INTERGOVERNMENTAL AGREEMENT FOR THE NATIONAL DISABILITY INSURANCE SCHEME (NDIS) LAUNCH

Part 1 — Preliminaries

1. The Commonwealth of Australia (the Commonwealth) and States and Territories (the States) are committed to a National Disability Insurance Scheme (NDIS). The development and implementation of an NDIS will be a shared responsibility of the Commonwealth and the States.

2. Governments agree this is a substantial and important reform that will fundamentally change the nature of disability care and support in Australia. While the Commonwealth and the States continue to work towards a full scheme, work on implementing the first stage of an NDIS will start immediately. This Agreement covers the objectives, roles and responsibilities of all parties during the first stage of the NDIS, and provides a framework for progressing to a full scheme.

3. The lessons learned in implementing the first stage will inform governments about when and how to proceed to a full scheme. All Parties agree that the arrangements for launch sites do not set a precedent for design, funding, governance or operational arrangements for a full scheme.

4. All parties agree to continue refining and further developing an NDIS over time and recognise that this will require a careful and considered approach by all levels of government.

Part 2 — Parties and Operation of Agreement

Parties to this Agreement

5. This Agreement is between the Commonwealth and signatory States to the Agreement.

Commencement of the Agreement

6. This Agreement will commence as soon as the Commonwealth and one host jurisdiction signs the Agreement.

Duration of the Agreement

7. This Agreement covers the period of launch, until replaced by a transitional agreement for a full scheme or an agreement covering ongoing support to launch participants supported in the first stage of the NDIS.

Interoperability with other instruments

8. This Agreement is to be read in conjunction with National Disability Insurance Scheme Bill 2012, as enacted into legislation, and other relevant Commonwealth and State legislation.

Interoperability with bilateral agreements and implementation plans

9. This Agreement is to be read in conjunction with the following Schedules which supplement this Agreement and set out the specific arrangements that have been agreed between the Commonwealth and host jurisdictions:

a. New South Wales – Schedule A;

b. Victoria – Schedule B;

c. South Australia – Schedule C;

d. Tasmania – Schedule D; and

e. Australian Capital Territory – Schedule E.

10. This Agreement is also to be read in conjunction with implementation plans which the NDIS Launch Transition Agency (Agency) will develop for the first stage of the NDIS in each launch site, jointly with each host jurisdiction. The implementation plans will be focussed on the operations of the Agency in launch sites, and will:

    a. specify the roles, responsibilities and accountabilities of the Agency, the Commonwealth and host jurisdictions for the implementation of the first stage of the NDIS and the operation of launch sites;

    b. set out the implementation timeline, including critical milestones and interdependencies; and

    c. take account of the particular circumstances in each host jurisdiction, including existing service delivery arrangements and infrastructure.

Part 3 — Objectives

Role and purpose of this Agreement

11. This Agreement provides the foundation for governments to work together to develop and implement the first stage of an NDIS. In addition, the Agreement provides Parties with the framework for progressing to a full scheme by:

    a. setting out shared roles and responsibilities for working collaboratively on the policy for a full scheme;

    b. establishing arrangements for the Ministerial Council which will be responsible for formulating advice and agreeing policy on matters arising from launch, and related to the transition to a full scheme; and

    c. establishing arrangements for the review and evaluation of the first stage which will inform the transition to a full scheme.

Principles for an NDIS

12. The Council of Australian Governments (COAG) has agreed principles for an NDIS which are at Annex A to this Agreement. Under this Agreement, all parties will continue work on the policy for full scheme funding, governance and design in line with these Principles.

Objectives for the first stage of an NDIS

13. The objects for the first stage of the NDIS are set out in the National Disability Insurance Scheme Bill 2012, as enacted into legislation.

14. In addition to the objects set out in the National Disability Insurance Scheme Bill 2012*,* as enacted into legislation, the first stage of an NDIS will also:

    a. ensure clients experience a smooth transition to the NDIS;

    b. further test and promote key aspects of an NDIS, including a self-directed approach to supports, individualised funding and local area coordination;

    c. test the boundaries and interface between the NDIS and mainstream services;

    d. test and promote the development of an effective market for disability services;

    e. begin to build a comprehensive data and evidence base that would support the insurance approach and inform the costings for the full scheme, including actuarial analysis;

    f. test the operation of the Agency, and the effectiveness of the legislative framework and other governance arrangements; and

    g. test and develop elements required for a full scheme including national planning and assessment tools and processes, safeguards, workforce development strategies, and information technology and data systems.

4 – National Disability Insurance Scheme

Shared roles and responsibilities during the first stage of the NDIS

15. The Commonwealth and States will:

    a. Work collaboratively to develop policy that supports the design and implementation of launch, which is as far as possible consistent across host jurisdictions, and in line with the COAG high-level principles for an NDIS;

    b. Share information and data during the launch , subject to Privacy requirements, to promote best practice supports and services and to facilitate national research;

    c. Monitor launch progress, results and outcomes to inform the transition to a full scheme;

    d. Continue to support people with disability who are not receiving support through the NDIS launch;

    e. Pursue their commitment to the aims of the National Disability Strategy, which include “driving improved performance of mainstream service in delivering outcomes for people with disability”;

    f. Ensure that launch of the NDIS does not lead to any unnecessary reduction in mainstream services that would lead to increased calls on the NDIS;

    g. Identify and report issues to the Agency or Ministerial Council or responsible government, as appropriate, in a timely manner where launch arrangements are having unintended impacts on:

i. people with disability, their family and carers;

ii. providers of disability supports and services; and

iii. mainstream services, supports or organisations;

h. Participate in the Ministerial Council;

i. Ensure there are opportunities for people with disability, their families and carers to provide input into the design of a full scheme;

j. Pursue ongoing reforms to disability systems to support a full scheme; and

k. Determine funding, governance scheme management and any other policy for a full scheme.

16. The Commonwealth and States may establish, accelerate and/or trial elements of an NDIS, or the design and delivery of services and supports which align to the broad policy intent of an NDIS, for groups or locations outside formal launch sites.

17. All parties will fulfil the responsibilities set out under Schedule F of the National Health Reform Agreement in relation to aged care and disability services, to the extent relevant to Parties of the Agreement.

Roles and responsibilities of the Commonwealth

18. The Commonwealth Government will:

a. Introduce the National Disability Insurance Scheme Bill 2012 and support its passage through the Parliament and manage the legislation as set out in the legislation and this Agreement;

b. Have the following funding responsibilities as set out in Schedules A – E:

i. Jointly fund NDIS support for launch participants during the launch, as set out in Schedules A – E, and provide ongoing support to participants in launch sites, until transition to a full scheme commences or an agreement is made covering ongoing support to launch participants supported in the first stage of the NDIS;

ii. Fund the establishment, administrative and system support costs of the launch, including the costs of the Agency and sector and workforce development; and

iii. Meet 100 per cent of the risk of cost overrun through increased client numbers or higher average NDIS funded support costs, 100 per cent of the Agency's cash flow risk and any other risk sharing arrangements identified in Schedules A – E during the launch and transition to a full scheme (noting arrangements for the full scheme will be agreed as per paragraph 7 of this Agreement);

c. Chair and provide secretariat support for the Ministerial Council during launch and transition to full scheme;

d. Work together with host-jurisdictions to finalise the balance of cash and in-kind contributions;

e. Support and facilitate local implementation of launch arrangements, including supporting transition arrangements for existing Commonwealth providers consistent with the detailed implementation plan agreed with the Agency;

f. Support the Agency to coordinate, and promote, links between the NDIS and mainstream Commonwealth Government services and non-government and community based supports in each launch site to support the objectives of launch; and

g. Fund the evaluation of launch sites.

Roles and responsibilities of host jurisdictions

19. Within their respective jurisdiction, each host State Government will:

a. Have the following funding responsibilities as set out in Schedules A – E:

i. Jointly fund NDIS support for launch participants during the launch as set out in Schedules A – E, and provide ongoing support to participants in launch sites until transition to a full scheme commences or an agreement is made covering ongoing support to launch participants supported in the first stage of the NDIS;

b. Work together with the Commonwealth to finalise the balance of cash and in-kind contributions;

c. Support and facilitate local implementation of launch arrangements, including supporting transition arrangements for existing State providers, consistent with the detailed implementation plan agreed with the Agency; and

d. Support the Agency to coordinate, and promote, links between the NDIS and mainstream State Government services and non-government and community based supports to support the objectives of the launch.

