of the *National Disability Insurance Scheme Act 2013*.

The Statement sets out the Council of Australian Governments Disability Reform Council's expectations for the NDIA Board in delivering and implementing the NDIS. The Statement is publicly available on the NDIS website.

## The Board is responsible for setting the Agency's strategic direction and for the performance of Agency functions under the NDIS Act.

The Board has obligations as the accountable authority under the *Public Governance, Performance and Accountability (PGPA) Act 2013*. Board members are appointed on a part-time basis for up to three years. Appointments are made by the Commonwealth Minister for Social Services and the appointment process is coordinated by the Department of Social Services.

Under the PGPA Act, members are required to disclose to the Minister any material personal interest in a matter that relates to the affairs of the authority. Board members are asked at each meeting whether a conflict arises between standing interests and the interests of the Agency, and to make a declaration of any interest.

## Inaugural Board

The inaugural NDIA Board consisted of a Chair and eight members. Commonwealth legislation was passed in May 2016 to increase the size of the Board by three members, to be constituted of the Chair and 11 members.

The terms of four outgoing Board members, including inaugural Chair Mr Bruce Bonyhady AM, ended on 31 December 2016.

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# Board Members

A person is eligible for appointment as a Board member only if the Minister is satisfied that the person has the skills, experience or knowledge in the provision or use of disability services; the operation of insurance schemes, compensation schemes or schemes with long-term liabilities; financial management; or corporate governance.



**Dr Helen Nugent AO,  
Chairman**

Dr Helen Nugent AO brings significant expertise to her role as Chairman of the Board. She has a strong background in financial

services, particularly in insurance amongst other appointments, and is also the Chairman of Australian Rail Track Corporation and Ausgrid, and is Non-Executive Director for Insurance Australia Group Limited (IAG).

In 2004, Dr Nugent was made an Officer of the Order of Australia for services to business, the arts and the community, and is currently the Chairman of the National Portrait Gallery of Australia. She holds a Bachelor of Arts (Hons) and a Doctorate of Philosophy from the University of Queensland, as well as an MBA (with Distinction) from the Harvard Business School.

Dr Nugent is also Chairman of the Board's People and Remuneration Committee. She routinely attends meetings of all other Committees.



**Ms Sandra  
Birkenleigh**

Ms Sandra Birkenleigh is an experienced Non-Executive Director, bringing extensive experience in financial service and insurance

industries to the Agency. She currently holds board positions with MLC Insurance Ltd, Auswide Bank Limited, Horizon Oil Limited, 7-11 Holdings Limited (and its subsidiaries) and Sunshine Coast Children's Therapy Centre. She chairs the Audit Committee for each of these organisations. Ms Birkenleigh is also a member of the Council of the University of the Sunshine Coast and an independent member of the Audit Committee of the Reserve Bank of Australia, and the Chair of the Audit and Risk Committee for the Public Trustee of Queensland. She was formerly a partner with PricewaterhouseCoopers including their Governance, Risk and Compliance practice.

Ms Birkenleigh is Chairman of the Board Audit Committee.



### **Professor Rhonda Galbally AO**

Professor Rhonda Galbally AO has been a member of the Board since its inception and was heavily involved in the creation of the Scheme.

Professor Galbally has vast experience in health development, disability, and social and housing policy, having in the past served as Chair of the National People with Disabilities and Carer Council. She was previously a CEO, Chair Board Director and member of government, working in both non-government and private entities.

Professor Galbally is a member of the Board's Sustainability Committee, and Principal Member of the Independent Advisory Council.



### **Mr Glenn Keys AO**

Mr Glenn Keys AO has been a member of the NDIS Board since the Scheme's inception. He has long been involved in efforts to improve the lives of people with disability, including

through his involvement in the Special Olympics, the Down Syndrome Association and the disability housing sector. He has a background in the health sector as the co-founder and co-executive Chairman of Aspen Medical, and the Founder and Chairman for Project Independence, an initiative offering home ownership to people with disability. He was awarded an Officer in the General division (AO) in the 2017 Queen's Birthday Honours list for his distinguished service to disability, business and commerce and as an advocate for corporate social responsibility. Mr Keys was named 2015 Australian Capital Territory Australian of the Year.

He is a member of the Board's ICT Committee and has a child with an intellectual disability.



### **Ms Robyn Kruk AM**

Ms Robyn Kruk AM has extensive experience as Chief Executive of national and state policy, regulatory and service delivery agencies, including NSW Health and

Premier and Cabinet. She established and served as inaugural CEO/Commissioner of the National Mental Health Commission. Ms Kruk is currently Chair, Board Director or member of international, national and state statutory, non-government and private entities in healthcare and emergency services, quality and safety, governance and mental healthcare.

Ms Kruk is a member of the Board's Risk Committee and People and Remuneration Committee.



### **Mr John Langoulant AO**

Mr John Langoulant AO has extensive experience across many areas of public policy development and implementation as the Western Australian Under Treasurer. He is also

Chairman of government statutory authorities and member of several government special Councils and Inquiries. Mr Langoulant is also actively involved as a Non-Executive Director in several private and not-for-profit organisations.

Mr John Langoulant is a member of the Board's Audit Committee as well as being a Non-Executive Director since January 2017.



### Mr Martin Laverty

Mr Martin Laverty is CEO of the Royal Flying Doctor Service of Australia.

He is a member of the NSW Public Service Commission Board, the Australian Charities and

Not-for-Profit Commission Board, and chairs the Commonwealth's General Aviation Board. He is a former CEO of the hospital and aged care group, Catholic Health Australia. Mr Laverty is also a former Board Chair of two disability service organisations, Sunshine and Challenge Southern Highlands, and is a former Director of the New South Wales Muscular Dystrophy Association.

A lawyer by training, Mr Laverty is a member of the Board's Audit and Risk Committees.



### Mr Jim Minto

Mr Jim Minto is a Non-Executive Director of Singapore based Dai-ichi Life Asia Pacific, a Non-Executive Director of Equity Trustees Limited and Independent Chairman

of New Zealand-based life insurer Partners Life Limited. He retired as Group CEO and Managing Director of life insurer TAL (formerly TOWER Australia) in March 2015. He had been in that role since November 2006 and prior to that was Group CEO of the Trans-Tasman TOWER Limited Group. Mr Minto has extensive experience in the financial services sector. A Chartered Accountant, Mr Minto retired in 2015 as Chair of the Association of Superannuation Funds of Australia and was a panel member of the Australian Government's Review of Natural Disasters Insurance in 2011.

Mr Minto is Chairman of the Board's Risk Committee.



### Mr Paul O'Sullivan

Mr Paul O'Sullivan has been Chairman of Optus since October 2014. Mr O'Sullivan is a member of the Board of Commissioners of Telkomsel – Indonesia's

largest mobile communications company. He is a Director of Coca-Cola Amatil Limited; Healthscope, one of Australia's leading private healthcare operations and HOOQ Pte Ltd, a joint venture between Singtel, Warner Bros and Sony Pictures Entertainment. Mr O'Sullivan is also a Board Member of the St George and Sutherland Medical Research Foundation and a member of the Advisory Board of the UNSW Bright Alliance.

Mr O'Sullivan is Chairman of the Board's ICT Committee and a member of the Risk and People and Remuneration Committees.



### Ms Estelle Pearson

Ms Estelle Pearson has extensive experience in the insurance and injury compensation sector having worked as an Actuary and consultant in this sector since 1989.

She is currently a Director of Finity Consulting Pty Limited, an actuarial and consulting firm and was previously on the Council of the Actuaries Institute, serving as President in 2015.

Ms Pearson is a member of the Board's Sustainability Committee and a member of the Audit Committee.



### **Ms Andrea Staines**

Ms Andrea Staines is a Non-Executive Director with ten years' experience on listed, unlisted, government and for-purpose Boards in the care, infrastructure and

transport arenas. Ms Staines is on the Board of UnitingCare Queensland, and was previously on the boards of Goodstart and Early Learning Services. Her executive career was in airlines. She was a member of Qantas ExCo, as CEO Australian Airlines (mark II), an Asia-Australia subsidiary which she co-launched. Previously, Ms Staines worked in finance and strategy at Qantas and at American Airlines' Dallas headquarters.

Ms Staines is a member of the Board's ICT and Audit Committees.



### **Mr John Walsh AM**

Mr John Walsh AM is one of Australia's leading actuaries. He is a retired Partner of PricewaterhouseCoopers, where he worked for over 20 years in the areas

of social policy and funding across accident compensation, health and disability. He has personal experience of disability, having lived with quadriplegia following a rugby league accident in his early-twenties. Mr Walsh is also a Board member of the Australian Commission for Safety and Quality in Healthcare.

He is currently Chair of the Board's Sustainability Committee and a member of the Board's ICT Committee.

### **Previous Board Members**

#### **(1 July 2016 to 31 December 2016)**

#### **Mr Bruce Bonyhady AM (Chair)**

Mr Bruce Bonyhady AM was the inaugural Chairman of the Board. Mr Bonyhady has worked for over 25 years to improve the lives of people with disability and is widely regarded as one of the driving forces behind the creation of the Scheme. Mr Bonyhady's term of office expired on 30 December 2016.

#### **Ms Fiona Payne**

Ms Fiona Payne has more than 25 years' experience on boards and committees in the community sector. Ms Payne was a member of the Board's Sustainability Committee and ICT Committee and has a son with a vision impairment. Ms Payne's term of office expired on 30 December 2016.

#### **Ms Geraldine Harwood**

Ms Geraldine Harwood brought many years of expertise across the disability sector in Tasmania to the NDIA. Ms Harwood was a member of the Board's Audit, Risk and Finance Committee. Ms Harwood's term of office expired on 30 December 2016.

#### **Mr John Hill PSM**

Mr John Hill is a former Deputy Under Treasurer with the South Australian Department of Treasury and Finance bringing extensive knowledge of government and financial matters to the Scheme. Mr Hill was Chair of the Agency's Board Audit, Risk and Finance Committee, and a member of the Sustainability Committee. Mr Hill's term of office expired on 30 December 2016.

**Board members' positions, terms and meetings attended are detailed in Appendix 2.**

# Board committees

There are a number of Board committees in place to ensure that the NDIA meets its governance requirements. In February 2017, the structure of the Board committees was expanded to include five committees.

**Table 5: NDIA Board committees 2016-17 financial year**

July 2016 – February 2017	February 2017 – June 2017
Audit, Risk and Finance Committee	Audit Committee
Sustainability Committee	Sustainability Committee
Information and Communication Technology (ICT) Committee	Information and Communication Technology (ICT) Committee
	Risk Committee
	People and Remuneration Committee

## Audit Committee

The Audit Committee was established in compliance with section 45 of the PGPA Act and assists the Board in the management and oversight of the quality and integrity of the accounting, auditing and financial reporting of the NDIA.

Board members on the Committee are Ms Sandra Birkenleigh (Chairman), Mr John Langoulant AO, Mr Martin Laverty and Ms Estelle Pearson. The Audit Committee also has two independent members, Ms Marian Micalizzi and Ms Helen Williams AO.

The Australian National Audit Office (ANAO) attends Audit Committee meetings as external auditor, along with appointed internal auditors.

## Sustainability Committee

The Sustainability Committee's objective is to provide advice in assessing, monitoring, reporting on and managing the financial sustainability of the NDIS.

Board members on the Committee are Mr John Walsh AM (Chairman), Professor Rhonda Galbally AO, Mr Jim Minto and Ms Estelle Pearson. The Committee includes one external member, Mr Tom Karp.

Previous members of the Sustainability Committee in the 2016-17 financial year were Mr John Hill PSM and Ms Fiona Payne, and external member Mr Peter Whiteford.

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## Information and Communication Technology Committee

The Information and Communication Technology (ICT) Committee assists the Board in the management and oversight of the Agency's ICT solutions including providing input to the Board on the design, development, delivery and performance of the ICT strategy and systems.

Board members on the ICT Committee are Mr Paul O'Sullivan (Chairman), Mr Glenn Keys AO (previous Chairman), Ms Andrea Staines and Mr John Walsh AM. The committee has two independent members, Mr Serdar Avsar and Ms Helen Williams AO.

Former board member Ms Fiona Payne was a member of the ICT Committee.

## Risk Committee

The Risk Committee assists the Board in the management and oversight of the Agency's approach to risk management. The role of the Risk Committee is to advise the Board in relation to the development and implementation of the NDIA's overall risk management approach.

Board members on the Risk Committee are Mr Jim Minto (Chairman), Ms Robyn Kruk AM, Mr Martin Laverty and Mr Paul O'Sullivan.

## People and Remuneration Committee

The People and Remuneration Committee's role includes supporting the Agency to attract, retain and develop high-performing employees, overseeing strategies, frameworks and programs related to people and remuneration and providing recommendations to the Board on CEO succession planning.

Board members on the People and Remuneration Committee are Dr Helen Nugent AO (Chairman), Professor Rhonda Galbally AO, Ms Robyn Kruk AM and Mr Paul O'Sullivan.

## Audit, Risk and Finance Committee

The Audit, Risk and Finance Committee (ARFC) operated until 31 December 2016, when it was replaced by a dedicated Audit Committee and Risk Committee.

Board members on the Audit, Risk and Finance Committee were Mr John Hill PSM (Chair), Ms Geraldine Harwood and Mr Martin Laverty. The ARFC also had two independent members, Ms Marian Micalizzi and Ms Helen Williams AO.

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# Independent Advisory Council

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The Independent Advisory Council (IAC) continues to play an integral role in bringing the views of participants, families and experts in the disability sector to the heart of the NDIS by providing independent advice based on the experience of its members and their networks. IAC members include people with disability, carers, advocates, disability experts and academics.

During 2016–17, IAC advice to the Board consisted of:

- how to best work with, and benefit, people with intellectual disability;
- equitable access to the NDIS by people with cognitive impairment on the margins of society;
- equitable access to the NDIS by people with cognitive disability in touch with the criminal justice system;
- building capacity and reducing vulnerability of participants who are isolated from the community, such as those in residential and day services or institutions; and
- enhancing personal safeguards.

In addition, the Advisory Council produced numerous discussion papers and reports relating to the themes of self-determination, capacity

building, independence, social and economic participation and inclusion, reducing vulnerability and enabling positive risk, and equity.

The Advisory Council made submissions to the Senate Community Affairs Committee into the delivery of outcomes under the National Disability Strategy 2010–2020 to build inclusive and accessible communities, and to the Joint Standing Committee on services under the NDIS for people with psychosocial disabilities related to a mental health condition.

The term of the inaugural IAC expired on 30 June 2017. The members of this Advisory Council consisted of:

**Professor Rhonda Galbally AO (Principal Member)**

**Dr Ken Baker AM**

**Dr Dean Barton-Smith AM**

**Ms Jennifer Cullen**

**Mr Kurt Fearnley OAM\***

**Ms Sylvana Mahmic**

**Ms Janet Meagher AM**

**Ms Joan McKenna-Kerr**

**Dr Gerry Naughtin**

**Mr Michael Taggart**

**Mr Dale Reardon**

(\*Mr Fearnley resigned from the Independent Advisory Council on 5 May 2016)

Each of the foundation members are to be thanked for their hard work and detailed contributions to the Advisory Council's advice and for assisting the Advisory Council to work effectively and productively as a group over the past four years.

From 1 July 2017, there will be an expanded Advisory Council in place, ensuring broader representation for people with disability during this critical period for the NDIS. For the first time, the Advisory Council will include representatives with intellectual disability and deaf blindness. Professor Rhonda Galbally AO will continue in her role as Principal Member of the Advisory Council.

## Vale Lois Gatley

The Board, IAC and NDIA staff paid tribute to inaugural NDIS Independent Advisory Council member, Ms Lois Gatley who passed away on 23 July 2016. Ms Gatley was a dedicated advocate for the NDIS, people with disability and carers and will be remembered as a determined and compassionate colleague.

# Executive Management Group

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**The Executive Management Group (EMG) leads NDIA staff and Partners to deliver a high-quality experience for participants and produce better outcomes.**

The EMG is made up of the Chief Executive Officer (CEO), the Chief Operating Officer (COO) and three Deputy CEOs. It is the primary forum for operational decision-making, and providing strategic advice to the Board.

The EMG is chaired by the CEO and reports to the Board.

