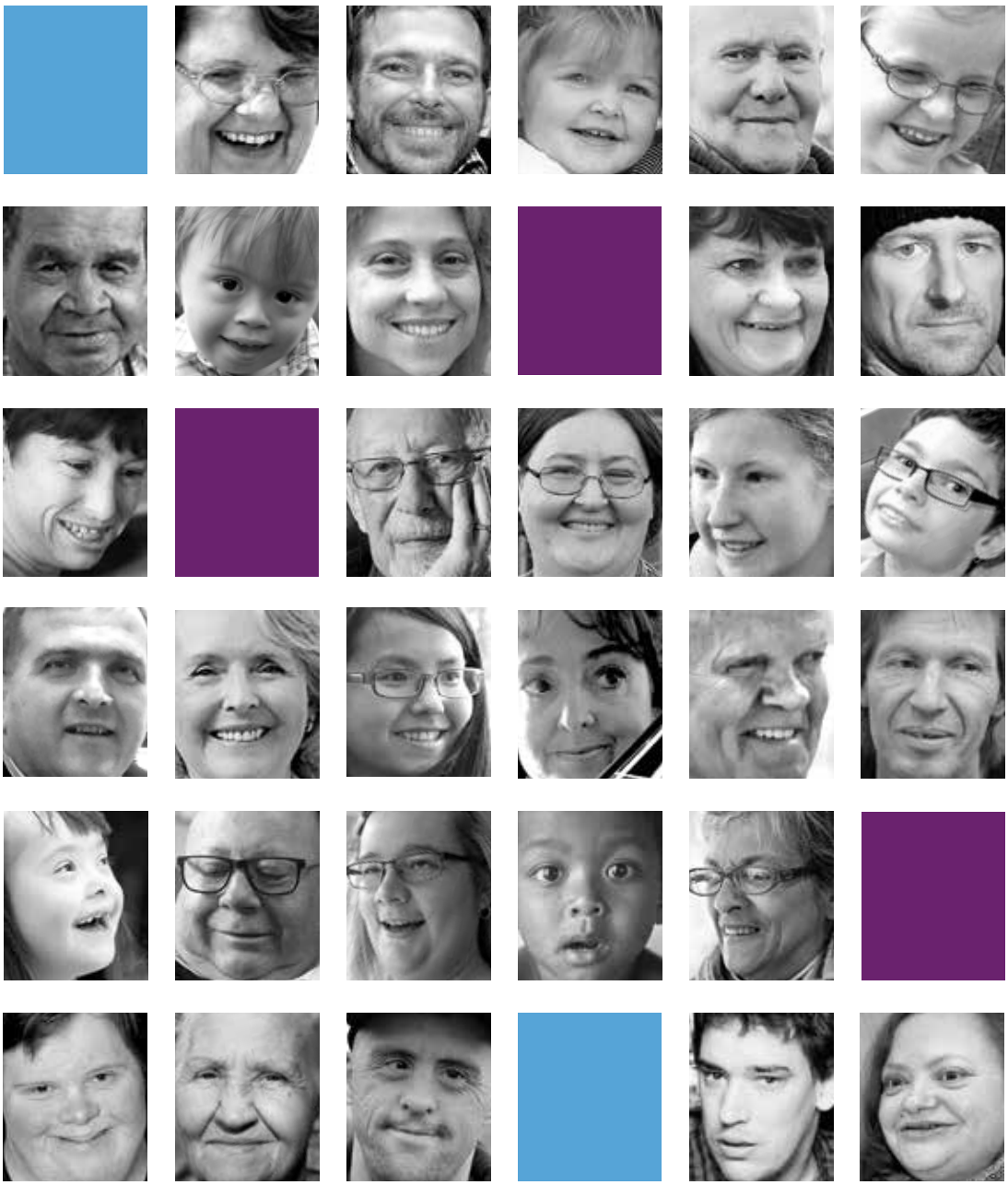
2013-2014 **ANNUAL REPORT**



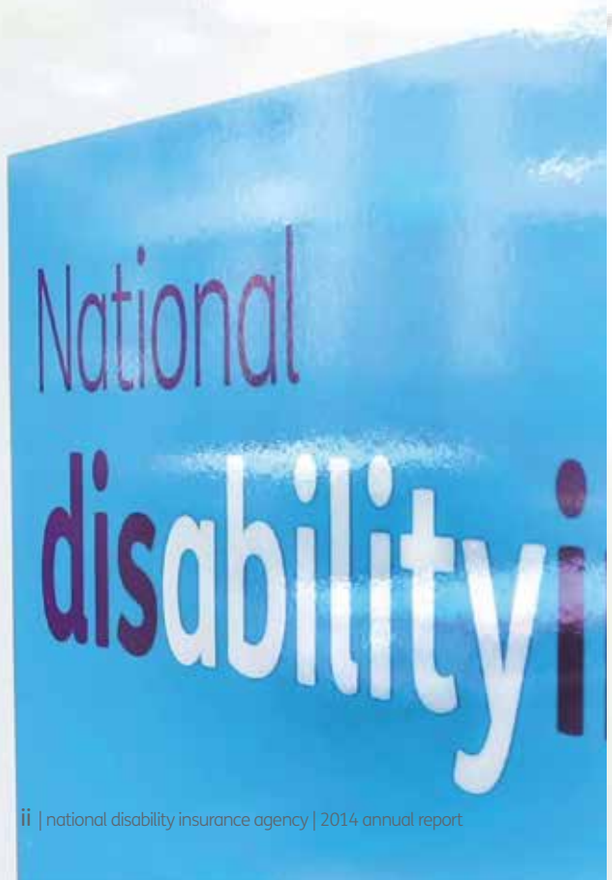
National
disabilityinsurance
Agency

LEARN...

BUILD...

LEARN...

BUILD...



National
disabilityinsurance
Agency

OUR VISION...

Optimising social and economic independence and full participation for people with disability.

OUR MISSION...

Building and managing a world-leading National Disability Insurance Scheme for all Australians.

OUR GOALS...

1. People with disability are in control and have choices, based on the UN Convention on the Rights of Persons with Disabilities.

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

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

Our culture is committed to delivering the Vision, Mission and Goals, based on our values...

Assurance. The Agency is committed to certainty of funding for high quality, equitable and effective supports that respect the diversity of all people with disability.

Empowerment. The Agency works locally and in partnership with participants and their families to enable them and ensure they have choice, control and a voice.

Responsibility. The Agency shares a mutual responsibility with participants, the community and providers for providing high-quality support services which maximise potential, independence, integration and inclusion in the community.

Learning. The Agency sees every task and interaction as an opportunity to learn and continually improve performance. The Agency is reflective, asks for and acts on feedback, and constantly evaluates its performance.

Integrity. The Agency is fair and transparent, does as it says and says what it does, so as to build trust and respect among people with disability, their families and carers, our employees, providers and the community.

Our work is underpinned by **moving towards a more modern technological approach:**

- using accessible technology to connect with more people, especially in rural and remote areas
- using emerging technologies to encourage innovation in supports
- collecting, analysing and sharing data about disability and support services to identify best practice
- using technology to improve quality and drive down costs.

NDIS year-one summary

The National Disability Insurance Scheme (NDIS) commenced on 1 July 2013. At 30 June 2014, the National Disability Insurance Agency (NDIA) had approved **7316 plans for people with disability,** allowing them access to the reasonable and necessary support they require to lead an ordinary life.

The NDIA delivered the Scheme in **four trial sites** in 2013–14: the Hunter in New South Wales, the Barwon region in Victoria, Tasmania and South Australia. During this time, $130.9 million of support was provided to participants—which is within the funding envelope of $148.8 million.

Average annualised package costs were $34 600 at the end of June 2014, or $38 200 including the Stockton large residence—in line with the $35 000 average estimated by the Productivity Commission. The NDIA ended the financial year with a **surplus of $18.0 million.**

Process improvements mean that time taken for participant eligibility determination has fallen from an average of 29.7 days in July–December 2013 to 13.3 days in January–June 2014. And satisfaction levels of participants in the trial sites are very high—**94 per cent rated NDIA planning good, or very good.**

At the close of the financial year, there were approximately **1350 NDIS registered service providers** across the four trial sites, providing supports across diverse areas ranging from assistance with personal care to support with accessing and participating in the community, including support with obtaining employment.

The NDIA used the **Sector Development Fund** (SDF) to invest approximately $4.5 million in programmes and activities to help both individuals and organisations make the transition from Commonwealth, state and territory based systems to the NDIS.

The NDIA Board established its governance procedures and implemented **an extensive risk management system.** The Board oversaw four major independent reviews:

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

The NDIA National Office in Geelong was opened by the Prime Minister, the Hon. Tony Abbott MP, on 30 April 2014.

The NDIA employed 516 staff across the trial sites and National Office. Nearly **11 per cent of this workforce identified as having disability**—compared with around 3 per cent for the Australian Public Service (APS)—and 53 per cent identified as having a lived experience of disability. All NDIA workplaces are fully compliant with the *Disability Discrimination Act 1992* (DDA Act).

At full rollout, it is expected that only 7 per cent of NDIS costs will be spent on administration, with 85 per cent of NDIA staff roles dealing directly with people with disability. The long-term **economic benefits of the NDIS are estimated to exceed its costs,** adding around 1 per cent to gross domestic product and saving $20 billion per year by 2035.



Letter of Transmittal

Bruce Bonyhady AM
Chair

15 October 2014

Senator the Hon. Mitch Fifield
Assistant Minister for Social Services
Parliament House
CANBERRA ACT 2600

Dear Minister

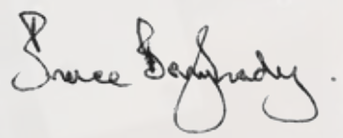
On behalf of the National Disability Insurance Agency (NDIA), I present to you the Annual Report for the reporting year 1 July 2013 to 30 June 2014.

The report provides a detailed description of the NDIA's operations during the year as well as financial statements and the Auditor-General's report on those financial statements.

The report has been prepared in accordance with the *Commonwealth Authorities and Companies Act 1997* (CAC Act), the associated Orders made under the Act, and in accordance with the *National Disability Insurance Scheme Act 2013*.

The report is made in accordance with a resolution of the Directors who are responsible, under section 9 of the CAC Act, for its preparation and content in accordance with the Finance Minister's Orders.

Yours sincerely



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> The NDIS was created because the current disability support system is so unfair and fragmented that the Australian community demanded change. The fundamental premise of the NDIS is that people with disability, their families and carers are at the heart of the Scheme.

Message from the Chair

As the Chair of the Board of the NDIA it is my pleasure to present the first annual report.

In addition to fulfilling our legislative reporting requirements, this first annual report aims to set out the story of the foundational year of the NDIS.

The NDIS was created because the current disability support system is so unfair and fragmented that the Australian community demanded change. The fundamental premise of the NDIS is that people with disability, their families and carers are at the heart of the Scheme.

Over the past year, the NDIA has been working tirelessly towards these goals, learning and building from the trials to ensure the Scheme is sustainable and can be delivered across Australia.

As of 30 June 2014, the NDIA had approved 7316 plans for people with disability, providing them with the reasonable and necessary support they require to lead an ordinary life. As a result, children and adults with disability are undertaking everyday tasks including using playgrounds, learning to drive, catching a public bus, going to the library, and joining organisations like the Girl Guides so they can make new friends. People with disability, their families and carers are also being provided with the opportunity to enter the workforce. The human results, measured in gains of personal independence and, for some, workforce readiness, are powerful and transformative at an individual and societal level.

A vital feature of the NDIS is that, in addition to formal supports, the Scheme enables people with disability to achieve their goals by providing access to community and mainstream services through the assistance of a Local Area Coordinator (LAC). The utilisation of the coordinator recognises that the NDIS is as much about community engagement and improved access to mainstream services, as it is about the provision of funded supports. The Board is committed to embedding the LAC role in the Scheme as we build the Scheme for rollout across Australia.

Of course, not all aspects of the NDIS and its implementation, so far, are perfect. Evidence given to the Joint Standing Committee on the NDIS earlier this year shows there are aspects of the Scheme that need to be improved. This, however, is part of the very nature of a trial period.

As this report outlines in detail, the NDIA is deliberately being built as a learning organisation that grows on the basis of evidence. If the initial blueprints that began with the pioneering work of the Productivity Commission can be considered NDIS 1.0, and the founding design of the Agency can be considered NDIS 2.0, then the focus for 2014–15 outlined in this report is helping to create NDIS 3.0. It and each of its successors will be continually improved, based on knowledge, experience and further research.

Ultimately, responsibility for all of these critical strategic issues rests with the NDIA Board. The Board has established strong governance and risk management foundations, and I want to thank all Board members for their diligence and commitment to this great enterprise.

And I especially want to thank the NDIA's staff, many of whom have a unique degree of commitment to the cause of their new agency, built up through years of lived experience and active work to achieve equity for people with disability, their families and carers.

I commend this annual report to the Australian Government and I commend the work of the NDIA to those who ultimately own it: the people of Australia.



Bruce Bonyhady AM



Message from the Chief Executive Officer

> All NDIA staff understand that the organisation will only be successful if we adopt the strategy of 'learn-build-learn-build' and if people with disability are at the centre of everything we do.

Our successful first year has laid the foundations to improve the lives of the more than 460 000 Australians with disability, particularly by increasing their choices in life, and the many more people who support them. It has involved a number of significant elements, all of which are outlined in detail in this report.

First—the creation of a national headquarters for the Agency, based in one of the communities it works with, Geelong. More than 500 staff have been hired and work from locations that are purpose-designed for an Agency like the NDIA, with state-of-the-art amenities that set the standard for the APS, and indeed all organisations, in their accessibility for people with disabilities.

Second—as an agency which operates in line with insurance principles, we have created a strong actuarial culture, led by our Scheme Actuary and her team. Infusing this culture throughout the NDIA will ensure it remains well placed to actively manage the Scheme's performance and build the essential infrastructure, linkages and processes that will ensure the Scheme's future sustainability. Throughout our first year, our actuarial team have collected data that will enable continual improvements to our operations.

This process of data analysis and continuous improvement has already benefitted the NDIS, informing the significant changes that were made to the Agency's operations in January 2014 to improve cost control and streamline processes for taking on new participants. These sorts of changes have ensured that the Agency is on budget at the end of its first year and on track to be sustainable.

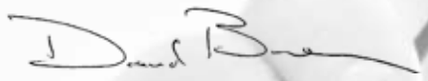
Third—processes of continual improvement as well as risk-management have been embedded in our operations. A number of important reviews have been undertaken that are now informing decisions about the timing and nature of growth of the NDIS. All NDIA staff understand that the organisation will only be successful if we adopt the strategy of 'learn-build-learn-build' and if people with disability are at the centre of everything we do.

On behalf of the executive team I want to thank the Board for their diligent oversight and leadership, the NDIA's staff for their hard work, passion and resilience in the inevitable environment of flux of a newly created Agency, and our service providers, participants and the Australian people for their support, patience and constructive criticism.

I would also like to acknowledge the work of the disability sector, and the Commonwealth and state and territory governments and officials, who have worked closely with us to design the Scheme. Collaborative relationships have, and will continue to, underpin the success of the NDIS.

Finally, I would like to particularly acknowledge the extraordinary work of the initial staff of the Agency, and the singular contribution of Ms Margaret Carmody. These early efforts laid the solid foundations on which every achievement since has been built.

Our second year promises further growth, achievement and lessons as we scale up to full size in the years ahead.



David Bowen

SECTION 1:
Year one for the NDIS

Enabling legislation

The NDIS was established under the *National Disability Insurance Scheme Act 2013* (the NDIS Act) and commenced on 1 July 2013. The NDIS Act (in conjunction with other laws) gives effect to Australia's obligations under the UN Convention on the Rights of Persons with Disabilities, and its objectives include:

- supporting people with disability to pursue their goals and maximise their independence and social and economic participation
- developing the capacity of people with disability to participate in the community and in employment
- providing reasonable and necessary supports, including early intervention supports, for Scheme participants
- supporting people with disability to exercise choice and control in the pursuit of their goals and the planning and delivery of their supports
- building a sustainable Scheme which is based on insurance principles.

The NDIS Act establishes the NDIA, which has statutory responsibility for delivering the NDIS. The functions and powers of the Agency are prescribed by the NDIS Act.

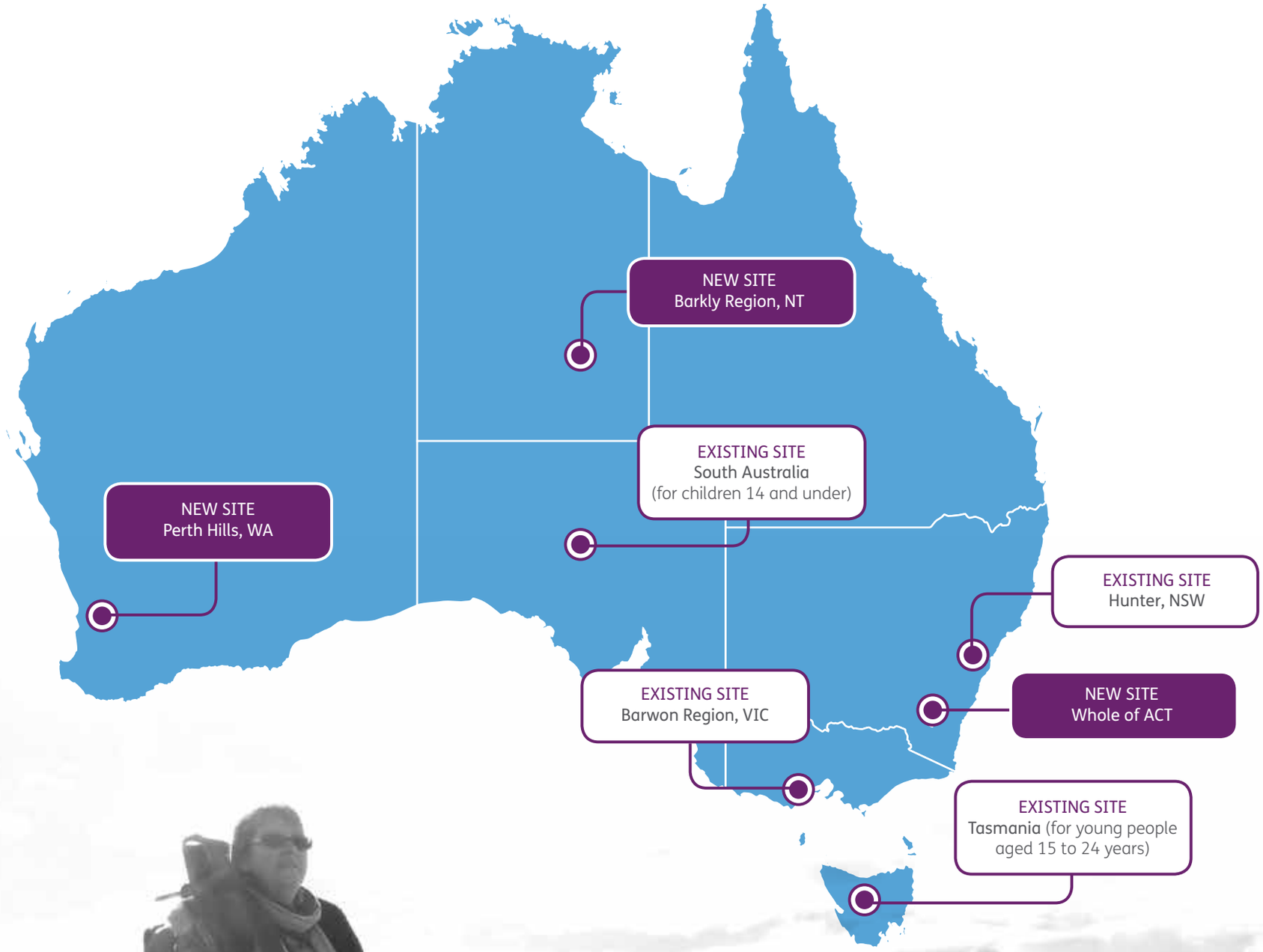
The Agency is also overseen by a Board, and is governed by the *Commonwealth Authorities and Companies Act 1997* (CAC Act). As of 1 July 2014 the Agency will be governed by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The Board has responsibility for ensuring the proper, efficient and effective performance of the Agency functions; and determining the objectives, strategies and policies to be followed by the Agency. The Agency's governance structure also includes an Independent Advisory Council (IAC), which is a body that provides advice to the Board on how the Agency is delivering the Scheme.

OVERVIEW

During 2013–14, the NDIA delivered the Scheme in four trial sites: the Hunter in New South Wales, the Barwon region in Victoria, Tasmania and South Australia. On 1 July 2014, these trial sites were expanded to include the whole of the Australian Capital Territory, the Perth Hills in Western Australia and the Barkly region in the Northern Territory.

In its first 12 months of operation, the Agency's focus was:

- building the NDIA's systems and capability for delivery of an entirely new and sustainable disability support model, which is based on insurance principles
- working with people with disability, their families and carers in each of the trial sites to provide support packages that optimise social and economic participation
- building community linkages and strong interfaces with mainstream services for people with disability, in particular through the use of LACs
- advancing the creation of a market for support based on the principles of choice and control for participants.



New & existing **trial sites**



Tina (right), with Vanessa
Photo credit: Stuart McEvoy/Newspix

Tina: choosing her own support package

Like many of us, Tina, 40 years from an Italian-Australian family, is determined to swim more. And she's determined to utilise a public pool and aqua-aerobics classes. With cerebral palsy and incomplete quadriplegia, she requires assistance with basic supports, but once she gets going, there's no stopping her. Tina chooses how she uses supports under her plan enabling her to flexibly use individual support hours so she can live more comfortably and reach her goals. She likes the idea that her plan can be tweaked at regular intervals to ensure she's getting the right level of support—not too little or not too much.

Supporting people with disability

Nothing is more fundamental to the NDIS than improving the lives of people with disability.

In its first year, the Agency has focused on delivering the Scheme in the four trial sites to best assist people with disability, their families and carers. This involves more than just putting together packages of support—it means genuinely communicating with, listening to, and leveraging the knowledge of the experts who know best about people with disability—people with disability themselves.

When a person becomes a participant of the Scheme it can be the beginning of a long-term relationship centred on their goals and aspirations and supporting their capacity for maximum social and economic participation. The Agency is focused on building these relationships with its participants, initially during the planning process and then throughout implementation and delivery of the plan according to the choices and desires of the participant.

The Agency's planning process takes into account these fundamentally important principles:

- engagement in the community – facilitating access to community and mainstream supports, not only as a way of supporting people with disability, but also breaking down the social contributors to disability
- sensitivity to the huge contribution of family members and carers who provide invaluable informal supports – the Agency is committed to working with participants, with input from their families and carers, when desired by the participant, to help those informal supports remain sustainable.

Major achievements for the first year include:

- establishing seven offices across four trial sites: the Hunter of New South Wales, the Barwon region of Victoria, Tasmania and South Australia
- 8585 people met the access criteria for the Scheme and became participants
- 7316 participants were receiving reasonable and necessary supports under an approved plan
- more participants are increasing their independence, enrolling in accredited courses and obtaining qualifications, and gaining more confidence through acquiring new skills and increasing their community participation.







Jo: the NDIS is about achieving personal goals

Jo is an Assistant Director of Engagement at the NDIA in South Australia. She's also the mother of Liam, who is almost four years old and has Down syndrome. She has a simple way of explaining what the NDIS has done for her son. If her son could talk, she says, he'd say that what he really wants to do is go down the slide head first. Knowing this, Liam's Occupational Therapist helped him learn to go down the slide safely. Together with the family, Liam's goals were shared with his childcare centre and his family bought him a slide at home where he now descends with his mother's help. 'The funded supports are important but Liam's goals are not achieved with funded supports alone. Liam achieved this goal with funded supports for Occupational Therapy and the combination of help from family, practice at the playground and childcare. It might sound like a small goal to many, but it's a big deal for Liam that he can now enjoy doing things at the playground like all the other kids.'





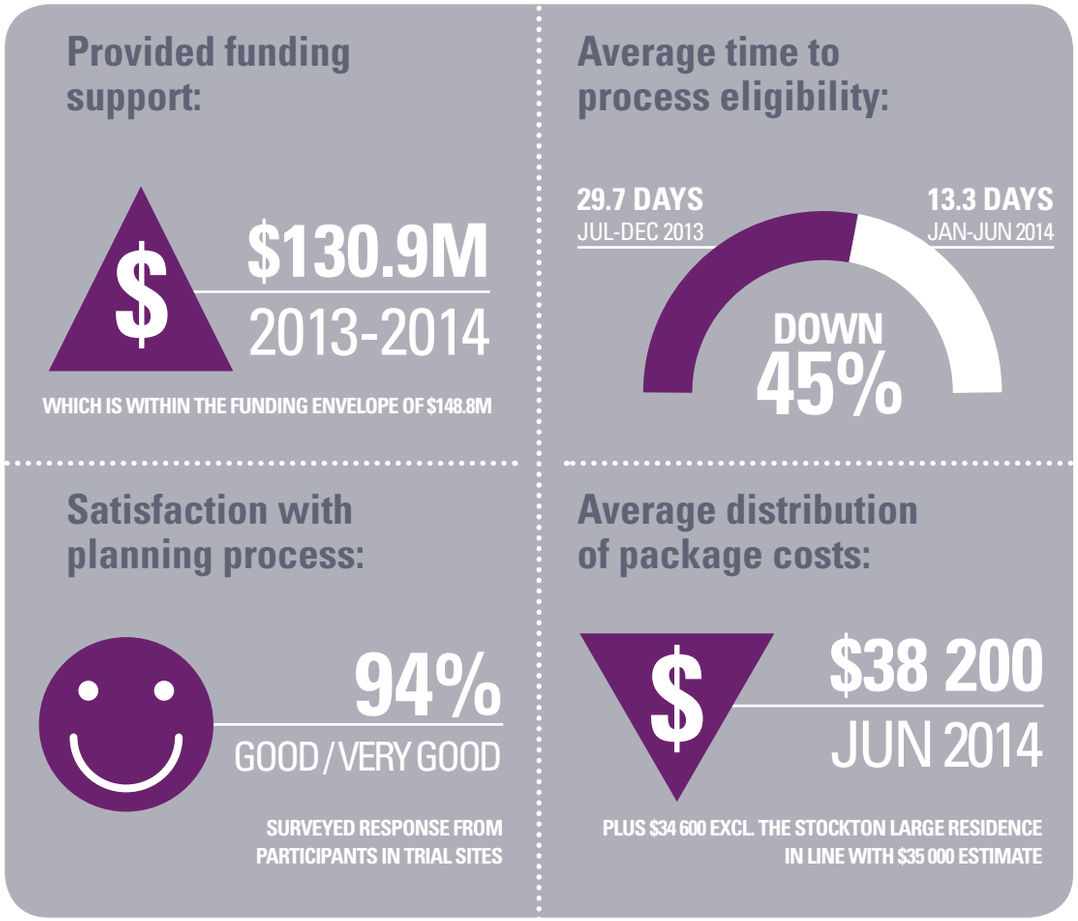
Shahni: work-ready!

For many years, Maitland mother-of-one Shahni Moore lacked the confidence to look for work after acquiring a brain injury in a bicycle accident at the age of 15. The NDIA asked her what she wanted to do with her life, and when she told them she wanted to work in office administration, they put her in touch with the right course and ensured she was supported through her studies. Now aged 31, Shahni has qualified as a legal secretary with a TAFE certificate in business administration. She didn't just skim through the course, she passed it with flying colours. Nothing can stop her now, as she looks forward excitedly to getting a job so she can meet new people, use her new business skills and earn a wage. The NDIS investment in Shahni is paying off already.