Part 5 — First Stage of an NDIS

Portability of supports

20. In accordance with the definition of eligibility contained in the National Disability Insurance Scheme Bill 2012, as enacted into legislation, people who are not a resident in the launch site location on the date the launch commences will not be automatically entitled to NDIS supports in the launch site, with the exception of children who are born during the launch and whose parents (as defined in legislation) reside in the launch site, who will be regarded as launch site residents.

21. Until there is national coverage, the commitment by governments to continue to provide support to launch participants in the NDIS will generally only cover people with disability who live in areas where the scheme is operating.

22. Consistent with the NDIS rules, and paragraph 20 of this Agreement, the Agency will have some limited discretionary capacity and would consult with the relevant

Parties to consider what support the NDIS may continue to fund for people moving into or out of launch sites within Australia.

23. All Parties will continue to undertake work on the arrangements for portability of supports, including any associated cost implications, by mid-February 2013, with the details to be attached as an appendix to this Agreement and reflected in the NDIS Rules.

24. Once NDIS is fully implemented as a national scheme, NDIS supports will be fully portable across Australia.

Role of the NDIS Launch Transition Agency

25. The Agency will have responsibility for delivery and management of the NDIS as provided in the National Disability Insurance Scheme Bill 2012, as enacted into legislation and in compliance with the *Commonwealth Authorities and Companies Act 1997.*

Part 6 — Funding Arrangements

Funding arrangements for host jurisdictions and the Commonwealth

26. Both the Commonwealth and host jurisdictions will make financial contributions to the cost of care and support for participants in NDIS launch sites in accordance with details outlined in Schedules A - E.

27. The Commonwealth will be responsible for all establishment, administrative and system support costs associated with delivering NDIS funded support, unless otherwise agreed in Schedules A - E.

28. Governments agree that managing unexpected costs is a critical issue. The Commonwealth agrees that it will fund any costs associated with higher population numbers, higher per person care and support costs, 100 per cent of the Agency's cash flow risk and any other risk sharing arrangements identified in Schedules A – E during the launch and transition to a full scheme (as well as the full cost of establishment, administrative and system support costs, and workforce and sector development costs).

29. Contributions from host jurisdictions and the Commonwealth will be in the form of cash paid to the Agency and through in-kind support to individuals on behalf of the Agency through existing government programs. Schedules A - E estimate the overall contribution from each host jurisdiction and the Commonwealth, and what will be provided in kind, and from which programs, and how much will be provided in cash. While the total contribution will not change, each party may revise their own estimated mix of cash and in-kind support at any time, and must provide at least one month's notice to the Agency of any such change.

30. Schedules A – E will be reviewed and updated by Treasurers, in consultation with Disability Ministers, in December each year to revise estimates of the mix of cash and in-kind service provision and include funding estimates for 2016-17 and subsequent years to account for either a transition to a full scheme or alternative arrangements for continuity of support.

a. The update will be based on the same methodology used to cost funding for the first stage of an NDIS in years 2013-14 to 2015-16 and agreed between the Commonwealth and host jurisdictions.

Implications on distribution of the Goods and Services Tax

31. For the purpose of the Commonwealth Grants Commission determining Goods and Services Tax (GST) revenue sharing relativities, all jurisdictions agree that the additional Commonwealth funding contribution for the first stage of an NDIS will not impact on State GST shares. This Clause will be reflected in any relevant Terms of Reference issued by the Commonwealth Treasurer to the Commonwealth Grants Commission.

Financial contributions

32. The Commonwealth and host jurisdictions will make payments for care and support for participants into a national pool that is managed by the Agency. The pool will have state-specific accounting to transparently show how Commonwealth and host jurisdiction funding is allocated and spent within each jurisdiction.

33. The first cash payment from the Commonwealth and each host jurisdiction upon commencement of the launch in that jurisdiction will be for one quarter of the total cash contribution of funding for the first year of launch in order to manage any significant upfront demand.

34. Following the initial payment, all funding transfers from both the Commonwealth and host jurisdictions will be made monthly in advance through payments to the Agency on the 1st day of the month.

35. Monthly payments from the second month and thereafter will be for one twelfth of the amount for the relevant year for both the Commonwealth and the host jurisdictions specified in Schedules A – E.

36. The Agency's cash flow projections will be reviewed after three, six and nine months. If at the end of the first three, six or nine months of launch it is estimated that there may be insufficient cash to allow the Agency to fund NDIS support until the end of the financial year, governments will jointly consider the Agency’s cash flow and agree to an appropriate joint response strategy. Should the agreed strategy require cash to be brought forward, the Commonwealth would cover that cash flow.

    a. The Agency will also immediately inform relevant jurisdictions if at any time the Agency estimates there are cash flow issues that inhibit the funding of care and support. Governments will then jointly consider the Agency’s cash flow and agree to an appropriate joint response strategy. Should the agreed strategy require cash to be brought forward, the Commonwealth would cover that cash flow.

37. Where the scheduled payment day is a Saturday, Sunday or public holiday in the relevant jurisdiction, the payment will be made on the next business day.

38. The Agency will provide advice to host jurisdictions and the Commonwealth prior to each payment being made. The advice for each payment will include:

    a. the date of payment;

b. a summary of monthly payments to individuals;

c. a summary of year to date payments to the Agency by each jurisdiction and the Commonwealth; and

d. a summary of cash flow including any issues that could inhibit funding of care and support.

39. The timing and amount of payments, or other administrative arrangements in this Agreement, may be varied when necessary by the agreement in writing of the affected parties.

Contribution from existing funding arrangements

40. The Commonwealth and host jurisdictions acknowledge that to give effect to choice and control of individuals within the launch sites funding for existing services should transition to cash contributions to the greatest extent possible.

41. Principles guiding the interaction of existing mainstream services and the NDIS will be developed by mid-February 2013 and reflect the National Disability Strategy and be attached as a separate schedule to this Agreement.

42. Schedules A – E set out how much of each jurisdiction's total contribution will be provided directly through in-kind support and how much will be provided in cash. These schedules also document the timeframes in which contributions from existing funding arrangements are expected to be transitioned into cash contributions, noting that not all programs will necessarily be transitioned into cash.

43. Accounting for existing services delivered in a launch site by the Commonwealth or a State will be through a mechanism agreed between the Commonwealth and host jurisdictions by mid-February 2013, or as otherwise indicated in Schedules A - E. This mechanism will be conveyed to the Agency and service providers in the launch site, and the Agency will be responsible for implementing the first stage of an NDIS in accordance with the mechanism.

44. The mechanism referred to in paragraph 43 will recognise that a service provider has provided a service to a client, but the service provider already receives funding from a jurisdiction. The amount that will be accounted will be based on the unit cost of the service that reflects the notional actual cost per client of providing the services, as agreed between the Agency and the relevant government authority.

45. The Commonwealth and host jurisdictions will commit to make available the level of existing disability services outlined in Schedules A – E.

a. The Agency will be required to use the existing services as outlined in Schedules A – E over the financial year.

b. However, if :

i. the Commonwealth or a host jurisdiction is unable to provide the value of existing services during the financial year specified in Schedules A – E; or

ii. the Agency or the client is unable to access that value of existing services;

the relevant jurisdiction will provide an additional payment to the Agency at the first available scheduled payment. This reflects the fact that if the jurisdiction does not make the services available, the Agency will have to source the services from other providers and pay for those services from cash contributions. The Agency will provide notice to relevant jurisdictions if the Agency is unable to access the existing services and the services will therefore not be utilised.

c. If the Agency identifies that some or all of the existing types of services are not necessary for clients in the launch site during the individual planning and assessment process:

i. the Agency will provide notice to relevant jurisdictions that it considers the existing types of services are not necessary for clients in the launch site and therefore will not be utilised;

ii. the Agency will consult the relevant host jurisdiction to agree an arrangement for making an appropriate contribution, including an additional cash or in-kind contribution where necessary; and

iii. governments will amend the relevant Schedule to this Agreement as appropriate to reflect the changed contributions.

d. If, in the above circumstances, the Commonwealth was required to make additional cash payments to the Agency to fund service provision due to insufficient cash being available to cover the cost of service provision, then any additional payments made by a jurisdiction to the Agency (as outlined in paragraph 45.b or c) will be taken into account in determining the Commonwealth's contribution.

