



2023-24 Annual Pricing Review

Provider Consultation Paper

January 2024

Acknowledgement

The NDIA acknowledges the Aboriginal and Torres Strait Islander people of this nation and the Traditional Custodians of the lands across which our Agency conducts our business. We pay our respects to the custodians of the land on which we work as well as their ancestors and Elders, past, present and emerging.

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The National Disability Insurance Agency expects that you will only use the information in this document to benefit people with disability.

Terms that we use

| Acronym | Meaning |
|-----------------|---|
| ABS | Australian Bureau of Statistics |
| APR | Annual Pricing Review |
| CPI | Consumer Price Index |
| DRC | The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability |
| DSW | Disability Support Worker |
| FWC | Fair Work Commission |
| NDIA or Agency | National Disability Insurance Agency |
| NDIS or Scheme | National Disability Insurance Scheme |
| NDIS Commission | National Disability Insurance Scheme Quality and Safeguards Commission |

| Acronym | Meaning |
|--------------|---|
| | |
| SCHADS Award | <i>Social, Community, Home Care and Disability Services Industry Award 2010</i> |
| SIL | Supported Independent Living |
| WPI | Wage Price Index |

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1. Purpose of this Consultation Paper

The National Disability Insurance Agency (NDIA or Agency) administers the National Disability Insurance Scheme (NDIS or Scheme), which was established to:

- support people with disability to pursue their goals.
- help them to realise their full potential.
- assist them to participate in and contribute to society.
- empower them to exercise choice and control over their lives and futures.

Every NDIS participant has an individual plan that lists their goals, desired outcomes, the supports they will use and the funding they have received.

Providers are one of the main contact points for NDIS participants. Providers are an important part of the NDIS, delivering supports and services that help participants pursue their goals.

The NDIA continually monitors and reviews its price control framework and other market settings to determine whether they are still appropriate. This Annual Pricing Review (APR) is an important part of that monitoring and review process. As part of the APR process, the NDIA consults with Providers, participants, and others; the purpose of this Paper is to facilitate the consultation process with Providers and seek inputs on key issues.

As market steward, the NDIA has a role in creating an efficient and sustainable marketplace through a diverse and competitive range of suppliers, who can meet the structural changes created by a consumer-driven market.

As market steward the NDIA has responsibility for:

- empowering people supported by the NDIS to exercise choice and control.
- maintaining and expanding the supply of high-quality disability supports.
- driving efficiency and innovation in the market for those supports.
- supporting the transition of the NDIS over the longer term to a more deregulated outcomes-based approach.

As part of its administration of the Scheme and its role as steward for the markets for disability goods and services, the NDIA regulates the commercial relationships between providers and participants, including through price regulation. The price control arrangements apply to all supports purchased by Agency-managed and plan-managed participants. They do not apply to self-managed participants.

The current Pricing Arrangements and Price Limits are set in accordance with the NDIS Pricing Strategy.¹ The key principles underlying the pricing arrangements are to:

- provide value for money for participants.
- deliver fair and consistent participant outcomes.
- support sustainable NDIS market growth.
- promote the delivery of high-quality innovative supports.

The pricing arrangements and price limits aim to maintain and increase market supply, and help markets grow to a more mature state in the future, while recognising the need for financial sustainability.

2. Your feedback is important

The 2023-24 Annual Pricing Review (APR) began in October 2023 and will deliver recommendations to the NDIA Board. Implementation of changes will occur from 1 July 2024 after the Minimum Wage Decision is released by the Fair Work Commission (FWC) in June 2024.

This Consultation Paper will assist you to prepare a submission to the APR. There are guiding questions listed in this paper – you can choose to comment on all or just some of these guiding questions. Please clearly specify which topic and question is being answered in your submission. This will help us to accurately attribute your feedback.

We encourage submission from everyone, including advocacy groups, carers, employees, government agencies, professional bodies, providers, provider peak bodies, researchers, and workers' unions.