Achieving strong performance

Headline results from 2013–14 show that the NDIA's progress is extremely positive. Costs are under control, the Agency is driving efficiencies and participant satisfaction is extremely high:

- $130.9 million of support has been provided to participants in 2013–14—which is within the funding envelope of $148.8 million
- the average distribution of package costs at the end of June 2014 was $38 200 including the Stockton large residence, and $34 600 excluding Stockton large residence—broadly in line with the $35 000 average estimated by the Productivity Commission
- process improvements mean time taken for eligibility determination has fallen from an average of 29.7 days in July–December 2013 to 13.3 days in January–June 2014
- satisfaction levels among participants in the trial sites are very high, with 94 per cent of surveyed participants responding that they found the planning process either good, or very good.



Building the sector

An important function of the NDIA is to develop and enhance the market, including by facilitating innovation, research and contemporary best practice. During 2013–14, a number of sector-building initiatives were advanced:

- support provision: at 30 June 2014 there were approximately 1350 NDIS registered providers across the four trial sites, providing supports across diverse areas ranging from assistance with personal care to support with accessing and participating in the community, including support with obtaining employment
- sector development: the NDIA used the SDF to invest approximately $4.5 million in programmes and activities to help both individuals and organisations make the transition from Commonwealth, state and territory based systems to the NDIS
- market development: work commenced to identify and prioritise areas of work and implement action to grow the market and help current providers make the transition to a market driven business model
- pricing: in conjunction with National Disability Services (NDS), a methodology for determining an efficient price for personal-care and community participation support was developed. This methodology set an efficient price at a level that aims to enable providers to deliver the high quality supports that participants need and want. The NDIA has introduced a transition price that will help providers during the transition to the new arrangements.

AT Mentors Pilot

An innovative provider involving carers and the community

Assistive technologies have a huge role to play in the future of the NDIS. The AT Mentors Pilot is a project under the SDF being undertaken by the Independent Living Centre New South Wales in the Hunter and Tasmania trial sites. The project aims to formalise the informal processes existing for some but not for all people with disabilities when selecting their assistive technology or home modification solutions. The project aims to train, recruit, support and develop a network of people with disabilities and carers with lived experience of assistive technology who mentor, inform and support the decision making of their peers. The project aims to improve participants' capacity to make decisions for themselves and to create a new career option for them in providing this service.



Creating an *insurance* scheme

The NDIS is a scheme based on four insurance principles:

1 **Actuarial estimate of long-term costs:** this estimate will be a living reflection of emerging experience of utilisation and cost, and will assist the Board and Agency to ensure the Scheme is financially sustainable.

2 **Long-term view of funding requirements:** unlike historic welfare schemes, the NDIA takes a lifetime view of the need for support of participants and Scheme sustainability, and seeks to maximise opportunities for early investment and to support the contribution made by families, carers and the community.

3 **Investment in research, innovation and outcome analysis:** to support insurance-based governance and long-term planning, the NDIA will invest in research and will encourage and build the capacity and capability for innovation and outcome analysis.

4 **Investment in community participation and building social capital:** to further support long-term investment, the NDIA will, over time, invest at a systemic level in addition to providing for individual supports. This includes (a) encouraging the use of mainstream services to increase social and economic participation of people with disability, and (b) building community capacity and social capital, which will be particularly important for people with disability who are not participants. The ongoing implementation of the National Disability Strategy by governments will support this work.



Establishing an insurance capability

The development of a strong insurance capability is vital for driving the focus on outcomes for people with disability and to the long-term success of the Scheme. Accordingly, during 2013–14, the NDIA has focused on establishing an insurance capability, and embedding an insurance culture across the Agency.

To guide the development of its insurance-based model and continually assess the Scheme's liabilities, the NDIA has established its own independent actuarial team. The Scheme Actuary is continually assessing the financial sustainability of the Scheme and provides NDIA management and the Board with information on Scheme performance from which decisions can be made to ensure the Scheme remains financially sustainable.

The Scheme Actuary is responsible for producing the annual financial sustainability report and quarterly reports, developing a detailed monitoring framework of continuous evaluation, and ensuring that Agency staff understand and apply the insurance principles of the Scheme.

A summary of the Scheme Actuary's *Annual financial sustainability report 2013–14* can be found in Section 4 of this report.

Building an insurance-based investment culture

Because the NDIS is founded on insurance principles, the NDIA is focused on investing in people for the longer-term. Through education, training, employment and providing new equipment like hoists and communications technologies, the independence of participants is being lifted in life-transforming ways, resulting in better quality of life and the development of a sustainable Scheme.



Sarah: Scheme Actuary

Scheme Actuary Sarah's involvement in the NDIS goes back to the beginning. She was seconded from PricewaterhouseCoopers to work on the Productivity Commission Inquiry that led to the Scheme's creation back in 2010. She believes its goal of meeting the needs of people with disability is incredibly important and motivating and believes it's the NDIS's actuarial approach that makes it such an exciting prospect. For the first time, she says, we have person-centred data that allows us to understand with necessary precision what supports individual participants are getting. This is a great advance on the administrative data previous disability programmes have had to rely upon, which told us more about the services than the users. With our data getting richer every day, we're continually improving our understanding of how to provide the supports people need in a sustainable way.

Chloe: getting her wheels

Chloe, who is 19 years old and has an intellectual disability, came to the NDIA not having previously received any supports outside of school. She told the Agency in her planning sessions that her goals were to find a job and get her driver's licence. One of the NDIA's LACs, helped link Chloe to a disability employment service which has organised work experience for her at her local IGA supermarket and has enrolled her for driving lessons. After two more lessons, Chloe will be going for her licence.



Chris: a good investment

Chris, who is 48, transitioned to the NDIS in July 2013. At his request, the NDIA helped him find a new provider who changed the focus of his assistance to individual life and personal skills development, improving his ability to budget his own finances and use public transport. As a result, Chris's independence has increased whilst the cost of providing the support he needs has reduced from $85 000 to $48 000 per annum. The NDIA's person-centred approach gave Chris a voice and enabled him to take control of the things that matter to him.



Joseph: looking to refine his artistic skills

Joseph is an award-winning Tasmanian artist who is never without a paintbrush or camera in his hands. With Down syndrome and Autism Spectrum Disorder, Joseph previously needed his mother Lois to help with his daily care, including shaving, washing and at meal times. She was also his only means of getting around, including to his day activities. Both are delighted with the NDIS's personalised support planning, which Lois says she hopes will help Joseph get extra art tuition through a TAFE or Adult Education Centre. Having the NDIS around also means less stress and greater peace of mind for Lois who is now confident that her son will have more opportunities to participate in society in a safe and caring environment, especially as she gets older and less able to do all she does now for Joseph.

Contributing to national economic reform

The design and creation of the NDIS make it an important economic reform. As detailed in reports by the Productivity Commission and PricewaterhouseCoopers, the long-term economic benefits of the NDIS are estimated to exceed its costs, adding around one per cent to gross domestic product and saving $20 billion per year by 2035.

The NDIS's design and first year of operations are illustrating the ways in which it will contribute to the creation of a more productive as well as more inclusive nation:

- it is efficient—at full rollout it is expected that only 7 per cent of NDIS costs will be spent on administration, with 85 per cent of NDIA staff roles dealing directly with people with disability
- it is an exemplar of government only doing what people cannot do for themselves—the Scheme is engaging the whole nation, including family, friends, the mainstream community and community-based service providers, to be part of the solution
- the method of designing the NDIA—a small national office rapidly scaling up and a series of trial sites—is allowing the Agency to uncover and resolve potential problems, especially those with major cost implications, at an early stage, before the Scheme reaches its full size.



Girl Guides: helping them be a part of a caring NDIS Community

The NDIA isn't about building a bureaucracy; it's about building communities that include people with disability as true equals. One of the Agency's younger participants, a 12-year-old girl with developmental support needs, has let us show how. The Agency's worked with her local Girl Guides to help them understand how they can make her feel a valued member of their active troop. The NDIS approach has also supported her to take part in dance and drama classes and participate in her local library's BARK therapy dog programme to improve her reading and writing skills and assist with her schooling. Her parents believe this will develop her confidence, improve her ability to communicate and help her make friends.

Creating a new Agency







Establishing a new National Office

In the first 12 months of its three-year trial phase, the NDIA has successfully laid the foundations of a new piece of social infrastructure that will improve the lives of people with disability:

- The NDIA National Office in Geelong opened by the Prime Minister, the Hon. Tony Abbott MP, on 30 April 2014—is contributing to Geelong's renewal and enabling the NDIA to leverage existing examples of insurance excellence in the region
- All NDIA workplaces, including the new National Office, are fully DDA Act compliant—meeting the Scheme's aim of setting a new standard for Australians with disability in employee and participant accessibility.

Building a motivated workforce

As a new Agency, the NDIA had to begin building its national workforce from the ground up:

- At 30 June 2014, 516 NDIA staff were employed across the trial sites and National Office.
- Nearly 11 per cent of the workforce identifies as having disability (compared with around 3 per cent for the APS) and 53 per cent identifies as having a lived experience of disability—contributing to the Agency's aims of being an employer of choice for people with disability and ensuring the Scheme is built on an understanding of and connections with the lives of Australians with disability.
- The Agency has been diligent in hiring people with disability into peer support and planner roles, and regards diversity as essential to making its workforce stronger.
- A low voluntary separation rate (the measure of people choosing to leave employment in the NDIA) of 6.9 per cent in 2013–14 reflects the passion that the Agency's staff have for their work.



Petra: putting hope into action

Petra is a Senior Advisor in the Governance Section of the NDIA and provides high-level administrative support to the organisation's decision-making bodies, including the IAC and the Executive Management Group (EMG). Like many of its employees, Petra actively sought a position with the Agency in late 2012 in Canberra, and subsequently relocated to the Agency's National Office in Geelong. Petra relishes her new life in Geelong and being part of the NDIA family.

Petra's commitment to her role stems from her lived experience of family members with disability, including her older brother, Jarrod, who lives with mild cerebral palsy and visual impairment. Her motivation comes from witnessing her brother's ongoing resilience and community work—having dedicated 10 years of service to the New South Wales State Emergency Service—and this inspires her to be part of a Scheme designed to provide a better life for people with disability and their families. Petra hopes that facilitating independence, self-management and genuine community engagement will build an Australia which sees disability differently. To Petra, the NDIA is about more than providing reasonable and necessary supports to people with disability—it is about affording people the dignity of 'choice and control' over their own lives and helping them re-imagine their futures.

Petra previously worked as a Case Manager to provide direct support for people with psychosocial disability and commenced a Masters of Arts in Social Policy at the University of Sydney. She then joined the NDIA's Legal Team through a six-week internship offered via the University, where she had the opportunity to draft NDIS Rules, which are legislative instruments providing the scaffolding to the Scheme, and the first tranche of Operational Guidelines. Petra is also an active contributor on the policy front and to the Agency's culture, having championed a Mental Health First Aid Training course for Agency staff including trial site staff at the 'front line', and is an active member of the National Office Social Club. Petra is committed to growing with the Agency and building an optimal NDIS for all Australians.



Heidi: from raising awareness to capacities

Qualified lawyer, social worker, mother of two adult children and former disability activist Heidi had spent years searching for professional work to match her qualifications but found employers too risk-averse to take her on. Now at the NDIA as Regional Support Officer in the Hunter site, Heidi has the job of contacting participants who need a support plan and assisting them with putting their plans into action. It's a highly varied task, involving assessments for wheelchairs and other equipment, finding speech pathology and other therapies, or education and training courses, and helping find jobs. Part of Heidi's role is to help connect people with disability with community organisations—which might be local youth groups, nippers, computer games clubs or craft groups. This is where her experience as an activist is useful—because she understands that success is often about building awareness. 'People usually don't have to do much to include people with disability,' she says; 'instead of just seeing a disability, they just need to see a little boy or girl who wants to get involved.'



Jennifer: this is something government should be doing

Like many who work at the NDIA, Jennifer has a family member who may need the NDIS's help, but that's not the sole or even main reason why she joined the Agency. Jennifer is a believer in government, and she believes government has no worthier task than helping its citizens live with dignity. She says the principles of the NDIS, like choice and control, are clear and settled; the task now is to turn those lofty ideals into a reality. It's a duty she has thrown herself into, first as part of the legal team helping negotiate the NDIA's legislation and rules, and now as the Executive Officer to the CEO.

An inclusive and expert Board

The NDIA reports to an independent Board whose members are jointly nominated by the Commonwealth, states and territories.

The Board is responsible under the NDIS Act for ensuring the proper performance of the Agency's functions. Its members have a deep and highly relevant range of skills and experience across business, government and the not-for-profit sectors; and across insurance, economics, disability, human services and health.

The current members, appointed for three-year terms commencing on 1 July 2013, are:

- Chair—Mr Bruce Bonyhady AM
- Dr Rhonda Galbally AO
- Ms Geraldine Harwood
- Mr John Hill PSM
- Mr Glenn Keys
- Mr Martin Laverty
- Ms Fiona Payne
- Mr John Walsh AM.

One of the crucial acts of the Board in its first year was the establishment of strong governance foundations, which are reflected in the NDIA's first strategic plan (***2013–16 Strategic Plan***).





Independent Advisory Council

The IAC was established in June 2013 under the NDIS Act to provide advice to the NDIA Board from the experience and networks of members. Its role is to advise the Board of on-the-ground issues and the experiences of support providers and participants related to the NDIA's operations.

Current members of the Advisory Council are:

- Principal Member – Dr Rhonda Galbally AO
- Dr Ken Baker
- Mr Dean Barton-Smith AM
- Ms Jennifer Cullen
- Mr Kurt Fearnley OAM
- Ms Lois Gatley
- Ms Sylvana Mahmic
- Ms Janet Meagher AM
- Ms Joan McKenna-Kerr
- Dr Gerry Naughtin
- Mr Michael Taggart
- Mr Dale Reardon.

In 2013–14, the Council considered issues related to how the Agency has built into its operations:

- choice and control—how participants are experiencing choice and control over the supports they receive
- restrictive practices—providing feedback to the NDIA on issues to consider related to the National Framework for Reducing the Use of Restrictive Practices in the Disability Sector
- self-management—examining functional ways in which participants' self-management of their supports can be increased
- co-design—through the holding of roundtables that engage community members in discussions about their experience of the Scheme. To date, two successful roundtables have been held in Tasmania, with the next being held in the Hunter and Barwon region
- participant outcome measurement—providing support for developing an outcomes framework in line with the NDIS Act and the *2013–16 Strategic Plan.*

Building for the Future

The nature of the NDIA's birth as a transition organisation overseeing a limited but increasing number of trial sites makes it first and foremost a continuous-learning organisation.

There are many big tasks ahead in the short to medium term:

Reasonable and necessary support for participants

- From 1 July 2014, participants may 'roll-up' or 'bundle' supports to increase flexibility in the way they use their funds. The Agency will introduce further options for bundling throughout 2014–15.
- Improving interaction with Indigenous and culturally and linguistically diverse (CALD) Australians will be a priority in 2014–15.
- A variety of new operating models will be trialled in the Agency's three new sites (Perth Hills, the Australian Capital Territory and the Barkly Region, Northern Territory) and the MyWay model in Western Australia.
- The Agency will reinvigorate co-design so that the Scheme is fully inclusive of people with disability.
- The Agency will undertake further work to develop strategies for supporting individuals with a psychiatric condition under the Scheme.

Sector development and support

- Work will continue on the development of a scalable, sustainable and effective full scheme operating model.
- Work is underway to ensure those people not requiring formal supports are comprehensively supported by community and mainstream services and the Scheme's sustainability is assured.
- Work on building a market for disability services will continue throughout 2014–15 for both demand and supply.
- The Agency is working with the Department of Social Services (DSS) to develop a workforce strategy for the disability sector. This strategy will ensure that there is a sufficient supply of people with the right values and skills to provide the services required by participants.

Agency costs

- The Agency will develop an outcomes framework to measure individual participant outcomes.
- The actuarial team is developing a lifetime cost estimator to assist planners with developing innovative ways of providing funded supports.









Siobhan with Paralympian and NDIS Independent Advisory Council member Kurt Fearnley.
Photo credit: Chris Munro/Red Hot Shotz

Siobhan: aiming for the Paralympics

Hunter teenager Siobhan's dream of representing Australia at the Paralympic Games is even closer thanks to the support of the NDIS. The 14-year-old has just made the Australian Paralympic Committee's Targeting Tokyo 2020 high-performance development squad.

Siobhan, who has severe cerebral palsy requiring use of a power chair and communication device, plays boccia and is now able to access a ramp assistant to help with her training.

The NDIS has given Siobhan and her family flexibility and control with their disability support. Their plan also includes funding for activities that develop Siobhan's confidence and independence.

Siobhan is one of 2300 Hunter locals to have an individualised NDIS support plan in place in the first year of the Scheme's trial.

SECTION 2:
Performance report



This section of the 2013–14 Annual Report covers the Agency's performance in areas for which activity is measured across the NDIA. This includes detailed performance reports based on the outcome and programmes framework and performance information set out in the *2013–14 Portfolio Budget Statements* and *Portfolio Additional Estimates Statements 2013–14.*



The Agency has one outcome against which it reports in the 2013–14 Annual Report:

Outcome 1—To implement a National Disability Insurance Scheme that provides individual control and choice in the delivery of reasonable and necessary care and supports to improve the independence, social and economic participation of eligible people with disability, their families and carers, and associated referral services and activities.

The Agency measures its performance against this outcome under three result-area programmes:

- reasonable and necessary care and support for participants
- sector development and support
- Agency costs.

The Agency's performance against these specific programmes, including key performance indicators (KPIs), is set out below. The KPIs are those contained in Portfolio Additional Estimates Statements 2013–14, and reflect the Integrated NDIS Performance Reporting Framework Annex to the Intergovernmental Agreement on NDIS Launch. As the Agency is only in its first year of operation, this Annual Report does not include actual results achieved for the Agency in 2013–14. Instead, commentary and relevant statistics are included against each KPI.

As a crucial part of the Agency's role in building the NDIS based on lessons learned from the trial sites, each programme also contains an assessment of the operational changes that have been made during the 2013–14 financial year.

In addition to the KPIs in the Portfolio Additional Estimates Statements, the Board has developed a 2013–16 Strategic Plan against which it assesses Agency performance and Scheme success. The Board has provided its first report against the goals in the Strategic Plan, which can be accessed at www.ndis.gov.au.

Discussion and analysis of financial performance

Completion of annual financial statements

The Audit and Risk Committee endorsed the signing of the Financial Statements and the Australian National Audit Office (ANAO) issued an unqualified audit opinion on 24 September 2014.

Scheme performance statement

As at 30 June 2014, 8585 participants were determined eligible for the Scheme of which 7316 participants had an approved plan. $285.4 million of support has been committed to these participants with approved plans. Of this $285.4 million, it is estimated that $130.9 million (46 per cent) was provided in 2013–14 (including actual paid to date). The funding envelope based on the bilateral agreements for 2013–14 is $148.8 million, including both cash and in-kind. Overall, for participants who have entered the Scheme in the first 12 months, committed support for 2013–14 is around 88 per cent of the funding envelope.

Sources of funds 2013–14

The Agency was primarily funded through $198.4 million cash received from the Commonwealth Government and $48.7 million cash received from state and territory governments. In addition, the Victorian Government contributed $4 million to assist in the set-up of the National Office in Geelong. The Agency also received $23.3 million of in-kind income from the Commonwealth, state and territory governments in the form of provision of services.

Financial outcome 2013–14

In 2013–14, the Agency received income of $276.5 million and achieved an operating surplus of $18.0 million for the year.

At 30 June 2014 the Agency held $122.3 million in cash or cash equivalents. The cash was primarily generated by a delay in expenditure from sector development funding while a strategy for expenditure was developed, and delays in participant claims as a result of Scheme start-up and new arrangements with providers and jurisdictions.

Independent entity

2013–14 is the first year of operation as a legally separate and financially independent entity. During the year the NDIA met all of its financial targets and implemented policies and procedures for governance and financial control, as well as appointing all corporate support personnel.

Programme 1.1 – Reasonable and necessary support for participants

Major achievements

Trial sites

The NDIA began operations on 1 July 2013, when it opened four trial sites—Barwon in Victoria, Hunter in New South Wales, Tasmania and South Australia. The location or cohort of participants that enter the Scheme at each site is determined by legislative rules based on bilateral agreements between the Commonwealth and each of the host jurisdictions.

As at the 30 June 2014, 8585 participants were eligible for the scheme and 7316 participants were receiving reasonable and necessary supports under an approved plan.

The Hunter, New South Wales
The NDIS commenced in the Hunter, NSW on 1 July 2013. Between 2013 and 2016, over 10 000 people in the local government areas of Newcastle, Lake Macquarie and Maitland will access the Scheme. As at 30 June 2014, the Hunter trial site had 2612 participants who were eligible for the Scheme, and 2268 participants under an approved plan.

The Barwon Region, Victoria
The first stage of the NDIS in the Barwon area commenced for residents living in the local government areas of City of City of Greater Geelong, the Colac-Otway Shire, the Borough of Queenscliff and the Surf Coast Shire. By 1 July 2016, all Barwon area residents with significant and permanent disability—around 5000 people—will have access to the NDIS. As at 30 June 2014, the Barwon trial site had 3219 eligible participants who were eligible for the Scheme, and 2907 participants who were receiving reasonable and necessary supports under an approved plan.

Tasmania
In Tasmania, the trail stage of the NDIS covers young people across Tasmania aged between 15 and 24 years. A key focus of the Tasmanian site is improved supports to transition participants from school, to further education, vocational training, employment, or to more involvement in the community. As at 30 June 2014, the Tasmanian trial site had 833 eligible participants, with 786 participants receiving reasonable and necessary support under an approved plan.

South Australia
In South Australia, the first year of the trial focused on children from across the state aged under six years with significant and permanent disability or who would benefit from early intervention. As at 30 June 2014, South Australia had 1921 eligible participants, with 1355 participants receiving reasonable and necessary support under an approved plan.

Josh: living independently

Josh is a 26-year-old from Newcastle who was born with Down syndrome. Like most young men, Josh wanted to live independently from his parents in his own home. Last year Josh and his family found a group home for Josh to rent with his mates Michael and Fraser. The home, in close proximity to public transport and supermarkets, allows them to live more independent lives, reassuring their parents that their housing is secure for the future.

The NDIS is helping to provide funded supports for the boys—Josh and his mates are able to choose their own carers to come into the home and teach them important life skills. They are now learning to cook, manage their finances and complete the household chores. Josh and his friends have surprised their families with the progress they have made since moving out of home.

Josh with his father Phil. Photo credit: Dean Osland/Fairfax



Profile of NDIS participants

People with intellectual disability (including Down syndrome and other intellectual or learning disability) represent the highest proportion of approved plans.

People with Autism and related disorders represent the second highest proportion of approved plans, (higher in South Australia and Tasmania because of the younger cohorts). In South Australia, there are commensurate rates of developmental and global developmental delay, reflecting the younger cohort (**Figure 1A and 1B**).

FIGURE 1A: TRIAL SITE PARTICIPANTS BY PRIMARY DISABILITY AND STATE

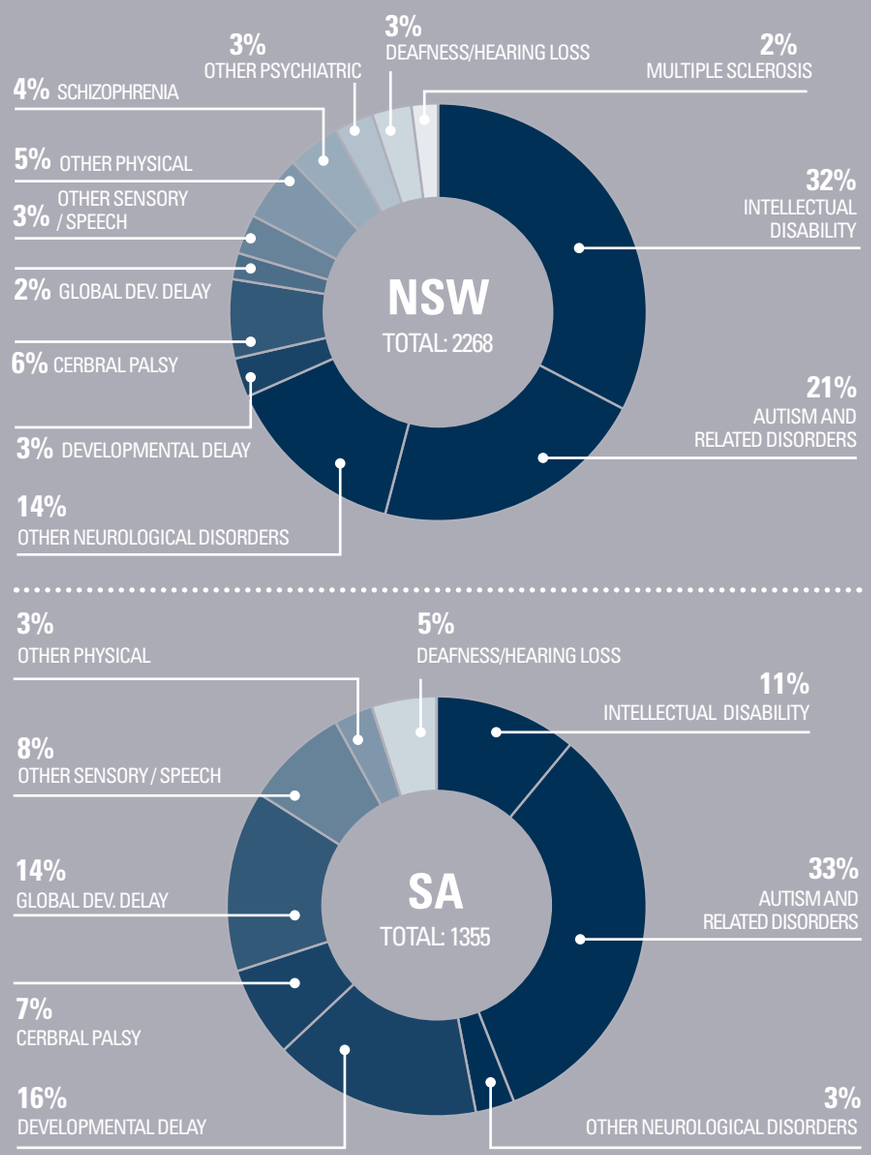
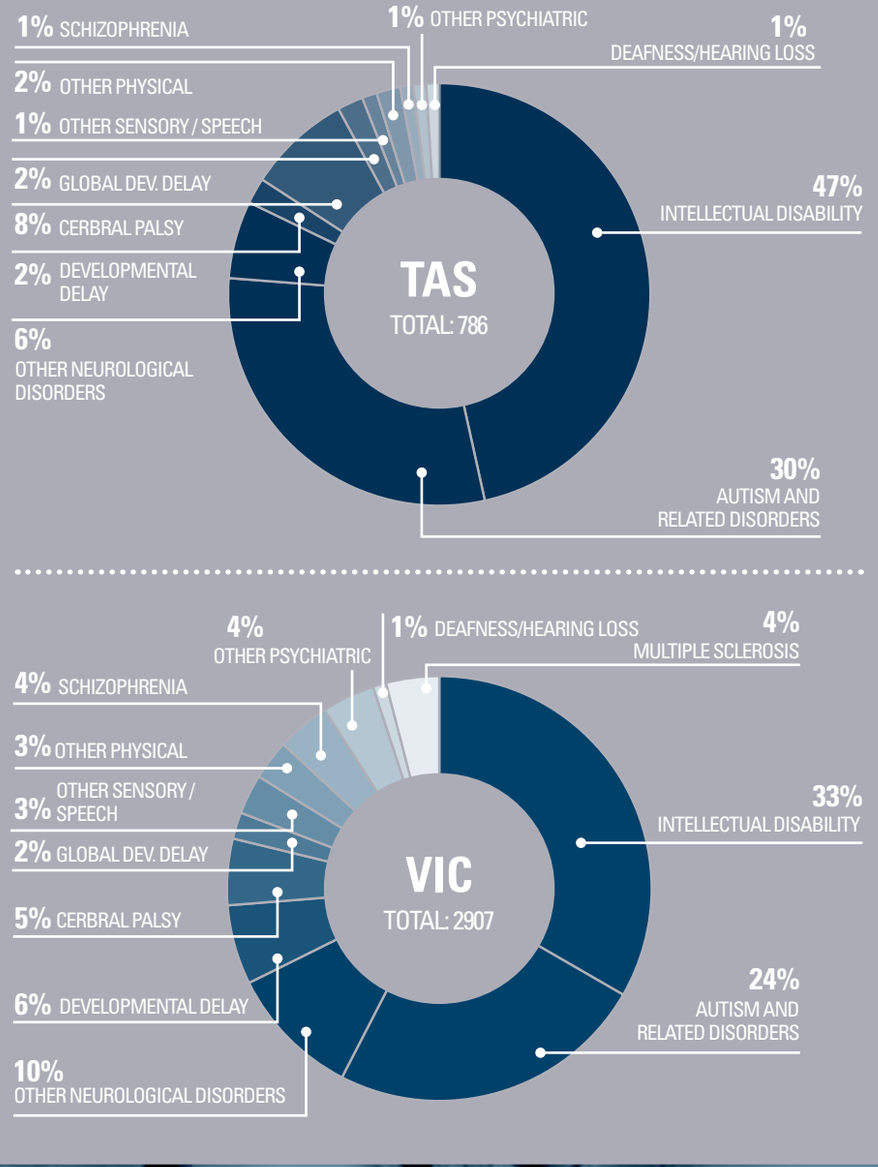


FIGURE 1B: TRIAL SITE PARTICIPANTS BY PRIMARY DISABILITY AND STATE



The supports in approved participant plans assist with a number of aspects of daily life. Most commonly (in dollar terms), funded supports assist participants with communication, self-care, community (social and civic), general tasks and demands, and mobility. **Figure 2A and 2B** shows a breakdown by funded support category of supports provided to participants at each of the four trial sites.