46. If there is an overall underspend on existing services in a launch site during the financial year, the relevant jurisdiction will not be required to make an additional payment.

47. It is recognised that during the first stage of an NDIS the transitional arrangements for funding of existing services may limit choice and control for some clients.

Overspends and underspends

48. The Commonwealth's commitment to meet 100 per cent of any costs associated with higher population numbers or higher per person NDIS funded supports costs and 100 per cent of the Agency's cash flow risk will apply during the launch and transition to a full scheme, as specified in Schedules A – E, in recognition of the likely variability in costs in the early stages of the scheme.

a. This commitment will be met by the Commonwealth in real time.

b. Arrangements for subsequent periods will be agreed as per paragraph 0 of this Agreement.

49. Overspends and underspends will be calculated and managed separately for each host jurisdiction.

50. Any cash underspends in a host jurisdiction and/or revenue earned by the Agency from other sources would be retained by the Agency and be taken into account to

reduce the Commonwealth's and that host jurisdiction's contribution by an equivalent amount in the following financial year. Underspent funds in a host jurisdiction may only be taken into account in determining contributions in that host jurisdiction in the following financial year.

51. If at any point in time there is a requirement for the Agency to return funds to governments, this would occur based on the relative proportions of contributions. The circumstances in which funds will be returned are set out in Annex B which is referenced in paragraph 54 below.

52. If, at the end of the first three years in a launch, total three year costs equal or exceed total three year funding and the host jurisdiction's actual total contribution is less than that jurisdiction's total NDIS commitment, as outlined in Schedules A – E, the host jurisdiction will provide a payment to the Commonwealth for the difference.

53. If, at the end of the first three years in a launch site, total three year costs are less than the anticipated three year funding commitment set out in Schedules A – E, and the operation of paragraph 0 of this Agreement results in a jurisdiction's actual contribution being a different proportion of actual cost than that jurisdiction's proportion of expected costs, an additional adjustment will be made. Arrangements for how this adjustment will be made are set of in Schedules A – E.

54. Examples of the treatment of overspends and underspends across the three years 2013-14 to 2015-16 are set out in Annex B.

55. In the event that this Agreement is replaced within the timeframes set out in Schedules A – E, and if there is a requirement for the Agency to return funds, this arrangement will be negotiated as part of the new transition Agreement on the basis of relative contributions to, and expenditure by, the Agency.

Specific Purpose Payments arrangements

56. It is agreed that a proportion of Commonwealth funding from the National Disability SPP (NSPP) and payments made under the National Partnership on Transitioning Responsibilities for Aged Care and Disability Services and the Home and Community Care Agreement will be contributed to the Agency by host jurisdictions on behalf of the Commonwealth to meet part of the Commonwealth contribution to the cost of an NDIS in launch sites.

57. The amount of these intergovernmental payments for each host jurisdiction that will be counted towards the Commonwealth's contribution to the cost of the NDIS launch is set out in Schedules A – E.

58. The amount of the NSPP and payments made under the National Partnership on Transitioning Responsibilities for Aged Care and Disability Services and the Home and Community Care Agreement that will be counted towards the Commonwealth's contribution will be reviewed and amended if necessary at the end of each financial year if actual client numbers are lower than estimated client numbers.

59. In recognition of the fact that States have full budget flexibility to allocate NSPP funds within the disability sector, it is acknowledged that some jurisdictions may not be able to release NSPP funding from some existing programs. The amount of NSPP funding that can be released in cash to meet part of the Commonwealth

contribution to the NDIS launch will therefore depend on the plans for releasing funding from existing programs in each jurisdiction.

Continuity of Support

60. COAG has committed to provide continuity of support to people with disability currently receiving services to ensure that they are not disadvantaged in the transition to a NDIS.

61. People resident in a launch site eligible for support under the definitions in the National Disability Insurance Scheme Bill 2012, as enacted into legislation will transition into the NDIS in accordance with the phase-in arrangements agreed with the Agency and set out in Schedules A – E and the Implementation Plans.

62. People resident in a launch site who are who are currently receiving support but do not meet the definitions of eligibility or are receiving supports that do not meet the definition of reasonable and necessary support in the National Disability Insurance Scheme Bill 2012, as enacted into legislation, will continue to receive support consistent with their currently agreed arrangements (support outcomes and levels) if:

    a. the funding for this support is attributed to a program/service, or part of a program/service, has been (or will be) transferred — or phased out and funding redirected — to the NDIS in a launch site in accordance with the Schedules A – E.

63. Where the NDIS takes on responsibility for providing continuity of supports for a person under paragraph 62 above the Agency will work with the person to develop a transition strategy for that person. This strategy will:

    a. ensure no disadvantage in a person's outcomes — the supports provided by the NDIS will enable the person to achieve at least the same level of social and economic participation (or undertake the same range of activities) as enabled by their previously provided support; and

    b. the period of this transition will depend on the person's circumstances and the type of support being provided, and the extent to which there are alternative supports to transition to.

64. A list of programs that will be ceasing, phasing out or transferring to the NDIS, in whole or in part, in NDIS launch sites (and that a proportion of the NSPP will also be a Commonwealth contribution as per paragraph 56) will be agreed by the Commonwealth and host jurisdictions and attached to Schedules A – E by mid-February 2013, or as otherwise indicated in Schedules A – E.

65. All Parties will continue to undertake work on the arrangements for continued support for people currently receiving funded supports, and the approach to these ongoing arrangements will be informed by the outcomes of the review of this Agreement and Schedules A - E.

Financial and Performance Reporting

66. The Commonwealth and host jurisdictions recognise the importance of transparent funding allocation and expenditure. As such, the Agency will be required to provide state-specific accounting that reports on how Commonwealth and host jurisdiction

funding is allocated from within the national pool, covering all services provided to launch participants at the end of every 12 month period.

67. The Agency will provide receipts for funding contributed by host jurisdictions and account for the use of host jurisdiction in-kind services on a monthly reporting schedule.

68. The Agency will provide quarterly reports on participants and expenditure, consistent with the requirements in clause 174 of the National Disability Insurance Scheme Bill 2012, as enacted into legislation and any legislative instruments made under clause 174(3) of the National Disability Insurance Scheme Bill 2012, as enacted into legislation, in a standardised format as determined by the Board. This will include state specific reports. In addition the Agency will provide to a nominated official a download from the database (de-identified as appropriate) of participant data at client unit record and aggregate level for all services provided launch area.

69. The Agency will provide access to a nominated official in each host jurisdiction to the Agency case management and financial management system in real time on a read only basis. The official will need to abide by the Agency's confidentiality and privacy requirements.

70. Any reporting additional to that set out in this Part 6 and Part 8 of this Agreement may be negotiated with the Agency on a fee for service basis and cost neutral changes to reporting may be agreed between the Agency and the host jurisdiction at any time.

Auditing arrangements

71. The parties agree that, noting the independence of the Commonwealth Auditor-General, the variation in collaboration arrangements available to State Government auditors across host jurisdictions and the variation in the scope of audit powers, the Commonwealth and host jurisdictions will jointly write to the Commonwealth and host jurisdiction Auditors-General requesting that the Commonwealth Auditor-General undertake performance audits of the NDIS launch in conjunction with the nominated State Government auditors.

72. The Commonwealth will request the Commonwealth Auditor-General to ensure that the financial audit of the Agency undertaken annually by the Australian National Audit Office under the *Auditor General Act 1997* (Cth) will include certification from him or her that funds paid by host jurisdictions to the Agency have been acquitted consistently with this Agreement and the Schedules thereto.

Part 7 — Ministerial Council

73. The Ministerial Council referred to in this Agreement will be the Standing Council on Disability Reform (SCDR) unless the Parties determine by agreement between them that another Ministerial Council will have responsibility for this Agreement.

74. COAG will establish the Ministerial Council, which will commence operation on 1 January 2013.

Role of the Ministerial Council

75. The Ministerial Council will be responsible for NDIS policy settings, in relation to the development of and transition to a full scheme.