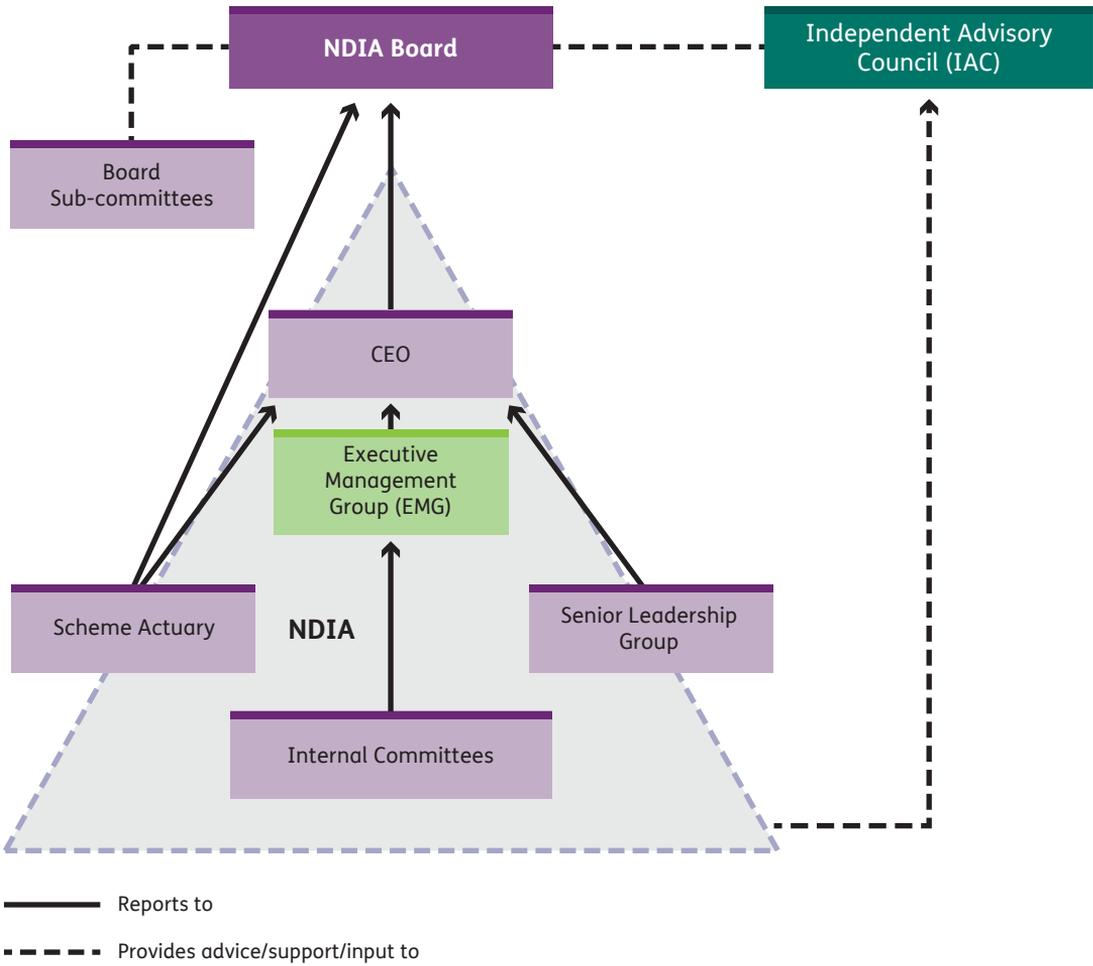
The purpose of the EMG is to:

- advise the CEO on overall strategic direction, priorities, management and performance;
- oversee the Agency’s financial position by allocating resources and monitoring performance and risk;
- oversee EMG governance committees; and
- ensure the Agency meets its regulatory requirements.

In addition, the Agency has internal committees that provide coordinated decision-making on matters relating to people and culture, operational policy and transition to full Scheme.

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Figure 7: Agency Governance Structure



## Executive team

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Chief Executive Officer (from 28 August 2017)

### **Robert De Luca**

Robert De Luca joined the NDIA as CEO on 28 August 2017. Mr De Luca was previously Managing Director of BankWest. During Mr De Luca's time as Managing Director, BankWest invested significantly in improving the experience of its one million customers.

Under his leadership, BankWest won the AIM WA WestBusiness Pinnacle Award for Corporate Social Responsibility Excellence in 2016 and WGEA Employer of Choice for Gender Equality. Mr De Luca has an extensive background in financial services, change management, and a strong and ongoing focus on the customer experience and equality in all his roles. He is married with three children, and is defined by his family, values and passion to make a difference.



Chief Executive Officer (until 28 August 2017)

### **David Bowen**

David Bowen was NDIA CEO until August 2017. He was appointed when the Agency was established in May 2013. Prior to this, he worked as a consultant to the Commonwealth Treasury and DSS on the NDIS. He was a member of the Independent Panel advising the Productivity Commission on its review of the formation of the NDIS and was Chair of the National Injury Insurance Advisory Committee until his appointment as CEO of the NDIA.

Mr Bowen has had close to 30 years' experience in personal injury insurance issues. He was General Manager of the NSW Motor Accident Authority from 1998 to 2010 and during that time established the NSW Lifetime Care and Support Authority.

## Executive team (continued)

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Chief Operating Officer (until 29 September 2017)

### **Grant Tidswell PSM**

Grant Tidswell was the Chief Operating Officer (COO) until September 2017. Mr Tidswell commenced with the Agency in August 2016 and was responsible for ensuring the successful transition to full Scheme. Mr Tidswell's permanent position is with the Department of Human Services (DHS) as the Deputy Secretary responsible for the Department's operational capability that delivers face-to-face, telephony and claim processing services across Australia for the Medicare, Child Support and Centrelink programs.

Mr Tidswell led Centrelink's operational response to a number of emergencies, notably the flood and cyclone emergencies across Australia in early 2011, the Victorian bushfires in 2009 and the Northern Territory Emergency Response. For his work in response to the Victorian Bushfire crisis, he was awarded the Public Service Medal in the Queen's Birthday Honours List in June 2010.



Acting Deputy Chief Executive Officer,  
Participants and Planning

### **Stephanie Gunn**

Stephanie Gunn joined the Agency in 2012 and has held a number of different roles across operational design and service delivery. Through her lived experience with disability, she has developed a passion for inclusive communities. She has led the Agency's work on building the capacity of communities to be more inclusive of people with disability and how to create opportunities for people with disability in their community.

Ms Gunn was appointed Acting Deputy CEO, Participants and Planning in February 2017. She oversees regional sites, continual refinement of the participant experience, ensuring work practices preserve the financial sustainability of the Scheme and embedding the approach to Partners in the delivery of the government-agreed implementation schedules. Ms Gunn has worked at a senior executive level in a number of federal Australian agencies including a core role in the establishment of the National Blood Authority.



Acting Deputy Chief Executive Officer,  
Markets and Supports

**Vicki Rundle PSM**

Vicki Rundle joined the NDIA in October 2015 from the Commonwealth Department of Employment. Ms Rundle led the early rollout of the NDIS for NSW, ACT, SA and Tasmania, then moved into a national operations and coordination role until early February 2017 when she assumed the role as Acting Deputy Chief Executive Officer for the Markets and Supports Division.

Ms Rundle has worked in senior executive roles across the Commonwealth and state government in a range of health and human services across policy, service delivery reform and corporate roles. She was awarded a Public Service Medal in the 2013 Australia Day Honours List for her work on the COAG national early childhood quality reforms.

Ms Rundle is a Graduate Member of the Australian Institute of Company Directors, and a qualified coach recognised by the Institute of Executive Coaching and Leadership.



Acting Deputy Chief Executive Officer,  
Governance and Stakeholder Relations

**Margaret McKinnon**

Margaret McKinnon joined the NDIA in May 2017 from the Department of Social Services (DSS). In her former role with DSS, she worked on policy responsibility for NDIS markets and workforce and the establishment of the national quality and safeguards arrangements for the NDIS at full Scheme. Prior to this, she ran a range of corporate functions in the Department.

Ms McKinnon has worked in a number of senior executive roles in the Commonwealth Education and Employment portfolios including as Group Manager of Job Services Australia – the privatised employment network. She was previously responsible for policy and programs dealing with the Vocational Education and Training and Schools sector as well market development for Australia's education engagement internationally.

## Previous EMG members

- **Louise Glanville**  
Former Deputy CEO, Governance and Stakeholder Relations, Louise Glanville departed the NDIA in May 2017.
- **Ian Maynard**  
Former Deputy CEO, Operations, Ian Maynard departed the NDIA in February 2017.
- **Carolyn Smith**  
Former Deputy CEO, Organisational Capability, Carolyn Smith departed the NDIA in September 2016.

## The Scheme Actuary, Chief Risk Officer and Advisor to the Chief Operating Officer also attend EMG meetings as observers:

- Scheme Actuary, Sarah Johnson.
- Chief Risk Officer, Paul O'Connor.
- Advisor to the Chief Operating Officer, Carolyn Hogg.

## Sarah Johnson, Actuary of the Year

Sarah Johnson has been recognised for her vital role in the formation of the NDIS and was named 2016 Actuary of the Year by the Actuaries Institute. The award, presented in September 2016, acknowledges her important work in ensuring the sustainability of the Scheme.

Ms Johnson was appointed as the Scheme Actuary of the NDIS in November 2013. In this role, she is responsible for assessing and reporting on the financial sustainability of the Scheme so that management and the Board can make informed decisions about the Scheme's continuing sustainability and direction.

"The award is a fitting recognition of the important role Ms Johnson has played in creating the world-class insurance Scheme," David Bowen said.

"We have a huge responsibility in ensuring the long-term sustainability of the NDIS to ensure the Scheme is in place to support generations to come. Sarah's contribution as Scheme Actuary to this goal is critical."

# Reportable items

## Human Rights Complaints

The Australian Human Rights Commission (AHRC) can investigate and conciliate complaints about breaches of human rights law, including the *Disability Discrimination Act 1992*. The AHRC received one complaint in which the Agency was named as a party. The complaint has now been concluded.

At 30 June 2017, 55 of the 186 applications for review received in 2016–17 had been finalised, and 131 matters remained undecided. One of the undecided matters has been to hearing and a decision was pending at 30 June 2017.

Of the 55 finalised matters, 12 were varied by the AAT with the agreement of the Agency and the applicant, 19 were dismissed by the AAT because they were outside the AAT's jurisdiction and 21 were withdrawn by the applicant. Three matters proceeded to a hearing, where the AAT affirmed two decisions of the Agency and one decision was varied by agreement.

Refer to Appendix 3 for a list of Administrative Appeals Tribunal reviews heard in 2016-17.

In 2016-17, there were nine matters heard by the AAT. Eight of these matters were decided, of which six had a decision published by the AAT. One decision was pending as at 30 June 2017.

## Administrative Appeals Tribunal

The Administrative Appeals Tribunal (AAT) can, in response to applications, review decisions made by the Agency under the *National Disability Insurance Scheme Act 2013* (NDIS Act), including decisions about whether a person meets the access criteria to become a participant in the Scheme, the supports provided under the Scheme and the registration of providers of support.

**Table 6: AAT reviews - comparison in years 2013-14, 2014-15, 2015-16 and 2016-17**

Year	Reviews related to access decisions	Reviews related to supports funded under NDIS plans	Reviews related to a decision not to conduct a plan review	Total new applications for year for review of Agency decisions	Total applications for AAT for year as percentage of active participants
2016-17	42	130	14	186	0.21%
2015-16	10	33	3	46	0.15%
2014-15	7	12	0	19	0.11%
2013-14	9	9	0	18	0.25%

## Federal Court of Australia appeals

The Agency has had two Federal Court of Australia and one full Federal Court Appeal. One appeal, Mr Liam McGarrigle (VID962/2016), was regarding funding the full reasonable and necessary costs of transport to attend supported employment and a day program; and one appeal, Mr Christopher Nairn (VID329/2017), was regarding a Plan review under section 48(2) of the NDIS Act on a question of the AAT's jurisdiction under section 99(f) to conduct a review of the statement of participant supports.

### Appeal ruling as test case

In March 2017, the NDIA decided to appeal the Federal Court decision in relation to the case of Mr Liam McGarrigle.

While it is intended that the Scheme will fund reasonable and necessary supports, the NDIS Act specifically requires the Agency to “take into account what is reasonable to expect families, carers, informal networks and the community to provide” amongst other criteria when determining what supports are reasonable and necessary to fund.

The NDIA decided to ask the Federal Court for the fullest clarity, given the implications for the future sustainability of the Scheme.

Maintaining the financial sustainability of the Scheme is central to delivering the Scheme to all of those who need it now and in the years to come.

Due to the case having implications beyond this distinct matter, the Agency agreed to pay the reasonable legal costs of the appeal for Mr McGarrigle, regardless of the outcome.

In August 2017, the Federal Court determined the case should be remitted back to the AAT for a further hearing.

The NDIA welcomes the opportunity for a full and detailed discussion of the matter before the AAT.

## Parliamentary Joint Standing Committee on the National Disability Insurance Scheme

On 1 September 2016, the House of Representatives established the Joint Standing Committee on the NDIS with a membership of five senators and five members. The Committee is tasked with inquiring into the following:

- the implementation, performance and governance of the NDIS;
- the administration and expenditure of the NDIS; and
- such other matters in relation to the NDIS as may be referred to it by either House of the Parliament.

After 30 June each year, the Committee is required to present an annual progress report to Parliament on the activities of the Committee during the year, in addition to other reports on any other matters it considers relevant.

The Committee is currently conducting four inquiries with reports due in late 2017:

- the provision of hearing services under the NDIS;
- the provision of services under the NDIS for people with psychosocial disabilities related to a mental health condition;
- transitional arrangements for the NDIS; and
- provision of services under the NDIS Early Childhood Early Intervention Approach.

The Committee did not table a progress report in 2016 due to the Federal Election.

## Australian National Audit Office Performance Audit Reports

The Auditor-General is responsible for providing auditing services (both financial and performance) to the Parliament and public sector entities, supported by the Australian National Audit Office (ANAO). The ANAO's five-year audit strategy from 2015 for the NDIS includes a series of potential performance audits over the forward period.

The first phase of performance audits included an assessment of the management of the approach taken to transitioning the disability services market to the NDIS market arrangements. The ANAO tabled its report in Parliament in November 2016. The audit focussed jointly on the Agency and DSS.

The audit found that DSS and the Agency had established the building blocks for a successful transition of the disability services market to the NDIS, but some risks and gaps remained.

While the report contained no findings or subsequent action items for the Agency, the Agency and DSS continue to work with state and territory governments to implement the Bilateral Agreements to transition to a full Scheme NDIS. Each Bilateral Agreement includes a System and Sector Readiness Schedule, which sets out agreed activities to prepare the market and workforce and respond to any sector or system readiness issues in each state or territory.

A second performance audit is being undertaken. Its focus is decision-making controls for financial sustainability. This is being undertaken in three tranches. Fieldwork for the first tranche – access decisions – commenced in early 2017. Its focus is to assess the effectiveness of controls being implemented and/or developed by the NDIA to ensure that NDIA access decisions are consistent with legislative and other requirements. The final report is expected to be tabled in Parliament in late 2017.

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## Freedom of information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an Annual Report. The Agency has displayed on its website a plan showing what information it publishes in accordance with the IPS requirements.

Under the FOI Act a person may seek access to information that is held by the Agency that concerns them or is otherwise appropriate for public release.

During 2016–17, the Agency received 84 freedom of information requests for access to copies of documents. There were six requests for internal review of an access decision. In 2016–17, the Agency received notification that one request is subject to a review by the Office of Australian Information Commissioner (OAIC).

## Ombudsman complaints

The Agency is a prescribed authority for the purposes of the *Ombudsman Act 1976* (Ombudsman Act) and accordingly, the Commonwealth Ombudsman may investigate complaints from individuals, groups or organisations about the administrative actions of the Agency. Section 8 of the Ombudsman Act requires the Ombudsman to inform the principal

officer of the Agency before commencing an investigation and to conduct such an investigation in private. The Ombudsman may conduct an investigation in any such manner, and make any inquiry as he or she thinks fit. The Agency may be requested to provide assistance and information relevant to an investigation. The Ombudsman may inform the relevant Minister and bring the conduct to the notice of the principal officer of the Agency.

The Commonwealth Ombudsman progressed 131 section 8 investigations about the Agency during 2016–17. The Agency provided file material and responses to the Ombudsman's questions. The Ombudsman closed 60 of the matters. Of the 131 investigations, 38 were finalised without further action.

## Privacy Act

The Agency complies with its privacy obligations as required under both the *Privacy Act 1988* and the NDIS Act.

Compliance includes the Agency ensuring its practices and procedures are consistent with requirements under the Australian Privacy Principles, such as having an established privacy policy and maintaining a privacy incident and complaints register.

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The Agency actively promotes privacy awareness through the appointment of a Privacy Contact Officer and through the ongoing development of training materials for Agency staff. Advice is also provided to staff regarding the Agency's privacy obligations under law, particularly as it relates to ensuring promotion of one of the general principles guiding actions under the NDIS Act, which is to ensure that people with disability have their privacy and dignity respected.

During 2016-17, the Agency responded to one privacy complaint lodged with the OAIC.

## NDIA property

The Agency continues to expand its presence and property across the country. Co-location of public-facing service delivery centres and non-public facing offices with other government services and agencies is a key strategy to ensure property locations are in the most appropriate and accessible areas for participants and staff. Standalone NDIS sites have been chosen only when co-location options are not available.

In line with the Bilateral Agreements signed with state and territory governments, the NDIA established six standalone service delivery sites and 39 co-located service delivery sites in 2016-17, bringing the total number of sites to 79 across Australia.

As part of identifying these sites, the NDIA worked collaboratively with the Department of Human Services (DHS), Australian Taxation Office, Department of the Prime Minister and Cabinet and other Commonwealth, state and territory government agencies to maximise the number of co-located NDIS offices.

Preparation is also underway with DHS for future sites required to achieve full Scheme rollout.

The Agency ensures properties are accessible for people with disability. All sites are designed with consideration of the three key elements of accessible design: equity, independence and dignity.

### **New national office**

In May 2017, the Agency reached a new milestone in the development of its Geelong national office with the signing of a Construction Agreement. Through a joint venture with DHS, construction is expected to be completed in late 2018.

The new building is expected to increase the efficiency of head office operations, and make it easier for staff across Australia to engage with national office staff.

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## Ecological and sustainable development

The Agency has continued to introduce ecological and sustainable measures that reduce energy and consumption costs at each of its sites including:

- installing energy-efficient T5 fluorescent lights and LEDs for open-plan areas and meeting rooms together with motion sensor control for the lighting;
- installing energy-efficient variable refrigerant flow air-conditioning systems that are operated via time clock;
- installing low-flow sanitary fixtures; and
- supplying general waste and recyclable waste bins to suit the size of the tenancy.