FIGURE 2A: TRIAL SITE PARTICIPATION BY FUNDED SUPPORT CATEGORY AND STATE

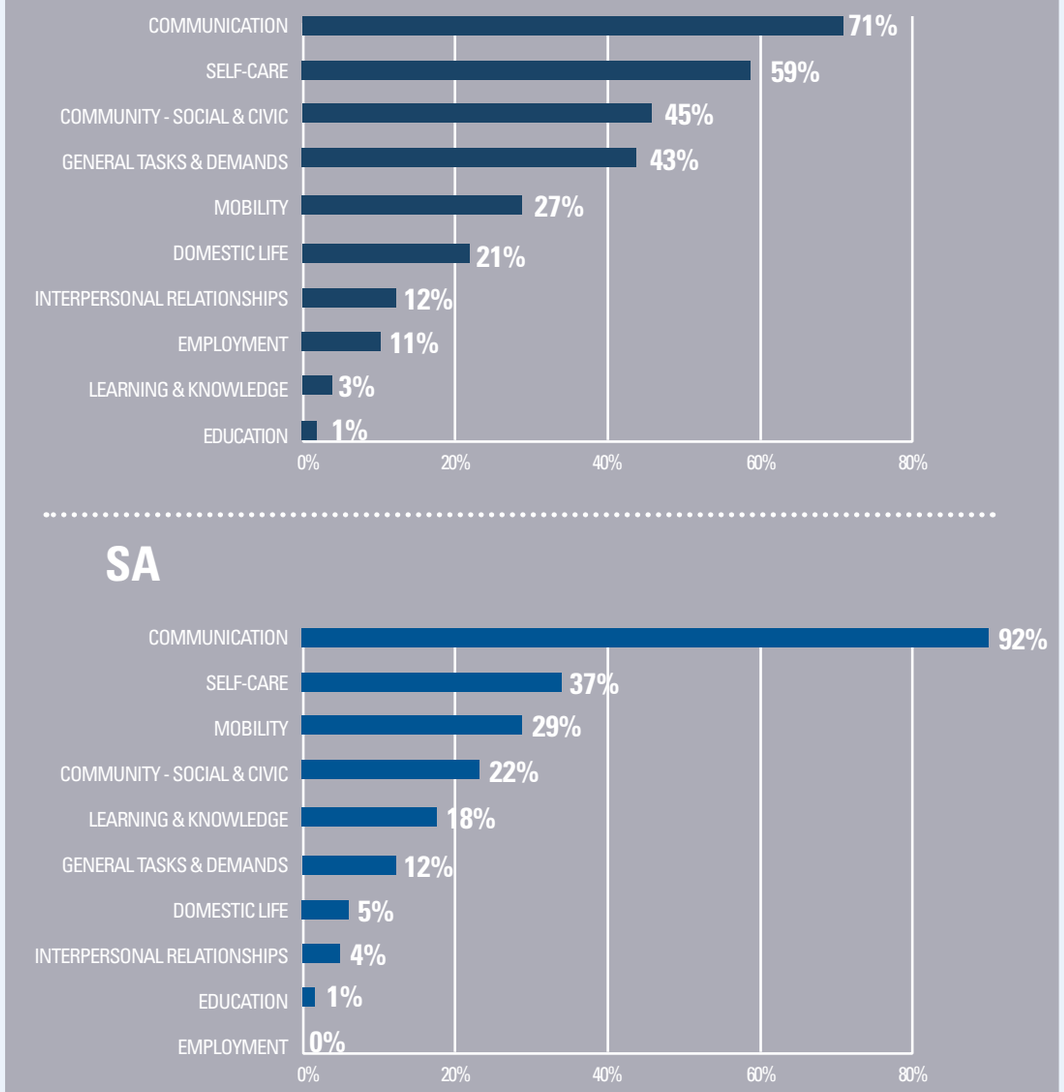
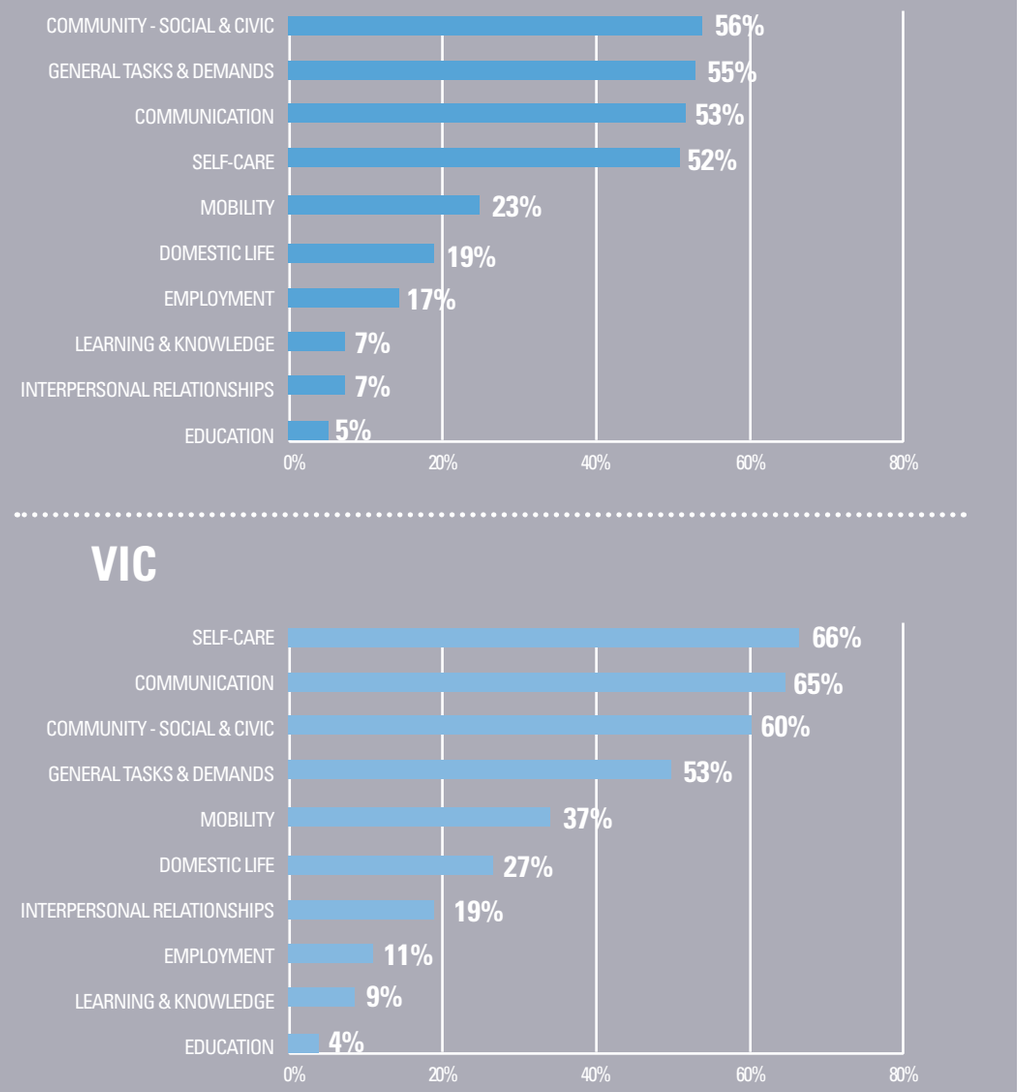


FIGURE 2B: TRIAL SITE PARTICIPATION BY FUNDED SUPPORT CATEGORY AND STATE



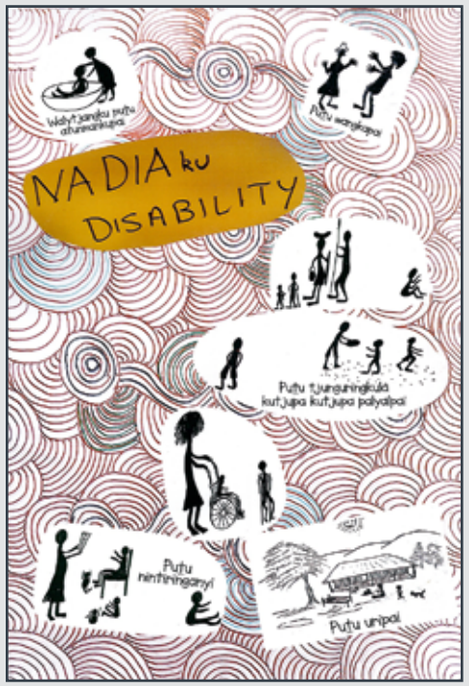
The NDIS in remote South Australia

One of the NDIS's most important responsibilities is to improve disability services in remote Australia. In 2013-14 the South Australian trial site established two projects with Indigenous families and carers of children with disability, in the Anangu Pitjantjatjara Yankunytjatjara Lands (APY Lands) and in the Maralinga Tjaruta Lands in the Yalata and Oak Valley communities.

The APY Lands project is run in partnership with the Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council in Alice Springs. The Yalata and Oak Valley project is run in partnership with Tullawon Health Service and Kakarra Wilurrara Health Alliance Health Alliance. The projects work with local contacts with existing links to the communities, to coordinate and support the planning process and to make recommendations including for delivery of supports.

The project in the APY Lands is working with senior community leaders who provide advice on the introduction of the scheme to their communities including translating the principles and concepts of the scheme in a culturally appropriate way using art and the local Pitjantjatjara and Yankunytjatjara languages and explaining descriptions of disability so they are readily understood by local community members.

Nadiaku Disability: Drawing by Margaret Smith and Valerie Foster, NPY Women's Council , 2014
Tjitji Atunymankupai: Drawing by Anne Jack, NPY Women's Council, 2014







Vanessa and Tayla at home. Photo credit: Craig McCallum

Tayla: her mum has been able to return to work

Vanessa and Craig are the proud parents of two beautiful girls, Jenna and Tayla. Their youngest, Tayla, has Kleefstra Syndrome, a rare genetic abnormality that means she is unable to walk without support, is non-verbal and incontinent. She has also been diagnosed with Autism.

Tayla's NDIS plan covers funding for carers, therapists, continence products and equipment in their home. Tayla's carers and the family are encouraging Tayla to be more independent with her self-care. To aid in the process, an NDIS planner has helped the family to make home modifications to assist Tayla, including a special toilet seat, hand-rails and a stair lift. The family has experienced new-found flexibility as a result of these provisions, which is particularly helpful when family circumstances change and Tayla requires different hours of care from week to week.

This NDIS support has allowed Vanessa to return to work part-time and contribute more to the community.

External scrutiny







The NDIA welcomes external scrutiny of its operations and review of its decisions as a critical part of the Agency's commitment to continuous learning and improvement. The Agency recognises that especially during the transition from trial to full scheme, external scrutiny will play an important part in improving the NDIA's performance.

Joint Standing Committee on the NDIS

In April 2014, the Joint Standing Committee on the NDIS commenced an enquiry on the status of implementing the NDIS. As part of its enquiry, the Joint Standing Committee conducted hearings at each of the trial sites and at Parliament House. The Committee released its report on 29 July 2014. The Agency's response to this report is available at www.ndis.gov.au.

Ombudsman and human rights complaints

The Commonwealth Ombudsman received two complaints about the Agency during the year. The Agency provided file material and responses to the Ombudsman's questions. However, the Ombudsman had not made any findings as at the end of the financial year.

The Australian Human Rights Commission (AHRC) received two complaints in which the Agency was named as a party, together with the Commonwealth and state governments. One of the complaints was subsequently withdrawn by the complainant. The AHRC terminated the other complaint, after determining that there was no reasonable prospect of the complaint being settled by conciliation.

Administrative Appeals Tribunal

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

In the first year of the Scheme the AAT received 18 applications for review of Agency decisions, of which nine related to access and nine related to the supports funded under plans.

As at 30 June 2014 seven of the applications for review had been finalised, and 11 matters remained undecided. Of the finalised matters, two proceeded to a full hearing where the AAT affirmed the Agency's decision, one was varied by the AAT with the agreement of the Agency and the participant seeking review, and four were dismissed by the AAT because the decisions being challenged had not been through internal review by the Agency (which must happen before a person can seek AAT review).

The AAT published the reasons for its decisions in the two matters that went to hearing, as shown in Table 1.

TABLE 1: AAT REVIEWS 2013–14

MATTER	DECISION UNDER REVIEW	AAT DECISION
Mulligan and the National Disability Insurance Agency [2014] AATA 374 (13 June 2014)	Access - whether the applicant met the *substantially reduced functionality capacity* requirement in s 24(1)(c)	Agency decision affirmed – the AAT held that while the applicant's capacity for functioning in the areas of mobility, self-care and social interaction is reduced, it was not satisfied that his capacity in those areas was *substantially* reduced.
Young and the National Disability Insurance Agency [2014] AATA 401 (20 June 2014)	Supports in plan – whether a portable oxygen concentrator and insulin pump are most *appropriately funded by the Scheme*, and are not more appropriately funded by the Health System as per s 34(1)(f)	Agency decision affirmed – the AAT held that these supports are not most appropriately funded by the Scheme, observing that the fact that the health system does not fund what is essentially clinical treatment does not make it the responsibility of the Scheme.

Information Commissioner

There have been no judicial decisions or decisions by the Australian Information Commissioner or Privacy Commissioner affecting the Agency during the year.

Information Publication Scheme

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. The NDIA's IPS can be accessed at: www.ndis.gov.au/our-information-publication-scheme-entry.

Lessons learned

In the first six months of operation, the Agency learned important lessons about determining reasonable and necessary support for participants. A critical operational review was undertaken in January 2014 by the Board and the NDIA, which changed the way the Agency determines supports for participants and improved the Agency's business model. Highlights include:

Streamlining access. The Agency's process for assessing eligibility for the Scheme was slowing participant intake. In response the Agency simplified its processes by:

- reducing the need for evidence of the functional impact for many disability types
- developing clearer guidance for planners on eligibility requirements
- recognising equivalence eligibility for some people in state and Commonwealth disability programmes where the eligibility criteria matches that of the Scheme
- working with the states to gather existing information about participants' support needs.

Increasing emphasis on informal supports. In the first quarter, the costs of the plans approved were found to be above the average annualised package cost used for modelling Scheme funding. A review of decision making found that early plans included an over-reliance on formal supports. Changes were made to encourage planners to consider the role of community and mainstream supports as well as formal supports. These changes also reflect the fact that the NDIS is as much about community engagement and access to mainstream services as it is about the provision of funded supports.

Improving consistency and quality. An internal NDIA Quality Action Plan was implemented to enable the NDIA to better capture and analyse participant satisfaction feedback, then use this information to improve the Agency's performance.

Revising early intervention guidelines. The Agency's approach to supporting participants who require early intervention has been refocused to make it clear that early intervention should be considered in all cases, not just early in a diagnosis or in early life.

Implementing a Service Charter. The NDIA is revamping its service standards and expectations. This will be complemented by the development of an internal NDIA Quality Action Plan, and KPIs for NDIA staff on responsiveness to enquiries and complaints. The new service charter will be available on the NDIS website once finalised.

Expanding pre-planning sessions. These sessions assist potential participants and their families and carers to understand the planning process and to think and talk with the people who are important to them about what they want to have in their plan.

Releasing an NDIS planning workbook. These workbooks assist participants to identify their needs, goals and current supports in order to develop their plans.



Lynne with Stephanie Gunn, Barwon Trial Site Manager

Focus for 2014–15

Bundling supports. After a full year of operations, the Agency identified that participants required greater flexibility in their plans—this was always envisaged when the Scheme commenced, but was constrained by the Agency's IT system. To resolve this issue, participants with plans from 1 July 2014 will be able to 'roll-up' or 'bundle' supports into 'personal care', 'community access', 'transport' or 'interpreting and translating' to increase flexibility in the way they use their funds. Further options for bundling will be introduced throughout 2014–15.

Working with Indigenous and CALD participants and their communities. A priority of the Agency in 2014–15 is to improve interaction with Indigenous and CALD Australians. Indigenous Australians have some of the highest incidences of disability in Australia.

The Agency is currently developing both an Indigenous and Rural and Remote Service Delivery Strategy and a CALD Strategy. These strategies will ensure that the NDIA's delivery is based on, and adapted to, the differing needs of people with disability.

Trialling new operating models. Operating models at the Agency's three new trial sites—Barkly in the Northern Territory, Australian Capital Territory and Perth Hills in Western Australia—will trial combining planner and LAC roles to achieve continuity of relationships and streamlined processes so that people have less or more support during the planning process according to their needs. The MyWay site in Western Australia will also serve as another means of testing operating models, ensuring the NDIS ultimately adopts the best model.

Reinvigorating co-design. The NDIS was designed on a foundation of co-design. The Agency will reinvigorate co-design, promote continuous learning and make changes where needed so that the Scheme is fully inclusive of people with disability. The Agency values input from all stakeholders and will continue to use co-design processes to inform improvements to operational processes. This open approach establishes the need for including people with disability in any design of the best possible solutions.

Key performance indicators

Programme 1.1 Objective:
To deliver the National Disability Insurance Scheme to ensure people with disability are in control and have choices to appropriately support their independence and social and economic participation.

KPI	ACTIVITY (as demonstrated through the deliverables)
Participants in the NDIS achieve their goals for independence and social and economic participation	• Since commencement on 1 July 2013, the NDIA has supported participants to achieve their life goals, independence and social and economic participation. • Central to the planning process is the identification of a participant's goals. This is the basis for identifying the support a participant needs, and (where involved) how the LAC can assist to identify suitable community and mainstream services. • Over the past year, the NDIA has supported participants to engage in independent activities, including study, training, job-searching and volunteering. Participants have also been supported by LACs who work to link them with community and mainstream services to increase independence and minimise reliance on formal supports. • To support a goal-based approach, the NDIA has expanded its support for participants with pre-planning activities, ensuring that they are well-equipped to develop an individual plan. The NDIA plans to continue encouraging pre-planning and goal-based plans through the funding of individual capacity building supports via the SDF. • The NDIA is developing tools to collect qualitative data and measure participant outcomes, including an outcomes framework which is being developed by the Scheme Actuary, in consultation with the IAC. • During 2013–14, the NDIA funded the Ngaanyatjarra, Pitjantjatjara and Yankunytjatjara Lands Women's Council to assist Indigenous people with disability and their families and carers to understand how to develop appropriate or identify reasonable and necessary elements of a package.
Increased mix of support options and innovative approaches to provision of support in response to assessed need	• Each participant's plan is individual and there are few restrictions on how the participant chooses to access support that is reasonable and necessary. • The understanding of support is based on insurance principles, which means that innovative supports are encouraged if they lead to positive results in the longer-term and are consistent with Scheme sustainability. • The Board expects the range of supports participants choose will increase as the market grows in response to the Scheme. This will be supported by a market development strategy currently being prepared by the Agency. • As the Scheme progresses, greater information will be available on the range of innovative supports that are adopted by participants.
Participants in the NDIS are able and are supported to exercise choice	• Participants are increasingly managing their own plans, making informed choices and working with planners and family to identify their goals. • Currently two per cent of people solely self-manage all of their plan and 26 per cent self-manage some parts of their plan. The Agency is working with the IAC to understand issues impinging on the capacity of people with disability to self-manage. • It is anticipated that the funding provided to individual capacity building initiatives through the SDF will increase the capacity of participants to confidently exercise choice and control.

Ella: taking art classes to improve motor-skills and confidence

There are many stories from NDIS trial sites about the opportunities for participants and their families to lead an ordinary life. Five-year-old Ella's is just one of them.
Ella was born with spinal muscular atrophy, a genetic condition causing spinal cord nerves to deteriorate, weaken and eventually die. While Ella has one of the less-severe types of the disease, she requires a wheelchair and cannot stand or walk for long periods.

Ella cannot pursue ballet classes like her older sister but she has an interest in and a talent for art and craft.

Part of Ella's individualised NDIS plan includes support for community art classes designed for youngsters. The class has been the key to building Ella's confidence.
Ella's plan also includes in-home support and hydrotherapy. Her plan will be regularly reviewed and adjusted as she develops.



Budding artist, Ella, 5, practices her skills with sister, Ava, 7, at their Adelaide home.
Photo credit: Dean Martin/Newspix

Programme 1.2 – Sector development and support

Major achievements

Sector Development Fund

The SDF has been established to assist the disability sector—people with disability, families, carers, advocacy groups and service providers—transition to the new arrangements for disability support under the NDIS. Approximately $149 million has been made available for five years from 2012–13 and approximately $4.5 million of this has been spent or committed to date.

Part of the role of the SDF is to ensure supply by examining and funding mechanisms which support existing providers to make the transition, encourage innovation and change, and drive and shape demand. An important aspect of this is building the capacity of people with disability and their families to become active, engaged and assertive consumers.

Projects funded this year include:

- increasing awareness and understanding of the NDIS among people with disability and their families (National Disability and Carers Alliance and National Mental Health Council)
- raising awareness of the NDIS among people from Aboriginal and Torres Strait Islander background, including checks that the Scheme meets their needs (First Peoples' Disability Network)
- distributing the NDS Non-Governmental Organisation Readiness Assessment Tool and providing business support and coaching
- workforce recruitment and retention programmes—the Carecareers programme and ProjectABLE (NDS)
- funding for state and territory governments to undertake local capacity building projects.

In addition, funding will be provided to DSS to support a National Workforce Strategy for the disability sector.

The NDIA is currently developing a comprehensive disability services and supports Market Design Strategy. The Agency is considering ways the SDF can support this important work.

Pricing

The NDIA sets the maximum price it will pay for certain supports purchased on behalf of participants. In 2013–14, the NDIA undertook a joint working group with NDS and economic and accounting specialists to establish a methodology for an efficient price for personal care supports under the Scheme. The NDIA will provide a range of measures to help providers adjust to the efficient price and to help build a competitive market. It is expected that the efficient price will be used by the NDIA from 1 July 2016.

Arrangements for people not requiring formal supports

During the NDIS trial it has been agreed that arrangements for people not requiring formal supports will be funded by the Commonwealth and state governments will remain in place in trial sites for the foreseeable future. The NDIA has employed LACs directly, or through contracting and outsourcing arrangements. The NDIA has an active community engagement and communications agenda to ensure people with disability, their families, carers and other sectors understand the role of the NDIS. A Community Initiatives Development Fund is also being implemented as a small grants scheme.

Community inclusion and capacity development

The Community Inclusion and Capacity Development (CICD) fund for the 2013–14 financial year was utilised across the trial sites to fund projects that assisted not-for-profit and community organisations to increase social and community participation for people with disability. This funding did not provide direct support for individuals.

Examples of CICD funded projects include:

- training for the volunteers and staff at the Hackham West Community Centre in South Australia. This project has resulted in children with disability being included in their local community centres programme
- funding provided to a Victorian programme to purchase suitable musical instruments for a local community neighbourhood house to include children with disability in their music-based playgroup programmes
- a project to develop tools to assist participants to self-manage their plans has been completed and will be available to all participants across the trial sites.

Local Area Coordinators

LACs work to bring together participants, people with disability, the disability sector and the broader community. The LAC programme:

- assists participants to identify services in their local community and to make contact with those services that can best help them to meet the goals they have set with their planners
- works with local communities to extend the capacity of services and the community as a whole to meet the needs of people with disability that are not currently being met and to facilitate access to those services.

During the first 12 months of operation, several LAC models have been trialled, including LAC services being outsourced to community organisations, and the Agency directly employing all LACs. In the Hunter trial site, some LAC functions are provided through a NSW Government contract with a non-government organisation (Ability Links). The Ability Links LACs perform community linkage functions and largely work with those who are not eligible for the NDIS. In Tasmania, LAC services are contracted through the Gateway service, operated by Mission Australia and Baptcare and in Barwon and South Australia, the NDIA is responsible for directly employing all LACs.

The NDIA is currently developing a framework for evaluating the various LAC implementation models, and identifying the best of these.

Major achievements (cont...)

Mainstream services

An important aspect of the NDIS design recognises the National Disability Strategy and that people with disability should, wherever possible, be supported through mainstream services and the community, not just formal supports funded by the NDIS. The NDIS is directed by a series of principles that determine whether supports should be funded by the NDIS or by mainstream systems. Since the NDIA commenced on 1 July 2013, the Agency has been working closely with governments and the broader community to apply these principles in each of the trial sites.

The NDIA has also been working with Commonwealth and state and territory government agencies to clarify the roles and responsibilities of mainstream services and the NDIA for the supports included in participants' individual plans. Mainstream services of particular interest to the Agency are health, mental health, child protection, education, employment services, and housing and justice.

Improving access to aids and equipment

An increased range of equipment, higher levels of funding and the effective removal of waiting lists have improved access to aids and equipment in trial sites. New and innovative technologies are also being funded. Highlights include:

- Self-care and mobility equipment, including full funding for continence consumables and home enteral nutrition equipment, vital to support people in their daily lives, is the most frequently requested and funded equipment item.
- Enhanced equipment options, such as wheelchairs which allow people to stand and others with elevating seats, have provided greater access to activities at home, study and work. These have a direct benefit for participants' safety and independence.
- Newer and complex technologies for verbal, written and electronic communication are commonly requested, including tablet computers and specialist software.
- Equipment for people with sensory disabilities, including braille readers and writers and external processors for cochlear implants, has been funded. Training and post-delivery adjustments—essential components of this more complex equipment—is provided along with the funding for the devices.