76. The Ministerial Council will be the forum for agreement on policy settings and to oversee the launch of the NDIS, its interaction with existing services and other policy frameworks.

77. For the purposes of the National Disability Insurance Scheme Bill 2012, as enacted into legislation, the Commonwealth will use the Ministerial Council as the forum to:

    a. obtain views on the making, amendment or repeal of any proposed launch legislation;

    b. obtain agreement of host jurisdictions on NDIS rules outlined in categories A and C, clause 209 of the National Disability Insurance Scheme Bill 2012, as enacted into legislation; and

    c. obtain the views of all host jurisdictions on NDIS rules outlined in category D under clause 209 of the National Disability Insurance Scheme Bill 2012, as enacted into legislation.

78. Decision making by host jurisdictions and the Commonwealth, as provided for under the National Disability Insurance Scheme Bill 2012, as enacted into legislation, will be managed through the Ministerial Council.

79. The Ministerial Council will hold the Board of the NDIS Launch Transition Agency accountable for its decisions and actions in accordance with the performance information and reporting in clause 172-176 of the National Disability Insurance Scheme Bill 2012, as enacted into legislation. The Board will report to the Ministerial Council to give all jurisdictions visibility of the Agency's service delivery and fiscal outcomes. In particular, the Ministerial Council will:

    a. provide advice to COAG on policy issues relevant to transition and a full scheme;

    b. consider all reports from the Board of the Agency required to be tabled in the Commonwealth Parliament before they are tabled;

    c. consider any other reports to the Ministerial Council agreed as part of the performance framework for NDIS launch;

    d. consider Board recommendations related to any reports required to be in paragraphs 79b and 79c of this Agreement and agree to any response to the recommendations that are not more appropriately addressed directly by the relevant Ministers or that fall within the scope of matters to be agreed by host jurisdictions only; and

    e. consider statements of strategic guidance proposed to be given to the Board of the Agency under clause 125.

80. During the first stage of the NDIS, the Ministerial Council will:

    a. monitor outcomes of the launch of an NDIS and the performance of launch sites, including in relation to implications for rollout to full coverage of an NDIS;

b. consider outcomes and performance indicators for agreement by all host jurisdictions against which Board performance is to be reported during launch;

c. agree the framework and methodology for a comprehensive independent evaluation of the launch sites, and the person or persons to conduct the evaluation;

d. oversee and consider the outcomes of the evaluation of the launch sites, and making recommendations to COAG on the transition to a full scheme;

e. consider the outcomes of the review of legislation and make recommendations on legislative amendments; and

f. consider other matters as are referred to the Council by COAG.

Transition Arrangements for the Ministerial Council

81. In addition to the roles outlined above, the Ministerial Council will be responsible for all disability-related matters currently under the responsibility of the Standing Council on Community and Disability Services (SCCDS).

82. These responsibilities of the SCCDS will transition to the Ministerial Council by 1 January 2014.

Membership and structure

83. Membership of the Ministerial Council will comprise the Treasurer and Minister with responsibility for disability reform from the Commonwealth and each State.

84. The Commonwealth will chair and provide secretariat support to the Ministerial Council during the launch and transition to full scheme, after which there will be a rotating chair. If the Chair receives a request from a member of the Council, the Chair will consult the other members concerning convening a meeting.

85. The Council may also conduct its business by correspondence.

86. The Ministerial Council may appoint sub-committees as it sees fit.

Decision Making

87. Unless otherwise specified in legislation, the Ministerial Council will make decisions on the basis of consensus, unless a matter is only subject to the Commonwealth and host jurisdictions as set out in this Agreement and the National Disability Insurance Scheme Bill 2012, as enacted into legislation.

88. Where the Chair is unable to obtain consensus, agreement will instead be by consensus of host jurisdictions. The principle of one vote per jurisdiction should apply when deciding on matters by vote.

89. The arrangements for agreeing the following matters will be set out in the National Disability Insurance Scheme Bill 2012, as enacted into legislation:

a. any directions given by the Commonwealth Minister to the Agency;

b. any statements of strategic guidance given by the Commonwealth Minister to the Board;

c. the appointment and termination of appointments of the Chair and other members of the Board;

d. the appointment and termination of appointments of the Principal Member and other members of the Advisory Council;

e. the terms of reference of, and person to undertake, the review of the legislation and recommendations in response to the review;

f. the content of legislative instruments, including NDIS rules, and regulations; and

g. any delegation by the Commonwealth Minister of the power to make legislative instruments and regulations.

90. The general practice will be for decisions to be made at meetings of the Ministerial Council. Where practical, Parties will be given at least 28 days notice of any matters to be voted on at meetings of the Ministerial Council.

91. Where a decision is required out of session, the Chair of the Ministerial Council will call a vote on the matters identified above by sending a written notice to Members of the Ministerial Council.

92. Parties will have 28 days from the date of the Chair sending the notice to vote.

93. The only circumstance in which a Party may abstain from the vote is if a Party is in caretaker mode at any time during the voting period.

94. Depending on the nature of the decision, the Chair and Ministerial Council members may agree to shorten or lengthen the timeframes specified above.

Part 8 – Accountability, Reporting, Evaluation and Data

Performance Reporting

Objectives

95. The NDIS launch performance reporting is intended to:

a. reflect shared governance of the launch of the NDIS by ensuring all jurisdictions have visibility of the operations of the scheme and whether the Agency is meeting agreed performance targets during launch;

b. reflect the independence from governments of the Agency and the Board, while ensuring that the Board provides the Ministerial Council with sufficient insight into the operation of the scheme to allow it to have confidence in scheme governance, long-term fiscal sustainability and the capacity to deliver its policy objectives;

c. provide public transparency of the scheme, including its progress, outcomes, and current and future costs; and

d. minimise the reporting burden for all parties and the Agency, as far as possible.

96. Performance reporting will complement the evaluation of the NDIS launch paragraph 0.

Reporting requirements

97. Requirements for the Board to report to the Ministerial Council are set out in clause 172-174 of the National Disability Insurance Scheme Bill 2012, as enacted into legislation.

98. The content of Board reports to the Ministerial Council will be set out in legislative instruments, as specified in clause 174 of the National Disability Insurance Scheme Bill 2012, as enacted into legislation.

99. A schedule outlining the reporting requirements beyond those that will be set out in legislative instruments will be agreed by the Ministerial Council by March 2013. At a minimum, this will include reporting on:

a. reviews/appeals;

b. complaints;

c. access to services (e.g. how many access requests are successful/unsuccessful);

d. client outcomes;

e. client experience (including choice and control);

f. service provider characteristics and market profile;

g. service provider experience;

h. investment in research and innovation;

i. change in community awareness of disability; and

j. financial sustainability measures.

100. Members of the Ministerial Council may choose to table the Agency's Annual Report within their Parliaments, once it has been considered by the Ministerial Council.

101. Reporting by the Agency to the Board will comply with the requirement that performance standards for the Agency senior management should align to scheme objectives, including long-term sustainability, as expressed in the National Disability Insurance Scheme Bill 2012, as enacted into legislation.

Performance indicators

102. Expected outcomes and performance indicators for assessing scheme performance will be agreed by the Ministerial Council by March 2013 and attached as a schedule to this Agreement.

103. Outcomes and performance indicators will be linked to scheme objectives as set out in the National Disability Insurance Scheme Bill 2012, as enacted into legislation, and this Agreement.

104. Performance indicators will be based on existing data sources to enable improvements in outcomes to be monitored against a control population. As further data is generated during launch, additional and/or alternative performance indicators may be developed.

Data collection and transfer

105. Data collection and transfer will occur in line with nationally agreed data migration principles developed by the NDIS Data Experts Group.