The new national office, currently under construction, will meet or exceed the Government's 5 star National Australian Built Environment Rating System requirement when completed.

## Fleet vehicles

The Whole of Government arrangement for fleet vehicle selection has undergone a significant change as the motor industry no longer builds Australian made vehicles. The Agency has been proactive in moving to a wholly hybrid passenger vehicle base where available. The vehicles use both a conventional engine and electric motor to achieve significantly better fuel efficiency than their non-hybrid counterparts. In terms of greenhouse emissions, the hybrid vehicles selected reduce tailpipe CO<sub>2</sub> emissions and stationary noise and will considerably reduce annual fuel costs. The selection of four wheel drive vehicles is still limited to petrol and diesel options as no hybrid option is available. The Agency's total fleet number has increased from 91 in 2015-16 to 151 in 2016-17.

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## Workplace health and safety

The NDIA acknowledges its responsibilities under the *Work Health and Safety Act 2011 (WHS Act)*, the *Safety, Rehabilitation and Compensation Act 1988* and anti-discrimination legislation.

The Agency takes all reasonably practicable measures to protect the health, safety and welfare of its workers while at work, including providing a safe work environment. The NDIA's Work Health and Safety Policy and Health and Safety Management Arrangements promote consultation, prevention and early intervention, and are aligned with a steadfast commitment to safeguard and value Agency employees.

The NDIA recognises that effective health and safety management systems are good business practice and contribute to reducing work-related injury and illness occurrences and costs. The Agency also supports access to information about overall health and wellbeing for staff.

Specific actions in 2016–17 included:

- development of a Health and Safety Management Plan with extensive staff consultation, which provides a structured approach to achieve the objectives of the Agency's Work Health and Safety (WHS) Policy;
- enhancing the Rehabilitation Management System documentation to better support health and wellbeing, and injury and illness management;
- improving WHS risk management by establishing reporting and trend analysis against metrics;
- re-launching the Wellness and Culture Champions Network nationally;
- delivery of prevention of psychosocial injury training nationwide; and
- availability of the National Influenza Vaccination Program, which 640 staff accessed.

In 2016–17, the Agency reported eight incidents to Comcare pursuant to section 38 of the WHS Act. Comcare deemed two of those incidents as “not notifiable”. The Agency undertook four investigations under Part 10 of the WHS Act.

The WHS Act requires the Agency to provide statistics of any notifiable incidents of which it became aware of during the year that arose out of the conduct of business or undertakings by the entity, and any investigations conducted and notices given.

Refer to Appendix 4 for a summary of incidents pursuant to section 38 of the WHS Act.

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## Purchasing arrangements

The majority of the Agency's corporate and ICT services are provided by DHS through shared services arrangements.

These arrangements are governed by the ICT Services Schedule, the Business Services Schedule and the Shared Services Schedule, as agreed by the Agency and DHS.

The services provided through shared service arrangements with DHS include:

- **People Services** – payroll, travel and accessibility support.
- **Financial Services** – asset management and accounting operations.
- **ICT Business Services** – staff, participant and provider portals, Enterprise Data Warehouse.
- **ICT Infrastructure Services** – Network, Desktop and End User Computing services.
- **Other Corporate Services** – security, fleet, records management, procurement and stationery.

These shared service arrangements also enable the delivery of contact centre services on behalf of the Agency. As the current provider of these functions, DHS ensures resources are in place to respond to participants and providers calling the Agency's 1800 number.

The Agency also has a Memorandum of Understanding with DSS for the provision of library and limited ICT services.

The Agency has Bilateral Agreements with states and territories that outline how the Scheme is expected to operate in sites including the roles and responsibilities of the Commonwealth and respective state and territory governments.

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## Advertising and market research

The organisations listed below provided advertising and market research services to the Agency in 2016-17. Under section 311A of the *Commonwealth Electoral Act 1918*, only payments above \$13,000 (inclusive of GST) are listed below.

**Table 7: Payments to market research and polling organisations in 2016-17**

Provider name	Service provided	Amount paid \$ (incl GST)
Arc Research	Market research	161,040.00
Crosby Textor	Market research	138,358.00

**Table 8: Payments to direct mail organisations in 2016-17:**

Provider name	Service provided	Amount paid \$ (incl GST)
Carbine Media Pty Ltd	Direct Mail	14,300.00
Carbine Media Pty Ltd	Direct Mail	14,300.00

**Table 9: Payments to media advertising organisations in 2016-17:**

Provider name	Service provided	Amount paid \$ (incl GST)
Dentsu Mitchell Media Australia Pty Ltd	Advertising	13,706.54
Dentsu Mitchell Media Australia Pty Ltd	Advertising	23,302.53
Dentsu Mitchell Media Australia Pty Ltd	Advertising	16,863.11
Dentsu Mitchell Media Australia Pty Ltd	Advertising	85,758.98

## Grants programs

Three types of grants were administered by the Agency in the 2016-17 financial year:

- Community Inclusion and Capacity Development grants, including Information, Linkages and Capacity Building Grants – read more about ILC in Chapter 1.
- Grants to support Partners in the Community – Local Area Coordination and Early Childhood Early Intervention activities.
- Miscellaneous NDIA grants.

# Internal Audit and Risk Management

## Internal audit

The Agency had an internal audit program in place throughout 2016-17. The risk-based program assists the Agency to identify and strengthen potential weaknesses across the control and governance processes in place to manage the Agency's risks.

The objectives of the Agency's internal audit program are to provide assurance to the CEO and Board that the Agency's financial and operational controls are functioning efficiently, effectively, economically and ethically whilst assisting management to improve the Agency's business performance.

The Board's Audit Committee has overall responsibility for the internal audit program, including determining the audits to be conducted, receiving reports, and monitoring management action taken to address audit findings. The 2016–17 internal audit program focussed on transition to full Scheme, and included learning and development, Agency's costing, program reporting, property management, data integrity and the Partners in the Community sourcing processes.

## Risk management

The approach adopted by the Board is set out in the Agency's risk management strategy that has been developed to comply with the NDIS Risk Management Rules 2013 (RMR). Consistent with the RMR, and reflecting the insurance basis of the Scheme, the Board uses the Australian Prudential Regulation Authority's Prudential Risk Standard (CPS220) as the standard by which risk management activities are assessed in the Agency.

The risk management strategy:

- outlines the risk governance relationship between the Board, committees of the Board and Agency senior management;
- sets out specific risk management roles and responsibilities; and
- describes the processes for identifying and assessing risks, for how the Agency raises staff risk awareness and develops an appropriate risk culture, and for the annual review process by which the Agency assesses the effectiveness of its risk management framework.

The Board and the Agency focus on early risk identification, mitigation and monitoring, in particular for strategic risks that could materially impact on the success of the Scheme.

The Agency has in place a Chief Risk Officer and associated Enterprise Risk team, who report directly to the CEO. The Agency's approach to risk can be explained as follows:

- The Board sets the strategic intent through the Corporate Plan and determines the Agency's strategic risks, approves the risk management strategy and risk appetite statements. The Board oversees the building of an appropriate risk culture and provides a risk management declaration.
- The Board's Risk Committee oversees the risk management strategy, its implementation and the regular review of its efficiency and effectiveness. It formulates draft risk appetite statements and tolerances for Board approval, and notifies the Board of any significant breach of, or material deviation from, the risk management strategy or framework.
- The Board's Audit Committee provides assurance of the Agency's internal control environment.
- The Board's Sustainability Committee assesses, monitors, reports and manages Scheme financial sustainability including oversight of risks to Scheme.
- The NDIS Act establishes the role of the Scheme Actuary who is responsible for assessing the financial sustainability of the Scheme and identifying recommendations to manage or address these risks. The Scheme Actuary prepares an annual sustainability report which includes a discussion of the Agency's risk management arrangements and any recommendations in relation to inadequacies. This can be viewed in Section 4.
- In addition, the Chief Risk Officer assists the Board and its executive by providing objective risk review, oversight, monitoring and reporting. This oversight role has independent reporting access to the Board through the Risk Committee.

### **Operational implementation**

Operational and project risks are monitored and managed by the Agency's senior executives regularly. Senior executives are supported in this task by an Agency-wide framework which facilitates the identification and reporting of risks for consideration and action. Oversight is provided by the senior executive Enterprise Risk Committee.

## **Indemnities and insurance**

The NDIA purchased directors' and officers' liability insurance from Comcover for 2016-17 and the premium paid for this cover was \$567,903. No legal claims were made against any senior manager of the NDIA during 2016-17.

# SECTION FOUR

## Sustainability and Financial Performance





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This annual financial sustainability report is required under section 180B of the NDIS Act. This report provides an assessment of the financial sustainability of the NDIS after the first year of transition to full Scheme, following the three year trial period.



# Summary of National Disability Insurance Scheme Financial Sustainability Report 2016-17

Sarah Johnson BCom FIAA, Scheme Actuary, September 2017

## The Scheme at 30 June 2017

The NDIS has nearly tripled in size in the year to 30 June 2017, with the number of participants who had an approved plan increasing from 30,281 to 90,638. Of these, 89,610 remained active participants as at 30 June 2017. There were a further 6,134 Early Childhood Early Intervention (ECEI) gateway referrals identified.

The Scheme participant population is equivalent to about a fifth of the expected full Scheme population at 30 June 2020 and about 83 per cent of the bilateral estimate at 30 June 2017, including participants in the ECEI gateway.

As at 30 June 2017, \$7.3 billion of support has been committed to participants since the inception of the Scheme, of which \$1.5 billion relates to supports committed during the trial period, \$3.2 billion relates to supports committed during 2016-17 and \$2.6 billion relates to supports committed in 2017-18 and beyond.

Not all committed support in plans is being used by participants. The utilisation of committed supports has been around 64 per cent for supports committed in 2013-14 and around 75 per cent for supports committed from 2014-15 to 2016-17, with utilisation rates varying across states/territories, and generally being lower for a participant's first plan.

Comparison between the revenue received during 2016-17 from both the Commonwealth and state/territory governments (the "funding envelope") and the amount of support used by participants, results in a projected accounting surplus of about 11 per cent of the funding envelope. The relatively low levels of utilisation to date has meant that the Scheme has operated within the funding envelope. However, if as expected, the utilisation of committed supports within the Scheme increases over time, without the management action described below, pressure could be put on the Scheme.

Baseline data from the short-form outcomes framework questionnaires was collected during 2016-17, revealing that participants generally want more choice and control in their life. They also have low levels of employment and community participation. Families and carers would like to work more and see their family and friends more often. This information will enable the assessment of changes in a participant's outcomes over time.

Approximately 85 per cent of participants reported that they were satisfied with the planning process during 2016-17, reflecting a rating of the process as either good or very good. This result is relatively high, but is a reduction from the 95 per cent reported during trial, indicating that improvements could be made to the current planning process.

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## Current pressures

Whilst the Scheme cost was within the funding envelope for the first four years, there are some current pressures which require management responses. These pressures are very similar to those reported in last year's financial sustainability report, and include:

- higher than expected numbers of children entering the Scheme, especially for children with developmental delay and autism;
- increasing package amounts over and above the impacts of inflation and ageing ("super imposed" inflation);
- potential participants continuing to approach the Scheme, even for the most mature trial sites;
- lower than expected numbers of participants exiting the Scheme, specifically for those who have entered the Scheme via the early intervention pathway;
- a mismatch between benchmark package costs and actual package costs, especially for higher functioning participants; and
- higher than expected costs of shared supported accommodation.

## NDIS insurance approach

The NDIS insurance approach allows pressures on the Scheme to be identified early and management responses put in place to respond to these pressures. Specifically, data is collected on participants (including the characteristics of the participants, costs and outcomes), and this actual experience is compared with the baseline projection. This actuarial monitoring occurs continuously and allows management to implement strategies as required.

It is not unreasonable that some emerging pressures are evident after four years of the NDIS. This is common in any statutory insurance or social welfare reform, and also reflects the fast paced implementation of the NDIS over the past year. The current pressures reflect the original commitments, as the pace of implementation and learning from this implementation, will assist with management responses.

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## Management responses

Importantly data and evidence is available to understand what is driving these pressures and operational responses are underway to address the cost pressures. All else being equal, if these responses are as effective as expected, the pressures identified should be mitigated, and it is reasonable to expect financial sustainability throughout transition and full Scheme.

A number of specific initiatives have been developed:

- The **ECEI approach** is being progressively rolled out. The ECEI approach provides a gateway to the NDIS for children aged 0-6 years, which aims to ensure only children meeting the eligibility criteria for the NDIS enter as participants. The gateway also provides support for children to access mainstream and community services when they do not meet the criteria, but need some support to access these services.
- The **reference package and guided planning process** is a method to better align the level of function and need with support packages for participants when they first enter the Scheme and for a participant's plan review. This process is well underway, but ongoing refinement of this process to ensure the right assessment tools and questions are used also is critical. Importantly, this process assists in determining the reasonable and necessary support package, enabling participants to plan their supports to be able to meet their goals.
- A detailed **plan review strategy** has been developed with the aim of better aligning a participant's plan to the Scheme's growing evidence base of typical support packages to ensure plan reviews are fair, equitable and sustainable while also reflecting individual needs and circumstances. The review strategy also provides better alignment of plan duration to the nature of supports within a plan, for example allowing longer plan durations if participants live in a stable, supported environment and have predictable support needs.
- A **sustainability and quality team** has been established to build awareness of sustainability and quality within the Agency and to develop strategies to ensure a balance in meeting bilateral estimates and building the Scheme in a sustainable manner. This manifests itself through targeted file reviews and audits, staff training programs and monitoring.
- A **Participant and Provider Pathway Review** is underway following stakeholder feedback that the experience of participants and providers was not meeting the high standards to which the Agency aspires. The Review has involved workshops and discussions with people with disability, carers and providers to help understand the key issues. The key principles for designing the revised pathway and to address the identified issues include:
  - a stronger focus on the disability ecosystem, including mainstream services, disability organisations and community supports;

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- NDIS communication which emphasises the objectives and role of the Scheme to support people with permanent and significant disability with a clear focus on outcomes and goals during discussion of planning or funded supports;
  - information provided that is clear and consistent, and is available in accessible formats, such as braille and Easy English;
  - participants have a consistent point of contact, with an emphasis on helping participants to use all supports (not just funded) to achieve outcomes and where face-to-face engagement is the default, depending on individual preference;
  - planning is done by a capable planner who understands the participant's specific disability and who is supported by data and business intelligence; and
  - design of easy-to-use portal and tools, with simplified processes for common tasks, for example making changes to plans which do not change value.
- A **business intelligence strategy** has been developed to progressively deliver a foundational business intelligence capability within the Scheme based on strong insurance principles using comprehensive and reliable data. There are a number of projects underway which will increase the Agency's business intelligence capability, including the refinement of governance processes for data management, improved gateway interfaces with business partners and channels, participant analytics for assistance in participant pathway redesign and analytics to help participants, families and carers to maximise opportunities at plan review.

In summary, it is important that the Agency maintains a continued focus on the collection of quality data to monitor the effectiveness of management responses. It is also important that appropriate risk-based assurance reviews are performed to help the Agency better understand the current pressures. Ongoing training is also required to put Scheme sustainability at the core of the Agency's business processes. Lastly, the Participant and Provider Pathway Review is designing processes to ensure quality plans, an outcomes-based focus and financial sustainability. It is critical that the capacity and capability of the Agency be supported to implement the redesigned pathways.

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Peter Martin  
9 Beedham Place  
Lyons ACT 2606

12 September 2017

Dr Helen Nugent AO  
Chairman  
National Disability Insurance Agency  
GPO Box 700  
CANBERRA ACT 2601

Dear Dr Nugent

### **REVIEW OF FINANCIAL SUSTAINABILITY REPORT SUMMARY**

As required under section 180E of the *National Disability Insurance Scheme (NDIS) Act 2013* I have reviewed the summary of the annual Financial Sustainability Report (FSR), dated September 2017.

The FSR notes that, although the NDIS has continued to operate within the funding envelope during the first year of transition to full scheme, it is important that the Agency continue to monitor and manage a number of pressures which have persisted this year.

The financial sustainability of the NDIS rests on the quality of decisions on access to the scheme and on the funding provided to individual participants. To ensure that these decisions support good participant outcomes and financial sustainability, a sound decision making structure is essential and includes Agency capability, expert ICT systems, comprehensive and accurate data systems, analytics, and a proper assurance function.

The FSR notes the need for continued effort in this area. I regard this as the key message in this fourth FSR and, accordingly, I draw your attention to it here.

Finally, I note that the Agency has taken the necessary steps for me to undertake this review.

Yours sincerely



Peter Martin  
Reviewing Actuary



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Social Services

#### Opinion

In my opinion, the financial statements of the National Disability Insurance Scheme Launch Transition Agency for the year ended 30 June 2017:

- (a) comply with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the National Disability Insurance Scheme Launch Transition Agency, as at 30 June 2017, and its financial performance and cash flows for the year then ended.

The financial statements of the National Disability Insurance Scheme Launch Transition Agency, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Chairman of the Board, Chief Executive Officer, Chief Financial Officer and Chair of the Audit Committee;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

#### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the National Disability Insurance Scheme Launch Transition Agency in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants*, to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Accountable Authority's Responsibility for the Financial Statements**

As the Accountable Authority of the National Disability Insurance Scheme Launch Transition Agency, the directors are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with the Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the National Disability Insurance Scheme Launch Transition Agency's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The directors are also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Michael White  
Executive Director

Delegate of the Auditor-General

Canberra

9 October 2017

# Financial statements

for the period ending 30 June 2017



**National Disability Insurance Scheme Launch Transition Agency  
STATEMENT BY THE CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER,  
CHIEF FINANCIAL OFFICER AND CHAIR OF THE AUDIT COMMITTEE**

In our opinion, the attached financial statements for the period ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the National Disability Insurance Scheme Launch Transition Agency will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the directors.

