



**The Hon Jenny Macklin MP**  
**Minister for Families, Community Services and Indigenous Affairs**  
**Minister for Disability Reform**

*Parliament House*  
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13 AUG 2012

The Hon Ian Hunter MLC  
Minister for Disabilities  
GPO Box 645  
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Dear Minister *Ian*

Thank you for South Australia's expression of interest of 19 July 2012 to be involved in the first stage of a National Disability Insurance Scheme (NDIS). I am pleased that at COAG on 25 July we were able to agree that South Australia would be a launch site for the NDIS.

I am very pleased that our governments will be working together on this important reform that will deliver better care and support for people with disability through a state-wide launch for children aged 0-14 years in South Australia.

I am writing to confirm that the Commonwealth and the South Australian Governments have reached in-principle agreement on South Australia's involvement in the first stage on the basis of the following threshold commitments:

- the South Australian launch is for those children aged 0-14 years across the State, commencing with children aged 0-5 years in the first year, 0-13 in the second year and all eligible 0-14 children receiving support in the third year, with the expected total population, as well as details on grandfathering arrangements for potential participants in the age group on the boundary of the cohort, to be finalised and agreed between officials;

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- the Commonwealth will bear 100 per cent of risk of any cost overrun associated with higher than expected average package costs or client numbers for the launch of the scheme in South Australia;
- The Commonwealth will legislate to establish the scheme, including setting out eligibility and assessment, and an independent national Agency to administer the scheme; work with individuals to assess their needs and agree to individual support packages; and manage

the Commonwealth and State funds in a single national pool, with jurisdiction-specific ledgers within the pool;

- the Commonwealth will provide ongoing support to people in the launch until a decision is taken to move to a full NDIS, on the basis that South Australia continues to provide the same level of funding for people in the launch site for this period;
- the lessons learned from the first stage will inform progress to a full scheme; however, the arrangements made for the launch do not create a precedent for the full scheme; and
- the Commonwealth and South Australia are committed to moving to an uncapped scheme based on the definitions of eligibility and reasonable and necessary supports which have been agreed to in-principle.

There are a number of policy and implementation issues that will also need to be resolved before launch can take place. I am particularly eager to ensure that the bilateral agreement outlines the arrangements for ongoing support to be provided to people who participate in the launch sites, as per the Commonwealth's public commitments in this respect.

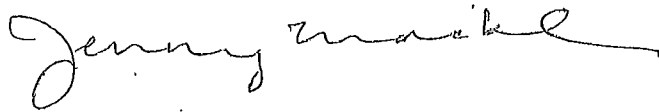
It will be important for the Commonwealth and South Australia to work in partnership to ensure that these issues are resolved. In particular, we will need to work cooperatively to develop a bilateral agreement and establish a bilateral steering group to advise our governments, and the independent national Agency, on detailed implementation aspects of the first stage of an NDIS.

It is also my expectation that the Select Council on Disability Reform's good work on the full scheme will continue in parallel to the implementation of the first stage, in line with COAG's request for the Select Council to undertake further work on a range of issues.

I would be grateful for your written confirmation of this in-principle agreement.

I look forward to working with you further on this important reform.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Jenny Macklin', written in dark ink.

**JENNY MACKLIN MP**