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Meeting:	Sustainability Committee - 11 July 2024
Agenda Item:	4. Draft June 2024 Scheme projections
Paper Type:	For Discussion
SLT Sponsor:	David Gifford, Scheme Actuary
Link to Corporate Plan:	Key Activity 1: Improve participant experience and outcomes with a financially sustainable scheme.
Previous Engagement:	Earlier iterations presented for discussion with SLT at Scheme Projections Forum of 4 June, 18 June and 2 July 2024. Feedback from earlier discussions is reflected in the set of results presented in this paper.

1. Purpose

1.1. For the Sustainability Committee members to provide comments and feedback on the draft June 2024 Scheme projections, based on Scheme data to 31 May 2024.

2. Recommendation

2.1. It is recommended the Sustainability Committee discuss the draft June 2024 Scheme projections, as the latest view of Scheme financial sustainability and basis to inform the 2023-24 Annual Financial Sustainability Report (AFSR).

3.

3.1. s22(1)(a)(ii) - irrelevant material

3.2.

3.3.

4.

4.1.

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5. Updated June 2024 Projection Results (before proposed reforms)

s22(1)(a)(ii) - irrelevant material

6. Update to Proposed Reforms since December 2023 projections.

6.1. Table 2 shows the estimated savings for respective initiatives, collectively the package of Proposed Reforms, totalling $19.3 billion over the four-year forward estimate period which have been reflected in the draft June 2024 projections.

6.2. There is significant uncertainty about the impacts of the Proposed Reforms beyond the forward estimate period, and the extent to which further reforms in addition to those considered here will be required to meet the NDIS Financial Sustainability Framework growth targets in the medium to long term. Therefore, for these draft projection results, the impacts of legislative reforms, and Scheme expenses after allowing for those impacts, have not been estimated beyond 2027-28.

Table 2. Assumed saving from Proposed Reforms.

Scheme expenses on an accrual basis ($bn)	2024-25	2025-26	2026-27	2027-28	Total 2024-28
Budget Model	0.0	-1.1	-2.8	-4.2	-8.2
Intraplan inflation provisions	-1.6	-2.4	-2.7	-2.9	-9.6
Improved eligibility reassessments	0.0	-0.1	-0.1	-0.2	-0.4
Crackdown on Fraud	0.0	0.0	-0.2	-0.2	-0.4
Foundational supports	0.0	0.0	-0.2	-0.4	-0.6
Total savings from Proposed Reforms	**-1.7**	**-3.6**	**-6.0**	**-7.9**	**-19.3**

End of table 2

Total savings from the package of Proposed Reforms have been revised downwards by $0.5 billion since December 2023, to allow for the estimated impact on Scheme expenses over the four-year forward estimate period of:

- Two months delay to **legislative changes** in Parliament, resulting in $1.1 billion reduction in savings.
- Redirecting highest functioning children with developmental delay, autism, and intellectual disability to **foundational supports**, resulting in savings of $0.6[2] billion.

6.3. s22(1)(a)(ii) - irrelevant material [redacted]

s22(1)(a)(ii) - irrelevant material

s22(1)(a)(ii) - irrelevant material

s22(1)(a)(ii) - irrelevant material

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Agenda item 4 Attachment B
Key assumptions and material risks associated with proposed reforms

1. Key assumptions

1.1. Non-price growth in payments per participant before the impact of Reforms for Outcomes (RfO) and other provisions (including legislation) will moderate from approximately 8% in 2023-24 to 7% in 2024-25, 6% in 2025-26 and to 2% in 2027-28.

1.2. A weighted average price inflation rate of 2.8% in 2024-25 (which includes removal of the 1% temporary loading in the disability support price), 3.9% in 2025-26, 3.6% in 2026-27 and 3.6% in 2027-28.

1.3. RfO initiatives are implemented effectively, in accordance with the assumptions determined from detailed discussions and bottom-up analysis undertaken by ADA since the December 2023 projections. This is an updated view from the RfO savings included in the 2023-24 Budget which were based on the assumptions underlying the original NPP costing. Since then, ADA has developed refined models to quantify the benefits produced by RfO initiatives, which reflect details around the current activities and outcomes, and the expected future implementation, of the program.