Signed   
Helen Nugent AO  
Chairman  
9 October 2017

Signed   
Robert De Luca  
Chief Executive Officer  
9 October 2017

Signed   
Steve Jennaway  
Chief Financial Officer  
9 October 2017

Signed   
Sandra Birkenleigh  
Chair, Audit Committee  
9 October 2017

**National Disability Insurance Scheme Launch Transition Agency**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2017*

		2017	2016	Original Budget 2017
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	175,013	115,464	184,442
Suppliers	1.1B	262,653	114,490	484,437
Community partnership costs	1.1E	125,687	21,514	-
Grants	1.1C	39,104	8,958	33,284
Participant plan expenses	1.1F	2,238,147	722,679	3,486,713
Depreciation and amortisation	2.2A	8,718	8,886	22,922
Finance costs		444	167	-
Write-down and impairment of assets	1.1D	6,923	82,078	-
<b>Total expenses</b>		<b>2,856,689</b>	<b>1,074,236</b>	<b>4,211,798</b>
<b>OWN-SOURCE INCOME</b>				
<b>Own-source revenue</b>				
Revenue from rendering of services	1.2A	1,382,615	286,907	1,793,177
Interest	1.2B	13,802	6,219	-
Other revenue	1.2C	1,379	18,315	-
<b>Total own-source revenue</b>		<b>1,397,796</b>	<b>311,441</b>	<b>1,793,177</b>
<b>Gains</b>				
Other gains	1.2D	477,495	197,507	820,155
<b>Total gains</b>		<b>477,495</b>	<b>197,507</b>	<b>820,155</b>
<b>Total own-source income</b>		<b>1,875,291</b>	<b>508,948</b>	<b>2,613,332</b>
<b>Net (cost of)/contribution by services</b>		<b>(981,398)</b>	<b>(565,288)</b>	<b>(1,598,466)</b>
Revenue from Government		1,598,466	581,070	1,598,466
<b>Surplus/(Deficit)</b>		<b>617,068</b>	<b>15,782</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation reserve		3,675	1,881	-
<b>Total comprehensive income</b>		<b>3,675</b>	<b>1,881</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>		<b>620,743</b>	<b>17,663</b>	<b>-</b>

The above statement should be read in conjunction with the accompanying notes.

## National Disability Insurance Scheme Launch Transition Agency

### STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2017

#### Budget Variances Commentary

#### Statement of Comprehensive Income ('SoCI')

Affected line items	Explanations of major variances
Expenses <i>Employee benefits, Suppliers, Community partnership costs</i>	The budget anticipated an Average Staffing Level (ASL) of 1,749 employees and actual ASL for the year ended 30 June 2017 was 1,872. ASL is above budget but includes secondees from Commonwealth, state and territory agencies. These positions are funded on a cost recovery basis. The budget aggregates supplier expenses and community partnership costs. The variance to budget for supplier and community partnership costs has resulted from a slower rollout of Local Area Coordinator (LAC) services and Early Childhood Early Intervention (ECEI) arrangements. This has been offset by increase in contractors and consultants expenses incurred by the Agency.
Expenses <i>Grant expenses</i>	The budget included Department of Social Services (DSS) 2016-17 Portfolio Budget Statement Program 1.2 Community Inclusion and Capacity Development (CICD) grant expenses of \$33.3 million. In addition to CICD grants, the Agency incurred expenditure for Sector Development Fund (SDF) and sponsorship grant activities. The SDF payments were made on behalf of the DSS and are offset by a matching revenue. Other revenue is derived from SDF grant funding and rental income received from the sub-leasing of premises. The budget does not assume revenue from any additional sources.
Own-source revenue <i>Other revenue</i>	
Expenses <i>Participant plan expenses</i>	Participant plan expenses are lower than projected in the budget due to the slower phasing of participants than anticipated in the bilateral agreements. Delays experienced in transitioning participants into the Scheme early in the year impacted on the overall participant expenses. Participants expected to have transitioned into the Scheme earlier in the year had a larger impact on the 2016-17 participant plan expenses than participants entering the Scheme later in the year. In addition, plan expenses have been adjusted on advice provided by the Scheme Actuary to reflect the lower utilisation rate of committed supports.
Expenses <i>Depreciation and amortisation</i>	The Agency has adopted the whole-of-government policies in regard to co-locating service delivery sites within existing Commonwealth property infrastructure, where feasible. As a consequence, investment in property, plant and equipment and related depreciation and amortisation expenses are less than projected in the budget.
Expenses <i>Write-down and impairment of assets</i>	Accounting standards require the write-down and impairment of assets that are considered non-recoverable. An assessment of transactions that were considered non-recoverable was undertaken and recognised at year-end. These transactions were not anticipated in the budget.
Own-source revenue <i>Revenue from rendering of services</i>	The budget anticipated the phasing of participants in accordance with Bilateral Agreements. Delays experienced in transitioning participants from existing state and territory programs early in the year impacted revenue received.
Own-source revenue <i>Interest revenue</i>	Interest revenue is derived from the Agency investing cash in short-term deposits. The budget does not assume that cash on hand will be in excess to immediate requirements, whereas a significant amount of surplus cash was held and invested during the year.
Gains <i>Other gains</i>	Other gains primarily reflect in-kind contributions made to the Scheme by Commonwealth, state and territory governments. Other gains are less than budget due to the slower phasing of participants in the Scheme than originally anticipated and therefore the proportion of in-kind services utilised was lower than the targeted amounts agreed in the Bilateral Agreements.

## National Disability Insurance Scheme Launch Transition Agency

### STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget 2017 \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	1,328,287	306,430	245,496
Trade and other receivables	2.1B	204,862	20,884	86,216
Other financial assets	2.1C	-	33,194	-
<b>Total financial assets</b>		<b>1,533,149</b>	<b>360,508</b>	<b>331,712</b>
<b>Non-financial assets</b>				
Buildings (leasehold improvements)	2.2A	33,900	24,301	166,789
Property, plant and equipment	2.2A	391	1,012	347
Intangibles	2.2A	-	-	1,496
Other non-financial assets	2.2C	4,617	10,472	3,275
<b>Total non-financial assets</b>		<b>38,908</b>	<b>35,785</b>	<b>171,907</b>
<b>Total assets</b>		<b>1,572,057</b>	<b>396,293</b>	<b>503,619</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	106,792	25,349	70,116
Other payables	2.3B	4,233	2,611	6,911
<b>Total payables</b>		<b>111,025</b>	<b>27,960</b>	<b>77,027</b>
<b>Provisions</b>				
Employee provisions	4.1A	35,563	24,160	28,032
Participant plan provisions	2.4A	505,604	215,852	159,323
Other provisions	2.4B	57,339	2,735	14,250
<b>Total provisions</b>		<b>598,506</b>	<b>242,747</b>	<b>201,605</b>
<b>Total liabilities</b>		<b>709,531</b>	<b>270,707</b>	<b>278,632</b>
<b>Net assets</b>		<b>862,526</b>	<b>125,586</b>	<b>224,987</b>
<b>EQUITY</b>				
Contributed equity		205,733	89,536	205,733
Reserves		5,556	1,881	-
Retained surplus		651,237	34,169	19,254
<b>Total equity</b>		<b>862,526</b>	<b>125,586</b>	<b>224,987</b>

The above statement should be read in conjunction with the accompanying notes.

## National Disability Insurance Scheme Launch Transition Agency STATEMENT OF FINANCIAL POSITION as at 30 June 2017

### Budget Variances Commentary

#### Statement of Financial Position

Affected line items	Explanations of major variances
<i>Cash and cash equivalents</i>	Cash and cash equivalents are higher than budget. The Agency has increased cash holdings due to lower than forecast participants entering the Scheme as well as the underutilisation of committed supports. In addition, the Agency's capital budget was markedly underutilised. Major variances for cash and cash equivalents are detailed in the Budget Variances Commentary for the Cash Flow Statement.
<i>Trade and other receivables</i>	The budget did not anticipate significant timing differences in the collection of cash from accounts receivable. As at 30 June 2017, the Agency had \$167.2 million in state and territory Scheme cash contributions outstanding. These amounts are recoverable and in line with the principles as outlined in Commonwealth, state and territory government funding arrangements.
<i>Buildings, property, plant and equipment, other payables and other provisions</i>	The Agency has adopted whole-of-government policies for co-locating service delivery sites within existing Commonwealth property infrastructure, where feasible. As a consequence, investment in property is less than projected in the budget, as are lease related incentives, payables and the provision for restoration obligations.
<i>Intangibles</i>	The delivery of corporate shared services transitioned to the Department of Human Services (DHS) on 1 July 2016 and the Agency is no longer utilising internally-generated, intangible assets. Intangibles were written down to zero as part of the 2015-16 financial statements, however, this was after the publication of the budget.
<i>Other non-financial assets</i>	Other non-financial assets are lower than the budget mainly due to the impairment of some advances paid upfront to participants. This practice has now ceased and the Agency is assessing if further action is required to be undertaken.
<i>Suppliers</i>	The variance is due to a larger than expected reliance on contractors by the Agency during the financial year to assist with transition to full Scheme as well as charges from DHS for secondees and the delivery of services to participants and providers. As a result, there is a higher proportion of outstanding payables for these services at the end of the financial year than was anticipated in the budget.
<i>Employee provisions</i>	An increase in the number of Agency staff has driven the variance in employee leave entitlements. A significant number of employees had previous experience in the Australian Public Service or state or territory public services, transferring any existing leave balances upon commencement.
<i>Participant plan provisions</i>	The budgeted participant plan provision did not account for the expected level of growth in the Scheme. The actual participant plan provision reflects the lower utilisation experienced in 2016-17 than anticipated due to lags in payments and revised utilisation rates for supports expected to have been provided in prior financial years.
<i>Asset revaluation reserve</i>	For the year ended 30 June 2017, the Agency undertook a valuation exercise and leasehold improvement assets were revalued upwards to reflect their estimated fair value. The revaluation increment was not anticipated in the budget.
<i>Retained surplus</i>	Major variances for the retained surplus are detailed in the Budget Variances Commentary for the Statement of Comprehensive Income.

**National Disability Insurance Scheme Launch Transition Agency**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2017*

	2017	2016	Original Budget 2017
	\$'000	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>	<b>89,536</b>	31,780	89,536
<b>Contributions by owners</b>			
Equity injection			
Corporate Commonwealth entity payment	<b>116,197</b>	57,756	116,197
<b>Closing balance</b>	<b>205,733</b>	89,536	205,733
<b>RETAINED SURPLUS</b>			
<b>Opening balance</b>	<b>34,169</b>	18,387	19,254
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	<b>617,068</b>	15,782	-
<b>Closing balance</b>	<b>651,237</b>	34,169	19,254
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>	<b>1,881</b>	-	-
<b>Comprehensive income</b>			
Other comprehensive income	<b>3,675</b>	1,881	-
<b>Closing balance</b>	<b>5,556</b>	1,881	-
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>	<b>125,586</b>	50,167	108,790
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	<b>617,068</b>	15,782	-
Other comprehensive income	<b>3,675</b>	1,881	-
<b>Total comprehensive income/(loss)</b>	<b>746,329</b>	17,663	-
<b>Contributions by owners</b>			
Equity injection			
Corporate Commonwealth entity payment	<b>116,197</b>	57,756	116,197
<b>Closing balance</b>	<b>862,526</b>	125,586	224,987

The above statement should be read in conjunction with the accompanying notes.

## National Disability Insurance Scheme Launch Transition Agency

### STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2017

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#### **Accounting Policy**

##### Equity injections

Amounts received which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in contributed equity in that year.

##### Transfer to/from other entities

Net assets received from or transferred to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

##### Other distributions to owners

The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

#### **Budget Variances Commentary**

##### **Statement of Changes in Equity**

Major budget variances for balances contained in the Statement of Changes in Equity have been included in the budget variances commentary for the Statement of Comprehensive Income and the Statement of Financial Position.

**National Disability Insurance Scheme Launch Transition Agency**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2017*

	Notes	2017 \$'000	2016 \$'000	Original Budget 2017 \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Receipts from Government		1,598,466	581,070	1,598,466
State and territory government contributions		1,256,873	268,650	1,793,177
Interest received		13,237	5,035	-
Other		938	17,762	-
Net GST received		<u>27,990</u>	<u>9,909</u>	<u>44,028</u>
<b>Total cash received</b>		<u><b>2,897,504</b></u>	<u><b>882,426</b></u>	<u><b>3,435,671</b></u>
<b>Cash used</b>				
Employee benefits		162,812	107,611	174,762
Supplier expenses		211,681	114,573	489,240
Community partnership costs		134,697	23,774	-
Participant plan expenses		1,457,486	479,680	2,657,043
Grant payments		<u>42,206</u>	<u>10,441</u>	<u>33,284</u>
<b>Total cash used</b>		<u><b>2,008,882</b></u>	<u><b>736,079</b></u>	<u><b>3,354,329</b></u>
<b>Net cash from operating activities</b>	3.1	<u><b>888,622</b></u>	<u><b>146,347</b></u>	<u><b>81,342</b></u>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of long-term deposits		<u>33,194</u>	<u>219,375</u>	<u>-</u>
<b>Total cash received</b>		<u><b>33,194</b></u>	<u><b>219,375</b></u>	<u><b>-</b></u>
<b>Cash used</b>				
Purchase of property, plant and equipment, and intangibles		16,156	961	116,197
Purchase of long-term deposits		<u>-</u>	<u>252,569</u>	<u>-</u>
<b>Total cash used</b>		<u><b>16,156</b></u>	<u><b>253,530</b></u>	<u><b>116,197</b></u>
<b>Net cash from investing activities</b>		<u><b>17,038</b></u>	<u><b>(34,155)</b></u>	<u><b>(116,197)</b></u>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Corporate Commonwealth entity payment		<u>116,197</u>	<u>57,756</u>	<u>116,197</u>
<b>Total cash received</b>		<u><b>116,197</b></u>	<u><b>57,756</b></u>	<u><b>116,197</b></u>
<b>Net cash from / (used by) financing activities</b>		<u><b>116,197</b></u>	<u><b>57,756</b></u>	<u><b>116,197</b></u>
<b>Net (decrease) / increase in cash held</b>		<u><b>1,021,857</b></u>	<u><b>169,948</b></u>	<u><b>81,342</b></u>
Cash and cash equivalents at the beginning of the reporting period		<u>306,430</u>	<u>136,482</u>	<u>164,154</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<u><b>1,328,287</b></u>	<u><b>306,430</b></u>	<u><b>245,496</b></u>

The above statement should be read in conjunction with the accompanying notes.

## National Disability Insurance Scheme Launch Transition Agency

### CASH FLOW STATEMENT

for the period ended 30 June 2017

#### Budget Variances Commentary

##### Cash Flow Statement

Affected line items	Explanations of major variances
Operating activities <i>State and territory government contributions</i>	Cash from the rendering of services is lower than predicted in the budget. The budget anticipated the phasing of participants in accordance with Bilateral Agreements, however, the delays experienced in transitioning participants from existing state and territory programs during in the year impacted revenue received.
Operating activities <i>Interest received</i>	Interest received is derived from the Agency investing cash in short-term deposits. The original budget does not assume that cash on hand will be in excess to immediate requirements.
Operating activities <i>Net GST received</i>	Net GST received is lower than budget due to the budget assumption that cash flows from the purchase of capital items, supplier expenses and participant expense related payments would be considerably higher.
Operating activities <i>Employee benefits, Supplier expenses, Community partnership expenses</i>	Cash outlays for employee related expenditure were lower due to delays in recruitment and on boarding staff. The Agency also relied on the use of secondees funded on a cost recovery basis. Community partnership costs were lower than budget due to the slower rollout of local area coordinator LAC services and ECEI arrangements. Supplier cash spending is lower than budget due to less services contracted out than anticipated in the budget.
Operating activities <i>Grant payments</i>	The budget comprises Community Inclusion and Capacity Development (CICD) grants, whereas actual payments also include SDF and sponsorship granting activities.
Operating activities <i>Participant plan expenses</i>	Participant plan payments are less than projected in the budget, primarily due to lower than projected utilisation of committed supports and delays in the timing of claims.
Investing activities <i>Proceeds from sales of financial instruments</i>	Proceeds of financial instruments reflect the investment of cash in term deposits with maturities over three months. The budget did not assume cash on hand to be in excess of immediate requirements.
Investing activities <i>Purchase of property, plant and equipment and intangibles</i>	The Agency has adopted whole-of-government policies for co-locating service delivery sites within existing Commonwealth property infrastructure, where feasible. As a consequence, cash outlays for property is less than projected in the budget.

## **National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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### **Overview**

#### **1. Financial Performance**

- 1.1. Expenses
- 1.2. Own-Source Revenue and Gains

#### **2. Financial Position**

- 2.1. Financial Assets
- 2.2. Non-Financial Assets
- 2.3. Payables
- 2.4. Other Provisions

#### **3. Funding**

- 3.1. Cash Flow Reconciliation

#### **4. Governance, Employees and Relationships**

- 4.1. Employee Provisions
- 4.2. Key Management Personnel Remuneration
- 4.3. Related Party Disclosures
- 4.4. Remuneration of Auditors

#### **5. Managing Uncertainties**

- 5.1. Contingent Assets and Liabilities
- 5.2. Financial Instruments
- 5.3. Fair Value Measurement

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Overview

#### General information

The National Disability Insurance Scheme Launch Transition Agency ('the Agency') was established on 29 March 2013 by the *National Disability Insurance Scheme Act 2013* ('the Act'). The Agency became financially independent on 1 July 2013 and is an Australian Government controlled not-for-profit entity.