The guiding questions are thematically aligned with the scope of this APR and are specifically related to individual supports.

The NDIA is aware that similar guiding questions have been asked in the past. You are not obligated to reiterate what you have said previously as this feedback will again be taken into consideration.

¹ NDIA. (2019). [NDIS Pricing Strategy](#)

The NDIA is seeking feedback on changes that have occurred since the last APR only.

Any information that you consider to be of a confidential nature should be clearly marked or identified as confidential. The NDIA will not disclose confidential information to third parties without first providing you notice of its intention to do so, such as where it is compelled to do so by law.

**Submission on this Consultation Paper can be lodged via
email to apr@ndis.gov.au and close at 11:59pm AEST
Sunday 3 March 2024.**

3. A snapshot of the National Disability Insurance Scheme

The NDIS has been in operation for ten years. As of 30 September 2023, the Scheme has grown to include 631,529 participants², an increase of 14% from twelve months earlier. During the September quarter, 23,803 participants entered the Scheme.

Total payments increased by 23% from \$8.2 billion in the September 2022 quarter to \$10.1 billion in the September 2023 quarter.

The average payment for the 12 months ending 30 September for all participants increased by 9.6% from \$56,400 in 2022 to \$61,800 in 2023. The median payment per participant increased by 2.8% over the same period.

Average payments were almost nine times higher for participants in Supported Independent Living (SIL) than those not in SIL over the 12 months to 30 September 2023. Over the past four years, the proportion of SIL participants in the Scheme decreased from 6.2% to 5.1%.

Average payments are almost four times higher for adults compared with children. Over the past four years, the proportion of participants under 15 years of age in the Scheme has increased from 40% to 43%.

²All figures in this section are from NDIA. (2023). [NDIS Report to disability ministers for Q4 of Y10 Full Report](#), 30 June 2023

4. Scope of the 2023-24 Annual Pricing Review

The APR will examine, through targeted research and through engagement with participants, providers, community, and government stakeholders, whether the Scheme's existing price control framework (pricing arrangements and price limits) continue to be appropriate or if modification is required.

In particular, the APR will review the pricing arrangements and price limits:

- a) that apply to supports delivered by disability support worker (DSW) by updating the *NDIS Cost Model for Disability Support Workers*;
- b) for therapy supports to ensure participants receive value for money, while providers strive to improve quality of services and increase efficiency, with a particular emphasis on pricing benchmarks;
- c) for support coordination to promote service quality and value for money, with a focus on participants' experiences when utilising support coordinators to oversee their supports;
- d) in relation to the NDIS cancellation policy, which changed from two days to seven days in line with the *Social, Community, Home Care and Disability Services (SCHADS) Award*. The analysis will examine the impact of this change on participants' choice and control.

5. Contextual Factors

The 2023-24 APR acknowledges the comprehensive insights from the Independent NDIS Review and the Disability Royal Commission. While these reviews offer extensive recommendations for systemic reform, this APR focuses specifically on non-structural adjustments to the current price settings. It aims to implement immediate, improvements within the existing framework of pricing established in the NDIS Pricing Strategy 2019, ensuring ongoing supply of support and continuity of access to services for NDIS participants, while broader structural reforms are considered for future implementation by the Australian Government. Consequently, the 2023-24 APR will be of a narrower scope again.

The insights and recommendations from both the NDIS Review and the Royal Commission set a clear direction for enhancing Australia's disability services. The commitment of the Australian Government, alongside state and territory governments, to these reforms underlines the unified effort towards a more inclusive, transparent, and effective NDIS. The ongoing collaboration with the disability community is crucial in shaping a system that truly resonates with the needs of its participants.

