

A National Disability Insurance Scheme

May 2013

In the 2012-13 Federal Budget handed down on 8 May 2012, the Government committed \$1 billion in funding over four years for the first stage of the National Disability Insurance Scheme (NDIS). An Australian NDIS was recommended by the Productivity Commission in 2011, following an inquiry into Australia's current disability support system. The legislation to enable the NDIS was introduced to Parliament on Thursday 29 November 2012.

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What is the National Disability Insurance Scheme?

The NDIS is a government funded scheme designed to share the risk of disability by providing all Australians with insurance against the cost of long-term disability. Under the NDIS, Australians with a significant and ongoing disability will be provided with long-term high quality care and support. The NDIS would not provide income replacement, which would be left to private insurance and to the Australian Government's income support system.

These individuals will have their needs assessed and be supported to develop individual plans to deliver ongoing personalised care and support over their lifetimes.

The NDIS will:

- provide eligible individuals with the care and support they need when they need it;
- give individuals decision making power, including being able to choose their service provider;
- provide high quality, evidence-based services which manage life-time costs of care;
- be simple to navigate and link to mainstream and community services;
- recognise the essential care and support of families and carers and support them in that role;
- facilitate each individual's community participation, access to education and employment opportunities; and
- be managed on an insurance basis.

Funding Package

In the 2012-13 Federal Budget the Government announced \$1 billion in funding for the first stage of the NDIS. This funding will cover:

- \$342.5 million over three years from July 2013 for up to 10,000 individually funded personalised care packages for people with significant and permanent disability 2013-14, and for up to 20,000 people from 2014-15;
- \$240.3 million over four years from 2012-13 to build and operate the information technology system required to collect and analyse data to monitor client outcomes and measure the performance of the new arrangements;
- \$154.8 million over three years from 2013-14 to employ Local Area Coordinators to provide a more individually focused approach to delivering assistance to people with a disability;
- \$122.6 million over four years from 2012-13 to prepare the disability sector for the new way of delivering disability services with a focus on launch locations;
- \$58.6 million over three years from 2013-14 to conduct assessments of people with a disability in launch locations to determine their eligibility and the appropriate level of individual care and support;
- \$53.0 million over four years from 2012-13 to establish a new National Disability Transition Agency to coordinate the implementation and manage the delivery of care and support to people with a disability in the launch locations from 2013-14;
- \$18.3 million over four years from 2012-13 to continue the Commonwealth Taskforce responsible for providing policy advice to the government on the design, governance and funding of the NDIS;
- \$11.7 million over four years from 2012-13 to undertake research into early interventions to improve support for people with a disability and to support the implementation of the NDIS, and provide training of Local Area Coordinators; and
- \$5.2 million over three years from 2013-14 to evaluate the outcomes being achieved in launch locations to inform further decision making.

The Government had previously committed \$19.5 million in December 2011 to design the launch of the NDIS.

National Disability Insurance Scheme — First Stage

Expense (\$m)	2011-12	2012-13	2013-14	2014-15	2015-16
Department of Families, Housing, Community Services and Indigenous Affairs	-	58.5	139.2	281.3	331.0
<i>Related capital (\$m)</i>					
Department of Families, Housing, Community Services and Indigenous Affairs	-	25.4	95.1	64.1	32.0

Source: Budget Paper no.2, Budget Measures 2012-13, pp.142

On 1 May 2013, the Prime Minister announced that the full roll-out of the NDIS would be funded via a 0.5 per cent increase in the Medicare Levy, bringing it from 1.5 per cent to 2 per cent. The change to the Medicare levy will raise approximately \$3.3 billion in the first year, and \$20.4 billion between 2014-15 and 2018-19, when the full scheme comes into place.

Low income earners will continue to receive relief from the Medicare levy through the low income thresholds for singles, families, seniors and pensioners. The current exemptions from the Medicare levy will also remain in place, including for blind pensioners and sickness allowance recipients.

The levy increase will come into effect on 1 July 2014, and the proceeds of the increase will be directed to a special purposed fund, the DisabilityCare Fund.

