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Senator the Hon Anne Ruston
Minister for Families and Social Services
Senator for South Australia
Manager of Government Business in the Senate

The Hon Stuart Robert MP
Minister for the National Disability Insurance Scheme
Minister for Government Services

Ref: MS20-900349

The Hon Scott Morrison MP
Prime Minister
Parliament House
CANBERRA ACT 2600


Dear Prime Minister

We are writing about the Information Linkages and Capacity Building (ILC) grants program, which to date has been administered by the National Disability Insurance Agency (NDIA). In reviewing the broad picture of support for the 4.4 million Australians with disability, we consider responsibility for the ILC program is best placed with the Department of Social Services (the department), and have decided to transfer the program from the NDIA to the department. We seek your formal endorsement of our decision, and agreement for funding under Outcome 3, program 3.2, relating to the National Disability Insurance Scheme (NDIS), to be reallocated to reflect the transfer.

ILC provides grants of around \$134 million per annum to organisations to deliver projects in the community that benefit all Australians with disability, their carers and families, by connecting them with broader systems of support, building the capacity of organisations and individuals, and creating more inclusive communities. ILC contributes to the sustainability of the NDIS by building the capacity of the community, people with disability, their families and carers, which in turn will reduce the need for funding of individualised supports for people with disability.

The transfer from the NDIA to the department will allow for better alignment of ILC with disability policy and programs managed by the department. This includes the National Disability Strategy – which provides Australia’s key overarching disability policy framework for all Australians with disability – disability employment services, disability advocacy and the disability information gateway benefiting all people with disability.

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The Commonwealth will continue to abide by its commitments in the NDIS bilateral agreements with states and territories to support the implementation of ILC by “promoting collaboration and partnership with local communities and other service systems to create greater inclusivity and accessibility of people with disability”.

Further, we have indicated the department will take forward the work commenced by the NDIA to develop a new evidence-based ILC strategy for consideration by disability ministers, as agreed by the then Disability Reform Council in December 2019. In the meantime, the ILC will be administered in accordance with two key documents, the ILC Policy Framework 2015 and the ILC Investment Strategy that commenced in early 2019.

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The department and the NDIA are working collaboratively to transition the ILC through a joint ILC transition committee, as agreed between the Secretary of the department and the CEO of the NDIA. The transition committee has agreed on approaches to stakeholder communication, risk management, the transfer of responsibility on current grants and planned grant rounds, and is considering resourcing implications in accordance with the principles outlined in the Machinery of Government guidelines provided by the Australian Public Service Commission.

Under current funding arrangements, ILC grant funds are appropriated to the department through Program 3.2.4 and the department reimburses the NDIA for ILC grant payments made. This is reflected in the NDIA’s Program 1.2. The Department of Finance has advised a reallocation is required to remove the related entity relationship between the department and the NDIA, noting there will be a transition period in 2020-21 to enable the NDIA to make final payments under existing grant agreements.

As such, we seek your agreement to:

- remove the related entity payment arrangement for ILC grants in the department’s and the NDIA’s estimates following the transition period in 2020-21
- decrease the NDIA Operating Costs (SM20/0874/ERC refers) and increase the department’s departmental appropriation by the resourcing costs of managing the ILC, with the amount to be agreed between the department and the NDIA and verified by the Department of Finance.

The net impact of the transfer of administrative responsibility of the ILC to the department is budget neutral as it does not involve any increase or reduction in overall Commonwealth expenditure.

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We appreciate in advance your urgent consideration of this matter, to facilitate the ongoing timely and efficient administration of this program, including the initial payment for 138 successful applicants announced on 1 September 2020 for the most recent ILC grant round.

Copies of this letter have been provided to the Treasurer, the Hon Josh Frydenberg MP, and the Minister for Finance, Senator the Hon Mathias Cormann, for their information.

Yours sincerely

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Anne Ruston

11/9/2020

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Stuart Robert

11/9/2020