1.4. The first tranche of legislation changes including provisions to enable controls on overspending of plans as well as the Budget Models will be effective from 1 September 2024, a delay of 2 months from the expected date of 1 July 2024 underlying the December 2023 projections and the 2024-25 Budget.

1.5. The impact of Budget Models is in line with the December 2023 projections, and therefore also in line with the government's commitment in the 2024-25 Budget, adjusted for the delay in timing of the first tranche of legislation changes. This assumes Budget Model parameters can be set to deliver an overall impact on Scheme expenditure with a high dSegree of certainty.

1.6. The new Budget Model provisions are assumed to take effect from 1 September 2025, with approximately 31% of "full effect" in 2025-26 scaling up to "full effect" by the end of 2027-28 (a 6.0% reduction in Scheme expenditure relative to the projection before allowance for Budget Models).

1.7. Legislation to enable spending in accordance with the plan and NDIS support provisions are assumed to take full effect from 1 September 2024 (a 3.4% reduction in Scheme expenditure in 2024-25 increasing to 4.9% in 2027-28).

1.8. To achieve the saving referred to in 1.7, it is assumed that agency initiated reviews will occur for participants at significant risk of overspending.

1.9. Effective communications will be undertaken to support successful implementation of these provisions.

1.10. New entrants numbers will moderate from 82,195 in 2024-25 to 73,004 in 2027-28 (a reduction of 17%). This assumes effective implementation of Reform for Outcomes initiatives, as well as moderation in the rate of new entrants with developmental delay and autism with the planned removal of automatic entry lists and the strengthening of evidence requirements for access to the Scheme.

1.11. It is assumed that from 1 July 2025, 50% of the highest functioning children aged under 9 who would otherwise enter the Scheme will instead be better supported with Foundational Supports outside the Scheme. This means that a proportion of children with developmental delay and Level 1/Level 2 autism would not enter the Scheme from 1 July 2025, reducing the number of new entrants compared with those projected before proposed reforms. The design of Foundational Supports has not yet been agreed by the Commonwealth and States/ Territories and so this assumption reflects a plausible scenario of how Scheme participants may be impacted but may be different from the final design.

2. Material risks

2.1. If key aspects of Scheme experience do not moderate in line with baseline (before reforms) assumptions then Scheme expenditure estimates are likely to be above those shown, possibly materially.

2.2. If RfO initiatives are not implemented in accordance with the revised assumptions determined from the process described in 1.3, then Scheme expenditure estimates are likely to be above those shown, possibly materially.

2.3. Specifically, non-price plan inflation in the 12 months to 31 May 2024 is approximately 7.4% (after also allowing for participants transitioning to SIL and additional growth in plan budgets arising in the first year of a participant being in the Scheme). Including the effect of RfO initiatives, this is expected within the estimates to moderate to 6.2% in 2024-25 and further to 2.2% in 2025-26. If this does not occur then Scheme expenditure estimates are likely to be above those shown, possibly materially. To illustrate, every additional 1% of non-price plan growth for 2024-25 will add approximately $2.3bn to Scheme expenditure over the forward estimates, **before** allowance for any legislative reforms.

2.4. It is likely that if non-price plan inflation for 2024-25 exceeds 6.2% then assumptions about future non-price payment inflation will be increased. To illustrate, an additional 2% per year over each of the remaining years of the forward estimates (2025-26 to 2027-28)

will add approximately $8.3bn to Scheme expenditure over the forward estimates, **before**
allowance for any legislative reforms. This scenario (2% per year for the remaining years
of the forward estimates) is one single scenario but others, including higher scenarios,
are possible. support provisions is delayed by more than 2 months, then Scheme
2.5. expenditure estimates are likely to be above those shown, possibly materially. For
example, if implementation is delayed by a further 6 months, then (all else being equal)
Scheme expenditure for the 2024-25 year is likely to be approximately $1.0 bn higher
than estimated. Future years' expenditure may also be greater.
If the provisions relating to spending in accordance with the plan and NDIS supports do
not apply to all participants from their date of effect then Scheme expenditure estimates
2.6. are likely to be above those shown, possibly materially.
If the implementation of Budget Models is delayed then Scheme expenditure estimates
are likely to be above those shown, possibly materially. For example, if implementation is
2.7. delayed by a further 6 months, then (all else being equal) Scheme expenditure for the
forward estimates period is likely to be approximately $2.2 bn higher than estimated.
If Budget Model parameters are not able to be set to deliver an overall Scheme
expenditure outcome with a high degree of certainty, then Scheme expenditure estimates
2.8. are likely to be above those shown, possibly materially.

