



The Hon Christian Porter MP
Minister for Social Services

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Dr Helen M Nugent AO
Chairman

Dear ~~Dr~~ Nugent

Thank you for your commitment and work as the new Chairman of the National Disability Insurance Agency (NDIA) Board.

With the induction of the new NDIA Board, I considered it timely to review the Statement of Strategic Guidance (the Statement) to the Board. The Statement sets out the COAG Disability Reform Council's (DRC) expectations for the NDIA Board in delivering and implementing the National Disability Insurance Scheme (NDIS).

Following consideration by the COAG DRC at its meeting on 3 March 2017, at which all jurisdictions agreed the revised Statement, I am giving the Board the attached Statement in accordance with Section 125 of the *National Disability Insurance Scheme Act 2013*.

I look forward to continuing to work with you to successfully implement the NDIS.

Yours sincerely

The Hon Christian Porter MP
Minister for Social Services

Encl.

COAG Disability Reform Council

Statement of Strategic Guidance for the Board of the National Disability Insurance Agency

This document sets out strategic guidance for the National Disability Insurance Agency (NDIA) and outlines the Council of Australian Government's Disability Reform Council's (DRC) expectations of the NDIA Board (the Board) during the transition phase of the National Disability Insurance Scheme (NDIS). The DRC, comprising Treasurers and Ministers with responsibility for disability from the Commonwealth and each State and Territory, was established by COAG to oversee the national design of the scheme and the transition from existing State and Territory disability systems to a national support system.

This statement recognises the statutory independence of the Board and the role of the NDIA as an independent statutory authority responsible for delivering the transition to full scheme NDIS.

Implementation of the NDIS represents one of the largest social reforms undertaken in Australian history, and reflects a vision by all Australian governments to transform the disability support system to ensure people with disability receive the supports they need to reach their potential and participate fully in the social and economic life of their communities.

The NDIA was established under the *National Disability Insurance Scheme Act 2013* (NDIS Act) to deliver this shared vision. The Board is expected to perform its functions as defined in the NDIS Act, in compliance with all relevant legislative requirements including the NDIS Act and the *Public Governance, Performance and Accountability Act 2013* (PGPA 2013). The Board should also ensure that the NDIA works effectively with DRC and in accordance with NDIS intergovernmental agreements and national policy as determined by the DRC.

The period of transition to full scheme is a unique and challenging time for the NDIS implementation. It is significantly different from the trial period and will be very different from a mature NDIS in full scheme.

Shared Governance

NDIS governance is complex. All governments recognise there are significant risks in the transition from existing disability support systems to the NDIS, including for people with disability entering the NDIS, the emerging market that will support them and the reputation of the NDIS among stakeholders more broadly.

Collaboration between the NDIA, and the Commonwealth and State and Territory governments, will enable the NDIS to build on the expertise and existing supports for people with a disability in state and territory service systems and in Commonwealth disability programs. The Board is expected to recognise that all governments will continue to play a significant role in system stewardship and the delivery of support services to people with a disability during the transition to full scheme. However, DRC also seeks a smooth transition of system stewardship functions to the NDIA during transition, and will seek assurances that the NDIA is well-positioned to take full responsibility once a state or territory transitions its specialist disability system at full scheme.

DRC expects the Board to develop and maintain strong transition oversight and reporting mechanisms within the NDIA. DRC also expects that the Board will work collaboratively with governments to utilise expertise and mitigate transition risks to provide the best possible outcomes for participants. DRC members expect visibility and early warning of challenges with regard to the NDIA meeting agreed performance indicators and any emerging implementation issues. In addition, the Board is required to provide quarterly reports on NDIS performance and sustainability to DRC in accordance with legislative timeframes.

Expectations of governments

The Board's success is of critical importance to all governments and to the achievement of the effective and efficient implementation of the NDIS. To meet government priorities and achieve a successful NDIS transition to full scheme, DRC expects the Board to focus on the following.

1. Participant and community outcomes

The Board is required to report on **participant outcomes** to demonstrate that NDIS participants are living better lives. While some participant outcomes will take time to achieve, the DRC expect the Board to support the NDIA in providing **participants with the ability to exercise choice and control** and **building both participant and community capacity** to engage with the NDIS and supplier market effectively. The DRC expects the NDIA to be participant focused, support the independence and social and economic participation of people with disability and provide reasonable and necessary supports, including early intervention and capacity building.