From 1 July 2013, arrangements were put in place to ensure that the National Disability Insurance Scheme ('the Scheme') could be introduced gradually, ensuring a smooth transition for people with disability and support providers. The Scheme now has operations in all states and territories of Australia with full access to the Scheme commencing progressively from 1 July 2016.

#### Objectives of the Agency

The objective of the Agency is to operate under the Act, and in conjunction with other legislation, to give effect to Australia's obligations under the Convention on the Rights of Persons with Disabilities. In doing so, the Agency supports the independence and social and economic participation of people with a disability.

The Agency is structured to meet a single Government outcome (Outcome 1):

Individual control and choice in the delivery of reasonable and necessary care and supports to improve the independence, social and economic participation of eligible people with disability, their families and carers, and associated referral services and activities.

The net cost of delivering this outcome at 30 June 2017 was \$981.4M (2016: \$565.29M).

The Agency supports participants in the Scheme to exercise individual choice and control in respect to the delivery of reasonable and necessary supports. This allows people with disabilities, their families and carers to achieve improved outcomes in their lives. It also works to support the wider disability sector to promote better outcomes for people with a disability, in areas such as research and building community awareness.

The Agency makes estimates of current and future expenditure as well as identifies and manages financial risks and issues relevant to the financial sustainability of the Scheme. This is achieved by adopting an insurance-based approach, informed by actuarial analysis, to the provision and funding of support for people with a disability. It also regularly reports on the sustainability of the Scheme.

The continued existence of the Agency in its present form and with its present programs is dependent on Commonwealth Government policy, continuing funding by Parliament for the Agency's administration and programs and agreement with state and territory governments.

#### The Basis of Preparation

The financial statements are general purpose financial statements as required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations reduced disclosure requirements issued by the Australian Accounting Standards Board ('AASB') that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities which are recorded at fair value.

Except where stated, no allowance is made for the effect of changing prices on the results or the financial position of the Agency. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars, unless otherwise specified.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### New Australian Accounting Standards

#### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. There have been other new, revised or amended standards or interpretation that were issued by the Australian Accounting Standards Board prior to the sign off date that are applicable to the current reporting period that had a material effect, or that are not expected to have a future material effect, on the Agency's financial statements.

#### Future Australian Accounting Standard requirements

The following new, revised and amending standards and interpretations were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Accountable Authority and Chief Financial Officer, which are expected to have a material financial impact on the Agency's financial statements for future reporting periods:

Standard/Interpretation	Application date for the Agency	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 15 <i>Revenue from Contracts with Customers</i> ; AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> ; AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	1 July 2019	<p>Nature: The revised Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, replacing AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i>, Interpretation 13 <i>Customer Loyalty Programmes</i>, and Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, and Interpretation 131 <i>Revenue-Barter Transactions Involving Advertising Services</i>. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the expected consideration in exchange for those goods or services.</p> <p>Likely impact: Expected to have minimal impact on the Agency's financial statements as at the date of assessment, the Agency does not earn a significant amount of revenue from contracts with customers.</p>
AASB 16 <i>Leases</i>	1 July 2019	<p>Nature: The revised standard replaces AASB 117 <i>Leases</i> and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with AASB 16's approach to lessor accounting substantially unchanged from its predecessor, AASB117.</p> <p>Likely impact: Expected to have an impact on the recognition, measurement and disclosure of leases.</p>

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Standard/Interpretation	Application date for the Agency	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 July 2019	<p>Nature: AASB 1058, AASB 2016-7 and AASB 2016-8 clarify and simplify the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. They supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The requirements of AASB 1058 more closely reflect the economic reality of NFP entity transactions that are not contracts with customers (as defined in AASB 15). The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.</p> <p>Likely impact: Expected to have an impact on the recognition, measurement and disclosure of in-kind gains recognised as a result of the difference between consideration paid and the fair value of services received by the Agency.</p>

All other new, revised and amending standards and interpretations that were issued prior to signing date and are applicable to future reporting periods are not expected to have a material impact on the Agency's financial statements.

### Taxation

The Agency is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### Events after the reporting period

The Commonwealth and West Australian (WA) governments announced an agreement for a nationally consistent but state-run National Disability Insurance Scheme (NDIS) in Western Australia. The NDIS and WA NDIS trials were set to end on 30 June 2017, however, WA and Commonwealth negotiations are continuing. To ensure people with disabilities are not delayed in accessing the Scheme, interim arrangements have been implemented, and this involves the Agency continuing to operate the WA site.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Financial Performance

This section analyses the financial performance of the Agency for the period ended 30 June 2017.

#### 1.1. Expenses

	2017	2016
	\$'000	\$'000
<b>Note 1.1A: Employee benefits</b>		
Wages and salaries	133,744	88,342
Superannuation		
Defined contribution plans	17,125	10,965
Defined benefit plans	5,456	4,059
Leave and other entitlements	18,126	11,909
Separation and redundancies	562	189
<b>Total employee benefits</b>	<b>175,013</b>	<b>115,464</b>

#### Accounting Policy

Accounting policies for employee related expenses is contained in Section 4 – Governance, Employees and Relationships.

#### Note 1.1B: Suppliers

##### Services rendered

Travel	7,801	5,382
Contractors and consultants	150,070	61,972
Memorandum of Understanding costs <sup>1</sup>	40,966	17,529
Information technology expenses	1,651	644
Property operating expenses	11,142	3,241
Staff recruitment and relocation	2,534	2,892
Other	20,703	10,656
<b>Total services rendered</b>	<b>234,867</b>	<b>102,316</b>

##### Other suppliers

Minimum lease payments	24,978	10,793
Workers compensation expenses	2,808	1,381
<b>Total other suppliers</b>	<b>27,786</b>	<b>12,174</b>
<b>Total suppliers</b>	<b>262,653</b>	<b>114,490</b>

#### Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	11,466	6,776
Between 1 to 5 years	31,145	14,289
More than 5 years	15,580	7,267
<b>Total operating lease commitments (inc. GST)</b>	<b>58,191</b>	<b>28,332</b>
Less GST recoverable on operating lease commitments	(5,290)	(2,576)
<b>Net operating lease commitments</b>	<b>52,901</b>	<b>25,756</b>

<sup>1</sup> The Agency has in place Memoranda of Understanding that cover the provision of various administrative and operational support services by the Department of Human Services and the Department of Social Services.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Leasing Commitments

The Agency has operating leases over the following assets:

- a) Property leases – lease payments subject to increases in accordance with CPI or other agreed increment with initial periods of between 1 and 10 years. Some leases have options to extend.
- b) Motor Vehicles – operating leases over periods up to 36 months that do not have contingent rentals and do not have purchase options available at the end of the lease.

The Agency does not have any significant leasing arrangements in its capacity as a lessor.

### Accounting Policy

#### Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease and where the lessor effectively retains substantially all such risks and rewards. The Agency has not entered into any leasing arrangements that are required to be classified as finance leases.

Operating lease payments are expensed on a straight-line basis over the life of the lease, which is representative of the pattern of benefits derived from the leased assets.

	2017	2016
	\$'000	\$'000
<b>Note 1.1C: Grants</b>		
Public sector		
State and territory governments	16,117	1,939
Private sector		
For profit organisations	538	-
Not for profit organisations	22,449	7,019
<b>Total grants</b>	<b>39,104</b>	<b>8,958</b>

The Agency provides a range of grants to the disability sector and the community in order to promote improved outcomes for people with a disability, their families and their carers. These grants relate to a range of projects including disability research, increased social and community participation, innovation and education.

### **Note 1.1D: Write-down and impairment of assets**

Trade and other receivables	825	78,693
Intangible assets	-	3,102
Property, plant and equipment	1,371	283
Participant Advances	4,727	-
<b>Total write-down and impairment of assets</b>	<b>6,923</b>	<b>82,078</b>

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017 \$'000	2016 \$'000
<b><u>Note 1.1E: Community partnership costs</u></b>		
Early Childhood Early Intervention costs	25,302	-
Local Area Coordination costs	<u>100,385</u>	<u>21,514</u>
<b>Total Community partnership costs</b>	<u>125,687</u>	<u>21,514</u>

### Early Childhood Early Intervention Costs

Early Childhood Early Intervention Costs are incurred by the Agency by engaging Early Childhood partners across the nation with the intention of providing quicker and easier supports to children aged between 0-6 years who have a disability or have concerns regarding their development. Expenses from this stream have commenced in the 2016-17 financial year.

### Local Area Coordination Costs

Local Area Coordination costs consists of the expenses incurred in funding selected providers of Local Area Coordination services. Arrangements with providers will differ in form and content, according to the Agency's needs.

Local Area Coordinators are required to deliver several types of services including:

- Provision of support to prospective participants to engage with the Scheme, including community awareness;
- Support scheme participants with implementation of their plans; and
- Support scheme participants with full scheme planning and plan reviews.

#### Accounting Policy

The costs associated with community partnerships are recognised in accordance with contractual arrangements.

<b><u>Note 1.1F: Participant plan expenses</u></b>		
Claims received from participant and providers	1,472,761	479,209
Cost of services received in-kind	475,634	190,706
Other movements reflected in participant plan provisions	<u>289,752</u>	<u>52,764</u>
<b>Total participant plan expenses</b>	<u>2,238,147</u>	<u>722,673</u>

#### Accounting Policy

The costs associated with participant plan expenses are recognised as and when the Agency receives claims from participants and providers. Accounting policies for expenses resulting from adjustment to the participant plan provision is contained in Section 2.4 – Other Provisions.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1.2. Own-Source Revenue and Gains

<b>OWN SOURCE REVENUE</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 1.2A: Revenue from rendering of services</b>		
<b>Rendering of services in connection with</b>		
Related parties - contributions from Department of Social Services	<b>6,089</b>	10,231
External parties - contributions from state and territory governments	<b>1,376,526</b>	276,676
<b>Total revenue from the rendering of services</b>	<b>1,382,615</b>	286,907

#### Accounting Policy

##### Rendering of services – contributions from Commonwealth, state and territory governments

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date and is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the Agency.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Cash contributions to the Agency from state and territory governments are recognised as revenue when they become payable to the Agency under a signed agreement with the Commonwealth. These include cash contributions outlined in the bilateral agreements for the funding of the National Disability Insurance Scheme.

##### Unearned revenue

Amounts invoiced in advance are recognised as unearned income in the Statement of Financial Position until the relevant revenue recognition criteria are met.

#### Note 1.2B: Interest

Cash and deposits	<b>13,802</b>	6,219
<b>Total interest</b>	<b>13,802</b>	6,219

#### Accounting Policy

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

#### Note 1.2C: Other revenue

Contribution by Victorian Government <sup>1</sup>	-	13,500
Other	<b>1,379</b>	4,815
<b>Total other revenue</b>	<b>1,379</b>	18,315

<sup>1</sup> The Victorian Government contributed a total of \$25 million between 2014-15 and 2015-16 for establishment costs of the Agency's National Office. The funding agreement between Victoria and the Commonwealth ended on 30 June 2016.

#### Compensation

The Agency has powers set out in the NDIS Act and the NDIS Compensation Rules to recover amounts of compensation that have been paid to or given up by participants in certain circumstances. The Agency recognises compensation revenue when, and only when both the amount of the compensation can be reliably determined, and the receipt of the compensation is probable.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017	2016
	\$'000	\$'000
<b>Note 1.2D: Other gains</b>		
Contributions in-kind from Commonwealth, state and territory governments	477,472	197,364
Assets first found	<u>23</u>	<u>143</u>
<b>Total gains</b>	<u>477,495</u>	<u>197,507</u>

### Accounting Policy

#### In-kind contributions

Prior to the commencement of the Scheme, the Commonwealth and each state and territory government had committed to provide (directly or by engaging service providers) items such as disability services, health, family support, education, employment, transport and/or housing to people with a disability. The provision of these services on behalf of the Agency is regarded as an in-kind contribution under Australian Accounting Standards and is accounted for as income from the contribution of services at the date when the services are provided. The fair value of these contributions is the unit cost provided by the jurisdiction which is based on what the jurisdiction has paid under its funding arrangements with the provider.

#### Resources received free of charge (Contributions in-kind from Commonwealth, state and territory governments)

Resources received free of charge are recognised as own-source income when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been contributed. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

#### Gains and losses from disposal of assets

Gains and losses from the disposal of assets are recognised when control of the asset has passed to the buyer.

### Key judgements and estimates

#### In-kind contributions

The Agency records income in relation to non-cash or in-kind contributions from Commonwealth, state and territory governments at the time when the services are provided to participants. In some cases, the Agency may not have been formally notified that the Commonwealth or a state or territory government has provided or funded a contribution to a participant and in this case the Agency makes an estimate of the amount of in-kind contributions provided to participants during the period but not yet notified to the Agency based on available evidence.

### Accounting Policy

#### Revenue from Government

Funding received from the Department of Social Services (received by the Agency as a Corporate Commonwealth entity payment item) is recognised as Revenue from Government unless the funding is in the nature of an equity injection or a loan.

Funding received from Government up to 30 June 2017: \$1,598.47M (2016: \$581.07M)

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 2. Financial Position

This section analyses the Agency's assets used to conduct its operations and the operating liabilities incurred as a result.

Employee related information is disclosed in the Governance, Employees and Relationships section.

#### 2.1. Financial Assets

	2017	2016
	\$'000	\$'000
<b>Note 2.1A: Cash and cash equivalents</b>		
Cash on hand	803,113	145,294
Term deposits	<u>525,174</u>	<u>161,136</u>
<b>Total cash and cash equivalents</b>	<u>1,328,287</u>	<u>306,430</u>

#### Accounting Policy

Cash is recognised at its nominal amount and recorded in the Statement of Financial Position. Cash and cash equivalents include cash on hand and term deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Term deposits with maturity greater than three months are classified as other financial assets. As at reporting date, the agency did not hold any term deposits with a maturity date of greater than three month (refer to note 2.1C).

#### Note 2.1B: Trade and other receivables

##### Goods and services receivables in connection with

Related parties	425	12,421
External parties	<u>197,785</u>	<u>22,580</u>
<b>Total goods and services receivables</b>	<u>198,210</u>	<u>35,001</u>

##### Other receivables

Statutory receivables (GST)	5,056	1,317
Other	2,166	1,455
Participant and provider receivables	<u>309</u>	<u>782</u>
<b>Total other receivables</b>	<u>7,531</u>	<u>3,554</u>
<b>Total trade and other receivables (gross)</b>	<u>205,741</u>	<u>38,555</u>

##### Less impairment allowance

Goods and services	<u>879</u>	<u>17,671</u>
<b>Total impairment allowance account</b>	<u>879</u>	<u>17,671</u>
<b>Total trade and other receivables (net)</b>	<u>204,862</u>	<u>20,884</u>

##### Trade and other receivables expected to be recovered

No more than 12 months	<u>204,862</u>	<u>20,884</u>
<b>Total trade and other receivables (net)</b>	<u>204,862</u>	<u>20,884</u>

##### Trade and other receivables aged as follows

Not overdue	204,552	15,415
Overdue by		
0 to 30 days	223	3,700
31 to 60 days	35	365
61 to 90 days	13	144
More than 90 days	<u>918</u>	<u>18,931</u>
<b>Total trade and other receivables (gross)</b>	<u>205,741</u>	<u>38,555</u>

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Reconciliation of the Impairment Allowance Account:

#### Movements in relation to 2017

	Goods and services \$'000	Total \$'000
<b>Opening balance</b>	17,671	17,671
Amounts written off	(17,449)	(17,449)
Increase/(decrease) recognised in net surplus	657	657
<b>Closing balance</b>	879	879

#### Movements in relation to 2016

	Goods and services \$'000	Additional Scheme contributions \$'000	Total \$'000
<b>Opening balance</b>	-	-	-
Amounts written off	(13,695)	(47,327)	(61,022)
Increase recognised in net surplus	31,366	47,327	78,693
<b>Closing balance</b>	17,671	-	17,671

#### Participant and provider receivables

Participant and provider receivables include balances that have been invoiced for recovery and those that will be offset against future claims. Building a robust and mature assurance and compliance program remains a key priority for the Agency, with work continuing through 2016-17 as participant numbers grew from 30,281 at 30 June 2016 to 96,772 on 30 June 2017. This assurance program will scale commensurate with growth in the Scheme, noting that at Full Scheme participant numbers are expected to be around 460,000. While not yet at the desired end state, progress during 2016-17 included: endorsement of an Integrated Assurance Framework; introduction of a Quality Assurance Program focussed on quality of decision making and payment quality and accuracy; development of ICT functionality to support quality checking (released in September 2017); development, endorsement and early implementation of a program of work targeting payment integrity; and establishment of a formal accountability structure for assurance and compliance.