Work is well underway on possible future models of equipment provision and acquisition which will promote participant choice and control, while leveraging purchasing volumes which will contribute substantially to the financial sustainability of the Scheme.

Communications and engagement

The NDIA conducts engagement activities that raise awareness of the Scheme, mark significant milestones and involve the disability sector. Since 1 July 2013:

- Six online webinars attracted 115 000 views in total. In fact, the NDIA webinars were the most viewed out of any other conducted by the webinar provider during 2013–14. Each webinar panel included at least one person with disability, and Senator the Hon. Mitch Fifield, Assistant Minister for Social Services, participated in the 'Meet the NDIS Governors: webinar on working together to build the NDIS' on 16 April 2014. http://www.ndis.gov.au/people-disability/videos-stories-quotes-and-cameos/videos.
- The Agency has held more than 1500 NDIS events, including national media coverage of the official opening of the NDIA National Office in Geelong on 30 April 2014. Most of these events were run by trial sites, including information sessions, community meetings and formal presentations.
- More than 22 000 people subscribed to the NDIA's monthly e-Newsletter and the NDIS website has received more than 1.2 million unique visitors. Since August 2013 the website has on average received between 2000 and 4000 visitors per business day.

The Agency is continuing to refine its engagement and communications products and activities. Engagement through social media via the NDIS website and Facebook page will continue to grow with the implementation of regular live chats, posts and weekly updates on the NDIS.

Building the evidence base

An effective evidence base is crucial to the success of the Scheme, achieving outcomes for people with disability and ensuring the financial sustainability of the Scheme.

The evidence base for the Scheme is being built through a combination of experience in the trial sites, the collection of data, and independent research. Some examples of work being undertaken to build the evidence base include enhancing the reference packages and developing an outcomes framework.

Reference packages. Reference packages aim to identify characteristics of participants (such as age, disability and functional support need) from which a benchmark amount of support can be determined (the reference package). Currently there is not sufficient information available to group participants into cohorts to monitor experience against the reference packages. Data are available on age and health condition, but the initial data on 'severity' of disability which was being collected, based on frequency of support needs, has not been reliable. Urgent work is underway to identify other measures that can assist in structuring the essential practical linkage between assessment and support packages.

In order to improve the reference package interface, the NDIA is also adopting a validated self-reporting tool that will be completed prior to the planning conversation, and will contribute to research on diagnosis and severity. It is based on the World Health Organisation Disability Assessment Schedule (WHODAS 2.0) and will allow a link between assessment and resource allocation at the individual level, which is consistent with the overall funding envelope.

Outcomes framework. The Agency is undertaking extensive work to develop a participant outcomes framework. The framework includes measurement across domains (such as choice and control, activities of daily living, social inclusion, employment, education, health and housing) and will allow the Agency to continuously evaluate what drives good outcomes.



An NDIS-funded tablet computer has helped Tasmanian teenager Zoe convey her needs and emotions to mother Amanda. Photo credit: Chris Crerar/Newspix

Zoe: can communicate with her family thanks to her iPad

Zoe, from Bridport in Tasmania, has Down syndrome and had struggled to communicate with her family and friends. Now, after receiving an iPad as part of her NDIS plan, the simple tablet computer has unlocked the world for the 19-year-old.

Amanda, Zoe's mother and full-time carer, said Zoe regularly sends messages to her using the device—and she has kept every single one. 'They bring tears to my eyes because I never before had such insight into what Zoe was thinking—children with Down syndrome often have trouble understanding and verbalising their feelings.'

'Zoe's messages might just convey that she is hungry and wants a sandwich, or they might be more significant,' Amanda said. 'Her great-grandfather died and we were not sure if Zoe understood but a few weeks later she sent a message saying she understood and missed him. Without the iPad, we probably never would have known.'

Zoe's NDIS plan funds weekly community-access activities to develop her social and life skills, as well as three hours' respite a week. For Amanda, leaving Zoe with a carer for the first time was tough, but the iPad provided reassurance to both of them. 'Zoe can now text her parents like any other teenager and she knows that if she needs me, I am just a message away.'

Major achievements (cont...)

Evaluations, reports and reviews

Operational review. At the request of the Council of Australian Governments (COAG), the Assistant Minister for Social Services requested that the Board undertake a review of operational arrangements to determine why annualised average package costs were exceeding the average as anticipated by the Productivity Commission. Details can be found on page 50.

Capability review. In December 2013, the Board commissioned a review of the capabilities of the NDIA. The review was conducted by Mr Jeff Whalan AO, Dr Peter Acton and Dr Jeff Harmer AO, and was released in February 2014. The review considered how the Agency aligns processes, systems and the expertise of its people to deliver on objectives. Building capability is a high priority for the Agency in the lead up to full scheme. The report and the Agency's response is available at www.ndis.gov.au.

KPMG review of the optimal transition to full scheme. The Board commissioned KPMG to consider the risks and opportunities associated with transitioning from the trials to full scheme. An initial component of the report is available at www.ndis.gov.au.

Review of business capabilities. Boston Consulting Group was commissioned by the NDIA to consider whether any of the Agency's functions should be outsourced to create efficiencies. The Agency is building the findings of this report into its planning for transition to full scheme.

Thomas: starting his own business

At just 16, Thomas, who was born with cerebral palsy, published his first book, *Through the eyes of a person with disability.*

Now 23, Thomas is running his own business, delivering training and presentations to schools, businesses and community organisations and aiming to better educate people about how to communicate and work with people with disability.

'People with disabilities are no different,' Thomas says. 'We want to contribute to society in a positive way too.'

Through his NDIS plan, Thomas has been able to secure support which has enabled him to operate his business more effectively.

'I have a support worker with me at conferences and festivals so I can better communicate with people. I've never had access to support like this before and it's been so useful. Now I can choose what supports I want to engage and which days I want to use them. I love having more choice and control—it's something that wasn't possible before.'



Lessons learned

Better engagement

Throughout the Joint Standing Committee on the NDIS's enquiry, the NDIA was provided with feedback on each of the trials. Through this process the Agency learned valuable lessons about the way it engages with its stakeholders and participants and consequently has a number of processes in train to improve the way it communicates with them and listens to their views, including:

- *Improving the online interface.* The Agency will undertake a total overhaul of its website and make significant improvements to the provider portal.
- *Undertaking a cultural audit.* The Agency will undertake an audit to seek feedback from participants and stakeholders on whether the Agency is living up to its values.

Focus for 2014–15

Building a scalable operating model. The development of a scalable, sustainable and effective full scheme operating model is now well underway. The Agency has developed a detailed project plan of the work required to achieve this during 2014–15 which includes:

- developing and validating a service delivery operating model
- clarifying the transition plan to move people into the NDIS
- supporting the Agency's operational policy framework.

Improving the Agency's ICT system. To fulfil its promise of creating an insurance-based organisation capable of longitudinal analysis and actuarial decision-making the NDIS requires a leading-edge set of information and communication technology (ICT) capabilities. The role of technology and the use of technology solutions to deliver on the strategic goals for the NDIS are pivotal in the success of the Scheme over the long term.

The ICT system will enable participants to connect and interact with the Scheme, providers and the NDIA seamlessly. The technology vision provides for online collaboration spaces where participants are able to come together with NDIA staff and providers to choose their supports and work towards achieving their goals. Participant choice and control will be further enabled through access to a range of digital services and channels for communication and engagement. Planning is now underway to design and develop these system capabilities.

Developing an efficient market. As noted in Major achievements, Sector Development Fund, a market action plan will be implemented throughout 2014–15.

Implementing workforce improvements. As noted in Major achievements, Sector Development Fund, a workforce strategy will be developed during 2014–15.

Key performance indicators

Programme 1.2 Objective:
To drive change in the disability sector to support the implementation of the NDIS and ensure that people with disability are able to be supported to achieve choice and control outcomes

KPI	ACTIVITY (as demonstrated through the deliverables)
Community awareness of people with disability	• The Agency is building community awareness of people with disability by holding events, maintaining an online presence and seeking participant feedback. • In 2013–14, the Agency held 1500 awareness building events, including 850 at the trial sites. • The Agency's diverse online presence is easy to use and encompasses a website with 1.2 million unique user visits, an NDIS YouTube channel airing short films watched by 1.09 million viewers, a strong social media presence—the NDIA Facebook page has 40 000 'likes' and the NDIS Twitter account has 1500 followers—and a monthly e-Newsletter with 22 000 subscribers. • The Agency seeks participant feedback through its National Quality Action Plan and a Cultural audit.
Effectiveness of Local Area Coordinator community capacity building activities	• The NDIA's LACs are in a strong position to work closely with participants and to forge links with their local communities. • This year, LACs supported participants to build their personal capacity by offering planning sessions to help them understand the NDIS and the participant pathway. • LACs are working with local councils, community organisations and rural access workers to better connect people with disability and participants to these services.
Increased mix of support options and innovative approaches to provision of support	• The NDIA works to develop a diverse mix of support options and innovative approaches to providing supports. • In recent Agency developments, access to aids and equipment in trial sites has been improved and waiting lists have been abolished, new and innovative technologies are being funded and equipment that enables participation in recreation and vehicle modifications are being funded for the first time. • An increased number of participants have benefitted from the inclusion in their plan of funding for home modifications including assistance with design and construction which has resulted in a steady uptake of a wide range of home modifications.
Increased participation of providers in the disability support market	• Work is progressing on a market action plan to identify and prioritise areas of work to grow the market and help it make the transition to a competitive basis has been developed and is in the early stages of implementation. • Funding under the Sector Development Strategy has been provided to NDS for a range of activities to support provider understanding of capacity to engage with and transition to the NDIS.
An evidence base is developed to inform an insurance approach to disability support	• The NDIA has appointed a Scheme Actuary and has been releasing quarterly and annual sustainability reports. • The Agency is building a strong evidence base to inform its work. This evidence base will draw on expert advice and be developed over time. It will collect data on what supports lead to good outcomes and will assist in establishing a website and other mechanisms to allow participants to share information on what has helped them to achieve good outcomes. • Plans for a new, purpose built ICT system will take the Agency one step closer to a fully implemented insurance approach to providing supports.







Programme 1.3 – Agency Costs

Major achievements

Monitoring by the Scheme Actuary

The long-term and short-term costs of the Scheme are closely monitored by the Scheme Actuary and are reported to the Board on a monthly, quarterly and annual basis.

Short-term costs

At the end of the financial year, $285.4 million was committed to participants with approved plans. Of this, $130.9 million (46 per cent) was provided in 2013–14. The funding envelope based on the bilateral agreements for 2013–14 was $148.8 million, including both cash and in-kind. Overall, for participants who have entered the Scheme in the first 12 months, support provided for 2013–14 was around 88 per cent of the funding envelope.

In 2014–15, the funding envelope is projected to reach $384.4 million. Committed support for 2014–15 was at 40 per cent of the funding envelope as at 30 June 2014.

Long-term costs—trends in average annualised package cost

The average annualised package cost* at the end of June 2014 is $38 200 including the Stockton[1] large residence, and $34 600 excluding Stockton large residence.

In general, over the first 12 months of operation, average annualised committed supports have been trending downwards across all trial sites. This can be partly explained by operational reforms introduced in January 2014 which aimed to provide more concrete guidelines around reasonable and necessary supports, and partly by the phasing schedule. There will continue to be variability in the quarterly average package size because different groups of participants are being phased in to the Scheme each quarter.

*Note: Average annualised package cost is not an appropriate measure of Scheme performance when considered in isolation from other metrics. It is important to consider the number of Scheme participants, the distribution of packages committed to these participants, and actual payments for supports provided. All of these factors contribute to the overall cost. Further, the focus should be on the supports provided to participants over their lifetime, rather than annual package amounts.

[1] Stockton is a large residence in the Hunter trial site which brings together a high concentration of high-cost participants to one geographical area, and hence distorts the analysis when included.

Cost drivers analysis consolidates

As part of the Operational Review, the Board undertook an analysis of the cost drivers in the Scheme.

Monitoring significant cost drivers is fundamental to the sustainability of the Scheme; accordingly, they are monitored by the Scheme Actuary and reported in the quarterly data report which is provided to the COAG Disability Reform Council.

Scheme Actuary reporting

The Scheme Actuary plays a crucial role in monitoring the sustainability of the Scheme. The Actuary produces the following regular reports:

Quarterly reports to the Board on the sustainability of the Scheme are used by the Scheme Actuary and the Board to monitor the progress of critical components of Scheme performance across trial sites. As a result, each quarter, the Board releases a short report on the sustainability of the Scheme, made available on the NDIS website.

An annual financial sustainability report to the Board which has been peer reviewed by the Australian Government Scheme Actuary, a summary of which is contained in this report.

Management information dashboards have recently been introduced to (a) assist management to monitor operational performance on a weekly basis and to provide more regular updates on Scheme performance, and (b) produce a monthly summary of service provider activity. Work on a dashboard which summarises and benchmarks planners is also underway.

Embedding an insurance culture

The Agency has begun embedding a strong insurance culture. This has been achieved through extensive training of staff by the Scheme Actuary, and by demonstrated learning and continuous improvement.

As a result of the Operational Review, the Agency introduced a governance framework under which improvements will continuously be undertaken, consistent with a prudential insurance governance cycle. The framework includes engagement with the Scheme Actuary, subject experts and key stakeholders when an operational change is to be made by the Agency.



Major achievements (cont...)

Risk management

A robust risk management framework is essential for the Agency's operations and the overall sustainability of the Scheme.

The framework and approach adopted by the Board is set out in the *National Disability Insurance Scheme—Risk Management Rules 2013* (Risk Management Rules). Consistent with these rules, and reflecting the insurance basis of the Scheme, the Board adopted the Prudential Risk Standard (CPS 220) promulgated by the Australian Prudential Regulation Authority as the overarching policy for risk management activities in the Agency. CPS 220 aligns closely with the provisions of the Commonwealth Risk Management Policy issued as part of the new Commonwealth accountability framework under the PGPA Act.

As required by the Risk Management Rules, the Board finalised a Risk Management Strategy in early 2014. The Risk Management Strategy as an integral part of the Board's broader Risk Management Framework. The Strategy:

- outlines the risk governance relationship between the Board, committees of the Board and the senior management of the Agency
- describes the processes for the NDIA to identify and assess risks, establish mitigation and control mechanisms for individual risks and monitoring and reporting issues in relation to risk
- describes how the NDIA will raise staff risk awareness and develop an appropriate risk culture
- sets out specific risk management roles and responsibilities and establishing a process to review the effectiveness of the framework, and
- describes the annual review process by which the NDIA will assess the effectiveness of its risk management framework in identifying, measuring, evaluating, monitoring, reporting, and controlling or mitigating, material risks.

The Board and NDIA focus extensively on risk identification, monitoring and mitigation interventions, in particular for strategic risks that, if realised, could materially impact upon the success of the NDIA and the Agency. Ongoing work on operationalising risk management is being undertaken to ensure the Agency continues to respond to emerging issues and trends. For example:

- The NDIA's Risk Management Framework incorporates a governance structure by which risk management is a key business consideration for the Board and the Agency while holding managers accountable for ensuring risk is suitably managed.
- The NDIA has in place an operationally independent risk management function which is responsible for ongoing initiatives being undertaken to operationalise the Agency's Risk Management Strategy. Examples of such initiatives include the development of a 'Risk Champions' network, the establishment and ongoing maintenance of strategic and operational registers and the incorporation of risk assessment and risk planning as a key component of business planning.

Additionally, the Board and NDIA have learnt from a number of internally commissioned reviews and continually scan the risk management environment to ensure risk management better practice ideas are identified and lessons learnt are captured.

During 2013–14, the Agency also established a framework and policies for controlling fraud within the Agency and Scheme that comply with the Commonwealth Fraud Control Guidelines. The NDIA has commenced implementing appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes to minimise the effects of fraud. It is important to note the Agency has in place mechanisms for both members of the public and staff to report suspected fraudulent activity by NDIS participants, providers or staff. Suspected fraudulent activity can be report by email or telephone to the Agency's Fraud Team. All allegations are reviewed, and if an allegation can be substantiated, fully investigated. The Agency will continue to build on the foundations established in 2013–14, and to monitor and develop its fraud control policies as the Scheme and Agency evolve.

The NDIA regards effective risk management as the totality of the collective efforts of all staff.

Lessons learned

Cost drivers. During 2013–14, the Board undertook a review of the key cost drivers in the Scheme. Five were identified including:

- **access:** the number of people meeting the access criteria to be participants in the Scheme, and how many are entitled to a plan with supports funded or provided by the Scheme
- **scope:** the scope of supports that are funded or provided by the Scheme, as opposed to supports that are not within the scope of the Scheme, for example, because they are more appropriately funded or provided through other systems of service delivery like the health system
- **volume:** for supports that are within the scope of the Scheme, the volume or level of those supports that the Scheme funds or provides for participant
- **delivery:** the manner in which supports are funded or provided, and in particular how effectively, efficiently and economically this is done
- **price:** the price paid by the NDIA or participants to purchase the supports that are funded or provided by the Scheme.

The most significant cost driver in the Scheme during its first year of operation was the volume of supports. Operational changes were made to focus planners' attention in the first instance on informal supports and community inclusions, in preference to formal supports.

ICT system. To fulfil its promise of creating an insurance-based organisation capable of longitudinal analysis and actuarial decision-making, and a market that brings participants and providers together, the NDIS requires a purpose built ICT system. The existing system cannot provide this function. Planning is now underway to create this.

Focus for 2014–15

The Agency and Scheme Actuary will work towards ways of monitoring short and long-term costs, and aligning operations with the insurance principles, including:

> **Developing an outcomes framework** which measures individual participant outcomes. Outcomes will be considered across domains such as independence, employment, and social inclusion.

> **Designing a lifetime cost estimator tool.** Participants who enter the NDIS can be participants for life, so the actuarial team is developing a lifetime cost estimator to assist planners with developing innovative ways of providing funded supports that can increase a participant's independence and reduce financial expenditure over the participant's lifetime.

> **Arrangements for people who do not need funded supports.** Ensuring that those people not requiring funded services are well supported by comprehensive community and mainstream services is imperative for Scheme sustainability. This will ensure that people receive the services and supports they require in the most appropriate way, and minimise the number of people who may otherwise require NDIS support. This is complex work expected to be completed by the end of 2015–16. This work will be undertaken by governments.

> **Mental health.** During 2014–15, the Agency will undertake further work to develop strategies for supporting individuals with a mental illness eligible for the Scheme. This work will be supported by the IAC.

Key performance indicators

Programme 1.3 Objective:

To ensure efficient and effective use of Agency operating resources to implement the Outcomes of the Agency.

KPI	ACTIVITY (as demonstrated through the deliverables)
Effective estimation and management of short-term and long-term costs	• To guide the development of its insurance model and continually assess the Scheme's liabilities, the NDIS has established its own internal actuarial team. • The Scheme Actuary is continually assessing the financial sustainability of the Scheme and provides NDIA management and the Board with information on Scheme performance from which decisions can be made to ensure the Scheme remains financially sustainable. • The Actuary is responsible for producing the Annual financial sustainability report, quarterly reports, developing a detailed monitoring framework, and ensuring the Agency's staff understand the insurance principles of the Scheme. • Four quarterly reports and one annual sustainability report were released for the period 2013–14.
The NDIS is financially sustainable and governed using insurance principles	• The Scheme Actuary has found that considering the number of participants entering the Scheme and the distribution of support packages committed to these participants, the NDIA is on track to be within its total projected cost in 2019–20, which is the first year of full scheme. Full details are contained in the Actuary's annual sustainability report. • Throughout 2013–14 the actuarial team held seminars and distributed information to ensure all NDIA employees and service providers understood the insurance principles that underlie the Scheme. This is to embed an insurance culture within the Scheme as it develops to full scale. • The adoption of the insurance principle is allowing the Scheme to place greater emphasis on making up-front investments that increase clients' independence and reduce their call on the Scheme into the future. • In the Agency's first year the insights and data that have been gained are allowing richer and more accurate calculations of the future costs of the Scheme. • Planning for the NDIA's ICT platform includes recognition that it must support the collection of longitudinal data to assist actuarial calculations.

SECTION 3:
Facts and figures

This section of the 2013-14 Annual Report covers the essentials of the NDIA's governance, organisation, people and workplaces, and reporting obligations

John, with his carer

Part A: Governance framework

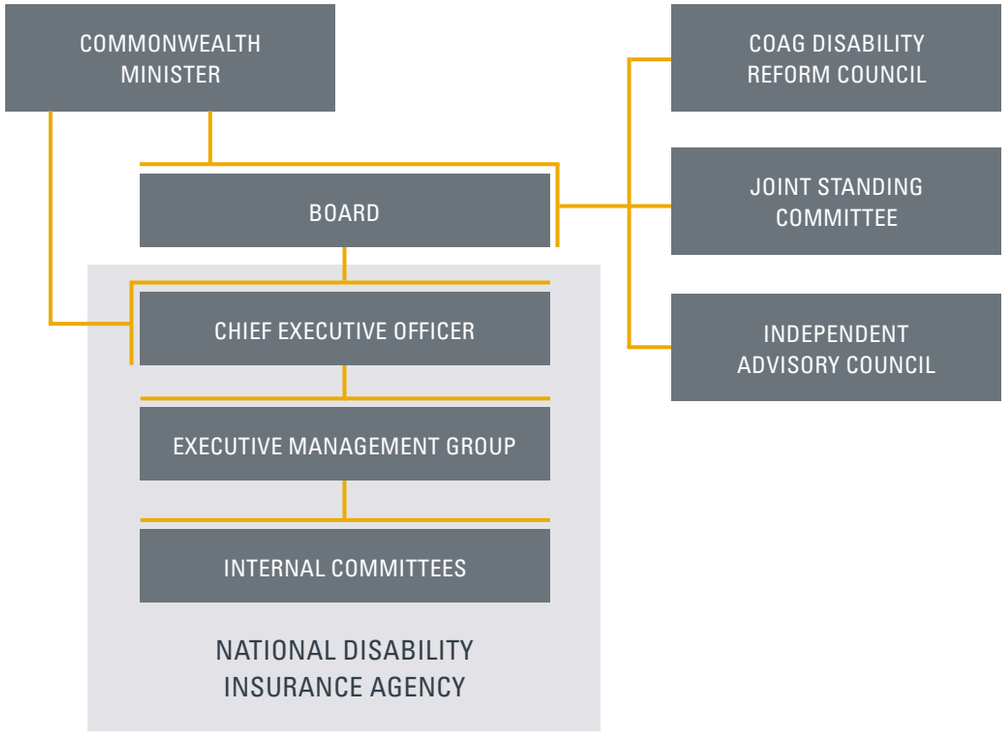
Responsibility for the NDIS is shared amongst all Australian governments and they are each involved in decisions relating to the NDIS's policy, funding and governance.

In particular:

- The COAG Disability Reform Council, made up of Commonwealth, state and territory treasurers and ministers for disability, is the decision-making body on NDIS policy issues.
- The Commonwealth Minister is responsible for administering the NDIS Act, and exercises statutory powers with the agreement of states and territories, including power to make the NDIS Rules and direct the NDIA.

The Scheme is administered by the NDIA and is governed by a Board. The NDIA holds all funds contributed by the Commonwealth, states and territories in a single pool, manages Scheme funds, administers access to the Scheme and approves the payment of individualised support packages. The Chief Executive Officer is responsible for the day-to-day administering of access and approving plans, while the Board is responsible for ensuring the Agency performs its functions properly. The Board is advised by the NDIS IAC.

FIGURE 3: NDIS GOVERNANCE FRAMEWORK



Responsible Minister

Senator the Hon. Mitch Fifield, Assistant Minister for Social Services, has day-to-day ministerial responsibility for the NDIA including the exercise of specific powers under the NDIS Act; for example, to prescribe fees and appoint Board members.

The Hon. Kevin Andrews MP has been the portfolio minister responsible for the NDIS since 18 September 2013.

The Hon. Jenny Macklin MP was Minister for Disability Reform from 14 December 2011 to 18 September 2013.

COAG Disability Reform Council

The COAG Disability Reform Council oversees the trial and implementation of the NDIS and will make recommendations to COAG on the transition to NDIS full scheme.

Joint Select Committee and Joint Standing Committee

The Joint Standing Committee, composed of six members and six senators, was established on 2 December 2013 when the Senate agreed to a resolution from the House of Representatives, passed on 21 November 2013.

The Committee is tasked with reviewing:

- the implementation of the NDIS
- the administration and expenditure of the NDIS
- any matter in relation to the NDIS referred to the Committee by a resolution of either House of the Parliament.

The Committee presented its first annual report—*Progress report on the implementation and administration of the National Disability Insurance Scheme*—on 29 July 2014. The report is available on the Committee's website at www.aph.gov.au.

Note: Until the 2013 election, the NDIA was overseen by the Joint Select Committee on the NDIS, which was created in June 2013 by the 43rd Commonwealth Parliament and existed until the dissolution of the House of Representatives.

Part B: NDIA Board

The NDIA Board is responsible for the proper, efficient and effective performance of the Agency's functions under the Acts, risk management under the NDIS Rules and the organisation's strategic direction.

Board members have responsibilities under the CAC Act (and from 1 July 2014 under the PGPA Act), relating primarily to the NDIA's performance and strategies as well as reporting and conduct. The Inaugural Board, consisting of a Chair and eight other members, was appointed on 1 July 2013 for a three year term.

The Board is required to hold a minimum of four meetings per year and met 14 times during 2013–14.

Board committees

The Board is advised by two committees, the Audit and Risk Committee and the Sustainability Committee.

Audit and Risk Committee

The Board established the Audit and Risk Committee (ARC) in compliance with section 32 of the CAC Act.

As a Committee of the Board, the ARC helps the Board fulfil its responsibilities under the NDIS Act. The Committee's objective is to provide independent assurance and advice to the Board on the Agency's risk, control and compliance framework, and its financial statement responsibilities.

The Committee is chaired by Mr John Hill PSM, and its membership includes Mr John Walsh AM and Mr Martin Laverty. The ARC also has two external members, Ms Helen Williams AO and Ms Marian Micalizzi. The ANAO has attended each ARC meeting to date, along with internal auditors.

Sustainability Committee

The Board's Sustainability Committee was established to assist the Board in fulfilling its functions under section 118(1)(b) of the NDIS Act, in particular, assessing, monitoring, reporting on and managing the financial sustainability of the NDIS. The objective of the Sustainability Committee is to provide advice to the Board, using analysis from the Scheme Actuary reports, assessing whether Scheme objectives are being met, and, through the Board, to the COAG Disability Reform Council, on potential changes to the legislation or other regulation.

The Sustainability Committee held its first meeting on 11 February 2014. For its first year of operation, the Committee comprises the entire Board.



NDIA Board Members



Chair
Mr Bruce Bonyhady AM, B AppEc (Hons) *University of New England,* M Ec *Australian National University*, LLD (Honoris Causa), *University of Melbourne*, Litt D (Honoris Causa) *University of Western Sydney*

Mr Bruce Bonyhady AM is the Inaugural Chair of the NDIA Board. He has been a driving force behind the NDIS for many years.

Bruce was a member of the Disability Investment Group in 2008 and 2009, Convenor of the Independent Panel appointed to advise the Productivity Commission during its inquiry into long-term care and support for Australians with disability in 2010 and 2011, and Deputy Chair of the NDIS Advisory Group to COAG from 2011 to 2013.

As the father of two sons with disability, he has worked for over 25 years to improve the lives of people with disabilities.