A share of the Fund, equivalent to one quarter of the revenue collected in 2014-15, will be made available to available to states and territories to help meet the costs of implementing the NDIS. States and territories will be able to access these funds once key conditions are met, including that a state has reached agreement with the Commonwealth to deliver the full scheme.

States who have not yet agreed to participate in the full scheme will have their share of the fund quarantined until they reach agreement to participate. These states will still be required to match, from their own revenue, the funding terms of the Commonwealth's agreements with NSW, SA and ACT.

The Commonwealth's share of revenue (\$15.9 billion until 2018-19) will help to fund additional contribution to DisabilityCare Australia, the NDIS Agency, until 2018-19, which is estimated to be \$14.3 billion.

The Prime Minister stated that if re-elected at the 2013 Federal Election, the Government will bring legislation for this increased Medicare levy to the 44th Parliament.

The Prime Minister's press release is available [here](#).

Legislation

On Thursday 29 July 2013 Prime Minister Julia Gillard introduced into Parliament the legislation to enable the NDIS, the *National Disability Insurance Scheme Bill 2012*.

The legislation sets up the legal framework for the establishment and operation of the NDIS and the National Disability Insurance Scheme Launch Transition Agency. This framework covers such detail as eligibility criteria, age requirements, and what constitutes reasonable and necessary support. More detailed operational aspects of the NDIS will be set out in legislative instruments known as the NDIS Rules.

The legislation also gives effect in part to Australia's obligations under the United Nations *Convention on the Rights of Persons with Disabilities*.

The legislation was developed following consultations with key stakeholders including the National Disability Insurance Scheme Advisory Group, Australians with a disability, their families, carers and disability organisations across Australia, as well as the relevant state and territory ministers. It will be reviewed after two years.

The legislation completed its passage through the Parliament and was assented to on 28 March 2013, becoming the *National Disability Insurance Scheme Act 2013 (No. 20)*.

The legislation and details of its passage are available [here](#).

NDIS Launch Transition Agency

The legislation to enable the NDIS also establishes the NDIS Launch Transition Agency. An independent body under the *Commonwealth Authorities and Companies Act 1997*, the Agency will be responsible for delivering the scheme, managing financial sustainability, building community awareness about disability and the scheme, as well as undertaking research.

The Agency will be overseen by a Board made up of people with extensive experience in the provision or use of disability services, and in financial management, governance and the operation of insurance schemes, and by an Advisory Council of people with lived experience of disability and caring.

To ensure the Agency is accountable to government, a Ministerial Council will be established through the Council of Australian Governments (COAG). All governments – state, territory and Commonwealth – will be represented on the Ministerial Council.

Implementation

The first stage of the NDIS will launch in July 2013 in five launch sites across the country - the Barwon area in Victoria, the Hunter in New South Wales and across South Australia, Tasmania and the Australian Capital Territory. In 2013 the scheme will support 10,000 people with disability. This figure will increase to 20,000 people from the middle of 2014.

The Australian Government's \$1 billion initial investment will cover the total administration and running costs for this first stage. States and Territories that host the initial locations will also be required to contribute to the cost of personal care and support for people with disability.

Negotiations with the States and Territories, together with lessons learned during the launch and implementation of the first stage of the NDIS will inform when and how the Government proceeds with the full scheme. The negotiations with the States and Territories will take into account the differing levels of disability support that currently exist in each the state and territory.

New South Wales

On Thursday 6 December 2012, Prime Minister Gillard and New South Wales Premier the Hon. Barry O'Farrell MP announced that they had reached an agreement on the full roll out of the NDIS in NSW. The agreement with NSW represents the first agreement with any state or territory over the funding an implementation of the full roll out of the NDIS.