Evaluation and Review

106. The evaluation and review of the NDIS launch will include:

a. external evaluation of client experiences and outcomes against plans during launch to track progress, consider impacts and identify any changes needed for a full scheme; ultimately enabling an NDIS to better meet the needs of people with disability, their families and carers:

i. the evaluation will run for four years, starting with a baseline component in 2012-13 and a final evaluation and review report by May 2016. The conduct of the evaluation will be overseen by an Evaluation Steering Committee chaired by the Commonwealth and including representatives from all States; and

ii. once the evaluation report is finalised it will be provided to the Ministerial Council and COAG for consideration.

b. review of financial outcomes of the launch experience based on independent actuarial reporting and monitoring on; outcomes against estimates of lifetime costs of participants; medium and long term projections of cash flow and accrued liabilities; and expenditure against reference packages, factors driving care and support costs; is also vital to assure governments and the community about scheme viability and inform transition to a full scheme;

c. Agency performance against performance benchmarks and client service standards, including administrative efficiency and cost-effectiveness of delivery; and

d. review of external factors impacting upon launch such as workforce, market capacity, service availability and availability of and linkages with mainstream services.

107. Collectively, the evaluations and reviews will:

a. inform transition towards a full scheme; and

b. employ a consultative framework for engagement with the key stakeholders, including people with disability and carers.

Part 9 — Changes to Launch Legislation

108. All jurisdictions may submit to the Commonwealth and Ministerial Council a proposal to amend the National Disability Insurance Scheme Bill 2012, as enacted into legislation. The proposal must describe:

 a. the matter to be addressed by the proposal;

 b. the key features of the legislative provisions by which it is proposed to address that matter; and

 c. alternative methods of addressing the matter.

109. The Commonwealth will consult host jurisdictions on all proposed amendments to the legislation.

110. Changes to the National Disability Insurance Scheme Bill 2012, as enacted into legislation, that impact upon the current or future costs of the scheme or policy (including rights and scheme outcomes for participants) for the scheme or matters that have implications for State laws or services will be agreed by the Commonwealth and host jurisdictions based on the principles of fiscal impact and policy complexity that apply to the voting arrangements and categories for amending the rules.

Part 10 - Communications and Stakeholder Engagement

111. All parties agree to develop national communications protocols about launch and the development of a full scheme, supported by the Agency, on the basis that localised messaging within host jurisdictions should be as far as possible consistent with national messaging.

Part 11 - Relationship to National Injury Insurance Scheme

Launch

112. All States endeavour to agree minimum benchmarks to provide no-fault lifetime care and support for people who are catastrophically injured in motor vehicle accidents prior to the commencement of the NDIS launch.

113. If a host jurisdiction is unable to implement minimum benchmarks prior to or during launch, that host jurisdiction will be responsible for 100 per cent of the cost of participants in the NDIS who are in the NDIS because they are not covered by an existing or new injury insurance scheme that meets the minimum motor vehicle benchmarks.

 a. During launch, NDIS supports will be provided to people in launch sites who would otherwise have been supported by a National Injury Insurance Scheme

(NIIS) if the NIIS had been established for those catastrophically injured through workplace accidents, medical accidents, and criminal and general accidents (occurring in the home or community).

Full scheme

114. All jurisdictions endeavour to agree minimum benchmarks to provide no-fault lifetime care and support for people who are catastrophically injured through workplace accidents, medical accidents, and criminal and general accidents (occurring in the home or community) by commencement of the NDIS full scheme.

115. Noting that a new Agreement will be agreed with all jurisdictions for the NDIS full scheme, the Commonwealth's position is that on commencement of the NDIS full scheme individual jurisdictions will be responsible for 100 per cent of the cost of participants in the NDIS who are in the NDIS because they are not covered by an existing or new injury insurance scheme that meets the minimum benchmarks for motor vehicle accidents, workplace accidents, medical accidents, and criminal and general accidents (occurring in the home or community).

Part 12: Relationship to the National Disability Agreement

116. The objects of the National Disability Insurance Scheme Bill 2012, as enacted into legislation, align with the objectives and outcomes of the National Disability Agreement (NDA).

117. Nothing in this Agreement affects arrangements under the NDA unless otherwise specified.

118. NDIS launch activity and additional NDIS funding may also contribute to the achievement of outcomes under the NDA.

119. Launch funding arrangements reflect change in the relative funding shares of the Commonwealth and by States under the NDA.

120. NDIS investment and effort in host jurisdictions may lead to variations in outcomes among host and non-host jurisdictions against agreed performance indicators under the NDA. It is recommended the COAG Reform Council note the presence of NDIS launch sites in its contextual reporting on outcomes under the NDA.

Part 13: Governance Arrangements

Review of the Agreement

121. The review of this Agreement will be undertaken by the Ministerial Council, alongside, and in line with the timeline for the review of the National Disability Insurance Scheme Bill 2012, as enacted into legislation, as set out in the legislation. The review will also inform the arrangements for continuity of support as set out in paragraph 65. The review of this Agreement and its Schedules will be considered by COAG alongside the report on the review of the legislation and within the same timeframes.

Withdrawal from the Agreement

122. The Commonwealth and host jurisdictions have committed to provide ongoing support to launch participants. However in exceptional circumstances, the Commonwealth or a host jurisdiction may withdraw from this Agreement by giving 12 months notice in writing to the Ministerial Council of its intention to do so.

    a. A non-host jurisdiction may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.

123. Following notification of a Party's intention to withdraw from this Agreement, the terms of the withdrawal, including the date on which the Party will cease to be a Party, and any legislative changes and other arrangements that may be necessary as a consequence of the withdrawal will be negotiated in good faith and agreed between the Commonwealth and the host jurisdictions, on a basis which ensures continuity of support to launch participants.

124. The withdrawal of a Party shall not release that Party from meeting its agreed funding commitments to launch participants unless this is otherwise agreed by all parties.

125. If a Party withdraws, this Agreement will continue between all of the remaining Parties.

126. Notice of any withdrawal should be provided to COAG by the Ministerial Council.

Variation of this Agreement

127. The Agreement may be amended at any time by agreement in writing by all Parties, including to reflect changes to the National Disability Insurance Scheme Bill 2012 prior to, or following, its passage through the Commonwealth Parliament and COAG's further agreement to elements of an NDIS.

128. All Parties acknowledge both the complexity and transformational nature of an NDIS, it will take time to work through its design and implementation.

129. Bilateral schedules to this Agreement may be added or amended at any time by agreement in writing by the relevant Commonwealth and State minister.

130. Nothing in this Agreement precludes the Commonwealth and a non-host jurisdiction from establishing additional launch sites, consistent with COAG's principles, to promote innovation in services and the service system and to support an individualised and localised approach.

Dispute resolution

131. Any Party may give notice to other Parties of a dispute under this Agreement.

132. Officials of relevant Parties will attempt to resolve any dispute in the first instance.

133. If the issue cannot be resolved by officials, it may be escalated to the relevant Ministers and, if necessary, the Ministerial Council. If the dispute cannot be resolved by the Ministerial Council, it may be referred to COAG for consideration.

Enforceability of the Agreement

134. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, that does not lessen the Parties' commitment to this Agreement.

The Parties have confirmed their commitment to this Agreement as follows:

Signed *for and on behalf of the Commonwealth of Australia by*

The Honourable Julia Gillard MP
Prime Minister of the Commonwealth of Australia

7 December 2012

Signed *for and on behalf of the*
State of New South Wales by

The Honourable Barry O'Farrell MP
Premier of the State of New South Wales

7 December 2012

Signed *for and on behalf of the*
State of Victoria by

The Honourable Ted Baillieu MLA
Premier of the State of Victoria

7 December 2012

Signed *for and on behalf of the*
State of Queensland by

The Honourable Campbell Newman MP
Premier of the State of Queensland

7 December 2012

Signed *for and on behalf of the*
State of Western Australia by

The Honourable Colin Barnett MLA
Premier of the State of Western Australia

7 December 2012

Signed *for and on behalf of the*
State of South Australia by

The Honourable Jay Weatherill MP
Premier of the State of South Australia

7 December 2012

Signed *for and on behalf of the*
State of Tasmania by

The Honourable Lara Giddings MP
Premier of the State of Tasmania

7 December 2012

Signed for and on behalf of the
Australian Capital Territory by

Ms Katy Gallagher MLA
Chief Minister of the Australian Capital Territory

7 December 2012

Signed for and on behalf of the
Northern Territory by

The Honourable Terry Mills MLA
Chief Minister of the Northern Territory of Australia

7 December 2012

Annex A: Council of Australian Governments High-level Principles for a National Disability Insurance Scheme[1]

1. The Council of Australian Governments (COAG) has welcomed the release of the Productivity Commission's final report on Disability Care and Support and has agreed on the need for major reform of disability services in Australia through a National Disability Insurance Scheme. All governments recognise that addressing the challenges in disability services will require shared or coordinated effort.