Bruce is also Chairman of Acadian Asset Management Australia Limited and a Director of Dexus Wholesale Property Limited.

Bruce was appointed as a Member of the Order of Australia in 2010 for services to people with disabilities, their families and carers and to the community. He was awarded an honorary doctorate by the University of Melbourne in March 2014 for his work to create the NDIS.

Declared personal interests
Chairman, Acadian Asset Management (Australia) Ltd
Director, Dexus Wholesale Property Ltd
Chairman, Advisory Panel, Solve@RCH, Centre for Developmental Medicine Research at the Royal Children's Hospital, Melbourne
Associate Investigator, Centre for Research Excellence on Cerebral Palsy (NHMRC (App 1057997))
Family members are potentially eligible for the Scheme



Dr Rhonda Galbally AO, B Ec, DipEd *Monash University*, M A Prelim *La Trobe University*, Dip Remedial *Hawthorn Institute (University of Melbourne)*, D SocSc (Honoris Causa) *RMIT University*, D HSc (Honoris Causa) *La Trobe University*

Dr Rhonda Galbally is a member of the NDIS Board and Principal Member of the IAC. She has been Chair of the National People with Disabilities and Carer Council, a member of the Independent Panel advising the Productivity Commission, and a member of the former NDIS Advisory Group.

Rhonda has vast experience in health development, disability, and social and health policy, and has made a significant contribution to the field in Australia and internationally. She has been the CEO of the Sidney Myer Fund and the Myer Foundation, and is currently the Chair of the International Evaluation Committee for the Thai Health Promotion Foundation. Rhonda has first-hand experience of living with a disability, having contracted polio as an infant.

Rhonda was made an Officer of the Order of Australia in 1991 and awarded the Centenary Medal in 2001 for services to the community. In 2012, Rhonda was awarded the Prime Minister's Outstanding Achievement Award in the National Disability Awards.

Declared personal interests
Chair, International Evaluation Board for the Thai Health Promotion Foundation
Principal Member of Advisory Council



Ms Geraldine Harwood, B A, Dip Ed, Grad Dip ASOS (Hons) *UTAS*, GAICD

Geraldine was CEO of Optia Incorporated for 20 years, retiring at the end of 2012. She has broad expertise across the disability sector in Tasmania including as Chair of NDS Tasmania and as a Director on the NDS Board and has been active on numerous Tasmanian and NDS committees. Geraldine is the former Chair of the NDS National Workforce Committee and Branch Commissioner for Special Needs for Scouts Australia. Geraldine is a Graduate of the Australian Institute of Company Directors.

Declared personal interests
Director, Scouts Australia Institute of Training
Manager-Consumer Engagement, Anglicare Tasmania
Life member, Optia

NDIA Board Members



Mr John Hill PSM, B Ec *University of Adelaide*

John has gained experience and expertise from numerous professional and board appointments in South Australia. He is a former Deputy Under Treasurer with the South Australian Department of Treasury and Finance. He is currently Honorary Treasurer on the Board of Meals on Wheels (SA) Inc. and is a member of several Audit Committees, including the Chair of the NDIA Audit and Risk Committee.

He was awarded the Public Service Medal in 2001 for sustained outstanding service in public sector finance.

Declared personal interests
Board Member, Essential Services Commission
Member Audit Committee, University of Adelaide
Member Audit Committee, Department of Treasury and Finance (SA)
Member Audit Committee, Department of Manufacturing, Innovation, Trade, Resources and Energy (SA)
John Hill Rounds Service, filing service for law firms
Board Member, Meals on Wheels (SA)
Family member is potentially eligible for the Scheme



Mr Glenn Keys, B E (Mech) *UNSW*, ADJ PROF *University of Canberra*

Glenn is the founder, CEO and Director of Aspen Medical, and is the Founder and Director for Project Independence, an initiative offering home ownership to people with disabilities.

Glenn is the father of a child with an intellectual disability and works to improve the lives of people with disabilities through a range of disability organisations such as Special Olympics.

Declared personal interests
CEO, Aspen Medical (Australia)
Director, Aspen Medical and Aspen Health companies and subsidiary companies (various international)
Chairman, AMV Australia Pty Ltd
Member of Expert Panel for the ACT NDIS Trial
Committee member for the Special Olympics ACT
Founder of Project Independence (a housing project for people with intellectual disability
Family members are potentially eligible for the Scheme



Ms Fiona Payne B AppSc & M Sc (Physiotherapy) *Curtin University*, ASDA, GAICD

Fiona has more than 20 years' experience on boards and committees in the community sector. She has worked for many years with children with disabilities and their families, both as a physiotherapist and as a manager of health and disability services. She currently holds several board appointments, works as a human services consultant, is a Foundation Co-Lead of the WA Disability Health Network and is also the parent of a child with a vision impairment.

Declared personal interests
Director, Perth South Coastal Medicare Local
Director, Community First International
Co-Lead of the Disability Health Network, Department of Health
Project Consultant, Fiona Payne Pty Ltd
Consultant, 'Scoping Complex Needs', NDS WA
Member, NDIS Perth Hills Local Advisory Group
Consultant, Review of the 'Partners in Change' program 2012-2014, Perth Home Care Services
Member, WA NDIS 'MyWay' Reference Group
Member, Consumer Advisory Committee, Association for the Blind Western Australia
Family member is potentially eligible for the Scheme



Mr Martin Laverty, LLM *NTU*

Martin is the National CEO of the Royal Flying Doctor Service of Australia. Prior to this, he was CEO of Catholic Health Australia for six years. Martin currently serves as a member of the NSW Public Service Commission Board and as Chair of the Social Determinants of Health Alliance. He is a former Chair of the NSW Heart Foundation and a member of the Heart Foundation National Board, and served until August 2014 on the Federal Government's Aged Care Sector Advisory Committee and the National Health Performance Authority's Private Hospital Committee.

Martin has experience working with disability service providers including his former roles as Board Chair of Sunshine Homes for seven years and Challenge Southern Highlands for eight years. Martin is also a former CEO and Board member of the NSW Muscular Dystrophy Association. Martin is member of the NDIA's ARC.

Declared personal interests
CEO, Catholic Health Australia
Board Director, NSW Public Service Commission
Board Director and Chair, Heart Foundation – NSW Division
Board Director, Heart Foundation – National Company
Member, Australian Government Aged Care Sector Committee
Member, National Health Performance Authority Advisory Committee for Private Hospitals
Life Member, Challenge Southern Highlands- Life Member
Life Member, Lorna Hodgkinson Sunshine Home

NDIA Board Members



Mr John Walsh AM, B Sc *University of Sydney*, FIAA

John is Deputy-Chair of the National Health Performance Authority and a retired Partner of PricewaterhouseCoopers, where he worked for over 20 years in the areas of social policy and funding across accident compensation, health and disability. His passion to improve the lives of people with disabilities stems from his own experiences with quadriplegia suffered after an accident during a rugby league game in his early-twenties. He is currently Chair of the Board's Sustainability Committee and a member of the ARC.

In 2011 John was appointed a Member of the Order of Australia for his work in disability-health policy and also received the Prime Minister's Award for outstanding service to the disability sector. In 2001, he was named Actuary of the Year by the Institute of Actuaries of Australia.

Declared personal interests
Deputy Chair, National Health Performance Authority
Retired Partner, PricewaterhouseCoopers
Actuary, Magoo Actuarial Consulting Pty Ltd
Scheme Actuary, NSW Lifetime Care and Support Authority
Advisor, Reform of the CTP Scheme, NSW Motor Accidents Authority
Advisor, motor injuries support, SA Department of Finance and Treasury
Chair, NSW Family and Community Services Analysis and Research (FACSAR) Independent Advisory Committee
Person with a disability and potentially eligible for the Scheme

Sir Leo Hielscher AC (retired), B Comm, AAUQ, *University of Queensland*

Sir Leo has over 50 years' experience in government, banking and finance, domestic and global financial markets, superannuation, and as an independent company director. He had a distinguished career in the Queensland public service, particularly in the Treasury Department and the Treasury Corporation.

TABLE 2: BOARD MEMBERS', POSITION, TERM AND MEETINGS ATTENDED

Board Member	Position	Date of appointment	Term-expiry/ retired	Meetings attended	Eligible to attend
Bruce Bonyhady AM	Chair	1 July 2013	30 June 2016	14	14
Rhonda Galbally AO	Member	1 July 2013	30 June 2016	13	14
Geraldine Harwood	Member	1 July 2013	30 June 2016	13	14
John Hill PSM	Member	1 July 2013	30 June 2016	14	14
Glenn Keys	Member	1 July 2013	30 June 2016	11	14
Martin Laverty	Member	1 July 2013	30 June 2016	12	14
Fiona Payne	Member	1 July 2013	30 June 2016	14	14
John Walsh AM	Member	1 July 2013	30 June 2016	13	14
Sir Leo Hielscher AC	Member	1 July 2013	31 December 2013	5	6

Board indemnities and insurance

The NDIS has insurance cover with the Australian Government insurer, ComCover, for its Board members. This cover provides an indemnity for individual Board members against certain legal liabilities incurred in the course of their duties. The purpose of this insurance is to protect Board members against certain liabilities associated with carrying out their roles. Subject to the terms of the policy, in the event of a claim against an individual Board member, ComCover will meet the approved legal expenses of the Board member.

Part C: The Independent Advisory Council

The IAC, may be comprised of up to 13 members and had 12 in 2013–14. Council members have been appointed on the basis of their skills, experience and knowledge of disability and to include a diversity of people with experience of disability, specifically:

- a majority of members are people with a disability (currently six of 12)
- at least two of the members are carers of people with disability (currently two)
- at least one of the members is a person who has the skills, experience or knowledge in relation to disability in rural or remote areas (currently one)
- at least one of the members is a person who has skills experience or knowledge in the supply of equipment, or the provision of services, to people with disability (currently four).

The current membership also comes from wide-ranging locations around Australia and represents each of the states and territories.

Each member of the Inaugural IAC has been appointed for a three-year term.

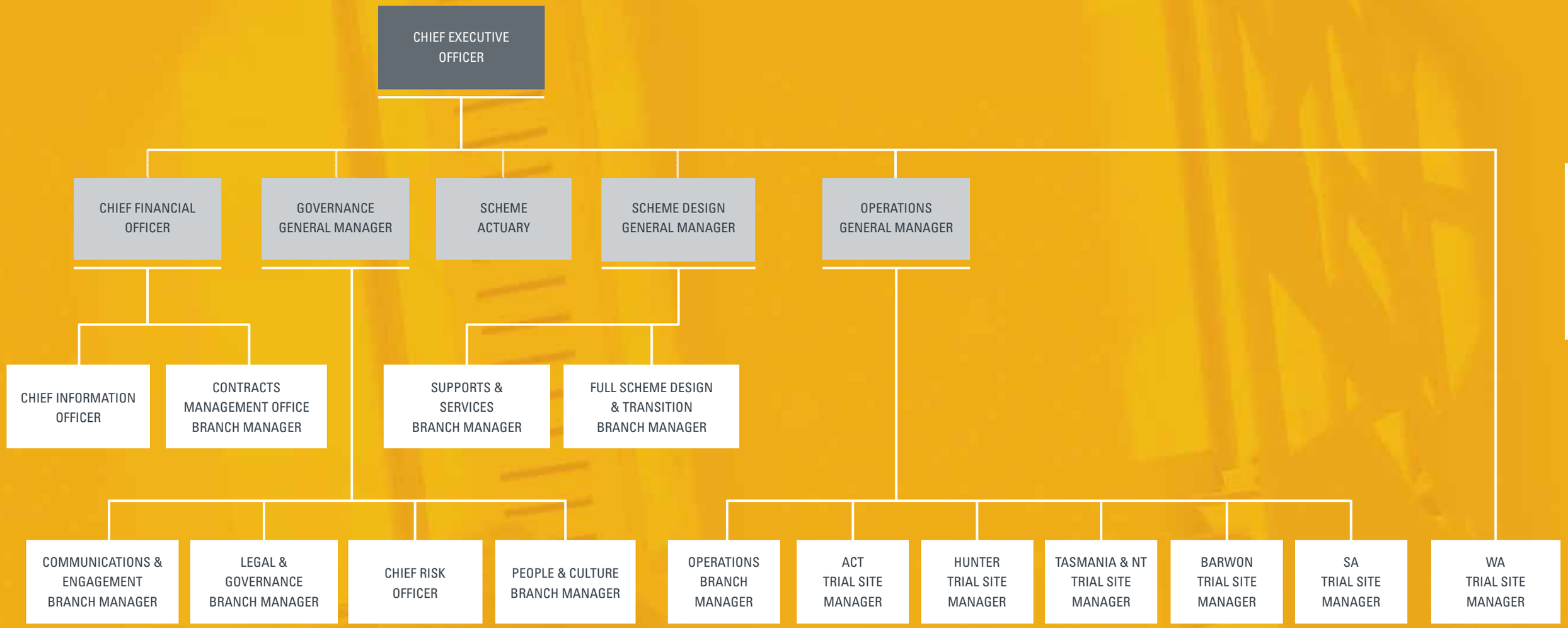
TABLE 3: COUNCIL MEMBERS' EXPERIENCE OF DISABILITY

Board Member	Position	Experience of disability	Date appointed
Dr Rhonda Galbally AO	Principal Member	Person with disability	1 July 2013
Dr Ken Baker	Member	Disability services professional	1 July 2013
Mr Dean Barton-Smith AM	Member	Person with disability	1 July 2013
Ms Jennifer Cullen	Member	Disability services professional, regional/ remote focus	1 July 2013
Mr Kurt Fearnley OAM	Member	Person with disability	1 July 2013
Ms Lois Gatley	Member	Carer	1 July 2013
Ms Sylvana Mahmic	Member	Carer, CALD background	1 July 2013
Ms Janet Meagher AM	Member	Person with disability	1 July 2013
Ms Joan McKenna-Kerr	Member	Disability services professional	1 July 2013
Dr Gerry Naughtin	Member	Disability services professional	1 July 2013
Mr Michael Taggart	Member	Person with disability	1 July 2013
Mr Dale Reardon	Member	Person with disability	1 July 2013
Vacancy	-	-	-



Part D: The NDIA organisation

NDIA senior management



NDIA management committees

The NDIA Internal governance framework includes the Executive Management Group (EMG) and four internal committees which report through the EMG. There is also a Change Management Committee, which provides authority for operational changes.

The four main committees and their roles are:

- the **People and Culture Committee,** which provides advice and assurance on all people matters and to create the people capability to deliver against the Agency's *2013-16 Strategic Plan*

- the **Corporate Committee,** which provides advice and assurance on future technology, property and procurement. The Committee will also provide oversight on financial strategy and the Agency model

- the **Assurance, Audit and Risk Committee,** which assists in developing an internal risk-management culture and enhancing the understanding of the monitoring, reporting and management of risks at the Agency

- the **Customer and Performance Committee,** which oversees the translation of the NDIA's strategic priorities into operational priorities for the Agency's people to deliver a quality service to its customers. The Committee also monitors performance across all key performance indicators.

The framework allows the committees to provide advice and assurance to the EMG and, if needed, ensures that change is endorsed and monitored through the Change Management Committee.

NDIA executive



Chief Executive Officer
Mr David Bowen

David is the inaugural CEO of the NDIA. He was appointed by the Minister as the first CEO under section 160(6) of the NDIS Act on 10 May 2013 for a term of two years. As CEO, David is responsible for the day-to-day administration of the Agency.

David has been actively involved in developing the disability reform programme, both as a member of the Independent Panel advising the Productivity Commission in its inquiry into the feasibility of a national disability insurance scheme, and as initial chair and ongoing member of the National Injury Insurance Scheme Advisory Group.



Deputy Chief Executive Officer and General Manager, Governance
Ms Louise Glanville

Louise joined the NDIA on 27 February 2014 as the Deputy CEO and General Manager, Governance Division. In this role, Louise is responsible for the NDIA's Governance, Legal Services, Media, Communications and Engagement, Risk Management, Ministerial and Parliamentary, the Project Management Office and People and Culture sections.

Louise brings a vast range of public sector experience to the NDIA including three years at the Commonwealth Attorney-General's Department prior to accepting this role. She has also worked at the Victorian Department of Justice, and in local government, academia, the private sector and ministerial offices.



Chief Financial Officer and General Manager, Corporate
Mr Stephen Payne

Stephen was appointed Chief Financial Officer (CFO) and General Manager, Corporate, at the Agency in March 2014. Prior to this, Stephen worked as CFO at a number of state government bodies, and has worked at senior executive level across all tiers of government.

He has major project delivery experience including in construction, finance systems, integrated case management systems and major reform programmes for government agencies and shared services ventures.



General Manager, Operations
Ms Liz Cairns

Liz was appointed General Manager, Operations in 2014. In this role, Liz is responsible for all of the Agency's operational functions including its trial sites. Prior to this, Liz was the Manager of the NDIA's Barwon trial site in Victoria. Liz has also worked with PricewaterhouseCoopers Sydney in its Health and Disability Advisory Team, and for New Zealand's Accident Compensation Corporation where she established the National Serious Injury Service in 2007.

Liz has worked in disability, health and rehabilitation for 24 years. She has worked in publicly-funded health and disability support services, and in catastrophic injury management. Her disability experience is extensive and includes physical, intellectual, sensory and cognitive disability.



General Manager, Scheme Design
Ms Anne Skordis

As the General Manager, Scheme Design, Anne has responsibility for market design, support and services, and full scheme design and transition to the NDIS. Prior to joining the NDIA Anne held several roles in disability and Home and Community Care policy and service delivery, and in intergovernmental negotiations. Her most recent roles were as the Executive Director, NDIS Design and Transition and Government Relations for the Department of Family and Community Services, New South Wales.

Originally from Victoria, Anne studied social work and her early career was in income support programmes, concessions and customer policy for gas and electricity providers in Victoria. Anne has also been a board member for 10 years for a residential and community aged care provider.



Scheme Actuary
Ms Sarah Johnson

Sarah Johnson was appointed as the Scheme Actuary of the NDIS for a period of three years in November 2013. In this role, Sarah is responsible for assessing and reporting on the financial sustainability of the Scheme so that management and the Board can make informed decisions about the Scheme's continuing sustainability and direction. Prior to this appointment, she was a Director at PricewaterhouseCoopers.

Sarah is a Fellow of the Institute of Actuaries of Australia and has a Bachelor of Commerce (Actuarial Studies and Financial Economics) from the University of New South Wales.

NDIA trial site managers

There were six site managers at the NDIA in 2013–14, each responsible for a particular geographical region. During this first year of the trial, four of the Agency's site managers were each dedicated to and responsible for one of the Agency's first four operational trial sites—Barwon, Hunter, South Australia and Tasmania. Leading up to their commencement date, site managers for Western Australia and the Australian Capital Territory were responsible for establishing new sites which became operational from 1 July 2014—Perth Hills and the Australian Capital Territory—and the manager for South Australia and the Northern Territory gained responsibility for an additional site at Barkly, Northern Territory.







VICTORIA
Ms Stephanie Gunn

Stephanie commenced as the NDIA Barwon Trial Site Manager in February 2014, having joined the NDIS Taskforce in Canberra in May 2012. She was involved in Scheme design and implementation arrangements in each of the original trial sites.

Stephanie brings extensive change management experience from working with the Commonwealth, state and territory governments and communities to achieve strategic reform in areas as diverse as blood product management, regional development, local government and corporate governance and planning.

NEW SOUTH WALES
Ms Kim Birch

Kim joined the NDIA in February 2014 as Trial Site Manager for the Hunter. Kim comes to the Agency from the Queensland Government's Motor Accident Insurance Commission where she held the role of General Manager, Motor Accident Insurance Regulation, responsible for regulation of Queensland's Compulsory Third Party (CTP) Insurance Scheme.

For the past 18 years Kim has been working in personal injury CTP insurance in private sector insurer roles. Kim has extensive experience in many facets of personal injury, both strategic and operational.

SOUTH AUSTRALIA AND NORTHERN TERRITORY
Ms Meryl Zweck

Meryl was appointed to the role of Trial Site Manager in South Australia in November 2012, and oversaw Northern Territory in November 2014. Meryl has extensive senior management and work experience in the disability and health fields. In recent years Meryl's roles have included senior positions in the Clinical Training Reform Work Group within Health Workforce Australia and in the Adelaide Regional Operations Centre, DSS, formerly known as the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

Meryl has held senior management roles across a range of DSS funded programmes and has also been employed with CRS Australia and Centrelink. Meryl's experience in policy development and programme implementation in both mainstream and Indigenous Affairs settings, as well as in cross-government collaboration has contributed to her capacity to develop a strong trial site for the NDIS in South Australia and the Northern Territory.

TASMANIA
Ms Sue Ham

Sue returned to her home state of Tasmania to take up the position of Trial Site Manager in October 2012. Sue joined the NDIA ahead of the 1 July 2013 commencement of the Scheme to manage the operational requirements for establishing the Tasmanian trial.

Sue brings significant Commonwealth and state public sector and non-government sector experience to the NDIA including six years in management roles in DSS, (FaHCSIA), and 11 years as CEO of Colony 47 Inc. in Tasmania. Sue started her career as a social worker in the Tasmanian Mental Health Services Commission before first joining the APS as a social worker for the then FaHCSIA.

WESTERN AUSTRALIA
Ms Marita Walker

Marita is the Trial Site Manager for the Perth Hills site which will support up to 4 300 people over the two year trial. She commenced with the NDIA in March 2014 after working as CEO of Perth Home Care Services where she spent a number of years involved in the NDIS advocacy and design.

As former CEO of Perth Home Care Services, Marita oversaw programmes to develop individualised services for over 300 people with disability and expanded the range of support options over the previous decade. Her previous experience includes nine years with the Disability Services Commission as the Director, East Metropolitan Region.

AUSTRALIAN CAPITAL TERRITORY
Ms Jillian Paull

Jillian joined the NDIA in January 2014 as the Australian Capital Territory Trial Site Manager. Her previous role was in the Australian Capital Territory Government's Community Services Directorate where she was Senior Director. Prior to this Jillian headed up Mission Australia in South Australia until 2012, provided business consultancy to Life Without Barriers and worked in a variety of roles within the South Australian Government.

Her passion for working alongside people experiencing disadvantage in her community has been informed by her personal experiences and she is passionate about social justice and inclusion.

Part E: NDIA people

At 30 June 2014, the Agency had 516 employees across the seven trial sites and National Office. Agency staff are employed under the *Public Service Act 1999* (PS Act).

Workplace diversity

The NDIA values the contribution of employees with diverse backgrounds and experiences to the Agency's organisational culture. The Agency's goals are to increase the proportion of employees with disability and Indigenous employees in its workforce and to become an employer of choice for people from diversity groups. The Agency's Accessibility Plan 2013–15, released in February 2014, outlines these goals and strategies in detail.

People with disability

The NDIA's Accessibility Strategy outlines its approach to increasing employment opportunities and accessibility for people with disability. The Agency's policies, systems and processes encourage people with disability to actively seek employment with NDIA and support them to perform to their full capacity. For instance:

- Current recruitment campaigns encourage people with disability, or a lived experience with disability, to apply. This is reinforced in the candidate packs and selection criteria for all roles.
- Each selection panel includes a person with disability, usually an independent panel member, to reaffirm the Agency's commitment to employing people with disability.
- Every selection interview includes a question relating to the selection criteria for accommodating the needs of a person with disability.
- The NDIA is participating in the 2014 'Stepping into' internship programme, which provides six weeks' work experience in the Agency's National Office for university students with disability who are in their final year of an undergraduate degree.
- The NDIA maintains a gold membership of the Australian Network on Disability, which helps the Agency to audit its recruitment and accessibility strategies for people with disability.
- The Agency is working with the Australian Public Service Commission (APSC) to develop special measures to allow targeted recruitment of people with disability for significant roles within the Agency, such as the Planner and LAC roles where peer support is expected to provide positive benefits to participants and the NDIS.
- The Agency's Reasonable Adjustment Policy provides potential and existing employees with an equal opportunity to apply for or perform a role in the Agency regardless of an existing disability. A disability support officer assists employees and their managers and reasonable adjustment and assistive technology helps people to carry out the requirements of their job.

The Agency also promotes employment of people with disability throughout the APS, for example, by participating in the APS pilot of the RecruitAbility scheme—an initiative to support the employment of people with disability. Where a candidate whose skills, experience and knowledge meet the minimum criteria and identify as a person with disability, they automatically progress to the interview stage of a selection process.

Aboriginal and Torres Strait Islander employees

The Australian Government has set a target to increase Aboriginal and Torres Strait Islander employment levels to a minimum of 2.7 per cent across the public sector by 2015. As at 30 June 2014, 1.7 per cent of NDIA's employees identified as Aboriginal or Torres Strait Islander.

The Agency is working with Reconciliation Australia and NDIA staff to develop its Reconciliation Action Plan, a Rural and Remote Strategy and specific actions for recruiting and developing Aboriginal and Torres Strait Islander employees.

Staffing statistics

TABLE 4: NDIA STAFF SNAPSHOT 2013–14

Staff	Headcount	FTE
Total	**516**	**497.04**
Ongoing	476	458.96
Non-ongoing	39	37.08
Irregular/intermittent/casual	1	1.00
SES*	23	23.00
EL 1 and 2 equivalent*	148	145.29
APS 1-6 equivalent*	345	328.75
Average age	41	n/a
Average length of service in Agency (months)	8.69	n/a
Average length of service in APS (years)	4.30	n/a
Female (per cent)	75	n/a
Proportion Male (per cent)	25	n/a
Proportion Part-Time (per cent)	12	n/a

*Classifications based on substantive positions

Staffing statistics (cont...)

TABLE 5: NDIA STAFF BY LOCATION (TRIAL SITES/NATIONAL OFFICE), SUBSTANTIVE CLASSIFICATION AND GENDER (FTE)

Classification	Gender	ACT	VIC	NSW	SA	TAS	WA	NT	NO	Total
APS 2	Female		1.00	1.00			1.00			**3.00**
	Male		1.00							**1.00**
APS 3	Female	1.00	8.00	2.80	1.00	2.00			2.23	**17.03**
	Male	1.00	1.00			1.00			1.00	**4.00**
APS 4	Female	2.00	3.00	6.00	3.00	2.00	4.00		4.66	**24.66**
	Male	1.00	4.00	1.00		1.00			1.00	**8.00**
APS 5	Female	8.93	34.65	20.24	15.90	4.07	2.00		9.80	**95.59**
	Male	4.00	6.00	4.00	1.00				4.00	**19.00**
APS 6	Female	10.00	34.43	25.99	21.00	8.90	5.00	1.00	16.30	**122.62**
	Male	2.00	7.00	8.00	2.00	1.85			10.00	**30.85**
EL 1	Female	4.00	10.00	5.00	7.20	2.00	3.00	1.00	17.00	**49.20**
	Male	1.00	1.00	2.00	1.00	3.00	1.00		24.80	**33.80**
EL 2	Female	1.00	2.89	3.00	3.20	3.00	3.00	1.00	19.40	**36.49**
	Male	1.00		1.00					16.80	**18.80**
Legal Officer	Female	2.00								**2.00**
	Male	1.00								**1.00**
Senior Legal Officer	Female	1.00								**1.00**
	Male	1.00								**1.00**
Principal Legal Officer	Female	2.00								**2.00**
	Male									**0**
Public Affairs Officer	Female	1.00								**1.00**
	Male	1.00								**1.00**
SES Band 1	Female	1.00	1.00	1.00	1.00	1.00	1.00		6.00	**12.00**
	Male								5.00	**5.00**
SES Band 2	Female								4.00	**4.00**
	Male								1.00	**1.00**
SES Band 3	Female									**0**
	Male		1.00							**1.00**

Note: casuals are excluded

TABLE 6: NDIA STAFF BY SUBSTANTIVE CLASSIFICATION, GENDER, EMPLOYMENT CATEGORY AND EMPLOYMENT STATUS (HEADCOUNT)

		Ongoing		Non-ongoing		
Classification	Gender	Full-Time	Part-Time	Full-Time	Part-Time	Total
APS 2	Female	2				**2**
	Male	2				**2**
APS 3	Female	12	1	3	2	**18**
	Male	2		1		**3**
APS 4	Female	24	1			**25**
	Male	8				**8**
APS 5	Female	82	16	2		**100**
	Male	19				**19**
APS 6	Female	95	32	5	1	**133**
	Male	28		2	1	**31**
EL 1	Female	43	2	5		**50**
	Male	30		3	1	**34**
EL 2	Female	31	4	2	1	**38**
	Male	15	1	3		**19**
Legal Officer	Female	2				**2**
	Male	1				**1**
Senior Legal Officer	Female	1				**1**
	Male	1				**1**
Principal Legal Officer	Female	2				**2**
	Male	1				**1**
Public Affairs Officer	Female	1				**1**
	Male			1		**1**
SES Band 1	Female	9		3		**12**
	Male	4		1		**5**
SES Band 2	Female	3		1		**4**
	Male	1				**1**
SES Band 3	Female					**0**
	Male			1		**1**

Note: casuals are excluded



Staffing statistics (cont...)