Under the agreement:

- The Commonwealth will provide funding of \$3.32 billion in 2018 – 51.4 per cent of the funding needed. This will cover the administration of the scheme and contribute to the cost of individual care and support packages and other supports for people with disability, their carers and their families.
- New South Wales will provide more than \$3.13 billion in 2018 – 48.6 per cent of the funding needed. This will contribute to the cost of individual packages and other supports for people with disability, their carers and their families.
- The full scheme costs will be reviewed by the Productivity Commission in 2018-19 to inform COAG agreement on final scheme funding arrangements.

Eligible NSW residents will start entering the scheme in 2016, and by July 2018, all eligible residents will be covered by the NDIS. The agreement is expected to provide care and support to around 140,000 NSW residents with significant disability.

This agreement builds on the existing agreement to include the Hunter region of NSW as one of the launch sites for the first phase of the NDIS. Under the launch phase of the NDIS, eligible residents in the Hunter region will begin to receive support and care from mid 2013.

In announcing the agreement, Prime Minister Gillard said the implementation of the NDIS in NSW provides a framework for a national scheme to be rolled out in all states and territories.

South Australia

On Thursday 18 April 2013, Prime Minister Gillard and South Australian Premier Jay Weatherill announced that they had reached an agreement for the full roll out of the NDIS in South Australia by July 2018.

The agreement will provide around 33,000 South Australian residents with significant or profound disability choice and control over the care and support they receive.

Under the agreement:

- By 2018-19, the South Australian Government will provide \$723 million to cover all people in South Australia. This contribution was determined using the benchmark set by New South Wales in the agreement reached with the Commonwealth in December 2012. This will contribute to the cost of care and support for people with disability.
- By 2018-19, the Commonwealth Government will contribute around \$760 million to the scheme for South Australians. This will be around 51 per cent of scheme costs. In addition, the Commonwealth will cover the full cost of people who turn 65 and choose to remain in the scheme.

Today's agreement builds on the agreement to host one of the launch sites of the NDIS in South Australia from July 2013 focusing on children aged birth to 5 years with significant and permanent disability.

The Prime Minister's press release is available [here](#). Premier Weatherill's press release is available [here](#).

Australian Capital Territory

On Friday 19 April 2013 Prime Minister Gillard and ACT Chief Minister Katy Gallagher MLA, announced an agreement for the full roll out of NDIS in the ACT by 2016-17.

Under the agreement, the ACT Government will provide about \$167 million to the cost of care and support for people with disability in the ACT by 2019-20. This is consistent with the benchmark set by the full scheme agreement reached between the Commonwealth and New South Wales in December 2012.

By 2019-20, the Commonwealth Government will contribute around \$175 million to the scheme for ACT residents. This will be around 51 per cent of scheme costs. In addition, the Commonwealth will cover the full cost of people who turn 65 and choose to remain in the scheme.

The Prime Minister's press release is available [here](#). Chief Minister Gallagher's press release is available [here](#).

The Productivity Commission Public Inquiry on Disability Care and Support

In November 2009, then Prime Minister Kevin Rudd announced that the Australian Government had asked the Productivity Commission to undertake a public inquiry into a long-term disability care and support scheme.

Amongst other things, the inquiry examined:

- how a scheme should be designed and funded to better meet the long-term needs of people with disability, their families and carers;
- how to determine the people most in need of support, the services that should be available to them, and service delivery arrangements;
- the costs, benefits, feasibility and funding options of alternative schemes;
- how the scheme will interact with the health, aged care, informal care, income support and injury insurance systems;
- its impacts on the workforce;
- how any scheme should be introduced and governed; and
- what protections and safeguards should be part of the scheme.

The inquiry received 1062 submissions and held 23 public hearings. The inquiry report was released on 10 August 2011.

In its report, the inquiry found that the current disability support system is underfunded, unfair, fragmented, and inefficient, leaving people with a disability with little choice, no certainty of access to appropriate supports and little scope to participate in the community. It therefore recommended the establishment of a NDIS, which would lead to wellbeing gains for people with disabilities and informal carers; efficiency gains in the disability sector; savings in other government services; increased labour force participation, and the resulting fiscal gains.

The report of the Productivity Commission's inquiry is available in full [here](#).