6. Market environment and influences

6.1.1 The Australian Economy

The Australian economy has continued to experience above average price increases in essential goods and services, including housing, groceries, utilities, and petrol. The Consumer Price Index (CPI) increased by 5.4% in the twelve months to September 2023. Annual services inflation marked its most significant increase since 2001 in June 2023, easing for the first time in two years in September 2023. Services inflation is influenced by increasing business costs, such as insurance premiums, rents and cost of labour, noting other 'service-related' industries have contributed to its elevated levels, such as holiday travel and financial services.

Amid inflationary pressure, the economy experienced slower global growth and a relatively tight labour market. The Australian unemployment rate was 3.7% in October 2023³. Real Gross Domestic Product (GDP) grew by 3.4% in 2022-23, surpassing the 10-year pre-pandemic average growth rate of 2.6%. The Australian

³ ABS. (2023) Labour Force, Australia.

Bureau of Statistics (ABS) attributes this growth to a demand resurgence post the COVID-19 lockdowns.⁴

The Wage Price Index (WPI) measures the extent of wage growth in the Australian labour market. The seasonally adjusted WPI increased by 4.0% year-on-year to the September 2023 quarter, with the largest contributing industry being the health care and social assistance sector, where the WPI grew by 3.1% over the same period.⁵

The Commonwealth Treasury projects real GDP growth for 2023-24 to be 1.5%, a rate that falls below the preceding 10-year average of 2.3% per annum⁶. This forecast slowdown in growth is attributable to a range of challenging economic dynamics, including high inflation, a trend of increasing interest rates, a decline in domestic demand going forward, and a slowdown in global economic expansion. The Treasury also forecasts a slight increase in the unemployment rate, reaching 4.25% by June 2024, which remains low by historical standards. The inflation rate is expected to stabilise in 2023-24 and align with the Reserve Bank of Australia's (RBA) target of 2 to 3 per cent by 2024-25⁷. Concurrently, the Treasury projects an increase in wages, with the WPI anticipated to reach 4.0% by June 2024, and a resurgence in real growth in wages to be positive starting in early 2024⁸.

Australia's population increased by 2.2% in the year to March 2023⁹. This growth was predominantly driven by migration, with Net Overseas Migration adding 454,400 individuals¹⁰. A notable percentage of these migrants are of working age, crucial for the care and support sector. Working-age migration is likely to drive economic and employment growth and address the increasing demand in the disability services sector.

6.1.2 Providers and the growing market

The provider market continues to grow. As of September 2023, there were 174,275 active providers, with 8,877 providing support to Agency-managed participants and

⁴ ABS. (2023) [Australian National Accounts: National Income, Expenditure and Product](#).

⁵ ABS. (2023) Wage Price Index, Australia.

⁶ Commonwealth Treasury (2023) [Budget Paper 1](#)

⁷ RBA (2023) [Inflation Target](#)

⁸ Commonwealth Treasury (2023) [Budget Paper 1](#)

⁹ [ABS \(2023\). National, state and territory population series - March 2023](#).

¹⁰ [ABS \(2023\). National, state and territory population series - March 2023](#).

173,546 providing support to plan-managed participants¹¹. There were 13,223 active registered providers as of 30 September 2023, of which 529, or 4%, were active for the first time in the quarter. There were 161,680 unregistered providers, of which 24,122, or 15%, were active for the first time in the quarter.

It should be noted that the sum of the registered and unregistered providers will not reconcile with the total numbers as some ABNs are listed as both registered and unregistered.

Consultation Questions

The APR is seeking the views of stakeholders on the following questions.

1. In which segments of the care and support sector does your organisation provide services?
2. How has your organisation responded to recent economic conditions, like inflation and rising interest rates?
3. What is the primary business risk that your organisation is concerned about? How are you preparing for this challenge?
4. Does your organisation currently have any vacancies? If so, what proportion of your potential workforce do these vacancies represent?

7. Disability Support Worker related supports

The NDIA utilises the Disability Support Worker Cost Model (Cost Model) to set price limits for supports offered by DSWs. This model calculates the complete cost of an hour's support, factoring in components like base pay, based on the SCHADS Award, entitlements, overheads, and margins.