TABLE 7: NDIA STAFF WITH DISABILITY AND NON-DISABILITY (30 JUNE 2014)

Location	Disability	Non-disability	Not disclosed	Total	Percentage
Total staff	**56**	**237**	**231**	**524**	**10.7**
Barwon, VIC	17	51	50	118	14.4
Adelaide, SA	4	33	25	62	6.5
Hunter, NSW	13	43	28	84	15.5
Tasmania	2	15	14	31	6.5
Barkly, NT	1	0	2	3	33.3
ACT	3	18	14	35	8.6
WA	3	3	10	16	18.8
Total Trial Sites	**43**	**163**	**143**	**349**	**12.3**
National Office	13	74	88	175	7.4

Ethical standards

The NDIA promotes ethical standards of behaviour by providing extensive information to staff and reviewing existing policies and procedures to make sure they are effective. The Agency's intranet contains information on:

- the APS Values and Code of Conduct
- bullying and harassment
- acceptance of gifts and benefits
- conflict of interest and outside employment
- ethical behaviour in practice.

The intranet also provides links to relevant information on external websites, for example, the APSC website.

Part F: Workforce planning

In 2013–14, workforce planning was integrated into the Agency's business planning. The plan is supported by division-level workforce plans developed in consultation with Senior Executive Service (SES) staff.

In addition, work has started on:

- developing an organisational workforce planning framework, based on the workforce planning methodology developed by the APSC
- analysing the profile of the Agency's workforce using the robust APS Work Level Standards to meet priorities and budget.

The NDIA's People and Culture Committee met every six weeks to review a comprehensive report providing quantitative and qualitative analysis of the workforce, including trend data. Highlights from these reports are as follows.

Recruitment

- conducted 108 external recruitment processes
- made 428 employment offers
- attracted an average of 37 applicants for each job advertised externally.

The Agency maintained recruitment order of merit lists which were used to fill ongoing and non-ongoing vacancies where appropriate.

Retention

Initiatives to support staff retention included:

- staff rotations, transfers and temporary assignments
- supported learning and development
- flexible working arrangements.

Separation

- a 6.9 per cent voluntary separation rate (resignations from the APS and retirements)
- 10.3 per cent of separations resulted from staff ending non-ongoing contracts, temporary reassignment of duties or moving to other agencies.

Absences

The NDIA's unscheduled absence rate of 4.6 days per FTE (compared with a rate of 11.6 for the APS overall) attests to the generally high level of wellbeing and commitment to the organisation amongst the Agency's staff.

Employment arrangements

The FaHCSIA Enterprise Agreement 2012–2014 applied to non-SES NDIA staff for the duration of 2013–14. The Agreement allows for Individual Flexibility Arrangements (IFAs) for working hours, leave and remuneration. At 30 June 2014, 501 employees were covered by the Agreement of which 31 were the subject of IFAs.

Through its industrial arrangements with employees, the NDIA also permits employees to flexibly package their remuneration to combine both monetary and non-monetary benefits. Significant benefits offered include acquiring a motor vehicle through novated lease arrangements and additional employer superannuation contributions.

The NDIA has commenced processes to negotiate its first enterprise agreement in line with the 2014 Public Sector Workplace Bargaining Policy. As a new agency, the firm focus is on developing an affordable agreement that aligns with NDIA's service delivery needs and considers requirements for the full scheme.

SES remuneration

NDIA SES employees are offered a remuneration and employment conditions package according to a determination under the PS Act (section 24(1)). Remuneration includes salary, an executive vehicle benefit, and may include additional salary payments and other remuneration benefits approved by the Secretary in accordance with this policy.

The following SES salary ranges applied with effect from 1 July 2013 **(Table 8)**:

TABLE 8: SES REMUNERATION

Classification	Salary range
SES band 1	$161 723 – $174 836 – $187 949
SES band 2	$208 711 – $220 731 – $232 751
SES band 3	See note

Note: no salary band exists for the SES Band 3 classification. Remuneration for SES Band 3 employees is established having regard to the Executive Remuneration Policy developed by the APSC.

At 30 June 2014, there were 23 SES employees covered by section 24(1) determinations.

SES salary levels are reviewed by the CEO each year following the completion of annual performance appraisals. Recommendations on remuneration increases for SES employees abide by the APSC's recommendation that salary increases not exceed three per cent per annum.

The Agency does not use common law contracts for the employment of staff.

The remuneration and employment conditions package offered under this policy comply with the requirements of the Executive Remuneration Management Policy issued by the APSC.

Training and development

The NDIA lays the groundwork for a learning and development culture with a framework that results in improved performance, individual growth and organisational benefits. The framework recognises that responsibility for learning and development is shared between individuals, their managers and the Agency.

In 2013–14, the Agency's primary focus was on developing the technical skills of new employees however the Agency provided a variety of learning and development opportunities throughout the year. These can best be described under five headings with examples including:

- **core skills** – financial management, contract management, and communicating effectively
- **technical training** – working under an insurance actuarial model, NDIS Act–the legislation, mainstream interfaces, and NDIS participant goal planning
- **leadership and coaching** – an Agency-wide in-house learning and culture workshop as part of the transition to the Geelong office and an induction programme for new SES officers run externally by the APSC
- **study assistance** – financial assistance and study leave for relevant external study
- **conferences** – DisabilityCare Australia[2] Conference, National Occupational Therapy Conference and Australian Housing and Research Institute Conference.

The total investment in learning and development activities in 2013–14 was over $1 million, or 2.1 per cent of the Agency's total expenditure on salaries and wages.

Note, this expenditure:

- does not include the significant investment which was required in the six weeks before 1 July 2013 to open the doors to the new Agency and it does not include overheads like venue hire, catering and travel; and
- includes designing, developing and delivering internal training courses, payment for executive coaching services, registration fees associated with external programmes and attendance at conferences, and financial assistance for employee study.

[2] The NDIS was branded as DisabilityCare Australia at 1 July 2013, but reverted to the NDIS in late 2013

Employee engagement

The NDIA conducted its first employee survey in April 2014 and participated in the APS-wide employee census that was conducted in May 2014. Employee participation in the Agency survey was voluntary and 75 per cent of staff agreed to participate. Results of these surveys were not available in time to be included in this report.

Performance pay

No performance pay arrangements apply in the NDIA.

Performance management

Under the Agency's Enterprise Agreement, all NDIA employees are required to participate in the performance management process.

In 2013–14, the NDIA used the DSS performance framework, Talking About Performance (TAP). The Agency has commenced a review into both the framework and the management of underperformance in the NDIA.

People strategy

The NDIA people strategy seeks to maximise the Agency's effectiveness by placing the right people in the right jobs doing the right work. The strategy underpins accountability and governance frameworks and incorporates the Agency's mission and values, organisation structures, systems and management capability. Its people management principles encourage open, two way communication at all levels, clearly defined accountabilities, fair and transparent processes and work and private life balance.



Part G: NDIA facilities and workplace health and safety

National Office

In June 2013, the then Government announced that the National Office of the NDIA would be relocated to Geelong, Victoria. This transition to the new site commenced from 1 January 2014 and was completed by 1 July 2014. It was assisted by a comprehensive transition strategy, covering all aspects of the move including staff recruitment, relocation, training, and knowledge transfer. A package of assistance was agreed for existing Agency staff who chose to relocate to Geelong.

The fit out of the site was finalised for staff to move in on 11 April 2014 and most staff relocated to or commenced at the Brougham Street office by 30 June 2014.

As at 30 June 2014, $1 461 103 had been spent on the move to Geelong. This includes costs associated with recruitment, staff relocation and property.

Work health and safety performance

The NDIA acknowledges its employer responsibilities under the *Work Health and Safety Act 2011* (WHS Act), the *Safety, Rehabilitation and Compensation Act 1988* and anti-discrimination legislation.

The Agency takes all reasonably practicable measures to protect the health, safety and welfare of its workers while at work, including providing a safe work environment, establishing a Work Health and Safety Policy and implementing Health and Safety Management Arrangements aligned with the NDIA's philosophy of looking after and valuing its people.

Specific action taken in 2013–14 included:

- establishing a Work Health and Safety Committee in accordance with the WHS Act
- developing and implementing a health and safety management system with assistance from DSS
- conducting health and wellbeing activities such as influenza vaccinations and workstation assessments
- offering an employee assistance programme providing free, confidential and professional counselling to employees and their immediate family members including a dedicated and confidential programme for managers and executives
- providing an online interactive wellbeing resource which provides information and guidance on work and personal issues.

Reportable items

In 2013–14, the NDIA:

- notified Comcare of no incidents pursuant to section 38 of the WHS Act
- undertook no investigations under Part 10 of the WHS Act.

The WHS Act requires the NDIA to provide statistics of any notifiable incidents of which it became aware during the year that arose out of the conduct of business or undertakings by the entity, and any investigations conducted and notices given. **Table 9** provides a summary in accordance with the Act.

TABLE 9: SUMMARY OF NOTIFIABLE INCIDENTS, INVESTIGATIONS AND NOTICES UNDER THE WHS ACT, 1 JULY 2013 TO 30 JUNE 2014

Action	Number
Death of a person that required notice to Comcare under section 35	0
Serious injury or illness of a person that required notice to Comcare under section 35	0
Dangerous incident that required notice to Comcare under section 35	0
Investigations conducted under Part 10	0
Notices given to FaHCSIA under section 90 (provisional improvement notices)	0
Notices given to FaHCSIA under section 191 (improvement notices)	0
Notices given to FaHCSIA under section 195 (prohibition notices)	0
Directions given to FaHCSIA under section 198 (non-disturbance)	0

The Agency's workers' compensation premium for 2013–14 was $723 990 or 1.53 per cent of payroll costs.

Part H: Reporting obligations

Ecological sustainable development

The NDIA introduced ecological and sustainable measures at each of its sites including:

- providing food waste bins in all trial sites
- recycling, including printer toner
- sensor-driven lighting and efficient 'T5' fluorescent lights in all new locations
- dual-flush toilets in all sites
- environmentally friendly cleaning products used by cleaners in all sites
- an electronic filing system to decrease wasted paper
- IT applied duplex black and white printing and copying as a default option
- carbon-neutral printing paper in all sites.

No Energy or Green ratings have yet been awarded to any NDIA site because they are required to be in location for at least 12 months.

Consultancies

During 2013 –14, the NDIA spent $4.704 million (GST inclusive) on consulting costs. These services were crucial during the first year of the NDIA. Some of the vital skill sets are being staffed in-house as the recruitment process continues. However, to ensure the NDIA remains administratively lean, the Agency has utilised contestable requests for tender to outsource key functions. Examples of the types of services that were provided by consultants include:

- providing the scheme actuary role and actuarial advisory services while the team was being recruited
- strategic planning and advice relating to risk management, property design and documentation services
- strategic property planning
- options to fill the LAC and planner roles within trial sites
- strategic analysis to facilitate the delivery of the full scheme roll-out
- conducting accessibility assessments for trial site development.

Contracts

As the NDIA was a non-prescribed CAC Act Agency it was not required to report on AusTender.

The details of the contracts let during 2013–14 of $100,000 or more which did not provide for the Auditor-General to have access to the contractor's premises are:

- Civil Aviation Safety Authority $146 200.00, secondment of staff member
- Deakin University $155 017.50, secondment of staff member
- PCA People $209 000.00, contractor services
- Ernst & Young $175 863.60, accounting advice

Advertising and market research

During 2013–14, advertising campaigns for the NDIA were run under the DSS (formally FaHCSIA) portfolio. Further information on those advertising campaigns is available at www.dss.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available at www.finance.gov.au/advertising/index.html.

Grants programmes

The NDIA does not publicly report details of any grants as it was a non-prescribed CAC Act Agency.

Internal Audit

The objectives of the Agency's internal audit programme are to:

- provide assurance to the CEO and Board that the NDIA's financial and operational controls are operating in an efficient, effective, economical and ethical manner
- assist management in improving the Agency's business performance.

The ARC has overall responsibility for the internal audit programme, including determining the audits to be conducted, receiving reports, and monitoring management action taken to address audit findings.

The ARC has endorsed a three year internal audit plan covering 2013–14 to 2015–16, with provision for annual review based on consideration of relative risks and operational priorities.

In 2013–14, an internal audit produced three Category A findings (to be resolved within six months) and two category B findings (to be resolved within 12 months).

There were no ANAO performance audits of the Agency during 2013–14, and the Agency did not participate in any cross-portfolio audits. There were no Category A findings from the ANAO's financial statements audit.

Purchasing policies

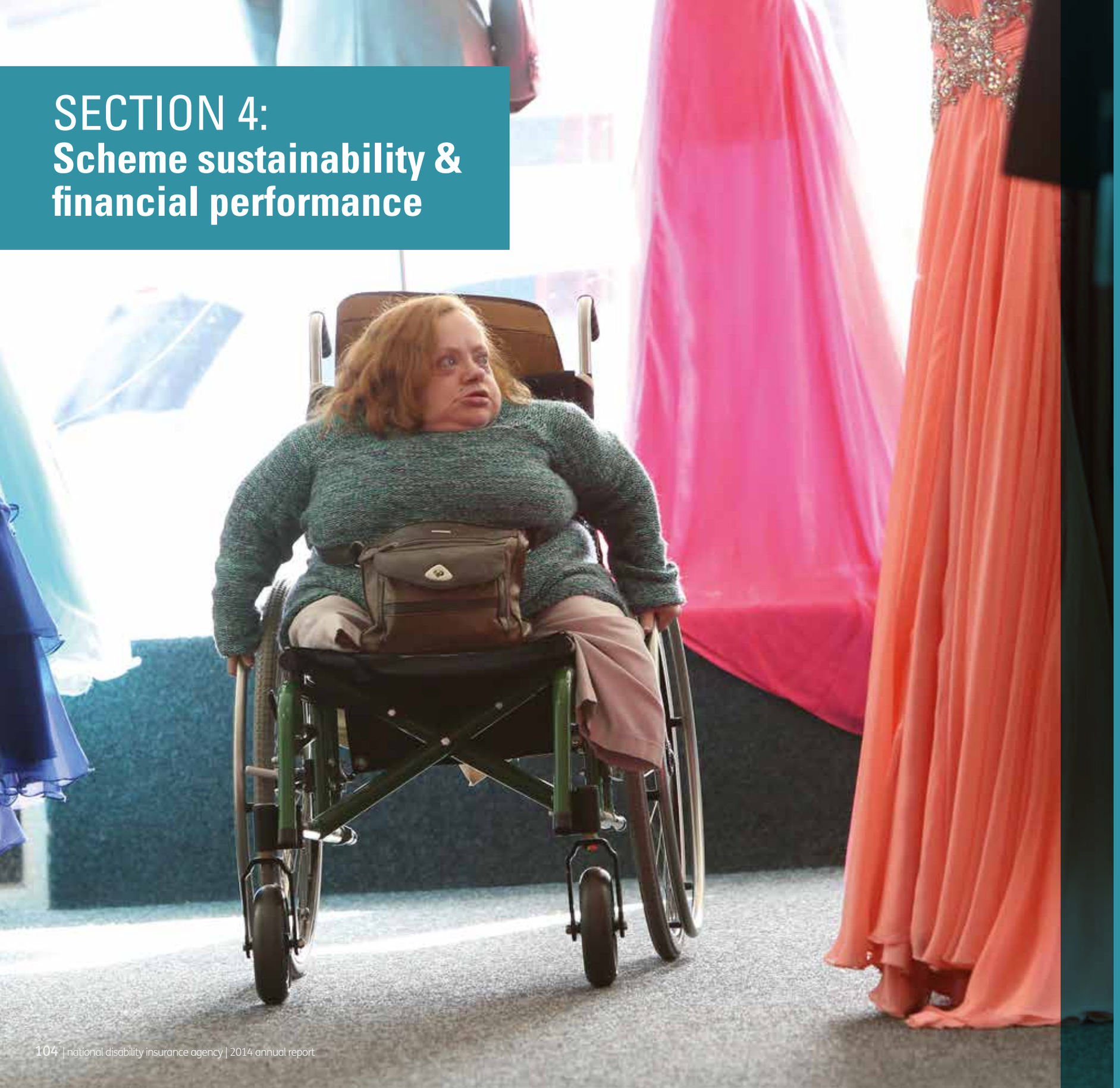
As a matter of good practice, the Agency is committed to undertaking procurements in line with the Commonwealth Procurement Rules (CPRs). The Agency has procurement policies which govern the procurement of all goods and services within the Agency. The Agency is committed to achieving value for money outcomes for all procurement activities, which includes encouraging competition, ensuring efficient, effective, economical and ethical use of resources and ensuring accountability and transparency in decision-making.

Purchaser–provider arrangements

The Agency has a Memorandum of Understanding (MoU) with the DSS for the provision of corporate and ICT services. The MoU is for an initial period of two years commencing 1 July 2013, with formal reviews at least every six months. The value of the MoU in the 2013–14 financial year was $30.5 million.

The Agency also has bilateral agreements with states and territories which provide the foundation for the NDIS in trial sites and outline how the NDIS is expected to operate in trial sites including the roles and responsibilities of the Commonwealth and respective state and territory governments.

SECTION 4:
Scheme sustainability & financial performance



This section of the 2013-14 Annual Report contains the NDIA's financial statements.

Summary of Annual Financial Sustainability Report

Sarah Johnson BCom FIAA
Scheme Actuary
September 2014

Introduction

The National Disability Insurance Scheme (NDIS) Act received Royal Assent on 28 March 2013, and the NDIS became fully operational on 1 July 2013 with the commencement of NDIS trial sites. A number of significant milestones in recent history contributed to the launch of the NDIS, and importantly the insurance approach to funding and supporting people with a disability over their lifetime.

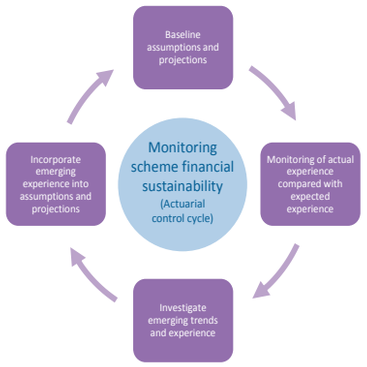
The NDIS Act commits to the provision of reasonable and necessary supports, including early intervention supports, to all eligible participants. Unlike the existing disability system, eligible participants will be provided with reasonable and necessary supports and this introduces financial risk into the disability system. This annual sustainability report is required under section 180B of the NDIS Act, and provides an assessment of the financial sustainability of the NDIS after its first year of operations. Further, this report describes the methodology for monitoring financial sustainability.

The framework for monitoring financial sustainability

Financial sustainability can be defined as a state where:

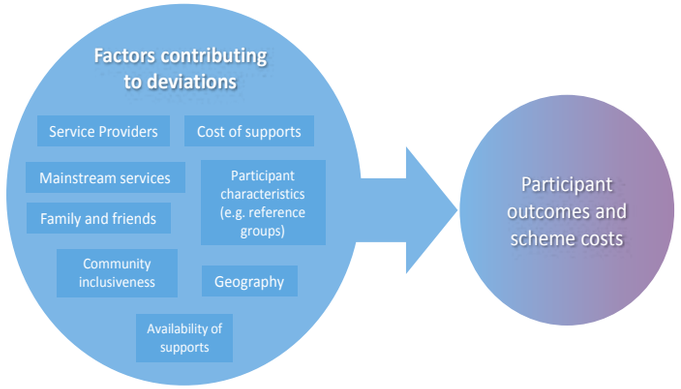
- The scheme is successful on the balance of objective measures and projections of economic and social participation and independence, and on participants' views that they are getting enough money to buy enough goods and services to allow them reasonable access to life opportunities – that is, reasonable and necessary supports; and
- contributing governments think that the cost is and will continue to be affordable, is under control, represents value for money and, therefore, remain willing to contribute.

In order to continue to achieve financial sustainability a solid framework for monitoring financial sustainability is required. This framework includes continuous monitoring and evaluation of participant outcomes and costs.



1

Specifically, the framework involves collecting data on the number of participants, the characteristics of these participants (to allow analysis of reference groups), the outcomes for these participants, and the cost of supports provided to participants. This allows a detailed understanding of deviations between actual and expected experience and hence identification of cost drivers. This information can then be used by the NDIS Board and NDIA management to implement any changes required to continue to ensure the NDIS remains financially sustainable.



Scheme experience

As at 30 June 2014:

- 10,271 people had lodged an access request
- 8,585 participants were eligible for the scheme
- 7,316 participants had an approved plan.

The Productivity Commission estimates assumed that around 2.2% of the population under 65 years would be eligible for the NDIS – specifically 2.9% for 0-14 year olds, 1.8% for 15-49 year olds, and 2.4% for 50-64 years olds. Whilst one year's worth of experience is not adequate to understand the number of participants at full scheme, departure from the Productivity Commission estimates does not seem warranted. Specifically:

- The New South Wales and Victorian trial sites appear likely to have a lower number of participants than expected. The number of medium and high cost participants across the trial sites is likely to be broadly in line with expected. However, the number of low cost participants is likely to be lower than expected.

2

- The numbers of participants in the South Australian and Tasmanian age-specific trial sites are tracking in line with expected.
- A number of people in current disability programs have declined to phase into the Scheme or have withdrawn indicating they may not need NDIS support at the present time, but may require some support in the future (or episodically).

Understanding the distribution of cost is critical to managing the financial sustainability of the scheme. As mentioned above, a higher proportion of low cost participants were expected compared with actual experience in the New South Wales and Victorian trial sites. The distribution of cost is skewed towards a small number of participants with high cost packages – specifically, of the 5,148 active participants with approved plans in the New South Wales and Victorian trial sites, 3,346 participants have an annualised package cost of less than $30,000 (65%). The total annualised package costs of these 3,346 participants only represent 18% of committed supports. On the other hand, the total annualised package costs of the 571 participants with support packages of more than $100,000 represents 49% of total committed supports.

Lastly, analysis of packages across age groups and disability types indicates that costs increase with age, with children costing less than adults. This is in line with the Productivity Commission estimates.

Projections

In order to project the costs of the NDIS over time, a number of assumptions were required. These assumptions include:

- rates of new incidence by age and disability
- rates of exit from the scheme, both through mortality and because of no longer requiring NDIS support
- ageing in the scheme
- package costs over the participant's lifetime (including the impact of early investment)
- inflation
- estimates of the impact of accident compensation schemes and particularly the National Injury Insurance Scheme (NIIS)[1]
- operating costs.

[1] The proposed NIIS sees States/Territories put in place arrangements to cover the care and support needs of people seriously injured in motor vehicle accidents, the workplace, through medical misadventure, or other means (referred to as general injury), regardless of whether the individual was at fault in the accident.

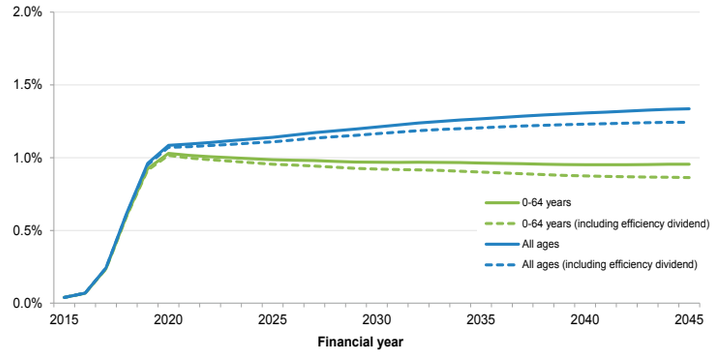
Overall:

- Package costs at full scheme in 2019/20 are estimated to be $21.8 billion, including $1.2 billion for people aged over 65 years.
- The effect of introducing the NIIS reduces the cost of the NDIS over time. Further, some people with serious injury are already covered under accident compensation scheme arrangements and hence do not require the support of the NDIS. The impact in 2019/20 reduces the total cost of the NDIS to $21.1 billion.
- Including operating costs increases this to $22.7 billion.
- Including an efficiency dividend[2] due to early investment reduces this number to **$22.4 billion**. The efficiency dividend could be higher or lower than expected, and more experience (over many years) will need to emerge to understand the actual efficiency dividend.

In 2044/45, over 65 year olds represent a much higher proportion of package costs – around 27% of costs compared with 5% in 2019/20. Further, the reduction due to the maturing of the NIIS increases – in 2044/45 this is $6.1 billion (around 6% of total package costs).

Compared with the PC estimates of full scheme costs, the estimates below are consistent when considering inflation and population growth, and only considering participants under the age of 65 years – 0.9% of GDP in the long term (see figure below). However, as participants age in the scheme the cost of the scheme increases from 0.9% of GDP in 2019/20 to 1.3% in 2044/45, with the additional 0.4% of GDP contributing to the cost of the aged care system.

Projected total cost as a % of projected GDP



[2] The Productivity Commission assumed early investment would result in reduced costs in the future.

The PC provided a range around the full scheme estimate indicating that the estimate was uncertain. In order to better manage short term cash flow uncertainty, a buffer could be considered. This buffer would provide more certainty to funders of the scheme of their required contributions, and allow any fluctuations in experience to be managed by putting in place appropriate operational changes. Further, a buffer would allow the Agency to take a longer term view and invest early in participants to achieve reduced lifetime costs. The buffer could be in the order of around 10%-15% subject to further analysis of emerging experience, and would not be drawn upon unless needed.

Managing financial sustainability

There are a number of steps that could be taken to support the surety of scheme financial sustainability. These measures go to both components of financial sustainability – (a) achieving outcomes for people with disability, and (b) doing this at a continuing affordable cost. These steps include pre-empting potential cost escalation, achieving outcomes, and operational efficiency.

Cost escalation

- Funding needs to be adequate to meet reasonable and necessary support, needs to be certain, and needs to be predictable. Management of this funding needs to include detailed modelling of future scheme costs (as included in this report), and funding needs to be based on the most up-to-date and reliable estimates of future costs which take into account all scheme dynamics.
- Potential lack of mainstream services funded by other systems and a reduction in community and family support needs to be recognised and mitigated. Monitoring actual and expected experience, routinely gathering qualitative information, and putting in place memoranda of understanding will assist in mitigating this issue.
- The capacity of the sector to expand to meet the increased demand from increased funding and develop innovative and flexible ways for supporting participants in the timelines outlined in the Heads of Agreement is critical. If demand increases at a rate that is faster than supply, then inflationary pressure will emerge. The scheme will need to roll out at a pace which does not result in inflationary pressures, but which encourages sound investment from service providers to expand their operations and credible new entrants to enter the market.

