

A NSW government agreement to increase its annual NDIS funding by about \$120 million, rising each year, will heap pressure on other states and territories yet to reach a deal with the federal government about access to funding to deliver the landmark scheme.

But some remain unconvinced, with the Northern Territory's Labor government warning that services will need to be cut if it is asked to pay more for the scheme.

Malcolm Turnbull yesterday announced he and NSW Premier Gladys Berejiklian had agreed on the full rollout of the \$22 billion National Disability Insurance Scheme that included the crucial detail of the state agreeing to raise the rate of indexation on its contribution to 4 per cent a year.

Under bilateral agreements with the states and territories, signed under then prime minister Julia Gillard, the states were required to lift their full NDIS contribution 3.5 per cent a year, a figure the Productivity Commission found last year was too little.

The federal government bears 100 per cent of the risk on any cost blowout in the scheme and is also responsible for funding the entirety of support for anyone who turns 65 and chooses to stay with the disability scheme instead of moving into aged care.

When Ms Gillard legislated a half-percentage-point rise in the Medicare levy, the revenue was placed into a quarantined account called the DisabilityCare Australia Fund, about half of which would eventually flow to the states but only once they met key milestones and agreed to the full rollout.

So far, NSW is the only state to reach a deal with the federal government and in doing so, will gain access to \$3.1bn worth of money in the disability account.

Northern Territory Health Minister Natasha Fyles said the budget was "under significant strain".

"As the NT government will retain responsibility for substantial mainstream services that interface with the NDIS, increasing budgetary pressure from the scheme may impact on the ability of the Territory to deliver these services that clients rely on," she said.

"For this reason, it is critical that the NT government maintains a clear, consistent and fair approach to its joint investment, together with the commonwealth, on the NDIS during full scheme."

In this month's budget, the Coalition revealed about \$6.4bn in the fund was ready to be paid out to states, subject to these negotiations.

Last year, a joint submission by then Labor state and territory governments in Queensland, Victoria, South Australia and the ACT also warned they could not afford to pay more money for the NDIS and, if they were forced to do so, services would have to be cut. "An unbudgeted increase in disability funding ... without a corresponding increase in revenue, could mean a reduction in quality or accessibility for those who access those services," the submission says.

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