This will require **robust metrics and reporting** on all key aspects of NDIS delivery. The DRC has requested additional work on indicators to understand and monitor the experience of participants and providers that include measures of participant satisfaction and the quality of planning. The DRC also expects that different participant groups and those living in rural and remote areas benefit equally from the Scheme.

2. Building and maintaining stakeholder confidence

The DRC expects the NDIA to continue to build **confidence and trust among participants, carers, the community and the disability services market** to protect the reputation of the NDIS by the NDIA being accessible, by its having processes that support responsiveness, and its having communication that is transparent and consistent. Central to this is the need for the NDIA to take into account the views of people with a disability, their families and carers as well as the support sector in the development of operational policy so that such policies are fit for purpose and help improve participant experience and outcomes from the Scheme.

Importantly, the DRC expects the Board to work constructively with, and give thoughtful consideration to, independent advice on matters relating to the delivery of the NDIS from the **Independent Advisory Council**.

3. Identifying strategic risks early and managing risks well

Given the complexity and magnitude of the NDIS reform, the DRC expects the Board to take a structured and consistent approach to the identification and management of risk so that participant outcomes and the scheme's sustainability and reputation are protected. In particular, the DRC

expects the Board to develop a detailed understanding of the risk interdependencies for NDIS implementation and monitor matters that could impact the delivery of the scheme. During the transition period, the NDIA should **escalate important issues urgently** and deal with implementation issues quickly. The Board should work on the principle that there should be “no surprises” for DRC members, and should establish effective and open lines of communication and ongoing engagement on key risks.

4. Supporting market development

The DRC expects the Board to place a specific emphasis on understanding and **reporting risk in relation to market responses and the need for interventions** to ensure supply. The NDIA should have a detailed understanding of the diverse markets currently operating and the different needs of NDIS participants in order to utilise market levers and, where required, underwrite systems and supports as the market and scheme matures. While acknowledging that market and workforce readiness is a shared responsibility, the NDIA has a significant impact on market conditions given its role as market steward and its responsibilities for pricing and innovation. The NDIA must continue to improve systems and processes and promote the provision of high quality and innovative supports by the market. Developing informative market metrics and reporting is a key challenge for the NDIA.

The DRC also expects the Board to provide sufficient focus on **appropriate fraud and compliance controls** to mitigate potential risks from the significant volume of financial transactions and provider expansion during transition.

The Board also expects the NDIA to work with all governments to support the continued development and implementation of an effective national quality and safeguards framework for full-scheme, and the implementation of transitional quality and safeguards arrangements.

5. Safeguarding the sustainability of the NDIS

The Board must ensure the **NDIS insurance principles** are maintained, and assess and report on whether NDIS investments, including early intervention, actually improve outcomes and minimise lifetime support costs. The DRC expects that the NDIA will continue to work with governments to monitor scheme sustainability based on actuarial data and analysis, drawing on the experiences of early implementation. In addition, the DRC expects the Board’s reporting to identify areas of potential cost pressures to support the DRC’s consideration of measures to be adopted that will minimise long term financial impacts.

The Board should ensure the NDIA contributes to the 2017 Productivity Commission Review into NDIS Costs, and DRC expects that the Board will provide ongoing advice to DRC on any administrative, process or legislative reforms that may be required to better support the ongoing operation and sustainability of the scheme during transition and full scheme.

The Board also has a role in promoting sustainability by working with governments on the **National Disability Strategy** with a view to providing effective community engagement and inclusion of people with a disability.

6. *Developing a high-performing NDIA*

The DRC expects the Board to build a **NDIA that is high-performing, professional and systems' based** with clear accountabilities and governance. This means that the NDIA should continue to build trust with the community by being accessible, by its processes being timely, and by its communication with participants, providers and other stakeholders being consistent and transparent. The DRC expects the NDIA to continue to improve practices so that the experience of the NDIS for people with disability is consistent with the intent of the NDIS Act and the NDIA's duty of care to participants.