Achieving outcomes

- Sector capacity to develop innovative and flexible ways for supporting participants is a necessary ingredient to achieve positive participant outcomes. Further, capacity of participants to articulate the supports they require in a way which contributes to them achieving a good life and improved outcomes is required to ensure financial sustainability. Considered full scheme transition planning and building the capacity of participants and potential participants in the lead up to, and throughout, transition is required.
- Participants need to remain satisfied, and the community needs to continue to see value for money in the NDIS. Clear information on reasonable and necessary supports and comfort that the scheme will support participant needs, including in ways that may be different from current service models. Communication of the performance of the Scheme (both participant outcomes and financial sustainability) by the NDIA will also assist in building community confidence.

Operational effectiveness

- The ICT system needs to accommodate a longitudinal database, provide expert support to front-line staff, and meet the needs of participants and service providers. A longitudinal database is essential to scheme financial sustainability and the actuarial analysis described in this report. Further, the ICT system should meet the needs of NDIA operations, participants and services providers. The current ICT system does not meet these requirements.
- The continuous learning culture now embedded in the NDIA is a critical component to meet the significant challenges of transition to full scheme. The Agency needs to actively evolve in response to emerging experience, consultation and feedback, and ensure that incoming workforce is committed to the values of the NDIS in maintaining financial sustainability.

Australian Government
Australian Government Actuary

Ref No.:

Telephone: 02 6263 4127
Facsimile: 02 6263 2677
E-mail: peter.martin@aga.gov.au

1 October, 2014

Mr Bruce Bonyhady
Chair
National Disability Insurance Agency
GPO Box 700
CANBERRA ACT 2601

Dear Mr Bonyhady

REVIEW OF FINANCIAL SUSTAINABILITY REPORT SUMMARY

I have reviewed the summary of the annual Financial Sustainability Report dated September 2014 as required under section 180E of the *National Disability Insurance Scheme (NDIS) Act 2013*.

The main focus of my review has been the reasonableness of the scheme actuary's projections of long term costs of the NDIS.

I am satisfied that the assumptions adopted by the scheme actuary are reasonable for the purpose of obtaining a realistic projection of long term scheme costs.

I am also satisfied that the projections are consistent with the assumptions adopted.

The scheme actuary has identified a number of issues which have implications for the financial sustainability of the scheme and which, in my view, warrant careful consideration. I draw your attention particularly to her comments around the ICT system, the pace at which the scheme ramps up following the end of the trials and the importance of adopting a long term view when considering spending decisions.

Finally, I note that the Agency has taken the steps necessary for me to undertake this review.

Yours sincerely

Peter Martin
Australian Government Actuary

The Treasury Langton Crescent Parkes ACT 2600 General Enquiries 02 6263 4189 Facsimile 02 6263 2677

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Social Services

I have audited the accompanying financial statements of the National Disability Insurance Scheme Launch Transition Agency for the year ended 30 June 2014, which comprise: a Statement by the Chairman of the Board, Chief Executive and Chief Financial Officer; the Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Statement of Cash Flows; Schedule of Commitments; Schedule of Contingencies; and Notes to and Forming Part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of the National Disability Insurance Scheme Launch Transition Agency are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997,* including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the National Disability Insurance Scheme Launch Transition Agency's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Disability Insurance Scheme Launch Transition Agency's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the National Disability Insurance Scheme Launch Transition Agency:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997,* including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the National Disability Insurance Scheme Launch Transition Agency's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Ian Goodwin
Group Executive Director

Delegate of the Auditor-General

Canberra
24 September 2014

National Disability Insurance Scheme Launch Transition Agency

Financial Statements
for the year ended 30 June 2014

National Disability Insurance Scheme Launch Transition Agency
STATEMENT BY THE CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

Signed.....
Bruce Bonyhady AM
Chairman
24 September 2014

Signed.....
John Hill PSM
Director
Audit and Risk Committee Chairman
24 September 2014

Signed.....
Louise Glanville
A/g Chief Executive Officer
24 September 2014

Signed.....
Stephen Payne FCPA
Chief Financial Officer
24 September 2014

National Disability Insurance Scheme Launch Transition Agency
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2014

	Notes	2014 $'000
NET COST OF SERVICES		
Expenses		
Employee benefits	3A	**48,689**
Supplier expenses	3B	**69,995**
Grants	3C	**4,515**
Participant plan expenses	3D	**130,861**
Depreciation	3E	**4,477**
Finance costs	3F	**9**
Loss from assets sales	3G	**10**
Total expenses		**258,556**
Own-source income		
Own-source revenue		
Revenue from rendering of services	4A	**238,757**
Interest	4B	**2,220**
Other revenues	4C	**4,020**
Total own-source revenue		**244,997**
Other own-sourced income		
Resources received free of charge	4D	**23,266**
Total other own-sourced income		**23,266**
Total own-source income		**268,263**
Net contribution by services		**(9,707)**
Revenue from Government	4E	**8,271**
Surplus attributable to the Australian Government		**17,978**
Total comprehensive income attributable to the Australian Government		**17,978**

The above statement should be read in conjunction with the accompanying notes.

National Disability Insurance Scheme Launch Transition Agency
STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	2014 $'000
ASSETS		
Financial assets		
Cash and cash equivalents	6A	**122,325**
Trade and other receivables	6B	**3,649**
Total financial assets		**125,974**
Non-financial assets		
Buildings (leasehold improvements)	7A	**20,461**
Property, plant and equipment	7B	**897**
Intangibles	7D	**277**
Other non-financial assets	7F	**691**
Total non-financial assets		**22,326**
Total assets		**148,300**
LIABILITIES		
Suppliers	8A	**12,340**
Participant plan payables	8B	**1,476**
Other payables	8C	**2,356**
Total payables		**16,172**
Provisions		
Employee provisions	9A	**6,874**
Participant plan provisions	9B	**66,400**
Other provisions	9C	**2,186**
Total provisions		**75,460**
Total liabilities		**91,632**
Net assets		**56,668**
EQUITY		
Contributed equity		**38,690**
Retained surplus		**17,978**
Total equity		**56,668**

The above statement should be read in conjunction with the accompanying notes.

National Disability Insurance Scheme Launch Transition Agency
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2014

	Retained earnings		Changes in equity		Total equity	
	2014		2014		2014	
	$'000		$'000		$'000	
Opening balance						
Balance carried forward from previous period	-		-		-	
Comprehensive income						
Surplus for the period	17,978		-		17,978	
Total comprehensive income	17,978		-		17,978	
Transactions with owners						
Contributions by owners						
Restructuring[1]	-		8,676		8,676	
Equity injection - Appropriation	-		30,014		30,014	
Departmental capital budget	-		-		-	
Sub-total transactions with owners	-		38,690		38,690	
Closing balances as at 30 June						
Closing balance attributable to the Australian Government	17,978		38,690		56,668	

The above statement should be read in conjunction with the accompanying notes.

[1] On 1 July 2013, the Agency became financially independent from the then Department of Families, Housing, Community Services and Indigenous Affairs. On that date, a number of assets and liabilities were transferred to the Agency as part of an administrative restructure. The net book value of the assets transferred was treated as a contribution to the Agency. Refer to Note 10 for details.

National Disability Insurance Scheme Launch Transition Agency
STATEMENT OF CASH FLOWS
for the year ended 30 June 2014

	Notes	2014 $'000
OPERATING ACTIVITIES		
Cash received		
Revenue from Government		7,384
State and Territory Government contributions		48,674
Interest received		2,065
Department of Social Services		190,083
Other		4,020
Total cash received		252,226
Cash used		
Employee benefits		42,438
Supplier expenses		53,485
Participant plan expenses		42,285
Grant payments		4,515
Total cash used		142,723
Net cash from operating activities	11	109,503
INVESTING ACTIVITIES		
Cash used		
Purchase of buildings and property, plant and equipment		17,192
Total cash used		17,192
Net cash used by investing activities		17,192
FINANCING ACTIVITIES		
Cash received		
Equity injection		30,014
Total cash received		30,014
Net cash from financing activities		30,014
Net increase in cash held		122,325
Cash and cash equivalents at the beginning of the reporting period		-
Cash and cash equivalents at the end of the reporting period	6A	122,325

The above statement should be read in conjunction with the accompanying notes.

National Disability Insurance Scheme Launch Transition Agency
SCHEDULE OF COMMITMENTS
as at 30 June 2014

	Notes	2014 $'000
BY TYPE		
Commitments receivable		
State and Territory Government Scheme Contributions		
State and Territory Government Scheme Contributions		**850,585**
Total State and Territory Government Scheme contributions receivable		**850,585**
GST commitment receivable		
Net GST recoverable on commitments		**6,696**
Total GST receivable		**6,696**
Total commitments receivable		**857,281**
Commitments payable		
Capital commitments		
Land and buildings		**(7,261)**
Property, plant and equipment		**(20)**
Total capital commitments		**(7,281)**
Other commitments		
Operating leases		**(25,839)**
Participant plans		**(154,502)**
Suppliers		**(43,402)**
Total other commitments		**(223,743)**
Total commitments payable		**(231,024)**
Net commitments by type		**626,257**

National Disability Insurance Scheme Launch Transition Agency
SCHEDULE OF COMMITMENTS
as at 30 June 2014

	2014 $'000
BY MATURITY	
Commitments receivable	
State and Territory Government Scheme Contributions	
Within 1 year	**252,055**
Between 1 to 5 years	**598,530**
Total State and Territory Government Scheme contributions receivable	**850,585**
GST commitment receivable	
Within 1 year	**4,425**
Between 1 to 5 years	**1,526**
More than 5 years	**745**
Total GST receivable	**6,696**
Total commitments receivable	**857,281**
Commitments payable	
Capital commitments	
Within 1 year	**(7,281)**
Total capital commitments	**(7,281)**
Operating lease commitments[1]	
Within 1 year	**(5,485)**
Between 1 to 5 years	**(12,160)**
More than 5 years	**(8,194)**
Total operating lease commitments	**(25,839)**
Participant plan	
Within 1 year	**(154,502)**
Total participant plan commitments	**(154,502)**
Supplier commitments	
Within 1 year	**(38,773)**
Between 1 to 5 years	**(4,629)**
Total supplier commitments	**(43,402)**
Total commitments payable	**(231,024)**
Net commitments by maturity	**626,257**

[1] Motor Vehicles – fully maintained operating leases over periods up to 24 months that do not have contingent rentals and do not have renewal or purchase options available at the end of the lease.
Property leases – lease payments subject to increases in accordance with CPI or other agreed increment with initial periods of between 1 and 10 years. Some leases have options to extend.

National Disability Insurance Scheme Launch Transition Agency
SCHEDULE OF CONTINGENCIES
as at 30 June 2014

The Agency does not have any contingent assets or contingent liabilities at 30 June 2014.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Note 1: Significant Accounting Policies

1.1 General information

The National Disability Insurance Scheme Launch Transition Agency ('the Agency' or 'Entity') was established on 29 March 2013 by the *National Disability Insurance Scheme Act 2013* ('the Act') and became financially independent on 1 July 2013. The Agency is an Australian Government controlled not-for-profit entity with the address of its head office located at Level 1, 43-45 Brougham Street, Geelong Victoria 3220.

From 1 July 2013, arrangements were put in place to ensure that the National Disability Insurance Scheme ('the Scheme') could be introduced gradually, ensuring a smooth transition for people with disability and support providers. The first stage of the Scheme was rolled out in South Australia, Tasmania, the Barwon area of Victoria and the Hunter area of New South Wales. The Australian Capital Territory, the Perth Hills area of Western Australia and the Barkly area of the Northern Territory joined the launch phase of the Scheme from 1 July 2014.

1.2 Objectives of the Agency

The objective of the Agency is to operate under the Act, and in conjunction with other legislation, to give effect to Australia's obligations under the *Convention on the Rights of Persons with Disabilities*. In doing so, the Agency supports the independence and social and economic participation of people with a disability.

The Agency enables each participant to exercise individual control and choice in respect to the delivery of reasonable, necessary care and support and undertakes to support people with disabilities, their families and carers. It also works to support the wider disability sector in order to promote better outcomes for people with a disability, in areas such as research and building community awareness.

The Agency is also responsible for reporting on the sustainability of the Scheme, including regularly making and assessing estimates of current and future expenditure as well as identifying and managing financial risks and issues relevant to the financial sustainability of the Scheme. This is achieved by adopting an insurance-based approach, informed by actuarial analysis, to the provision and funding of support for people with a disability.

The Agency is structured to meet a single Government outcome of implementing a Scheme that provides individual choice and in the delivery of reasonable and necessary care, supports to improve the independence social and economic participation of eligible people with disability, their families and carers as well as associated referral services and activities.

The continued existence of the Agency in its present form, and with its present programs, is dependent on Government policy and on continuing funding by Parliament for the Agency's administration and programs.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.3 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by Schedule 1, clause 1(b) of the *Commonwealth Authorities and Companies Act 1997* ('CAC Act').

The financial statements have been prepared in accordance with:

a) Finance Minister's Orders (Financial Statements for reporting periods ending on or after 1 July 2011) ('FMOs'); and
b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities which are recorded at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position of the Agency. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars, unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts (where one or more parties have not yet fulfilled their performance obligations) are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

As a result of the Agency becoming financially independent from 1 July 2013, only current year figures covering the period from financial independence are shown.

1.3.1 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the Agency has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial statements:

Participant plan provision

The Agency recognises a liability for the costs of reasonable care and support at the time that services are provided to participants in the Scheme. Due to the administrative processes associated with receiving and processing claims, at the end of an accounting period, the Agency may not have been notified of the full value of all the services provided during that period. Therefore, the Agency records a provision for the reasonable care and support for participants provided during the period but not yet notified to the Agency based on its best estimate of the outstanding liability using the guidance in accounting standards. This estimate is informed by actuarial analysis and includes consideration of participant claims history and other relevant factors. The participant plan provision is disclosed in Note 9B and further information is available in Note 20.

In-kind contributions

The Agency records income in relation to in-kind contributions from Commonwealth, state and territory governments at the time when the services are provided to participants, as disclosed in Note 1.3.3. In some cases, the Agency may not have been formally notified that the Commonwealth or a state or territory government has provided or funded a contribution to a participant. The Agency makes an estimate of the amount of in-kind contributions provided to participants during the period but not yet notified to the Agency based on available evidence. The in-kind contributions are disclosed in Note 4D.

Given that only limited historical information is available in relation to participant claims history and the fact that the Scheme remains in the launch phase, the estimates of participant plan provision and in-kind contributions may require material adjustment in future accounting periods.

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Fair value of property, plant and equipment
Buildings (leasehold improvements), property, plant and equipment are measured at their estimated fair value in the financial statements. The methods and techniques used for the measurement of fair value are set out in Note 5.

1.3.2 Application of new and revised accounting standards
As the 2013-14 reporting period is the first for the agency there are effectively no new standards, revised standards, amended standards or interpretations issued by the AASBs prior to the sign off date that have a material financial impact on the Agency. No accounting standard has been adopted earlier than the application date as stated in the standard.

The requirements of AASB 1055 Budgetary Reporting will be applicable to the Agency for the first time in the financial year ending 30 June 2015. This standard will require the Agency to disclose budgetary information in the financial statements together with explanations for any major variances between actual and budgeted figures. Budgetary information is not required to be presented in respect of comparative periods and this standard will not result in changes to the recognition or measurement of amounts presented in these financial statements.

There have been no other revised or amended standards or interpretations that were issued by the AASB prior to the sign off date that are applicable to future reporting periods and are expected to have a future material financial impact on the Agency.

1.3.3 Revenue recognition
Rendering of services
Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date and is recognised when:

a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
b) the probable economic benefits associated with the transaction will flow to the Agency.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

As of 30 June 2014 no allowance for doubtful debts has been raised as all receivables are deemed recoverable.

Interest revenue
Interest revenue is recognised using the effective interest method as described below in the accounting policy for financial instruments.

Resources received free of charge
Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been contributed. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements. Refer to Note 10 for details of the Agency's restructuring efforts.

In-kind contributions
Prior to the commencement of the Scheme, the Commonwealth and each state and territory government had committed to provide (directly or by engaging service providers) items such as disability services, health, family support, education, employment, transport and/or housing to people with a disability. The provision of these services on behalf of the Agency is regarded as an in-kind contribution under Australian accounting standards and is accounted for as income from the contribution of services at the date when the services are provided. The fair value of these contributions is the notional unit value provided by the jurisdiction which is based on what the jurisdiction has paid under its funding arrangements with the provider.

In-kind contributions are recorded as resources received free of charge in Note 4D.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revenue from Government
Funding received or receivable from agencies (appropriated to the Agency as a CAC Act body payment item for payment to this entity) is recognised as Revenue from Government unless the funding is in the nature of an equity injection or a loan.

1.3.4 Gains and losses from disposal of assets
Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer. For the year ended 30 June 2014, an immaterial loss on the sale of property, plant and equipment was recognised.

1.3.5 Transactions with the Government as owner
Equity injections
Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and are recognised directly in contributed equity in that year.

Restructuring of administrative arrangements
Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners
The Finance Ministers' Orders require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.3.6 Cash
Cash is recognised at its nominal amount and recorded in the statement of financial position. Cash and cash equivalents include cash on hand and term deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.3.7 Financial Instruments

Financial assets
The entity classifies its financial assets as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Financial assets are recognised and derecognised upon trade date. During the period, all financial assets were classified as loans and receivables.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Effective interest method
Interest income is recognised on an effective interest rate basis. The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Financial assets carried at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial assets carried at cost - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Financial liabilities
Financial liabilities, including supplier and other payables, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.3.8 Property, plant and equipment
Asset recognition threshold
Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than $5,000 which are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Agency where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Agency's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations
Fair value measurement approaches for each class of asset are determined as follows:

Following initial recognition at cost, items of property, plant and equipment are carried at fair value. The Agency's policy is to conduct valuations with sufficient frequency to ensure that the carrying value of items do not differ materially from their fair value at each reporting date. The Agency has considered its portfolio of property, plant and equipment portfolio at 30 June 2014 and determined that no independent valuation is required, having regard to the nature of items in the portfolio and the relatively recent purchase and/or construction of each of the items. Accordingly, no revaluation adjustments have been recognised in these financial statements. In future periods, the regularity of independent valuations will depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset was restated to the revalued amount.

Depreciation
Depreciation is recognised so as to write off the cost or revalued amount of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. The table below outlines the depreciation rates applying to each class of depreciable asset based on the following useful lives:

Asset class	Useful life
Property, plant and equipment	3 to 10 years
Buildings (leasehold improvements)	Lesser of 10 years or the lease term

Impairment
All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost. For the year ending 30 June 2014, no assets were subject to impairment.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.3.9 Intangibles
The Agency's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Agency's software range between 7 and 10 years.

All intangible assets were assessed for indications of impairment as at 30 June 2014 and no impairments were recorded.

1.3.10 Leases
A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised on the statement of financial position at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis over the life of the lease, which is representative of the pattern of benefits derived from the leased assets.

Refer to the Schedule of Commitments for details on operating lease commitments.

1.3.11 Employee benefits
Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave
The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the entity is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability for long service leave takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy
Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation
The Agency's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance administered schedules and notes.

The Agency makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at the balance date represents outstanding superannuation contributions at the end of the period.

1.3.12 Borrowing costs

All borrowing costs are expensed as incurred and include interest and other costs incurred by an entity in connection with the borrowing of funds and may include:

(a) interest on bank overdrafts and short-term and long-term borrowings;
(b) amortisation of discounts or premiums relating to borrowings;
(c) amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
(d) finance charges in respect of finance leases recognised in accordance with Australian accounting standards; and
(e) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

In addition to borrowing costs, other costs which may form part of finance costs include costs arising from the unwinding of the discount on liabilities and provisions.

1.3.13 Fair value measurement

The entity deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period. Refer to Note 5 for details surrounding the levelling and fair value assumptions made.

1.3.14 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.3.15 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.3.16 Taxation

The entity is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST except:

a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
b) for receivables and payables.

1.3.17 Provisions

The Agency makes a provision for the reasonable care and support for participants provided during the period but not yet notified to the Agency. The provision represents management's best estimate of the amount based on available evidence in relation to rates of expenditure by participants and is informed by actuarial analysis. Further information is available in Note 9.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.3.18 Related party disclosures

The term related entity is used to denote other entities which form part of the Australian Government or which the Australian Government controls. Transactions with related entities are disclosed in Notes 3B, 4, 6B, 8A and 15.

The term external entity is used to denote entities which do not form part of the Australian Government or which the Australian Government does not control. This includes State and Territory Governments. Transactions with external entities are disclosed in Notes 3B, 4, 6B and 8A.

The term related party is used to denote any other related parties as per Australian accounting standards as any person or entity in which a member of the Board of the Agency has a material personal interest. Transactions with related parties are disclosed in Note 15.

Note 2: Events After The Reporting Period

Future Legislative Requirements

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) replaced the Commonwealth Authorities and Companies Act 1997 with effect from 1 July 2014. From that date, the Agency will be reported as a corporate entity under the PGPA Act and the framework for preparation of the financial statements for future years will be amended in line with the PGPA Act requirements. The implementation of the PGPA Act is not expected to have a material change in the content or reporting of the financial statements.

Extension of Scheme Launch to further trial sites

On 1 July 2014 the Scheme was extended to include three more trial sites, being the Australian Capital Territory, the Barkly area of the Northern Territory and the Perth Hills area of Western Australia. These sites join the initial trial sites that have been operating since 1 July 2013 to increase the availability of the Scheme to support more participants, their families and carers.

Note 3: Expenses

	2014 $'000
Note 3A: Employee benefits	
Wages and salaries	36,282
Superannuation	
Defined contribution plans	4,390
Defined benefit plans	1,662
Leave and other entitlements	6,278
Separation and redundancies	77
Total employee benefits	48,689

Note 3B: Suppliers	
Goods and services supplied or rendered	
Travel	1,867
Consultants and contractors	19,128
Memorandum of Understanding costs[1]	30,484
Information technology expenses	4,543
Property operating expenses	2,596
Other supplier expenses	6,160
Total goods and services supplied or rendered	64,778
Services rendered in connection with	
Related entities	30,484
External entities	34,294
Total services rendered	64,778
Total goods and services supplied or rendered	64,778
Other suppliers	
Operating lease rentals in connection with	
External entities	
Minimum lease payments	4,410
Workers compensation expenses	807
Total other suppliers	5,217
Total suppliers	69,995

[1] The Agency has in place a Memorandum of Understanding that covers the provision of various administrative and operational support services by the Department of Social Services (formerly the Department of Families, Housing, Community Services and Indigenous Affairs).

Note 3C: Grants	
Sector development	4,515
Total grants	4,515

The Agency provides a range of grants to the wider disability sector in order to promote greater outcomes for people with a disability, their families and their carers. These grants relate to a range of projects including disability research, innovation and education.

Note 3D: Participant plan expenses	
Participant plan expenses	130,861
Total participant plan expenses	130,861

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014 $'000
Note 3E: Depreciation	
Depreciation	
Property, plant and equipment	279
Buildings (leasehold improvements)	4,198
Total depreciation	4,477

No amortisation of intangible assets was recorded during the period as the assets are not available for use.

Note 3F: Finance costs	
Unwinding of discount	9
Total finance costs	9

Note 3G: Losses from asset sales	
Property, plant and equipment	
Proceeds from sale	(52)
Carrying value of assets sold	62
Total losses from asset sales	10

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Own-Source Income

	2014
REVENUE	**$'000**
Note 4A: Revenue from rendering of services	
Rendering of services in connection with	
Related entities - contributions from Department of Social Services	**190,083**
External entities - contributions from State and Territory Governments	**48,674**
Total revenue from the rendering of services	**238,757**
Note 4B: Interest	
Deposits	**2,220**
Total interest	**2,220**
Note 4C: Other revenue	
Contribution by Victorian Government[1]	**4,000**
Other	**20**
Total other revenue	**4,020**

[1] The Victorian Government has contributed an amount to fund the setup costs of the Agency's head office, located in Geelong under an agreement with the Commonwealth Government.

Note 4D: Resources received free of charge	
Contributions in-kind from Commonwealth, state and territory governments	**23,266**
Total resources received free of charge	**23,266**
Note 4E: Revenue from government	
Department of Social Services	
CAC Act body payment item	**8,271**
Total revenue from Government	**8,271**

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Fair Value Measurements

Note 5A: Fair value measurements for recurring fair value measurement assets

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The fair value hierarchy has the following levels

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value	Fair value measurements at the end of the reporting period using Level 1 inputs	Level 2 inputs	Level 3 inputs
	$'000	**$'000**	**$'000**	**$'000**
Non-financial assets				
Buildings (leasehold improvements)	**20,461**	**-**	**-**	**20,461**
Property, plant and equipment	**897**	**-**	**-**	**897**
Total non-financial assets	**21,358**	**-**	**-**	**21,358**
Total fair value measurements (assets)	**21,358**	**-**	**-**	**21,358**

Items apart from those listed above are measured on a basis other than fair value, such as historical cost or amortised cost.
All fair value measurements are determined on a recurring basis.
There were no transfers between categories of investments in the fair value hierarchy during the period.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5B: Valuation technique and inputs for Level 2 and Level 3 fair value measurements

	Category (Level 2 or Level 3)	Fair value $'000	Valuation technique and inputs used	Inputs used range (depreciation weighted average)
Non-financial assets				
Buildings (leasehold improvements)	**3**	**20,461**	The fair value of leasehold improvements is taken to be depreciated replacement cost. Replacement cost is measured by reference to the lowest cost of replacing the asset or repairing the asset. Inputs included in determining the replacement cost include, costs to repair current assets including costs of architects and legal fees.	**29.1%**
Property, plant and equipment	**3**	**897**	The fair value of property, plant and equipment assets have been taken to be the depreciated replacement cost. Replacement cost is measured by reference to the lowest cost of replacing the asset or repairing the asset.	**34.1%**

The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2014 in accordance with the revaluation policy stated at Note 1.3.8. Given the short period between acquisition and valuation of assets, unless evidence indicated otherwise, it was deemed that historical cost less accumulated depreciation and amortisation was a suitable proxy to fair value.
Changing inputs to the Level 3 hierarchy valuations to reasonably possible alternatives would not significantly change amounts recognised in net contribution by services or other comprehensive income.
The depreciation rates used as inputs for the valuation for each asset class are in accordance with Note 1.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5C: Reconciliation for recurring Level 3 fair value measurements
Recurring Level 3 fair value measurements - reconciliation for assets

	Leasehold improvements 2014 $'000	Property, plant and equipment 2014 $'000	Total 2014 $'000
Opening balance	**-**	**-**	**-**
Total losses recognised in net cost of services[1]	**-**	**(10)**	**(10)**
Purchases	**24,659**	**1,238**	**25,897**
Proceeds from sale		**(52)**	**(52)**
Depreciation	**(4,198)**	**(279)**	**(4,477)**
Closing balance	**20,461**	**897**	**21,358**

[1] The loss recognised on the sale of property, plant and equipment for the year ending 30 June 2014 is included in the Statement of Comprehensive Income under loss from asset sales.