The NDIA has noted stakeholder feedback on DSW-related supports for the 2022-23 APR, particularly concerning the DSW Cost Model and changes to the SCHADS Award. Additional information on the NDIS DSW Cost Model can be found [here](#).

Providers delivering but not limited to these supports typically fall under the following registration groups:

- 0104 – High Intensity Daily Personal Activities

¹¹ [NDIS Report to disability ministers for Q4 of Y10 Full Report](#), 30 June 2023

- 0107 – Daily Personal Activities
- 0115 – Assistance with Daily Life Tasks in a Group or Shared Living Arrangement
- 0125 – Participation in Community, Social and Civic Activities
- 0133 – Specialised Supported Employment
- 0136 – Group and Centre Based Activities.

In the September quarter of 2023, DSW supports were utilised by 261,483 participants (41% of all active participants). This marks a 12% increase from the same quarter in 2022. Moreover, 101,163 providers offered DSW supports and received payments in this quarter, showing a 23% increase from September 2022. The overall expenditure for these services in the September 2023 quarter reached \$6.4 billion (representing 63% of all scheme expenditure), a 28% increase from the \$5.0 billion in the September 2022 quarter.

Following the last APR, changes in the SCHADS Award minimum wage, increases to the Superannuation Guarantee and the introduction of the paid family and domestic violence leave were implemented on 1 July 2023.

Consultation questions

The APR is seeking the views of stakeholders on the following questions.

5. Do the assumptions in the NDIS DSW Cost Model align with your organisation's overheads and operating costs? If not, can you specify the discrepancies with supporting evidence? The NDIA would like insights into the following areas:
 - a. The range of SCHADS Award classifications under which your organisation employs DSWs, along with their respective base pay rates.
 - b. How DSWs in your organisation are distributed across the following employment conditions; permanent full-time, permanent part-time and casual.
6. Considering the recent 15% wage increase under the Aged Care Award from 30 June 2023, has your organisation experienced any tangible change in its ability to attract and retain DSWs due to changes in wage competitiveness?

8. Therapy Supports

The NDIA has noted stakeholder feedback on therapy supports in the 2022-23 APR. The feedback particularly emphasised the rising costs of service provision due to the increased wages and workforce management challenges. Moreover, difference in costs between non-NDIS and NDIS participants were highlighted by both participants and stakeholders.

Providers of therapy support, typically fall under the following registration groups:

1. 0128 - Therapeutic Supports
2. 0118 - Early Intervention Supports for Early Childhood
3. 0110 - Specialist Positive Behaviour Support
4. 0126 - Exercise Physiology & Personal Well-being Activities
5. 0135 - Customised Prosthetics
6. 0119 - Specialised Hearing Services
7. 0134 - Hearing Services.

In the September 2023 quarter, 344,574 participants (representing 55% of all active participants) utilised therapy supports. This figure is 18% higher than the corresponding quarter in 2022.

Furthermore, 44,576 providers delivered therapy supports and received payments in the September 2023 quarter, marking a 16% rise from September quarter 2022.

Total expenditure for these services in the September 2023 quarter reached \$1.0 billion, which constitutes 10% of all Scheme expenditure. This amount reflects a 28% increase from the \$806 million spent in the September 2022 quarter.

Consultation Questions

The APR is seeking the views of stakeholders on the following questions.

7. Has there been significant changes to the costs of delivering your services over the past 12 months? If yes, please provide additional information.
8. Do you offer therapy supports/early childhood supports to non-NDIS participants? If so:
 - a. What is the proportion of NDIS participants and non-NDIS participants?