An expanded review of payments to providers was conducted. This review covered payments to providers in the first three quarters of the year. Extrapolation of the results suggests the potential for an error rate of about 2.1% of total claims from providers. Recovery action, in accordance with the Agency's Debt Management Procedures, has commenced where payment errors have been detected. Work (including site visits) is ongoing during quarter two of 2017-18 for those providers who have not yet responded to requests to verify the accuracy of payments. The Agency will continue to strengthen assurance and compliance processes during 2017-18.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017 \$'000	2016 \$'000
<b>Note 2.1C: Other financial assets</b>		
Deposits	-	33,194
<b>Total other financial assets</b>	-	33,194
Total other financial assets - are expected to be recovered in:		
No more than 12 months	-	33,194
<b>Total other financial assets</b>	-	33,194

### Accounting Policy

The Agency classifies all of its financial assets owing to their nature and purpose at the time of recognition. Financial assets are recognised and derecognised upon trade date.

#### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' and are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Agency has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The Agency classifies other investments as held-to-maturity.

The Agency held-to-maturity investments are recognised in the Statement of Financial Position as term deposits and have been disclosed in note 2.1A. At 30 June 2017 there are eleven term deposits maturing at different dates within the next three months. Interest rates range from 2.41% to 2.51%, payable upon maturity.

#### Effective interest method

Interest income is recognised on an effective interest rate basis. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

#### Impairment of financial assets

*Financial assets impairment* - financial assets are assessed for impairment at the end of each reporting period.

*Financial assets carried at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an impairment allowance. The loss is recognised in the Statement of Comprehensive Income.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 2.2. Non-Financial Assets

Note 2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2017

	Buildings (leasehold improvements)	Property, plant & equipment	Computer software internally developed	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2016</b>				
Gross book value	43,254	2,403	1,888	47,545
Accumulated depreciation and impairment	(18,953)	(1,391)	(1,888)	(22,232)
<b>Net book value 1 July 2016</b>	<b>24,301</b>	<b>1,012</b>	<b>-</b>	<b>25,313</b>
<b>Additions</b>				
Purchase or internally developed	15,371	-	-	15,371
Assets first found	-	23	-	23
Depreciation expense	(8,079)	(639)	-	(8,718)
Revaluations in other comprehensive income	3,675	-	-	3,675
Impairment recognised in net cost of services	-	-	-	-
Other movements	-	-	-	-
Disposals – gross book value	(1,664)	(26)	(1,888)	(3,578)
Disposals – accumulated depreciation	296	21	1,888	2,205
Write offs	-	-	-	-
Revaluation adjustments – gross book value	(26,336)	-	-	(26,336)
Revaluation adjustments – accumulated depreciation	26,336	-	-	26,336
<b>Net book value 30 June 2017</b>	<b>33,900</b>	<b>391</b>	<b>-</b>	<b>34,291</b>
<b>Net book value as of 30 June 2017 represented by:</b>				
Gross book value	34,300	2,400	-	36,700
Accumulated depreciation and impairment	(400)	(2,009)	-	(2,409)
	<b>33,900</b>	<b>391</b>	<b>-</b>	<b>34,291</b>

All items of property, plant and equipment and intangible assets were assessed for indications of impairment as at 30 June 2017 and no indicators of impairment were found. No property, plant and equipment is expected to be sold or disposed of within the next 12 months. Buildings (leasehold improvements), property, plant and equipment are measured at their estimated fair value in the financial statements. Refer to Note 5.3 for further details.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Non-financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

#### Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Agency where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Agency's leasehold improvements with a corresponding provision for the 'make good' obligation recognised.

#### Revaluations

Following initial recognition at cost, items of property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. The Agency's policy is to conduct valuations with sufficient frequency to ensure that the carrying value of items do not differ materially from their fair value at each reporting date. The Agency's leasehold improvements are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. The fair value measurements of the Agency's leasehold improvements as at 30 June 2017 were performed by Australian Valuation Solutions ('AVS'), independent valuers. AVS have appropriate qualifications and recent experience in the fair value measurement of similar assets in the Government sector.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a

class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset was restated to the revalued amount.

#### Depreciation

Depreciable property, plant and equipment assets (other than freehold land and properties under construction) are written-off to their estimated residual values over their estimated useful lives using the straight-line method of depreciation. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. The table below outlines the depreciation rates applying to each class of depreciable asset based on the following useful lives:

Asset class	Useful life
Property, plant and equipment	3 to 10 years
Buildings (leasehold improvements)	Lesser of 10 years or the lease term

#### Impairment

All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Agency were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or its disposal. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales processed and the carrying amount of the asset and is recognised in profit or loss.

#### Intangibles

The Agency has no intangible assets.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 2.2B: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2016

	Buildings (leasehold improvements) \$'000	Other property, plant & equipment \$'000	Computer software internally developed \$'000	Total \$'000
<b>As at 1 July 2015</b>				
Gross book value	37,747	2,298	3,555	43,600
Accumulated depreciation and impairment	(11,284)	(842)	(139)	(12,265)
<b>Net book value 1 July 2015</b>	<b>26,463</b>	<b>1,456</b>	<b>3,416</b>	<b>31,335</b>
Additions:				
By purchase	3,829	396	-	4,225
Assets first found	-	143	-	143
Revaluations in other comprehensive income	1,881	-	-	1,881
Depreciation and amortisation expense	(7,766)	(805)	(315)	(8,886)
Impairment recognised in net cost of services	-	-	(1,589)	(1,589)
Disposals:				
Write offs	(106)	(178)	(1,512)	(1,796)
<b>Net book value 30 June 2016</b>	<b>24,301</b>	<b>1,012</b>	<b>-</b>	<b>25,313</b>
<b>Net book value as of 30 June 2016 represented by:</b>				
Gross book value	43,254	2,403	1,888	47,545
Accumulated depreciation and impairment	(18,953)	(1,391)	(1,888)	(22,232)
	<b>24,301</b>	<b>1,012</b>	<b>-</b>	<b>25,313</b>

All items of property, plant and equipment and intangible assets were assessed for indications of impairment as at 30 June 2016. As part of a transition to the delivery of shared services by the Department of Human Services (DHS), the Agency will no longer be utilising some of its intangible assets. As a result, an impairment expense of \$1.6 million was recorded during the year.

No items of property, plant and equipment or intangibles are expected to be sold or disposed of within the next 12 months.

Buildings (leasehold improvements), property, plant and equipment are measured at their estimated fair value in the financial statements. Refer to Note 5.3 for further details.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017 \$'000	2016 \$'000
<b>Note 2.2C: Other non-financial assets</b>		
Participant advances <sup>1</sup>	6,910	7,060
Participant plan prepayments <sup>2</sup>	1,591	275
Other prepayments	843	3,137
Impairment provision - other non-financial assets	<u>(4,727)</u>	<u>-</u>
<b>Total other non-financial assets</b>	<b><u>4,617</u></b>	<b><u>10,472</u></b>
<b>Other non-financial assets expected to be recovered</b>		
No more than 12 months	4,141	10,427
More than 12 months	<u>476</u>	<u>45</u>
<b>Total other non-financial assets</b>	<b><u>4,617</u></b>	<b><u>10,472</u></b>

No indicators of impairment were found for other non-financial assets.

<sup>1</sup> Participant advances represent payments that have been made to self-managed participants in the Scheme in advance of support being provided.

<sup>2</sup> Participant plan prepayments represent payments that have been made to providers in advance of supports being utilised by participants.

### 2.3. Payables

	2017 \$'000	2016 \$'000
<b>Note 2.3A: Suppliers</b>		
Trade creditors and accruals	105,961	24,912
Operating lease rentals	<u>831</u>	<u>437</u>
<b>Total suppliers</b>	<b><u>106,792</u></b>	<b><u>25,349</u></b>
Suppliers expected to be settled		
No more than 12 months	106,402	25,000
More than 12 months	<u>390</u>	<u>349</u>
<b>Total suppliers</b>	<b><u>106,792</u></b>	<b><u>25,349</u></b>
Settlement is usually made for suppliers within 30 days.		
<b>Note 2.3B: Other payables</b>		
Salaries and wages	1,255	471
Superannuation	189	75
Lease incentives	2,717	2,065
Other	<u>72</u>	<u>-</u>
<b>Total other payables</b>	<b><u>4,233</u></b>	<b><u>2,611</u></b>
Other payables expected to be settled		
No more than 12 months	1,985	883
More than 12 months	<u>2,248</u>	<u>1,728</u>
<b>Total other payables</b>	<b><u>4,233</u></b>	<b><u>2,611</u></b>

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 2.4. Other Provisions

	2017 \$'000	2016 \$'000
<b>Note 2.4A: Participant plan provisions</b>		
Participant plan provisions	<u>505,604</u>	<u>215,852</u>
<b>Total participant plan provisions</b>	<u>505,604</u>	<u>215,852</u>

The valuation of the participant provision was undertaken as at 30 June 2017 by the Scheme Actuary.

All participant provisions are expected to be settled within 12 months.

No liability is recorded for any participant supports to be provided in future reporting periods as the relevant recognition criteria are not met.

#### Note 2.4B: Other provisions

Scheme contributions provision	54,227	-
Provision for restoration obligations	<u>3,112</u>	<u>2,735</u>
<b>Total other provisions</b>	<u>57,339</u>	<u>2,735</u>

Other provisions expected to be settled

No more than 12 months	54,878	1,437
More than 12 months	<u>2,461</u>	<u>1,298</u>
<b>Total other provisions</b>	<u>57,339</u>	<u>2,735</u>

The Agency has 19 (2015-16: 16) agreements for the leasing of premises which have provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. The Agency has made a provision to reflect the present value of this obligation.

#### Reconciliation of provisions

	Participant plan provision \$'000	Provision for restoration \$'000	Participant advances provision \$'000	Scheme contribution provision \$'000	Total \$'000
<b>Carrying amount 1 July 2016</b>	215,852	2,735	-	-	218,587
Additional provisions made	497,685	622	4,727	54,227	557,261
Amounts reversed	(131,127)	(689)	-	-	(131,816)
Amounts used	(76,806)	-	-	-	(76,806)
Unwinding of discount or change in discount rate	-	444	-	-	444
<b>Closing balance 30 June</b>					
<b>2017</b>	<u>505,604</u>	<u>3,112</u>	<u>4,727<sup>1</sup></u>	<u>54,227</u>	<u>567,670</u>

<sup>1</sup>Refer to note 2.2C.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Accounting Policy

The Agency makes a provision for the reasonable care and support for participants provided during the period but not yet notified to the Agency. The provision represents the best estimate of the amount based on available evidence in relation to rates of expenditure by participants and is informed by actuarial analysis.

### Key judgements and estimates

#### Participant plan provisions

The Agency recognises a liability for the costs of reasonable care and support at the time that services are provided to participants in the Scheme. Due to the administrative processes associated with receiving and processing claims at the end of an accounting period, the Agency may not have been notified of the full value of all services provided during that period. Therefore, the Agency records a provision for the reasonable care and support for participants provided during the period but not yet notified to the Agency based on its best estimate of the outstanding liability using the guidance in accounting standards and information on committed supports contained within participant plans, the claims received by the Agency over time relating back to committed supports and the expected utilisation of committed supports within participant plans.

As at 30 June 2017, the expected utilisation of committed support provision raised by financial years is as follows:

2013-14: 65.0%

2014-15: 75.0%

2015-16: 76.5%

2016-17: 75.0%

Given that limited historical information is available in relation to participant claims history and the rapid period of growth of the Scheme, estimates of the participant plan provision includes allowances for uncertainty based on discussions with jurisdictions and may require material adjustment in future accounting periods. The weighted average term to settlement is three months and no allowance has been made for discounting these costs.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 3. Funding

This section identifies the Agency funding structure.

#### 3.1. Cash Flow Reconciliation

	2017	2016
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement</b>		
<b>Cash and cash equivalents as per</b>		
Cash Flow Statement	1,328,287	306,430
Statement of Financial Position	<u>1,328,287</u>	<u>306,430</u>
<b>Discrepancy</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash from/(used by) operating activities</b>		
Net (cost of)/contribution by services	(981,398)	(565,288)
Revenue from Government	1,598,466	581,070
<b>Adjustments for non-cash items</b>		
Assets first found	(23)	(143)
Depreciation and amortisation	8,718	8,886
Net write-down of non-financial assets	1,371	3,385
Accrued purchase of buildings and plant and equipment	787	(3,264)
GST on investing activities	-	-
<b>Movements in assets and liabilities</b>		
<b>Assets</b>		
Decrease/(increase) in net receivables	(183,978)	63,049
(Increase)/decrease in net other non-financial assets	5,855	(6,198)
<b>Liabilities</b>		
Increase/(decrease) in employee provisions	11,403	8,648
Increase/(decrease) in other provisions	54,604	93
Increase/(decrease) in participant plan provisions	289,752	52,764
Increase/(decrease) in supplier payables	81,443	11,327
(Decrease)/increase in participant plan payables	-	(2,632)
(Decrease)/increase in other payables	<u>1,622</u>	<u>(5,350)</u>
<b>Net cash from operating activities</b>	<u>888,622</u>	<u>146,347</u>

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 4. Governance, Employees and Relationships

This section describes a range of employment and post-employment benefits provided to our employees and our relationships with other key people.

#### 4.1. Employee Provisions

	2017	2016
	\$'000	\$'000
<b>Note 4.1A: Employee provisions</b>		
Leave	<u>35,563</u>	<u>24,160</u>
<b>Total employee provisions</b>	<b><u>35,563</u></b>	<b><u>24,160</u></b>
Employee provisions expected to be settled		
No more than 12 months	11,558	7,957
More than 12 months	<u>24,005</u>	<u>16,203</u>
<b>Total employee provisions</b>	<b><u>35,563</u></b>	<b><u>24,160</u></b>

#### Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Agency is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Agency's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2017. The estimate of the present value of the liability for long service leave takes into account attrition rates and pay increases through promotion and inflation.

#### Superannuation

Agency's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Agency makes employer contributions to employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Agency's employees. The Agency accounts for these contributions as if they were contributions to defined contribution plans in accordance with AASB 119.

The liability for superannuation recognised as at the balance date represents outstanding superannuation contributions at the end of the period.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 4.2. Key Management Personnel Remuneration

	2017	2016
	\$'000	\$'000
<b>Short-term employee benefits</b>		
Salary	6,118	5,371
Other allowances <sup>1</sup>	367	662
<b>Total short-term employee benefits</b>	<b>6,485</b>	<b>6,033</b>
<b>Post-employment benefits</b>		
Superannuation	699	613
<b>Total post-employment benefits</b>	<b>699</b>	<b>613</b>
<b>Other long-term employee benefits</b>		
Annual leave accrued	518	302
Long-service leave accrued	481	67
<b>Total other long-term employee benefits</b>	<b>999</b>	<b>369</b>
<b>Total</b>	<b>8,183</b>	<b>7,015</b>

<sup>1</sup> Other allowances include vehicle and relocation allowances.

Note 4.2 represents the Agency's actual Board Members and senior executive remuneration expenses on an accrual basis. The total number of key management personnel that are included in the above table is 44 (2015-16: 31).

### 4.3. Related Party Disclosures

#### Related party relationships:

The Agency is an Australian Government controlled entity and is governed by an independent Board of Directors. Related parties to the Agency are the Department of Social Services (DSS), Department of Human Services (DHS), the Board and Independent Members and key management personnel which includes Senior Executive Service Band 2 personnel and above.

There were no loans to any key management personnel or related parties during the period (2015-16: Nil).

#### Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note. Where the Agency has had interactions with DSS and DHS, the financial impact of such interactions have been disclosed in sections 1 and 2 of the financial statements.

The following transactions with the key management personnel have occurred during the financial year: Ms Sandra Birkenleigh, a member of the NDIA Board, is a Council member of the University of the Sunshine Coast (USC). During the financial year the Agency engaged the USC for consultancy, review and co-design services valued at \$174,818. This is Ms Birkenleigh's first year as a member of the NDIA Board.

Ms Estelle Pearson, a member of the NDIA Board, is a Principal in Finity Consulting Pty Ltd. Payments to the value of \$15,285 for operational actuarial support and home modifications model were made to Finity Consulting Pty Ltd. The payments related to consulting services provided by Finity up to 31 August 2016, which was before Ms Pearson joined the NDIA Board. This is Ms Pearson's first year as a member of the NDIA Board.

Ms Andrea Staines, a member of the NDIA Board, is a Board member of UnitingCare Queensland. The UnitingCare Community is a service group of UnitingCare Queensland and as such, the UnitingCare Queensland Board is commissioned by the Uniting Church in Australia with the governance and leadership of its health and community services. The Agency made payments to the value of \$500,000 from the Community Inclusion Capacity Development Program for work in relation to set up of Early Childhood Early Intervention services in

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Queensland and payments to the value of \$3,606,585 for the Early Childhood Early Intervention services in Queensland to the Uniting Church in Australia Property Trust (Q.) represented by UnitingCare Community. This is Ms Staines' first year as a member of the NDIA Board.

Bruce Bonyhady AM (former Chairman of the Board) is a lifetime member of the Association for Children with a Disability. During the financial year the Agency provided grant payments of \$227,500 to the Association for Children with a Disability as part of the Sector Development Fund and the Community Inclusion and Capacity Development programme (Value of such payments made in 2015-16: \$46,500).

Rhonda Galbally AO, a member of the NDIA Board, is an Adjunct Professor at Deakin University. During the financial year the Agency provided grant payments of \$1,887,588 to Deakin University as part of the Community Inclusion and Capacity Development programme and payments of \$44,379 for staff learning and development. (The value of payments made to Deakin University in 2015-16 was \$4,686).

Martin Laverty, a member of the NDIA Board, is a Council Member of the National Rural Health Alliance. No payments were made to National Rural Health Alliance in the current financial year. (The value of payments made to National Rural Health Alliance in 2015-16 was \$25,120).