Note 6: Financial Assets

	2014 $'000
Note 6A: Cash and cash equivalents	
Cash on hand or on deposit	71,990
Term deposit	50,335
Total cash and cash equivalents	122,325
Note 6B: Trade and other receivables	
Goods and services receivables in connection with	
Related entities	1,684
External entities	231
Total goods and services receivables	1,915
Appropriations receivables	
Revenue from Government receivable	887
Total appropriations receivables	887
Other receivables	
Statutory receivables	460
Other	387
Total other receivables	847
Total trade and other receivables	3,649
Trade and other receivables expected to be recovered	
No more than 12 months	3,649
Total trade and other receivables	3,649
Trade and other receivables aged as follows	
Not overdue	3,171
Overdue by	
0 to 30 days	91
31 to 60 days	59
61 to 90 days	137
More than 90 days	191
Total trade and other receivables	3,649

No allowance for doubtful accounts has been provided as the amounts receivable are from state and territory governments. The Agency is of the opinion that all amounts are likely to be fully recoverable.

Note 7: Non-Financial Assets

	2014 $'000
Note 7A: Buildings (leasehold improvements)	
Buildings (leasehold improvements)	
Work in progress	6,714
Fair value	17,945
Accumulated depreciation	(4,198)
Total buildings (leasehold improvements)	20,461
Total buildings (leasehold improvements)	20,461

No indicators of impairment were found for leasehold improvements.

No buildings are expected to be sold or disposed of within the next 12 months.

Note 7B: Property plant and equipment	
Other property, plant and equipment	
Fair value	1,137
Accumulated depreciation	(240)
Total property, plant and equipment	897

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7C: Reconciliation of the opening and closing balances of property, plant and equipment for 2014

	Buildings (leasehold improvements) $'000	Property, plant & equipment $'000	Total $'000
As at 1 July 2013			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
Net book value 1 July 2013	-	-	-
Additions	**24,659**	**1,238**	**25,897**
By purchase	**16,437**	**530**	**16,967**
From restructuring[1]	**8,222**	**708**	**8,930**
Depreciation expense	**(4,198)**	**(279)**	**(4,477)**
Disposals			
Other (net of depreciation)	-	**(62)**	**(62)**
Net book value 30 June 2014	**20,461**	**897**	**21,358**
Net book value as of 30 June 2014 represented by:			
Gross book value	**24,659**	**1,137**	**25,796**
Accumulated depreciation	**(4,198)**	**(240)**	**(4,438)**
	20,461	**897**	**21,358**

[1] On 1 July 2013, the Agency became financially independent from the then Department of Families, Housing, Community Services and Indigenous Affairs. On that date, a number of assets and liabilities were transferred to the Agency as part of an administrative restructure. Refer to Note 10 for details.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014 $'000
Note 7D: Intangibles	
Computer software	
Internally developed - not yet in use	277
Total computer software	277
Total intangibles	277

Intangible assets were assessed for recoverable amounts and no indicators of impairment were found.

No intangibles are expected to be sold or disposed of within the next 12 months.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7E: Reconciliation of the opening and closing balances of intangibles for 2014

	Computer software internally developed $'000	Total $'000
As at 1 July 2013		
Gross book value	-	-
Accumulated amortisation and impairment	-	-
Net book value 1 July 2013	-	-
Additions		
Internally developed	277	277
Net book value 30 June 2014	277	277
Net book value as of 30 June 2014 represented by:		
Gross book value	277	277
Accumulated amortisation and impairment	-	-
	277	277

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014 $'000
Note 7F: Other non-financial assets	
Participant advances[1]	666
Other prepayments	25
Total other non-financial assets	691
Other non-financial assets expected to be recovered	
No more than 12 months	691
Total other non-financial assets	691

No indicators of impairment were found for other non-financial assets.

[1] Participant advances represent payments that have been made to self-managed participants in the Scheme in advance of support being provided.

Note 8: Payables

	2014 $'000
Note 8A: Suppliers	
Trade creditors	11,068
Accruals	1,272
Total supplier payables	12,340
Supplier payables expected to be settled within 12 months	
Related entities	7,904
External entities	4,436
Total supplier payables	12,340

Settlement is usually made within 30 days.

Note 8B: Participant plan payables	
Participant plan provisions expected to be settled within 12 months	1,476
Total participant plan payables	1,476
Note 8C: Other payables	
Salaries and wages	1,306
Superannuation	218
Lease incentive	595
Operating leases straight-lining	203
Other	34
Total other payables expected to be settled within 12 months	2,356
Total other payables expected to be settled	
No more than 12 months	2,356
Total other payables expected to be settled within 12 months	2,356

Note 9: Provisions

	2014 $'000
Note 9A: Employee provisions	
Leave	6,874
Total employee provisions	6,874
Employee provisions expected to be settled	
No more than 12 months	2,896
More than 12 months	3,978
Total employee provisions	6,874
Note 9B: Participant plan provisions	
Participant plan provisions expected to be settled within 12 months	66,400
Total Participant plan provisions	66,400
Note 9C: Other provisions	
Provision for restoration obligations	2,186
Total other provisions	2,186
Other provisions expected to be settled	
More than 12 months	2,186
Total other provisions	2,186

[1] The valuation of the participant plan provision was undertaken as at 30 June 2013 by the Scheme Actuary and was verified by the Australian Government Actuary.

Note 10: Restructuring

	Department of Social Services 2014 $'000
Assets recognised	
Cash	**6,295**
Trade debtors	**1,229**
Land & buildings (leasehold improvements)	**8,222**
Property, plant and equipment	**708**
Total assets recognised	**16,454**
Liabilities recognised	
Trade creditors	**(6,414)**
Other payables	**(211)**
Employee provisions	**(1,113)**
Other provisions	**(40)**
Total liabilities recognised	**(7,778)**
Net assets/(liabilities) assumed	**8,676**

On 1 July 2013, the Agency became financially independent from the then Department of Families, Housing, Community Services and Indigenous Affairs. On that date, a number of assets were transferred to the Agency as part of an administrative restructure. The net book value of the assets transferred was treated as a contribution to the Agency.

Note 11: Cash Flow Reconciliation

	2014 $'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement	
Cash and cash equivalents as per	
Cash Flow Statement	**122,325**
Statement of Financial Position	**122,325**
Discrepancy	**-**
Reconciliation of net contribution by services to net cash from operating activities	
Net contribution by services	**9,707**
Revenue received from Government	**8,271**
Adjustments for non-cash items	
Depreciation	**4,477**
Losses from sale of assets	**10**
Movements in assets and liabilities	
Assets	
Increase in net receivables	**(3,649)**
Increase in prepayments	**(691)**
Liabilities	
Increase in employee provisions	**6,874**
Increase in other provisions	**2,186**
Increase in participant plan provisions	**66,400**
Increase in supplier payables	**12,086**
Increase in participant plan payables	**1,476**
Increase in other payables	**2,356**
Net cash from operating activities	**109,503**

Significant non-cash items

On 1 July 2013, the Agency became financially independent from the then Department of Families, Housing, Community Services and Indigenous Affairs. On that date, a number of assets and liabilities were transferred to the Agency as part of an administrative restructure. The net book value of the assets and liabilities transferred of $8.676 million was treated as a non-cash contribution to the Agency at that date.

[1]Includes non-cash items transferred as part of the administrative restructure detailed in Note 10

Note 12: Contingent Assets and Liabilities

Quantifiable Contingencies
As at 30 June 2014, the Agency had no quantifiable contingencies.

Unquantifiable Contingencies
As at 30 June 2014, the Agency had no unquantifiable contingencies.

Significant Remote Contingencies
As at 30 June 2014, the Agency has no significant remote contingencies.

The Agency makes a number of decisions, including access and reasonable and necessary support decisions, which are subject to an external merits review by the Administrative Appeals Tribunal (AAT). Participants can also lodge complaints via the Human Rights Commission and Ombudsman. As at 30 June 2014, there were 11 current applications to the AAT, 2 applications with the Human Rights Commission and 2 applications with the Ombudsman relating to the Agency. It is expected there will be no material financial impact that directly arises from these current applications.

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Senior Executive Remuneration

Note 13A: Senior executive remuneration expense for the reporting period

	2014 $'000
Short-term employee benefits	
Salary	2,944
Total short-term employee benefits	2,944
Post-employment benefits	
Superannuation	437
Total post-employment benefits	437
Other long-term benefits	
Annual leave accrued	59
Long-service leave	45
Total other long-term benefits	104
Total	3,485

National Disability Insurance Scheme Launch Transition Agency
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13B: Average annual reportable remuneration paid to substantive senior executives during the reporting period

Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration[1]	Senior Executives No.	Reportable salary[2] $	Contributed superannuation[3] $	Reportable allowances[4] $	Total $
Total remuneration (including part-time arrangements)					
less than $195,000	**14**	**99,206**	**15,588**	**-**	**114,794**
$195,000 to $224,999	**7**	**182,489**	**27,993**	**-**	**210,481**
$225,000 to $254,999	**3**	**216,025**	**30,069**	**-**	**246,094**
$255,000 to $284,999	**1**	**231,670**	**42,860**	**-**	**274,530**
$285,000 to $314,999	**2**	**248,050**	**42,736**	**-**	**290,786**
$405,000 to $434,999	**1**	**364,046**	**48,181**	**-**	**412,227**
Total number of substantive senior executives	**28**				

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
   a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
   b) reportable employer superannuation contributions;
   c) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
   d) exempt foreign employment income
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

National Disability Insurance Scheme Launch Transition Agency
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Note 13C: Other highly paid staff

The Agency has no highly paid staff that require remuneration disclosure in addition to the amounts disclosed under Note 12B. As the Agency has recently commenced operation, a number of other Agency employees have been employed for part of the reporting period and therefore do not meet the relevant threshold for disclosure as highly paid staff in 2013-14.

Note 14: Directors Remuneration

Note 14A: Non-executive directors remuneration

	2014 No.
$0 to $29,999	-
$30,000 to $59,999	1
$60,000 to $89,999	7
$120,000 to $149,999	1
Total number of non-executive directors	**9**

The total remuneration received or due and receivable by Board members of the Agency for 2014 is $724,076.

Note 15: Related Party Disclosures

Related entities
Transactions with related entities are disclosed in Notes 3B, 4A, 4E, 6B and 8A.

Other related parties
The Agency is governed by an independent Board of Directors. There were no loans to Directors or Director-related entities during the period.

John Walsh was appointed as a Director of the Agency on 1 July 2013. He was a partner at professional services firm PricewaterhouseCoopers Australia at that time and remained in the partnership until 30 September 2013. Since resigning as partner, John Walsh has continued to provide advisory services to Pricewaterhouse Coopers on a part-time basis. During the 2013-14 financial year, the Agency received actuarial and other services from PricewaterhouseCoopers Australia with a total value of $794,000. John Walsh did not take part in any of the management decisions to engage the services of PricewaterhouseCoopers Australia.
On 4 November 2013, Ms Sarah Johnson, a former employee of PricewaterhouseCoopers Australia, was appointed by the Board to the position of Scheme Actuary for a period of 3 years. John Walsh abstained from voting on this decision.

There were no other related party transactions during the period.

Several Directors of the Agency play an active role in the disability sector and may have relationships with registered and/or potential service providers. Participants exercise choice and control in selecting service providers for the funded supports in their individualised plans and consequently payments made by the Agency to service providers for participant supports are not considered to be related party transactions.

Participants who elect to have their plan managed by the Agency must select a registered service provider to deliver the supports in their plan. To become a registered service provider an organisation must submit an application to the Agency which is assessed against the criteria specified in Part 3 of *National Disability Insurance Scheme (Registered Providers of Supports) Rules 2013*. Directors of the Agency are not involved in decisions to accept or reject applications to register as a service provider.

Note 16: Remuneration of Auditors

	2014 $'000
Fair value of services received	
Financial statement audit services	**390**
	390

The ANAO has not provided any other services during the period.

Note 17: Financial Instruments

	2014 $'000
Note 17A: Categories of financial instruments	
Financial assets	
Loans and receivables	
Cash at bank	**71,990**
Term deposits	**50,335**
Receivable for goods and services	**1,915**
Total	**124,240**
Carrying amount of financial assets	**124,240**
Financial liabilities	
At amortised cost	
Supplier payables	**11,068**
Accrued expenses	**1,272**
Participant plan payables	**1,476**
Other payables	**2,356**
Total	**16,172**
Carrying amount of financial liabilities	**16,172**

No financial instruments have transferred between categories during the period.

The carrying amount of the Agency's financial instruments shown above is a reasonable approximation of their fair value.

Note 17B: Net income and expense from financial assets	
Loans and receivables	
Interest revenue	**2,220**
Net gain loans and receivables	**2,220**
Net gain from financial assets	**2,220**

There were no gains or losses on financial liabilities during the period.

Note 17C: Credit risk

The Agency's primary credit risk exposure arises from the Agency's business interactions on credit with trade debtors. The credit quality of other customers is risk assessed by management taking into account their financial position, past experience and other factors and compliance with the Agency's credit terms is regularly monitored by management.

The Agency assessed the risk of the default on payment and has not created an impairment allowance as all amounts are regarded as recoverable.

The Agency held no collateral to mitigate against credit risk.

The following table illustrates the Agency's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2014 $'000
Receivables	1,915
Total	1,915

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2014 $'000	Past due 2014 $'000
Receivables	1,437	478
Total	1,437	478

Ageing of financial assets that were past due and not impaired for 2014

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Receivables	91	59	137	191	478
Total	91	59	137	191	478

Note 17D: Liquidity risk

The Agency manages liquidity risk by continuously monitoring the forecast and actual cash flows associated with financial assets and financial liabilities. All financial liabilities shown in the statement of financial position as at 30 June 2014 are expected to fall due within 12 months.

Note 17E: Market risk

The Agency's primary market risk exposure arises from changes in the interest rates associated with funds held with banks and financial institutions.

The weighted average interest rate received on cash at bank funds during the 2013/2014 financial year was 2.65%. Based on recent trends and the current economic environment, management estimates that the maximum perceived exposure to changes in the interest rates in the next 12 months is approximately +/- 0.6%.

The weighted average interest rate received on investments during the 2013/2014 financial year was 3.51%. Based on recent trends and the current economic environment, management estimates that the maximum perceived exposure to changes in the interest rates in the next 12 months is approximately +/- 0.6%.

Sensitivity analysis of the risk that the entity is exposed to for 2014

	Risk variable	Change in risk variable	Effect on Profit and loss	Effect on Equity
	%	%	$'000	$'000
Interest rate risk - cash at bank	2.65	0.6	400	(400)
Interest rate risk - cash at bank	2.65	-0.6	(400)	400
Interest rate risk - investments	3.51	0.6	75	(75)
Interest rate risk - investments	3.51	-0.6	(75)	75

Note 17F: Financial assets reconciliation

	Notes	2014 $'000
Total financial assets as per statement of financial position		125,974
Less: non-financial instrument components		
Revenue from Government receivable		(887)
Other receivables		(847)
Total non-financial instrument components		(1,734)
Total financial assets as per financial instruments note	17A	124,240

Note 18: Compensation and Debt Relief

	2014 $
Compensation and Debt Relief	
No 'Acts of Grace' payments were made during the reporting period.	-
No waivers of amounts owing to the National Disability Insurance Agency were made pursuant to section 190 of the National Disability Insurance Scheme Act 2013.	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period.	-
No ex-gratia payments were provided for during the reporting period.	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period.	-

Note 19: Reporting of Outcomes

	Outcome 1 2014 $'000	Total 2014 $'000
Departmental		
Expenses	**258,556**	**258,556**
Own-source income	**(268,263)**	**(268,263)**
Net contribution of outcome delivery	**(9,707)**	**(9,707)**

The Agency is structured to meet a single outcome of implementing a National Disability Insurance Scheme that provides, as per Outcome 1:

Individual control and choice in the delivery of reasonable and necessary care and supports to improve the independence, social and economic participation of eligible people with disability, their families and carers, and associated referral services and activities.

Note 20: Scheme Operations

Establishment of the Scheme and funding arrangements

As part of the establishment of the Scheme, an Intergovernmental Agreement was signed between the Commonwealth Government and the governments of each state and territory in Australia. The Scheme commenced operation on 1 July 2013 in 4 trial sites.

The Agency is funded through a combination of cash contributions and in-kind contributions from the Commonwealth, state and territory governments. A series of Bilateral agreements was signed between the Commonwealth government and each of the 4 state governments that were hosting a trial site outlining the amount and type of contributions that each of the governments would make towards the funding of the Scheme during the 2013-14 financial year.

As disclosed in Note 1, cash contributions from Commonwealth government entities or state governments are recognised by the Agency as revenue when they are received. The amounts of cash contributions are shown in Note 4A.

In-kind contributions occur when the Commonwealth or State government provides services on behalf of the Agency that the Agency would otherwise be required to fund under the scheme. The amounts of income from in-kind contributions are shown in Note 4D.

The amount of in-kind contributions and participant plan expenses recognised in these financial statements include the Agency's best estimate of services provided to participants up to and including 30 June 2014. This estimate is necessary because of the time lag between the date that services are provided to participants and the date that the Agency is notified that the services were provided (through a claims process).

The Intergovernmental agreement provides a framework under which the Commonwealth and state and territory governments will share the funding of participant plan expenses incurred by the Agency. During the 2014-15 financial year, a formal reconciliation of participant plan expenses will be undertaken based on the actual claims submitted that relate to the period ended 30 June 2014. This process may result in state or territory governments increasing or decreasing their future funding commitments under the Scheme. Any adjustments necessary as a result of this process will be recorded by the Agency in the 2014-15 financial year.

Under the bilateral agreements, each of the state and territory governments has committed to providing additional support to the Scheme over the following 2 years. The total funding that has been committed by the commonwealth, state and territory governments under the agreements in relation to the 2014-15 and 2015-16 financial years is shown in the Schedule of commitments as a commitment receivable. At the 30 June, these commitments totalled $850,585,000.

Participant Care

One of the Agency's main functions is meeting the cost of reasonable and necessary supports for participants in the Scheme. Once a person is approved as a participant in the Scheme, a Statement of participant supports is developed outlining the supports that will be funded by the agency. This statement is reviewed regularly as part of the review of the participant's plan, generally at least every 12 months.

Once a participant plan is approved, the participant can access disability support services from a range of registered service providers, up to the funding limit of the plan. As services are provided, either the participant or the registered service provider is able to claim the cost of that care from the Agency.

The Agency records participant care expenses as the reasonable and necessary supports are provided. At the end of a reporting period, the Agency makes an estimate of the amount of supports that have been provided during the period but not yet notified to the Agency and records this amount as a participant plan in Note 9. No liability is recorded for any participant care to be provided in future reporting periods as the relevant recognition criteria are not met.

Once a statement of participant supports is approved, the Agency is committed to the funding of the items in that statement. At the end of a reporting period, any amounts that have been approved as part of a participant plan but have not yet been recognised as a participant plan expense are included as a participant plan commitment payable as part of the Schedule of commitments. At the 30 June, these commitments totalled $154,502,000.

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If a claim for participant care is to be funded by a cash contribution, the Agency will make a cash payment to either the participant or the registered service provider in accordance with the Scheme rules. If a claim for participant care is to be funded by an in-kind contribution, the Agency will record the in-kind contribution as income equal to the amount the state government has paid under its funding arrangements with the provider (Note 4D) and an equivalent amount as participant plan expenses.

End of Financial Statements

Shortened forms

AAT – Administrative Appeals Tribunal
ANAO – Australian National Audit Office
APS – Australian Public Service
APSC – Australian Public Service Commission
ARC – Audit and Risk Committee
CAC – Commonwealth Authorities and Companies
CALD – culturally and linguistically diverse
CEO – Chief Executive Officer
CFO – Chief Financial Officer
CICD – community inclusion and capacity development
COAG – Council of Australian Governments
CPR – Commonwealth Procurement Rules
CTP – compulsory third party
DDA – *Disability Discrimination Act 1992*
DSS – Department of Social Services
EMG – Executive management group
FaHCSIA – Department of Families, Housing, Community Services and Indigenous Affairs
ICT – information and communications technology
IAC – Independent Advisory Council
IFA – individual flexibility arrangements
IPS –Information Publication Scheme
KPI – key performance indicators
LAC – Local Area Coordinator
MoU – Memorandum of Understanding
NDIA – National Disability Insurance Agency
NDIS – National Disability Insurance Scheme
NDS – National Disability Services
NPY (Women's Council) – Ngaanyatjarra, Pitjantjatjara and Yankunytjatjara
PGPA – public governance performance and accountability
SDF – Sector Development Fund
SES – Senior Executive Service
TAFE – technical and further education
TAP – Talking About Performance
WHODAS - World Health Organisation Disability Assessment Schedule
WHS – work health and safety



Glossary

Actuarial calculations – the calculation of risks and probabilities

Actuarial decision making – making decisions based on statistical and objective evidence

Approved plan – A participant's plan that includes the participant's statement of goals and aspirations and the supports required by the participant to attain their goals – informal, mainstream and NDIA-funded as approved by the CEO

Carer – someone who provides personal care, support and assistance to a person with disability and who is not contracted as a paid or voluntary worker

Co-design – a design process which empowers, encourages, and guides users to develop solutions for themselves

Committed support – funds included for reasonable and necessary supports for participants in approved plans

Community engagement – a term used to describe the broad range of interactions between people

Community services – activities and services such as social, study, sporting or other interests, available from local non-government groups and government entities

Community-based service provider – non-government service providers with links to local communities, frequently including community members in governance structures

Diversity groups – sociological categories in a demographic. Those of particular relevance to the NDIS in the Australian community include Indigenous Australians, people with disability, women, and people from non-English speaking backgrounds

Early intervention – providing support early in a child's life or post-onset of disability to reduce the effects of disability and to improve functional capacity

Efficient price – a price determined by the NDIA as the maximum amount to be included for certain supports in a participant's plan. This price is built up from the cost of wages, on-costs and organisational overheads and includes a margin for profit or re-investment

Eligibility requirements – also known as 'access requirements', are the criteria a person must meet to become a participant in the NDIS during the launch period of the Scheme (1 July 2013 to 30 June 2016)

Equivalence eligibility – the mechanism by which the NDIA recognises that some people with disability who are participating in existing state and Commonwealth disability programs with eligibility criteria matching that of the NDIS are therefore eligible for support through the NDIS

Evidence base – the evidentiary base for decision making by NDIA personnel, including whether a person meets the access criteria and is eligible for funding for reasonable and necessary supports, as well as the factual information compiled by the NDIA from its experience in trial sites, data collection and independent research

Formal supports – see reasonable and necessary supports

Full scheme – also known as 'full rollout', the dates by which the scheme will be available to all eligible residents, specifically, in the Australian Capital Territory by July 2016, in New South Wales and South Australia by July 2018, and in Tasmania, Victoria, Queensland and the Northern Territory by July 2019

Functional impact – a description of the nature and extent of a person's disability and how it affects the things they need to do and the way they do them

Funded supports – see reasonable and necessary supports

Funding envelope – the NDIA funding envelope refers to the monies contributed by state and Commonwealth governments for the operational and participant costs of the NDIS

Individual plan – see participant's plan

Informal supports – those informal arrangements that are part and parcel of family life or natural connections with friends and community services

Insurance approach – sharing the costs of disability services and supports across the community

Insurance culture – an organisational culture where staff, participants and stakeholders are cognisant of, and work is aligned to, insurance principles

Insurance excellence – a scheme which leverages best practice from insurance schemes in Australia and internationally, and leverages all contemporary thinking on supporting people with disability

Insurance model – where the future costs of the Scheme are projected, based on actuarial modelling; the impact on these long-term costs is considered in the justification for current 'reasonable and necessary' decisions, and outcomes for participants are monitored and actions put in place to improve those outcomes

Insurance principle – placing emphasis on making up-front investments that reduce participants' call in the scheme into the future

Internal risk management culture – a holistic view of risk management and compliance which recognises that a focus on processes and controls is not sufficient to drive effective behaviour and that successful risk management depends upon developing an understanding of the behaviours and decisions that have the greatest effect on positive results, and analysing what influences those behaviours to inform continuous organisational improvement

Lived experience of disability – either personally living with disability or having a close relationship with a person with disability (for example, a family member or partner)

Longitudinal analysis – repeated observations of the same variables over long periods of time

Glossary

Mainstream services – government systems providing services to the Australian population, for example, health, mental health, education, justice, housing, child protection and employment services

Outcome and programs framework – an Australian Government framework that enables sound performance reporting to parliament. Outcomes are the results, impacts or consequences of actions by Australian Government entities affecting the Australian community.

Outcomes framework – the NDIA's mechanism for measuring success for people with disability in areas like choice and control, social inclusion, education, employment, health and housing

Package costs – the cost to the NDIS of providing funding and support to an individual participant Package costs, average annualised – the average cost to the NDIS of providing funding and support to each participant in a particular year

Participant – a person who is assessed as meeting the NDIS eligibility/access criteria

Participant claims – claims lodged by participants for payment for delivery of supports provided in line with their NDIS participant's plan

Participant outcomes – a way of measuring the aggregation of whether or not participants' goals are achieved combined with whether the Agency is meeting its objectives

Participant's Plan – an approved plan consisting of a participant's statement of goals and aspirations and the reasonable and necessary supports approved by the CEO

People with disability – a person who experiences any or all of the following: impairments (abnormalities or changes in body function or structure); activity limitations (difficulties in carrying out usual age-appropriate activities); participation restrictions (problems an individual may experience engaging in community, social and family life)

Person-centred approach – places the person with disability at the centre of decision making in terms of their own care needs

Person-centred data – the focus of data and information collected is centred around an individual, allowing holistic review and analysis of a person's experience with the Scheme

Planning process – the process by which the NDIA helps a participant to plan for the assistance they need from the NDIS to attain their goals

Planning sessions – also known as a planning conversation, a series of sessions attended by the NDIA participant, their family or carer and an NDIA Planner to work out a plan for providing funding and support

Planning workbooks – provided to participants to help them identify and record their needs, goals and current supports during the planning process

Pre-planning sessions – conducted by the Agency to help prepare new participants, their families and carers to think about what they want in their plan before embarking on the planning process

Prudential insurance governance cycle – the cyclical process of regularly reviewing business processes, policies, systems and funding requirements based on the experiences of the Scheme to date, and the analysis of future Scheme risks

Reasonable Adjustment Policy – the policy which supports NDIA employees and their managers to make reasonable adjustments to the role and the work environment to assist employees to perform their role regardless of disability

Reasonable and necessary supports – the supports that are funded under the NDIS Act. The NDIA publishes operational guidelines to assist decisions on what is to be funded as a reasonable and necessary support.

Reference packages – a benchmark amount of support determined according to different characteristics of the population of NDIS participants such as age, health condition and 'severity' of disability. Reference packages will be used to monitor experience against the benchmarks.

Registered provider – a disability support provider that has met the NDIS requirements for qualifications, approvals, experience and capacity for the approved supports and the quality standards of the jurisdiction in which they operate

Result-area program – see Outcome and programs framework

Scheme start-up – all of the activities associated with getting the NDIA up and running for the launch of the Scheme on 1 July 2013.

Self-management – participants receive all or part of their funding and pay directly for reasonable and necessary supports as required

Separation rate – the measure of people choosing to leave employment in the NDIA

Support package – the term used by the NDIA to describe the funding available for the supports available to an individual participant

Supports – assistance that helps a participant to reach their goals, objectives and aspirations, and to undertake activities to enable their social and economic participation

Tier 2 – the term used by the NDIA to describe the process of supporting those people not requiring formal supports. Tier 2 will ensure that such people are well supported by community and mainstream services and will be in place by 2015-16.

Total projected cost – the estimated long-term, costs of the Scheme, based on actuarial risk modelling of the Scheme's to-date experience

Trial phase – the first three years of the NDIS

Trial sites – the NDIA sites at which different operating models for providing services to eligible people with disability are being trialled under the Scheme

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Agency