- b. What is the typical duration of these appointments compared to appointments for NDIS participants?
 - c. How much do you charge for these appointments? If you provide various types of therapy, please indicate the amount for each and whether there is a price difference between NDIS and non-NDIS clients? If so, why?
9. When determining the hourly rate charged for NDIS participants:
- a. What factors does your organisation consider? For example, report writing, complexity of participants, non-face-to-face preparation time, administration, quality and safeguarding.
 - b. Are these considerations different when determining the rate for non-NDIS clients? If so, how?
10. What is unique to the cost of providing early childhood supports for NDIS participants?

9. Support Coordination supports

The NDIA has noted the feedback from providers on the 2022-23 APR regarding support coordination pricing, specifically highlighting the need to cover unbillable work expenses. As a result, the NDIA is progressing work to develop a support coordinator cost model, as an input to the 2023-24 APR.

In the September 2023 quarter, 223,913 participants (35% of all active participants) utilised support coordination services, marking a 14% increase from the same quarter in 2022.

A total of 7,459 providers delivered support coordination supports and received payments in the September 2023 quarter, a rise of 32% from the previous year.

Total payments for support coordination supports in the September 2023 quarter reached \$268 million, constituting 3% of the total Scheme expenditure. This reflects a 19% increase from the \$225 million spent in the September 2022 quarter.

Consultation Questions

The APR is seeking the views of stakeholders on the following questions.

11. Has there been significant changes to the costs of delivering your services over the past 12 months? If yes, what have been the primary increases or other changes. Please provide evidence.

10. Cancellations

The NDIA has noted stakeholder feedback received via Ministerial Correspondence and various other channels on the shift in the NDIS cancellation policy, changing the notice period from two days to seven days.

To progress the recommendation in the 2022-23, the NDIA aims to collaborate with the sector to assess the impact of the NDIS cancellation policy. As part of this, the NDIA is actively collecting data and seeking insights from stakeholders.

In July 2022, the NDIA adjusted the short-notice cancellation period to be consistent with updates in the SCHADS Award, which requires employers to compensate workers for shifts cancelled with under seven days' notice. According to the SCHADS Award, when there are changes to rosters (e.g., client cancellations), employers can reschedule worker shifts within the following six weeks. However, the rescheduling must offer the worker at least 12 hours' notice prior to the initial shift, and for any new dates, a minimum of seven days' notice or compensation for the interrupted shift is required.

Since July 2022, an increase in cancellation claims has been observed. Cancellation claims equate to \$35.3 million (0.3% of all Scheme expenditure) during the September 2023 quarter, compared to \$29.3 million (0.4% of all Scheme expenditure) in the September 2022 quarter.

Consultation Questions

The APR is seeking the views of stakeholders on the following questions

12. What is your cancellation policy (notification period and charges) for NDIS participants? Is it different for non-NDIS clients? If so, why?
13. How often do you face short-notice cancellations or no shows and on average and how frequently do you claim for these instances monthly? What approach does your organisation take when a participant has an unusually high frequency of cancellations?
14. What service offering does your business have as an alternative to short notice cancellations? For example, telehealth, other indirect support such as follow up with mainstream supports.

11. Conclusion

Thank you for taking the time to review the 2023-24 APR Consultation paper.

Your participation in the public consultation is important to us and your feedback facilitates setting sustainable pricing arrangements that promote choice and control for NDIS participants.

The outcomes from this APR Consultation Paper are intended to be shared with the NDIA Board and published as part of the APR Report by June 2024.

The outcomes of the APR will be announced in June 2024 following the Fair Work Commission's Minimum Wage Decision, which is expected around early to mid-June 2024.

The NDIS Pricing Arrangements and Price Limits will be published in June 2024 to take effect from 1 July 2024.

For more information on the public consultation and how to provide feedback, please visit the [NDIS Annual Pricing Review page](#).

You can also find more information about this year's Annual Pricing Review by accessing the APR 2023-24 Terms of Reference.

Submissions on this Consultation Paper can be lodged via email to apr@ndis.gov.au and close by 11:59pm AEST Sunday 3 March 2024.

National Disability Insurance Agency

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