2. This reform should take a social insurance approach that would share the costs of disability services and supports across the community. In addition, the reform should adopt insurance principles that estimate the cost of reasonable and necessary supports, promote an efficient allocation of resources based on managing the long-term costs of supporting people with disabilities and their carers while maximising the economic and social benefits. This would involve consistent application of eligibility criteria, and the timely and efficient delivery of reasonable and necessary supports, including early intervention. Actuarial modelling will be used to estimate and manage the costs of care and support across the life course of individuals and monitor, evaluate and report on the overall performance of the National Disability Insurance Scheme.

3. A National Disability Insurance Scheme will fund reasonable and necessary individualised services and supports directly related to an eligible person's ongoing disability support needs.

4. COAG notes that design and implementation of a National Disability Insurance Scheme is the responsibility of all governments and that consideration of the Productivity Commission's recommendations provides a good starting point. The National Disability Strategy should also inform the design and implementation of a National Disability Insurance Scheme.

5. The development and implementation of a National Disability Insurance Scheme will be a shared responsibility of the Commonwealth and States and Territories. Governments agree this is a substantial and important reform that will fundamentally change the nature of disability care and support in Australia. Work will start immediately, but fully realising a National Disability Insurance Scheme will take time and require a careful and considered approach by all levels of government. The Commonwealth and State and Territory governments will work together through the Select Council of Treasurers and Disability Service Ministers (Select Council on Disability Reform) to build a National Disability Insurance Scheme which will deliver the following outcomes to eligible people with disabilities:

   a. People with disability will be supported to participate in and contribute to social and economic life to the extent of their abilities;

   b. People with disability and their carers will have certainty that people with disability will receive the individualised care and support they need over their lifetime;

[1] The Council of Australian Governments (COAG) agreed to the pubic release of these high-level principles on 13 April 2012.

c. People with disability will be able to exercise more choice and control in their lives, through a person-centred, self-directed approach to service delivery with individualised funding;

d. People with disability, their families and carers, service providers, the public and governments will have greater transparency and certainty of funding for disability care and support;

e. Disability care and support will be more accessible;

f. Disability care and support will meet nationally consistent standards;

g. Disability care and support will be sustainably resourced; and

h. Disability care and support will contribute to governments' commitments to closing the gap on Indigenous disadvantage.

6. The Select Council on Disability Reform will reflect and give effect to the following design principles agreed by COAG when considering the Productivity Commission's recommendations and moving towards a National Disability Insurance Scheme. These principles do not direct governments' consideration of the Productivity Commission's recommendations in relation to the National Injury Insurance Scheme, which will be subject to a separate process lead by the Commonwealth Assistant Treasurer, however it will be important that the work progressing a National Injury Insurance Scheme is aligned to the National Disability Insurance Scheme work.

7. Principle 1: A National Disability Insurance Scheme should be needs based and provide people with disability access to individualised care and support. To achieve this, a National Disability Insurance Scheme should recognise existing best practice across the states and territories and build on this best practice through foundation reforms to:

a. Provide certainty for people with disability in accessing high quality and effective services and support when they need them;

b. Be simple to understand, navigate and provide portability across jurisdictions and service providers;

c. Provide innovative responsive and coordinated services locally;

d. Support access to mainstream services such as education, transport, health, housing, aged care and employment services;

e. Recognise the essential support provided by families and carers and support them in their roles;

f. Recognise and enhance the significant role of the not-for-profit and private sectors in a well functioning disability services system;

g. Provide people with disability with better information and support to enable them to make informed choices and exercise control and choice over their care and support;

h. Ensure the development of the sector is actively supported in a way that fosters continuous improvement, viability and sustainability;

i. Ensure equity of access by addressing the needs of people in regional and remote Australia and people from Indigenous and Culturally and Linguistically Diverse (CALD) backgrounds;

j. Promote innovation in services and the services system;

k. Provide appropriate safeguards to support and protect people with disability; and

l. Provide continuity of support to people with disability currently receiving services to ensure that they are not disadvantaged in the transition to a National Disability Insurance Scheme.

8. Principle 2: Resourcing arrangements for a National Disability Insurance Scheme should:

   a. Provide certainty of future resourcing recognising the projected ongoing growth in demand and the need for incentives for containment;

   b. Provide adequate funding to address assessed needs;

   c. Be fiscally sustainable for all levels of government;

   d. Be based on an assessment of the costs of meeting reasonable and necessary care and support needs of an individualised funding approach;

   e. Be transparent regarding contributions from jurisdictions;

   f. Not create any disincentives for carers and family members to provide support;

   g. Ensure that no jurisdiction is disadvantaged by:

      i. historically high levels of funding for disability services, recent increased investment in disability services or additional investment in the lead up to the launch of a National Disability Insurance Scheme; and

      ii. having already undertaken foundation reforms required to implement a National Disability Insurance Scheme.

   h. Support a social insurance approach.

9. Principle 3: Governance for a National Disability Insurance Scheme must be transparent and accountable and ensure genuine ongoing involvement of all jurisdictions in determining governance, policy setting and scheme management. Governance arrangements should:

   a. Establish a National Disability Insurance Scheme that is administered in a way that manages life time costs of care and support through insurance principles, such as consistent application of eligibility criteria and timely and efficient delivery of reasonable and necessary supports, including early intervention, to ensure the ongoing financial sustainability of the scheme;

b. Maximise the benefits of a market-based approach to disability support services, including consideration of a costing structure that fosters competition and choice, and supports an individualised and localised approach and takes account of legitimate cost variations for different locations and client groups;

c. Ensure that there are nationally consistent eligibility criteria, standardised assessment tools, quality standards and a range of services and supports;

d. Enable localised planning and access to efficient and responsive services, and be coordinated with mainstream services such as education, transport, health, housing, aged care and employment services;

e. Equip and enable people with disability to the extent possible to choose and direct the services they receive and the manner in which they are provided;

f. Ensure transparency of eligibility, assessment and resource allocation;

g. Provide clarity around the roles and responsibilities of different levels of governments in the transition to and operation of a National Disability Insurance Scheme;

h. Engage people with disability, their families and carers in the design and delivery of services;

i. Facilitate national research and data collection and consolidation; and

j. Ensure alignment with the policies, standards and services of a National Injury Insurance Scheme.

10. Principle 4: All jurisdictions commit to accelerated progress in the delivery of foundation reforms agreed by the Select Council in the period leading up to the establishment of a National Disability Insurance Scheme, together with simultaneous progress on resolution of governance and funding issues. This will ensure an effective transition to a National Disability Insurance Scheme which will deliver immediate improvements for people with disability in the interim. The implementation of a National Disability Insurance Scheme will recognise current systems, structures and coverage and ensure appropriate transition strategies. This will require:

a. Ensuring continuity of support to people with disability currently receiving services to ensure that they are not disadvantaged in the transition to a NDIS;

b. Ongoing development of the disability services sector capacity to meet the diverse and individual needs of people with disability, and to manage risk and operate effectively in a National Disability Insurance Scheme;

c. Continuous improvement in specialist disability specialist support services in the lead up to a National Disability Insurance Scheme, including through reforms under the National Disability Agreement;

d. A national workforce strategy to address qualifications, training and cross sector career mapping issues and other measures to establish the sector as an ‘industry of choice’ to ensure there is a skilled and responsive workforce to meet the care and support needs of people with disability, and assessment and local coordination roles under a National Disability Insurance Scheme;

e. Robust evidence from trialling and evaluation;

f. Appropriate legal and administrative reform, including data and information systems to support an insurance approach;

g. Detailed analysis of the existing levels of investment to inform financing arrangements for a National Disability Insurance Scheme, including state and Commonwealth government funding, insurance based arrangements and other funding; and

h. Detailed analysis of the cost structures underlying an individualised approach.