John Walsh, a member of the NDIA Board, is a member of the Innovative Workforce Fund Independent Advisory Group at National Disability Services. During the financial year the Agency provided grant payments of \$534,500 as part of the Community Inclusion and Capacity Development programme and payments of \$120,000 for Communication and Engagement project. No such payments were made in 2015-16.

Sarah Johnson, the Scheme Actuary of the Agency, is the proprietor of Sarah Consulting Pty Ltd. During the financial year the Agency made payments of \$346,678 to Sarah Consulting Pty Ltd for scheme actuarial work. During the 2015-16 financial year, the Agency made payments of \$368,182.

Carolyn Hogg, Chief Operating Officer Advisor, is the proprietor of Aquasora Pty Ltd. During the financial year the Agency made payments of \$641,820 to Aquasora Pty Ltd advisory work. During the 2015-16 financial year, the Agency made payments of \$520,500.

Marie Johnson, Head of the NDIA Technology Authority, is the Managing Director and Chief Digital Officer of Centre for Digital Business Pty Ltd. During the financial year the Agency made payments of \$1,093,950 to the Centre for Digital Business Pty Ltd for the delivery of information technology advisory services. During the 2015-16 financial year, the Agency made payments of \$993,470.

Paul O'Connor, the Chief Risk Officer, was a non-executive director of Australian Network on Disability until 23 November 2016. During the financial year The Agency made payments of \$100,050 to the Australian Network on Disability for membership and staff training services in 2016-17. During the 2015-16 financial year, the Agency made payments of \$5,000 since Paul O'Connor joined the NDIA.

No Board members played any part in Agency decisions in relation to the transactions noted above.

### Registered Service Providers

Participants who elect to have their plan managed by the Agency must select a registered service provider to deliver the supports in their plan. To become a registered service provider an organisation must submit an application to the Agency which is assessed against the criteria specified in Part 3 of *National Disability Insurance Scheme (Registered Providers of Supports) Rules 2013*. Directors of the Agency are not involved in decisions to accept or reject applications to register as a service provider.

Several Board Members of the Agency play an active role in the disability sector and may have relationships with registered and/or potential service providers. Participants exercise choice and control in selecting service providers for the funded supports in their individualised plans and consequently payments made by the Agency to service providers for participant supports are not considered to be related party transactions.

There were no other related party transactions during the period.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 4.4. Remuneration of Auditors

	2017	2016
	\$'000	\$'000
<b>Note 4.4A: Remuneration of auditors</b>		
<b>Fair value of services received</b>		
Financial statement audit services	<u>755</u>	<u>737</u>
<b>Total Remuneration of Auditors</b>	<u>755</u>	<u>737</u>

The Agency's auditor is the Australian National Audit Office (ANAO).

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 5. Managing Uncertainties

This section analyses how the Agency manages financial risks within its operating environment.

#### 5.1. Contingent Assets and Liabilities

##### Quantifiable Contingencies

As at 30 June 2017, the Agency had no quantifiable contingencies (2016: \$nil).

##### Unquantifiable Contingencies

As at 30 June 2017, the Agency had no unquantifiable contingencies (2016: \$nil).

##### Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

#### 5.2. Financial Instruments

	2017 \$'000	2016 \$'000
<b>Note 5.2A: Categories of financial instruments</b>		
<b>Financial assets</b>		
<b>Held-to-maturity investments</b>		
Term deposits	-	33,194
<b>Total held-to-maturity investments</b>	<b>-</b>	<b>33,194</b>
<b>Loans and receivables</b>		
Cash and cash equivalents	1,328,287	306,430
Other receivables	5,292	1,415
<b>Total loans and receivables</b>	<b>1,333,579</b>	<b>307,845</b>
<b>Total financial assets</b>	<b>1,333,579</b>	<b>341,039</b>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Supplier payables	106,792	25,349
Other payables	4,233	2,611
<b>Total financial liabilities</b>	<b>111,025</b>	<b>27,960</b>

No financial instruments have transferred between categories during the period.

The carrying amount of the Agency's financial instruments shown above represents their fair value.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Accounting Policy

#### Financial liabilities

Financial liabilities, including supplier and other payables, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

	2017	2016
	\$'000	\$'000
<b><u>Note 5.2B: Net gains or losses on financial assets</u></b>		
<b>Held-to-maturity investments</b>		
Interest revenue	78	2,169
<b>Net gain on held-to-maturity investments</b>	<b>78</b>	<b>2,169</b>
<b>Loans and receivables</b>		
Interest revenue	13,724	4,050
<b>Net gain on loans and receivables</b>	<b>13,724</b>	<b>4,050</b>
<b>Net gain from financial assets</b>	<b>13,802</b>	<b>6,219</b>

There were no other gains or losses on financial liabilities or assets during the period.

#### **Note 5.2C: Credit risk**

The Agency's primary credit risk exposure arises from the Agency's business interactions on credit with other receivables. The credit quality of receivables is risk assessed by management taking into account their financial position, past experience, other factors and compliance with the Agency's credit terms.

The Agency assessed the risk of the default on payment and has not created an impairment allowance on receivables considered financial instruments as all amounts are regarded as recoverable.

The following table illustrates the Agency's maximum exposure to credit risk, excluding any collateral or credit enhancements.

	2017	2016
	\$'000	\$'000
Other receivables	5,292	1,415
<b>Total</b>	<b>5,292</b>	<b>1,415</b>

#### **Credit quality of financial instruments not past due or individually determined as impaired**

	Not past due nor impaired	Not past due nor impaired	Past due	Past due
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Other receivables	5,080	1,415	212	-
<b>Total</b>	<b>5,080</b>	<b>1,415</b>	<b>212</b>	<b>-</b>

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### **Note 5.2D: Liquidity risk**

The Agency manages liquidity risk by continuously monitoring the forecast and actual cashflows associated with financial assets and financial liabilities. All financial liabilities shown in the Statement of Financial Position as at 30 June 2017 are expected to fall due within 12 months.

### **Note 5.2E: Market risk**

The Agency holds basic financial instruments that do not expose the Agency to certain market risks. The Agency is not exposed to 'currency risk' or 'other price risk'.

The only interest-bearing items on the balance sheet are certificates of deposit. All certificates bear interest at a fixed interest rate and will not fluctuate due to changes in the market interest rate.

	2017 \$'000	2016 \$'000
<b>Note 5.2F: Financial assets reconciliation</b>		
		<b>Notes</b>
<b>Total financial assets as per Statement of Financial Position</b>	<b>1,533,149</b>	360,508
<b>Less: non-financial instrument components</b>		
Receivables from Commonwealth, states and territories	<b>(194,941)</b>	(35,783)
Additional Scheme Contributions	-	(47,327)
Statutory receivables	<b>(5,056)</b>	(1,317)
Other receivables	<b>(452)</b>	(40)
Receivables impairment allowance	<b>879</b>	64,998
<b>Total non-financial instrument components</b>	<b>(199,570)</b>	(19,469)
<b>Total financial assets as per financial instruments</b>	<b>1,333,579</b>	341,039
	5.2A	

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 5.3. Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Note 5.3A: Fair value measurements for recurring fair value measurement assets

##### Level 2 and Level 3 fair value measurements - valuation technique and the inputs used for assets and liabilities 2016

	Fair value measurements at the end of the reporting period		For level 2 and 3 fair value measurements	
	2017 \$'000	2016 \$'000	Category (Level 1, 2 or 3)	Valuation Technique <sup>1</sup> Inputs used
<b>Non-financial assets</b>				
Buildings (leasehold improvements)	33,900	24,301	3	Depreciated replacement cost Cost prices, depreciation rates
Property, plant and equipment	391	1,012	3	
<b>Total non-financial assets</b>	<b>34,291</b>	<b>25,313</b>		

#### Accounting Policy

The Agency deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

#### Key judgements and estimates

Buildings (leasehold improvements), property, plant and equipment are measured at their estimated fair value in the financial statements.

## National Disability Insurance Scheme Launch Transition Agency NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 5.3B: Reconciliation for recurring level 3 fair value measurements Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets					
	Leasehold improvements		Property, plant and equipment		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Opening balance</b>	<b>24,301</b>	26,463	<b>1,012</b>	1,456	<b>25,313</b>	27,919
Purchases	15,371	3,829	-	396	15,371	4,225
Revaluations in other comprehensive income	3,675	1,881	-	-	3,675	1,881
Assets first found recognised	-	-	23	143	23	143
Write offs	(1,368)	(106)	(5)	(178)	(1,373)	(284)
Depreciation	(8,079)	(7,766)	(639)	(805)	(8,718)	(8,571)
<b>Closing balance</b>	<b>33,900</b>	24,301	<b>391</b>	1,012	<b>34,291</b>	25,313

#### Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Refer to Note 2.2A for information on the Agency's revaluation policy.

# Acronyms

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**AA**s – Assistance Animals

**AAT** – Administrative Appeals Tribunal

**ABI** – Acquired Brain Injury

**ACT** – Australian Capital Territory

**AHRC** – Australian Human Rights Commission

**AHRI** – Australian Human Resources Institute

**AM** – Member of the Order of Australia

**ANAO** – Australian National Audit Office

**ANZSOG** – Australian and New Zealand School of Government

**AO** – Officer in the General division

**APS** – Australian Public Service

**APSC** – Australian Public Service Commission

**APY (Lands)** – Anangu Pitjantjatjara Yankunytjatjara

**AFRC** – Audit and Financial Risk Committee

**AT** – Assistive Technology

**Autism CRC** – Cooperative Research Centre for Living with Autism

**CALD** – Culturally and Linguistically Diverse

**CDAH** – Community Disability Alliance Hunter

**CEO** – Chief Executive Officer

**COO** – Chief Operating Officer

**CICD** – Community Inclusion and Capacity Development

**COAG** – Council of Australian Governments

**CPI** – Consumer Price Index

**DHS** – Department of Human Services

**DRC** – (COAG) Disability Reform Council

**DSS** – Department of Social Services

**EA** – Enterprise Agreement

**ECEI** – Early Childhood Early Intervention

**EMG** – Executive Management Group

**FaHCSIA** – Department of Families, Housing, Community Services and Indigenous Affairs

**FOI** – Freedom of Information

**HR** – Human Resources

**IAC** – Independent Advisory Council

**IAGDP** – Indigenous Australian Government Development Program

**ICT** – Information and Communications Technology

**ILC** – Information, Linkages and Capacity Building

**IFA** – Individual Flexibility Arrangements

**IPAA** – Institute of Public Administration Australia

**JSC** – Joint Standing Committee on the NDIS

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**KPI** – Key performance indicator

**LAC** – Local Area Coordinator

**LGBTIQA+** – Lesbian, gay, bisexual, transgender, intersex, queer, asexual and other sexualities

**MoU** – Memorandum of Understanding

**NDIA** – National Disability Insurance Agency

**NDIS** – National Disability Insurance Scheme

**NSW** – New South Wales

**NPN** – National Partner Network

**NT** – Northern Territory

**OAIC** – Office of Australian Information Commissioner

**OAM** – Medal of the Order of Australia

**OT** – Occupational Therapy

**PITC** – Partner in the Community

**PBS** – Portfolio Budget Statement

**PDF** – Performance Development Framework

**PGPA** – Public Governance Performance and Accountability

**PS Act** – Public Service Act 1999

**PwC** – PricewaterhouseCoopers Australia

**PWDA** – People With Disability Australia

**QLD** – Queensland

**RAP** – Reconciliation Action Plan

**RMS** – Rehabilitation Management System

**SA** – South Australia

**SDA** – Specialist Disability Accommodation

**SES** – Senior Executive Service

**SLES** – School Leaver Employment Supports

**SPN** – Staff Participant Network

**UN** – United Nations

**VALID** – Victorian Advocacy League for Adults with Intellectual Disabilities

**WA** – Western Australia

**WHS** – Work health and safety

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# Glossary

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**Access requirements:** the criteria someone must meet to become a participant in the NDIS. The access requirements are: age (under 65 years); residency (live in Australia and be an Australian citizen or have paperwork letting you live here permanently); disability: your disability is permanent (will not go away) and significant or you need early intervention (you require support early to help reduce the future needs for supports).

**Affirmative measures:** allow a particular job in the Australian Public Service (APS) to be open only to people who have a disability, or a particular type of disability, or to an Aboriginal or Torres Strait Islander person. The measure is designed to address the under-representation of people with disability and Aboriginal or Torres Strait Islander people in APS agencies.

**Agency:** refers to the National Disability Insurance Agency (NDIA). The NDIA is an independent statutory agency whose role it is to implement the NDIS.

**Approved plan:** see ‘Plan’.

**Assistive Technology (AT):** the full range of technological solutions that allow people with disability to be more independent and more connected. The primary purpose of AT is to maintain or improve an individual’s functioning and independence to make possible participation (at home, school, workplace and/or community) and to enhance overall well-being.

Beyond the traditional “aids and equipment” used by people with disability, including home and vehicle modifications, prosthetics and hearing aids, AT includes some mainstream devices (for example, smartphones, tablets and apps) that are adapted with special features (or software) to assist a person with disability to do tasks others take for granted.

**Attendant care:** refers to any paid care or support services delivered at a person’s home or in their community to enable them to remain living in the community.

**Bilateral Agreement:** an agreement between the Commonwealth Government and jurisdictional governments regarding roles and responsibilities for the transition to full coverage of the NDIS.

**Bilateral estimates:** estimates for the number of people expected to enter the NDIS, by quarter, in each state and territory over the next three years. These figures are estimates only.

**Carer:** someone who provides personal care, support and assistance to a person with disability and who is not contracted as a paid or voluntary worker.

**Choice and control:** the NDIA principle which outlines a participant’s right to determine, how and when and by whom their supports are delivered.

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**Committed supports:** funds included for reasonable and necessary supports for participants in approved plans.

**Community engagement:** describes the range of ways people are involved in the wider community.

**Community services:** activities and services such as social, study, sporting or other interests, available from local non-government groups and government entities.

**Culturally and Linguistically Diverse (CALD):** for the purpose of Scheme estimates, 'culturally and linguistically diverse' is defined as: country of birth is not Australia, New Zealand, the United Kingdom, the United States of America, Canada or South Africa; or primary language spoken at home is not English.

**Disability:** total or partial loss of the person's bodily or mental functions (the *Disability Discrimination Act 1992*). Describes a person's impairment of body or function, a limitation in activities or a restriction in participation when interacting with their environment.

**Early Childhood Early Intervention:** providing support early in life to reduce the effects of disability and to improve the person's functional capacity.

**eMarket platform:** an online marketplace to assist people with disability, their families and carers to exercise choice about support options, and to assist service agencies and other suppliers to communicate their offerings and access information that will inform their commercial decisions.

**Full Scheme:** the dates when the NDIS will be available to all eligible residents. In the Australian Capital Territory this is July 2016. In New South Wales and South Australia this will be July 2018. In Tasmania, Victoria, Queensland, and the Northern Territory, this is July 2019. In Western Australia, this is July 2020.

**Functional impact:** a description of the nature and extent of a person's disability and how it affects the things they need to do and the way they do them.

**Funded supports:** see reasonable and necessary supports.

**Goals:** The aspirational outcome which a participant has set for themselves.

**Informal supports:** the supports participants get from the people around them, for example family, friends and neighbours.

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## Glossary (continued)

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### **Information, Linkages and Capacity building**

**(ILC):** the activities that will be supported by the NDIS to promote the social and economic inclusion of people with a disability, including people not receiving individualised funded support from the NDIS. The activities include providing information and making linkages and referral to community or mainstream services, building the capacity of people with a disability, families and carers, building community capacity, building mainstream service provider capacity, and local area coordination.

**Insurance approach:** sharing the costs of disability services and supports across the community.

**Insurance principles:** placing emphasis on making up-front investments that reduce participants' calls on the Scheme into the future, including investments in measuring lifetime costs, research and innovation, and community capability development.

**Local Area Coordinators / Coordination (LACs/ LAC):** local organisations working in partnership with the NDIA, to help participants, their families and carers access the NDIS. LACs will help participants write and manage their plans and also connect participants to mainstream services and local and community-based supports.

**Lived experience of disability:** either personally living with disability or having a close relationship with a person with disability (for example, a family member or partner).

**Mainstream services:** the government systems providing services to the Australian public e.g. health, mental health, education, justice, housing, child protection and employment services.

**Market:** a medium where buyers and sellers interact to trade goods and services. Under the NDIS, the market for disability supports is where NDIS participants and providers interact to trade for disability supports.

**Market steward:** the role the NDIA will take to promote market development under the NDIS. The role includes monitoring and facilitating the market and intervening when appropriate and necessary.

**myplace:** myplace is a secure website for participants or their nominee to view their NDIS plan, request payments and manage services with providers. Registered providers also use the myplace portal to manage their registration, connect and make service bookings with participants and submit and monitor claims for payment.

**NDIA:** National Disability Insurance Agency. The Commonwealth government organisation administering the NDIS. In this report, the NDIA is also referred to as 'the Agency'.

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**NDIS:** National Disability Insurance Scheme.

A new way of providing support for Australians with disability, their families and carers. In this report, the NDIS is also referred to as 'the Scheme'.

**Outcomes Framework:** the Agency's mechanism for measuring success for people with disability in areas like choice and control, social inclusion, education, employment, health and housing.

**Ordinary lives:** lives that include positive relationships, a sense of belonging, autonomy, active involvement in decision-making, and opportunities for challenge and contribution.

**Operational plans:** operational plans set out the key deliverables agreed between the Agency, state and territory governments and the Commonwealth Government to support the rollout of the full NDIS Scheme. Operational plans have been developed in partnership between the parties and serve as the overarching roadmap for transitioning to the NDIS as best achieved in each jurisdiction.