Annex B: Muiltilateral Funding Arrangements – Scenario Analysis

This analysis assumes that, in the launch phase of the National Disability Insurance Scheme (NDIS) care and support would cost $300 over three years involving annual expenditure of $100 in a single host jurisdiction. To fund an NDIS, jurisdictions provides the following funding:

1. Commonwealth contributes $40 per year, involving $20 cash and $20 in kind; and

2. Host jurisdiction contributes $60 per year, involving $30 cash and $30 in kind.

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Estimated Commonwealth cash contribution	20	20	20
Estimated Commonwealth in-kind contribution	20	20	20
Estimated State cash contribution	30	30	30
Estimated State in-kind contribution	30	30	30
Total	**100**	**100**	**100**

The Scenario tables are best interpreted by working downwards the columns starting in 2013-14. The 'End of year cash outcome for Agency' is then carried over to the opening balance in the next financial year in the column for 2014-15 etc.

Scenarios involving overspends in in-kind services have not been modelled, on the assumption that jurisdictions will agree to provide only a limited level of in-kind services. Once this limit is reached, the Agency will need to fund the necessary services using cash on a per unit basis.

Scenario 1 – net cash underspend

This scenario models a net cash underspend over three years, involving actual cash expenditure of $40 per year in 2013-14 and 2014-15, compared to an expected expenditure of $50 per year. This reduces total NDIS expenditure to $280 over three years.

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Agency cash balance - carry over from previous year	**0**	**10**	**10**
Beginning of the year actual cash contributions			
Commonwealth scheduled cash contribution	20	20	20
State scheduled cash contribution	30	30	30
Adjustment for previous year's cash underspend based on funding shares - Commonwealth (S52)		-4	-4
Adjustment for previous year's cash underspend based on funding shares - States (S52)		-6	-6
Agency cash at the beginning of the year	**50**	**50**	**50**

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Actual expenditure during the year			
Cash	-40	-40	-50
Commonwealth in-kind	-20	-20	-20
State in-kind	-30	-30	-30
Total actual expenditure	**-90**	**-90**	**-100**
Additional Commonwealth cash contribution to meet risk of cost overrun through increased client numbers, higher average care and support costs and Agency's cash flow risk (S18.b.iii)	0	0	0
End of year cash outcome for Agency	**10**	**10**	**0**

At the end of the launch, the Commonwealth made total contributions of $112 (40 per cent of $280) and the host jurisdiction made total contributions of $168 (60 per cent of $280). This is consistent with total expenditure of $280 over three years and the relative funding shares of each jurisdiction.

Scenario 2 – net cash overspend

This scenario models net cash overspend over three years, involving actual cash expenditure rising to $60 per year in 2013-14 and 2014-15 due to increased client numbers or higher average individual support package costs, compared to an expected expenditure of $50 per year. This increases total NDIS expenditure to $320 over three years.

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Agency cash balance - carry over from previous year	**0**	**0**	**0**
Beginning of the year actual cash contributions			
Commonwealth scheduled cash contribution	20	20	20
State scheduled cash contribution	30	30	30
Adjustment for previous year's cash underspend based on funding shares - Commonwealth (S49)		0	0
Adjustment for previous year's cash underspend based on funding shares - States (S49)		0	0
Agency cash at the beginning of the year	**50**	**50**	**50**
Actual expenditure during the year			
Cash	-60	-60	-50
Commonwealth in-kind	-20	-20	-20
State in-kind	-30	-30	-30
Total actual expenditure	**-110**	**-110**	**-100**
Additional Commonwealth cash contribution to meet risk of cost overrun through increased client numbers, higher average care and support costs and Agency's cash flow risk (S18.b.iii)	10	10	0
End of year cash outcome for Agency	**0**	**0**	**0**

At the end of launch, the Commonwealth made total contributions of $140 and the host jurisdiction made total contributions of $180. This is consistent with total expenditure of $320. This is also consistent with the Commonwealth taking on 100 per cent of upside risk from increased client numbers, average care and support costs and Agency's cash flow risk.

Scenario 3 – no cost variance over three years, cash vary between years

This scenario models a cash overspend of $10 in 2013-14, followed by an underspend of $10 in 2014-15.

Summary of launch	2013-14	2014-15	2015-16
Agency cash balance - carry over from previous year	**0**	**0**	**10**
Beginning of the year actual cash contributions			
Commonwealth scheduled cash contribution	20	20	20
State scheduled cash contribution	30	30	30
Adjustment for previous year's cash underspend based on funding shares - Commonwealth (S49)		0	-4
Adjustment for previous year's cash underspend based on funding shares - States (S49)		0	-6
Agency cash at the beginning of the year	**50**	**50**	**50**
Actual expenditure during the year			
Cash	-60	-40	-50
Commonwealth in-kind	-20	-20	-20
State in-kind	-30	-30	-30
Total actual expenditure	**-110**	**-90**	**-100**
Additional Commonwealth cash contribution to meet risk of cost overrun through increased client numbers, higher average care and support costs and Agency's cash flow risk (S18.b.iii)	10	0	0
End of year cash outcome for Agency	**0**	**10**	**0**

At the end of launch, the Commonwealth made total contributions of $126 and the host jurisdiction made total contributions of $174. This is consistent with total expenditure of $300.

However, because the Commonwealth takes on 100 per cent of cost escalations from increased client numbers or average NDIS funded support costs in any given year while underspends in any given year is proportionally shared, the Commonwealth's total contribution is $6 higher than estimated. The host jurisdiction's total contribution on the other hand is $6 lower.

Under this circumstance, paragraph 52 of this Agreement would be triggered:

> *If at the end of 2015-16, total three year costs equals or exceeds total three year funding and the host jurisdiction's actual total contribution is less than that jurisdiction's total NDIS commitment, as outlined in Schedules A – E, the host jurisdiction will provide a payment to the Commonwealth for the difference.*

The host jurisdiction would have to return $6 to the Commonwealth.

Scenario 4 – State in-kind underspend leading to a cash overspend

This scenario models paragraph 44 of this Agreement whereby the Commonwealth has had to make additional cash contribution because of either:

1. the host jurisdiction is unable to provide the agreed value of existing services; or

2. the Agency or the client is unable to access that value of existing services from the host jurisdiction.

This scenario assumes that host jurisdiction in-kind contribution falls to $20 per year in 2013-14, compared to the committed in-kind contribution of $30 per year; and that this leads to an increase in cash expenditure from $50 to $60 per year in 2013-14.

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Agency cash balance - carry over from previous year	**0**	**0**	**0**
Beginning of the year actual cash contributions			
Commonwealth scheduled cash contribution	20	20	20
State scheduled cash contribution	30	30	30
Additional State contribution for lower delivery of in-kind service in the previous year (S44)		10	0
Return of funding to the Commonwealth for lower State in-kind service provision (S44)		-10	0
Adjustment for previous year's cash underspend based on funding shares - Commonwealth (S49)		0	0
Adjustment for previous year's cash underspend based on funding shares - States (S49)		0	0
Agency cash at the beginning of the year	**50**	**50**	**50**
Actual expenditure during the year			
Cash	-60	-50	-50
Commonwealth in-kind	-20	-20	-20
State in-kind	-20	-30	-30
Total actual expenditure	**-100**	**-100**	**-100**
Additional Commonwealth cash contribution to meet risk of cost overrun through increased client numbers, higher average care and support costs and Agency's cash flow risk (S18.b.iii)	10	0	0
End of year cash outcome for Agency	**0**	**0**	**0**

Since the Commonwealth has been required to provide additional cash to the Agency as a result of under-provision of host-jurisdiction in-kind services, the additional payment made by the host jurisdiction is taken into account in the Commonwealth's financial contribution. At the end of the launch, the Commonwealth made contributions of $120 and the host jurisdiction made contributions of $180, resulting in a total contribution of $300.

Scenario 5 – net in-kind underspend over three years

This scenario models a net in-kind underspend over three years, involving:

1. Commonwealth in-kind expenditure of $10 per year in 2013-14 and 2014-15, compared to an expected Commonwealth in-kind expenditure of $20 per year; and

2. Host jurisdiction in-kind expenditure of $20 per year in 2013-14 and 2014-15, compared to an expected host jurisdiction in-kind expenditure of $30 per year.

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Agency cash balance - carry over from previous year	**0**	**0**	**0**
Beginning of the year actual cash contributions			
Commonwealth scheduled cash contribution	20	20	20
State scheduled cash contribution	30	30	30
Additional State contribution for lower delivery of in-kind service in the previous year (S44)		0	0
Return of funding to the Commonwealth for lower State in-kind service provision (S44)		0	0
Adjustment for previous year’s cash underspend based on funding shares - Commonwealth (S49)		0	0
Adjustment for previous year’s cash underspend based on funding shares - States (S49)		0	0
Agency cash at the beginning of the year	**50**	**50**	**50**
Actual expenditure during the year			
Cash	-50	-50	-50
Commonwealth in-kind	-10	-10	-20
State in-kind	-20	-20	-30
Total actual expenditure	**-80**	**-80**	**-100**
Additional Commonwealth cash contribution to meet risk of cost overrun through increased client numbers, higher average care and support costs and Agency’s cash flow risk (S18.b.iii)	0	0	0
End of year cash outcome for Agency	**0**	**0**	**0**

At the end of the launch, the Commonwealth made total contributions of $100 and the host jurisdiction made total contributions of $160. This is consistent with total expenditure of $260 over three years.

However, because the in-kind underspend are retained in-full by the relevant jurisdiction, the final funding shares have shifted. The Commonwealth has contributed 38.5 per cent, instead of 40 per cent, while the host jurisdiction contributed 61.5 per cent, instead of 60 per cent.

Under this circumstance the Commonwealth will have to pay $4 to the host jurisdiction to re-establish the host jurisdiction and Commonwealth’s funding shares of 40 per cent and 60 per cent (or otherwise outlined in Schedules A – E).

Scenario 6 – net underspend in both cash and in-kind - net transfer to state

This scenario models a net in-kind and cash underspend over three years, involving:

1. Cash expenditure reducing to $40 per year in 2013-14 and 2014-15, compared to an expected expenditure of $50 per year;

2. Commonwealth in-kind expenditure reducing to $10 per year in 2013-14 and 2014-15, compared to an expected Commonwealth in-kind expenditure of $20 per year; and

3. Host jurisdiction in-kind expenditure reducing to $20 per year in 2013-14 and 2014-15, compared to an expected host jurisdiction in-kind expenditure of $30 per year.

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Agency cash balance - carry over from previous year	**0**	**10**	**10**
Beginning of the year actual cash contributions			
Commonwealth scheduled cash contribution	20	20	20
State scheduled cash contribution	30	30	30
Additional State contribution for lower delivery of in-kind service in the previous year (S44)		0	0
Return of funding to the Commonwealth for lower State in-kind service provision (S44)		0	0
Adjustment for previous year's cash underspend based on funding shares - Commonwealth (S49)		-4	-4
Adjustment for previous year's cash underspend based on funding shares - States (S49)		-6	-6
Agency cash at the beginning of the year	**50**	**50**	**50**
Actual expenditure during the year			
Cash	-40	-40	-50
Commonwealth in-kind	-10	-10	-20
State in-kind	-20	-20	-30
Total actual expenditure	**-70**	**-70**	**-100**
Additional Commonwealth cash contribution to meet risk of cost overrun through increased client numbers, higher average care and support costs and Agency's cash flow risk (S18.b.iii)	0	0	0
End of year cash outcome for Agency	**10**	**10**	**0**

At the end of the launch, the Commonwealth made total contributions of $92 and the host jurisdiction made total contributions of $148. This is consistent with total expenditure of $240 over three years.

However, because the in-kind underspend is retained in-full by the relevant jurisdiction, the final funding shares have shifted to the Commonwealth contributing 38.3 per cent, while the host jurisdiction contributing 61.7 per cent.

Under this circumstance, the Commonwealth would have to return $4 to the host jurisdiction to re-establish the host jurisdictions and Commonwealth's funding shares of 40 per cent and 60 per cent (or otherwise outlined in Schedules A – E).

Scenario 7 – net underspend in both cash and in-kind - net transfer to Commonwealth

This scenario models a net in-kind and cash underspend over three years, involving:

1. Cash expenditure reducing to $40 per year in 2013-14 and 2014-15, compared to an expected expenditure of $50 per year;

2. Commonwealth in-kind expenditure as expected at $20 per year; and

3. Host jurisdiction in-kind expenditure reducing to $20 per year in 2013-14 and 2014-15, compared to an expected host jurisdiction in-kind expenditure of $30 per year.

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Agency cash balance - carry over from previous year	**0**	**10**	**10**
Beginning of the year actual cash contributions			
Commonwealth scheduled cash contribution	20	20	20
State scheduled cash contribution	30	30	30
Additional State contribution for lower delivery of in-kind service in the previous year (S44)		0	0
Return of funding to the Commonwealth for lower State in-kind service provision (S44)		0	0
Adjustment for previous year's cash underspend based on funding shares - Commonwealth (S49)		-4	-4
Adjustment for previous year's cash underspend based on funding shares - States (S49)		-6	-6
Agency cash at the beginning of the year	**50**	**50**	**50**
Actual expenditure during the year			
Cash	-40	-40	-50
Commonwealth in-kind	-20	-20	-20
State in-kind	-20	-20	-30
Total actual expenditure	**-70**	**-70**	**-100**
Additional Commonwealth cash contribution to meet risk of cost overrun through increased client numbers, higher average care and support costs and Agency's cash flow risk (S18.b.iii)	0	0	0
End of year cash outcome for Agency	**10**	**10**	**0**

At the end of the launch, the Commonwealth made total contributions of $112 and the host jurisdiction made total contributions of $148. This is consistent with total expenditure of $260 over three years.

However, because the in-kind underspend is retained in-full by the relevant jurisdiction, the final funding shares have shifted to the Commonwealth contributing 43.1 per cent, while the host jurisdiction contributing 56.9 per cent.

Under this circumstance, the host jurisdiction would have to return $8 to the Commonwealth to re-establish the host jurisdiction's and Commonwealth's funding shares of 40 per cent and 60 per cent (or otherwise outlined in Schedules A – E).

Scenario 8 – no cost variance over three years, in-kind and cash expenditure vary between years

This scenario models variations in cash and in-kind services between years, but with no variation to final three year costs, involving:

1. Cash expenditure reducing to $40 in 2013-14, rising to $80 in 2014-15 and then returning to $50 in 2015-16;

2. Commonwealth in-kind expenditure reducing to $10 per year in 2013-14 and then returning to $20 per year and onwards; and

3. Host jurisdiction in-kind expenditure reducing to $20 per year in 2013-14 and then returning to $30 per year and onwards.

Summary of launch	**2013-14**	**2014-15**	**2015-16**
Agency cash balance - carry over from previous year	**0**	**10**	**0**
Beginning of the year actual cash contributions			
Commonwealth scheduled cash contribution	20	20	20
State scheduled cash contribution	30	30	30
Additional State contribution for lower delivery of in-kind service in the previous year (S44)		0	0
Return of funding to the Commonwealth for lower State in-kind service provision (S44)		0	0
Adjustment for previous year's cash underspend based on funding shares - Commonwealth (S49)		-4	0
Adjustment for previous year's cash underspend based on funding shares - States (S49)		-6	0
Agency cash at the beginning of the year	**50**	**50**	**50**
Actual expenditure during the year			
Cash			
Commonwealth in-kind	-40	-80	-50
State in-kind	-10	-20	-20
Total actual expenditure	-20	-30	-30
	-70	**-130**	**-100**
Additional Commonwealth cash contribution to meet risk of cost overrun through increased client numbers, higher average care and support costs and Agency's cash flow risk (S18.b.iii)	0	30	0
End of year cash outcome for Agency	**10**	**0**	**0**

At the end of launch, the Commonwealth made total contributions of $136 and the host jurisdiction made total contributions of $164. This is consistent with total expenditure of $300.

However, because the Commonwealth takes on 100 per cent of upside risk in any given year, but any underspends in any given year is proportionally shared, the Commonwealth's total contribution is $16 higher than estimated. The host jurisdiction's total contribution on the other hand is $16 lower.

Under this circumstance, section 52 of this Agreement would be triggered:

> *If at the end of 2015-16, total three year costs equals or exceeds total three year funding and the host jurisdiction's actual total contribution is less than that jurisdiction's total NDIS commitment, as outlined in Schedules A – E, the host jurisdiction will provide a payment to the Commonwealth for the difference.*

The host jurisdiction would have to return $16 to the Commonwealth.