**Package costs:** the cost to the NDIS Agency of providing funding and support to an individual participant.

**Participant:** a person who meets the NDIS access requirements.

**Participant / provider experience:** the experience of prospective or current NDIS participants (or their families or carers) or providers, during all points of contact with the NDIA and Partners in the Community against the individual's expectations.

**Participant outcomes:** a way of measuring whether or not participants' goals are achieved combined with whether the Agency is meeting its objectives.

**Partners in the Community:** Partners in the Community are suitably experienced and qualified organisations within the community that will deliver Local Area Coordination (LAC) and Early Childhood Early Intervention (ECEI) services. The NDIA will source, manage, support and train, and set standards for their delivery of LAC and ECEI services.

**People with disability:** people who experience any or all of the following: impairments, activity limitations (difficulties in carrying out usual age-appropriate activities), and participation restrictions (problems a person may have taking part in community, social and family life). People with disability include both participants who receive individualised support packages under the NDIS, and people who have a disability but do not meet access requirements under the NDIS. People with disability who are not participants will benefit from the Information, Linkages and Capacity services the NDIS provides.

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## Glossary (continued)

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**Phasing / phasing arrangement:** refers to the order in which people will enter the NDIS within jurisdictions, as agreed to by the Commonwealth, state and territory governments and the NDIA.

**Plan:** a written agreement worked out with the participant, stating their goals and needs, and the reasonable and necessary supports the NDIS will fund for them. Each participant has their own individual plan.

**Planning process:** the process by which the Agency helps a participant to plan for the assistance they need from the Scheme to attain their goals.

**Pricing:** guidance on the price to be paid for each support item. For some items, such as personal care and community access, the amount indicates the maximum price that the Agency will pay for that support.

**Providers:** individuals or organisations that deliver a support or a product to a participant of the NDIS.

**Psychosocial disability:** the term used to describe the disability experience of people with impairments and participation restrictions related to mental health conditions. These impairments and participation restrictions include loss of or reduced ability to function, think clearly, experience full physical health and manage social and emotional aspects of their lives.

**Other stakeholders:** includes Partners in the Community, states and territories, other government departments who are stakeholders (e.g. Department of Social Services, Department of Human Services), and non-profit organisations in the disability sector.

**Quality and Safeguards:** Quality is about ensuring people receive good supports and safeguarding is about keeping people safe from harm. Features of quality and safeguarding systems generally include systems for handling complaints, staff screening processes and systems for checking that service providers meet the standards expected of them.

**Readiness:** refers to the preparedness of people with disability, providers and other stakeholders for the transition to the NDIS.

**Reasonable and necessary supports:** the supports that are funded under the NDIS Act. The NDIA publishes operational guidelines to assist decisions on what is to be funded as a reasonable and necessary support.

**Reference packages:** a benchmark amount of support determined according to different characteristics of the population of NDIS Scheme participants such as age, health condition and 'severity' of disability. Reference packages will be used to monitor experience against the benchmarks.

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**Registered provider:** An approved person or provider of supports, that has met the NDIS requirements for registration.

**Sector:** refers to organisations and sole traders who deliver disability support services and the peak bodies that represent them.

**Self-management:** where funding and supports are managed by the participant and/or their family.

**Separation rate:** the measure of people choosing to leave employment in the Agency.

**Service bookings:** The online agreement between a participant and provider detailing the timeframe and cost of supports. It is completed in the myplace portal.

**Services:** assistance delivered through a current support provider.

**Support package:** the term used by the Agency to describe the funding for the supports available to an individual participant.

**Supports:** assistance that helps a participant to reach their goals, objectives and aspirations, and to undertake activities to enable their social and economic participation.

**Trial phase:** a term used to describe the first three years of the NDIS where different ways of working were trialled.

**Workforce:** refers to people currently working in the disability support sector, or to new members of the disability support workforce. Workforce is also used to describe NDIA employees.

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# Appendix 1: NDIA staffing statistics

**Table 10: NDIA staff by employment type and level 2016-17**

Staff	Headcount 2016-17	FTE 2016-17
<b>TOTAL</b>	<b>1,950</b>	<b>1,865.03</b>
Ongoing	1,453	1,394.21
Non-ongoing	489	470.82
Irregular, intermittent, casual	8	0
SES*	43	43
EL 1 and 2 equivalent*	321	314.34
APS 1-6 equivalent*	1,586	1,507.69

\*Classifications based on substantive positions, at 30 June 2017

**Table 11: NDIA staff by substantive classification (headcount), 2015-16 and 2016-17**

Classification	2015-16			2016-17		
	Ongoing	Non-ongoing	Total	Ongoing	Non-ongoing	Total
APS 1	0	4	4		4	4
APS 2	5	11	16	4	4	8
APS 3	47	85	132	49	56	105
APS 4	152	124	276	268	177	445
APS 5	295	88	383	387	125	512
APS 6	338	25	363	450	62	512
EL 1	160	21	181	168	42	210
EL 2	84	13	97	93	18	111
SES Band 1	23	6	29	27	7	34
SES Band 2	11	0	11	7	1	8
SES Band 3	3	1	4		1	1
<b>TOTAL</b>	<b>1,118</b>	<b>378</b>	<b>1496</b>	<b>1,453</b>	<b>497</b>	<b>1,950</b>

\*2015-16 figures do not include irregular, intermittent and casual staff.

## Appendix: NDIA staffing statistics (continued)

**Table 12: NDIA staff attributes, 2015-16 and 2016-17**

Staff	2015-16	2016-17
Average age	42	43
Average length of service in Agency (months)	15	20
Female (per cent)	74	74
Male (per cent)	26	26
Part-time (per cent)	15	14

**Table 13: NDIA employees who identify as Aboriginal and Torres Strait Islander, 2015-16 and 2016-17**

Staff identifying as Aboriginal and Torres Strait Islander	2015-16 (headcount)	2016-17 (headcount)
Non-ongoing part-time	0	0
Non-ongoing full-time	12	10
Ongoing part-time	1	2
Ongoing full-time	16	41
<b>TOTAL</b>	<b>29</b>	<b>53</b>

# Appendix 2: Board members' positions, terms and meetings attended 2016-17

**Table 14: Board members' positions, terms and meetings attended 2016-17**

Name	Position	Date of appointment / re-appointment	Term expiry	Meetings eligible to attend 2016-17	Meetings attended 2016-17
Dr Helen Nugent AO	Chairman (current)	1 January 2017	31 December 2019	5	5
Ms Sandra Birkenleigh	Member	1 January 2017	31 December 2019	5	4
Professor Rhonda Galbally AO	Member	1 July 2013 & 1 July 2017	30 June 2020	9	9
Mr Glenn Keys AO	Member	1 July 2013 & 1 July 2017	30 June 2020	9	9
Ms Robyn Kruk AM	Member	1 January 2017	31 December 2019	5	5
Mr John Langoulant AO	Member	1 January 2017	31 December 2019	5	5
Mr Martin Laverty	Member	1 July 2013 & 1 July 2017	30 June 2020	9	8
Mr James (Jim) Minto	Member	1 January 2017	31 December 2019	5	5
Mr Paul O'Sullivan	Member	1 January 2017	31 December 2019	5	4
Ms Estelle Pearson	Member	1 January 2017	31 December 2019	5	3
Ms Andrea Staines	Member	1 January 2017	31 December 2019	5	4
Mr John Walsh AM	Member	1 July 2013 & 1 July 2017	30 June 2020	9	9
Mr Bruce Bonyhady AM	Former Chair	1 July 2013	31 December 2016	4	4
Ms Fiona Payne	Former Member	1 July 2013	31 December 2016	4	4
Ms Geraldine Harwood	Former Member	1 July 2013	31 December 2016	4	4
Mr John Hill PSM	Former Member	1 July 2013	31 December 2016	4	4

# Appendix 3: Administrative Appeals Tribunal (AAT) reviews and decisions 2016-17

**Table 15: AAT reviews 2016-17**

Matter	Decision under review	AAT Decision
JQJT and National Disability Insurance Agency [2016] AATA 478 (6 July 2016)	Determining level 1 transport funding for applicant.	The AAT decided to vary the decision of the Agency.
McGarrigle and National Disability Insurance Agency [2016] AATA 498 (15 July 2016)	Funding the full costs of transport to attend ADE and Day Program.	The AAT decided to affirm the decision of the Agency to fund 75% of applicant's transport costs.
KLMN and National Disability Insurance Agency AAT 2016/1118 (21-22 November 2016)	Funding for supports including additional transport funding and home and safety security modifications.	The AAT has reserved their decision (at 30 June 2017).
YPRM and National Disability Insurance Agency [2016] AATA 1023 (14 December 2016)	Whether applicant's Type 1 diabetes meets access requirements of the NDIS Act.	The AAT decided to affirm the Agency's decision to decline access.
Kilgallin and National Disability Insurance Agency [2017] AATA 186 (19 January 2017)	Whether the applicant met the access requirement of substantially reduced functional capacity.	The AAT decided to affirm the Agency's decision to decline access.
Christopher NAIRN AAT 2016/6791 (28 February 2017)	Funding for an increase in supported accommodation.	The AAT decided that they have jurisdiction to review the Agency's decision not to review the applicant's plan (s 48(2)) but it does not have jurisdiction to actually review the applicant's participant's plan (s 48(4)) or to approve a statement of supports (s 33((2)). Application dependent on Federal Court decision.
Young and National Disability Insurance Agency [2017] AATA 407 (31 March 2017)	Funding for motor vehicle modifications.	The AAT decided to affirm the Agency's decision to not fund the support.
PERERA and National Disability Insurance Agency 2017/1712 (17 March 2017)	Whether applicant meets residency requirements for access.	AAT affirmed decision of the Agency to decline access.
King and National Disability Insurance Agency [2017] AATA 643 (4 May 2017)	Funding for additional 20 hours of physiotherapy for massage and gym membership.	The AAT decided to vary the Agency's decision.

# Appendix 4: Summary of incidents pursuant to section 38 of the *Work Health and Safety Act 2011* (WHS Act)

**Table 16: Summary of incidents pursuant to section 38 of the WHS Act, 2016-17**

Action	Number
Death of a person that required notice to Comcare under s 35	0
Serious injury or illness of a person that required notification to Comcare under s 35	4
Dangerous incident that required notification to Comcare under s 35	4
Investigation conducted under Part 10	0
Notice given to NDIA under s 90 (provisional improvement notice)	0
Notice given to NDIA under s 191 (improvement notice)	0
Notice given to NDIA under s 195 (prohibition notices)	0
Directions given to NDIA under s 198 (non-disturbance)	0

The Agency's workers' compensation premium for 2017-18 is \$1.64 million compared to \$2.56 million in 2016-17.

# Appendix 5: Enabling Legislation

The Scheme operates under *the National Disability Insurance Scheme Act 2013 (NDIS Act)*. The NDIS Act (in conjunction with other laws) gives effect to Australia's obligations under the *United Nations (UN) Convention on the Rights of Persons with Disabilities*, and its objectives include:

- supporting people with disability to pursue their goals and maximise their independence and social and economic participation;
- developing the capacity of people with disability to participate in the community and in employment;
- providing reasonable and necessary supports, including early intervention supports, for participants;
- supporting people with disability to exercise choice and control in pursuit of their goals and in the planning and delivery of their supports;
- building a sustainable Scheme that is based on insurance principles; and
- raising community awareness about the social and economic participation of people with disability and acting to increase their inclusion in the mainstream of Australian society.

The NDIS Act establishes the Agency, which has statutory responsibility for delivering the Scheme. The functions and powers of the Agency are also prescribed by the NDIS Act.

The NDIS Act was amended by the *Acts and Instruments (Framework Reform) (Consequential Provisions) Act 2015* on 5 March 2016, as well as the *National Disability Insurance Scheme Amendment Act 2016* on 4 May 2016.

The Agency is overseen by a Board, and is accountable as a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The Board is responsible for ensuring the proper, efficient and effective performance of the Agency functions, and for determining the objectives, strategies and policies to be followed by the Agency.

# Appendix 6: Compliance with Carer Recognition Act 2010

**Table 17: Compliance with Carer Recognition Act 2010**

Requirement of the Carer Recognition Act 2010	Response
Ensure that employees and agents have an awareness and understanding of the Statement for Australia's Carers.	The Agency promotes staff awareness and understanding of the principles contained within the Carers Recognition Act and the Statement through online tools and resources, including guides on the support available to employees with caring responsibilities and also those who support people with caring responsibilities.
Ensure internal human resources programs have due regard to the Statement for Australia's Carers.	The Agency complies through the NDIA Enterprise Agreement 2016–19 as well as internal policies. Employees with caring responsibilities are supported through access to personal leave, flexible working arrangements, part-time work, home-based work and the Employee Assistance Program.
Ensure the Agency, its employees and agents take action to reflect the principles of the Statement for Australia's Carers in developing, implementing, providing or evaluating care supports.	Carers are included in the planning process, and are recognised in participant plans through the informal care sections of plans. The role of carers is recognised by the Agency as an important factor in developing participant plans. Participant plans are developed with a focus on capacity building and social and economic inclusion for participants. At the request of the person they care for, carers can help with goal setting, assessment and the planning process. Carers can include a carer statement as part of the participant's plan development, and this statement is recorded in the plan. Increasing the capacity of the community to help people with disability, and increasing the social and economic participation of people with disability, improves the situation of carers. The NDIA's Quality Framework allows feedback from carers to inform improvements to the way the Scheme supports their needs.
Ensure that carers, or bodies that represent carers, are consulted when developing or evaluating care supports.	The Agency continues to maintain an ongoing relationship with Carers Australia. The Agency held a variety of information sessions and consultation forums that have included carers and their representatives, such as Participant and Provider Pathway Review workshops that commenced in April 2017.

# Compliance index (17BE and 17BF of PGPA Rule 2014)

**Table 18: National Disability Insurance Scheme Act 2013**

Reference	Requirement	Notes	Page
172(2)(a)	Ministerial directions	No directions issued	NA
172(2)(b)	Ministerial statements	Ministerial Statements	126
172(2)(c)	Participant and funding information and analysis	Performance Report Scheme sustainability and financial performance	102 154
172(3)	Requirements in legislative instruments relating to paragraph 172(2)(c)	No legislative instrument made	NA
172(4)(a)	Scheme Actuary's report	Scheme sustainability and financial performance	152
172(4)(b)	Reviewing Actuary's report	Scheme sustainability and financial performance	158

**Table 19: PGPA Corporate Commonwealth Entity Rule 2014**

Reference	Requirement	Notes	Page
17BB	Approval by directors	Letter of transmittal	II
17BC	Compliance with the guidelines for presenting documents to the Parliament		All
17BD	Plain English and clear design	Visit the NDIS website for as Easy English version of the Annual Report	All
17BE(a)	Enabling legislation, objectives, purposes and functions	Enabling legislation	217
17BE(b)		Performance report	102
		About the NDIS	12
17BE(c)	Responsible Minister	Responsible Minister	124
17BE(d)	Ministerial directions	Governance arrangements	NA
17BE(e)	Government policy orders	No Government policy orders issued	NA
17BE(f)			

**Compliance index** (continued)

**Table 19 continued: PGPA Corporate Commonwealth Entity Rule 2014**

Reference	Requirement	Notes	Page
<b>17BE(g)</b>	Annual performance statements	Performance report	102
<b>17BE(h)</b> <b>17BE(i)</b>	Instances of non-compliance to finance law	No instances of non-compliance	NA
<b>17BE(j)</b> <b>17BE(i)</b>	Information about directors	Agency Board	126
		Board Members	127
		Executive Management Group	135
		Agency Governance Structure	136
		Executive team	137
<b>17BE(k)</b> <b>17BE(l)</b>	Organisational structure and locations of major activities and facilities	Organisational structure	86
		Property	145
<b>17BE(m)</b>	Statement on governance	Governance	124
<b>17BE(n)</b> <b>17BE(o)</b>	Related entity transactions	Agency Board	124
		Related party disclosures	192
<b>17BE(p)</b>	Significant activities and changes	Introduction	6
<b>17BE(q)</b>	Judicial and administrative tribunal decisions	Reportable items	141
<b>17BE(r)</b>	Reports made about the Agency	Reportable items	142
<b>17BE(s)</b>	Obtaining information from subsidiaries	The Agency has no subsidiaries	NA
<b>17BE(t)</b>	Indemnities and insurance premiums for officers	Indemnities and insurance	151
<b>17BE(u)</b>	Index of annual report requirements	Compliance index	218

**Table 20: Work Health and Safety Act 2011**

Reference	Requirement	Notes	Page
<b>4(1)</b>	Work health and safety (see also Work Health and Safety Act 2011, Schedule 2)	Work health and safety	147
<b>4(2)</b>		Summary of incidents pursuant to section 38 of the WHS Act	215

**Table 21: Environment Protection and Biodiversity Conservation Act 1999**

Reference	Requirement	Notes	Page
<b>516A</b>	Ecologically sustainable development and environmental performance	Ecological and sustainable development	146

**Table 22: Commonwealth Electoral Act 1918**

Reference	Requirement	Notes	Page
<b>311A</b>	Advertising and Market Research	Advertising and market research	149

**Table 23: Freedom of Information Act 1982**

Reference	Requirement	Notes	Page
<b>8</b>	Information Publication Scheme Statement	Freedom of information	144











## For more information about this report, please contact:

### National Disability Insurance Agency



Telephone 1800 800 110

### For people with hearing or speech loss



TTY: 1800 555 677



Speak and Listen: 1800 555 727

### For people who need help with English



TIS: 131 450

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