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Meeting:	Sustainability Committee, 30 July 2025
Agenda Item:	5. Draft June 2025 Scheme Projections
Paper Type:	For Discussion
SLT Sponsor:	David Gifford, Scheme Actuary
Link to Corporate Plan:	Key Activity 1: Improve participant experience and outcomes with a financially sustainable scheme
Previous Engagement:	Feedback from earlier discussions is reflected in the set of results presented in this paper.
Legislative Authorisation:	*NDIS Act 2013 section 180B(2) At least once each quarter, the scheme actuary must make estimates of the future expenditure of the National Disability Insurance Scheme and advise the CEO of the estimates*.

1. Purpose

1.1. For the Sustainability Committee to provide comments and feedback on the draft June 2025 Scheme Projections.

2. Recommendation

2.1. The Committee discuss the draft June 2025 Scheme Projections, as the latest view of financial sustainability and the basis to inform the 2024-25 Annual Financial Sustainability Report (AFSR).

3. Key Insights

3.1. Draft June 2025 Scheme Projections forecast Scheme expenses over the 4 year forward estimate period (2025-29) to reduce by $1.5 billion compared with the June 2024 projections over the same period.

3.2. This includes $15.0 billion of estimated savings from the future impacts of Scheme Reforms which are planned or underway (with the impacts already observed in Scheme experience being allowed for in the projection before these savings). It also includes allowances for the estimated impacts of the Sustainability Initiative which the Agency launched in May 2025 to better manage plan inflation, particularly in the short-term while the New Planning Framework (NPF) is being rolled out.

3.3. s22(1)(a)(ii) - irrelevant material

3.4.

4. Background

4.1. s22(1)(a)(ii) - irrelevant material

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4.6. These updated projections also allow for Scheme Reforms as well as the Sustainability Initiative which was launched by the Agency in May 2025 to better manage plan inflation through a set of operational measures. The impacts of reform activities that have already been observed are incorporated in the starting position of the projections. Reforms and initiatives which are in the process of being implemented or under development are allowed for in assumption setting. More detail on these assumptions are included in **Attachment A**, and key risks to the estimated savings are discussed in **Attachment B**.

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NDIA Board meeting 30 July 2025

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Agenda Item 5: Attachment A

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Section 3 Reforms and the Sustainability Initiative - Overview

The June 2024 projections incorporated future savings from Recent and Proposed Reforms to the Scheme. These were estimated to be $19.3 billion for the 4 years to 30 June 2028, and $27.3 billion for the 4 years to 30 June 2029. A portion of these savings was expected to arise from reform activities which commenced in 2024-25, including the continued effects of those activities in future periods. Removing this portion from the $27.3 billion, the projections incorporated approximately $18.6 billion of estimated savings from Scheme reforms implemented during the 4 years to 30 June 2029.

The draft June 2025 projections incorporate estimated savings from the *future*[1] impact of Scheme Reforms of **$15.0 billion** over the four-year period to 30 June 2029 (see Table 3.1). This is $3.6 billion lower than the estimate of $18.6 billion from the June 2024 projections, mainly due to the assumed delays and extended transition period associated with the introduction of the New Planning Framework, as well as the delayed commencement of Foundational Supports.

Table 3.1 – Estimated future savings from Reforms

Savings to Scheme expenses on an accrual basis ($bn)	2025-26	2026-27	2027-28	2028-29	Total 2025-29
New planning framework	Nil	0.4	2.6	5.4	8.4
Funding periods (s33)	0.8	1.1	1.2	1.3	4.3
Scheme integrity measures	0.1	0.4	0.7	0.7	1.8
Foundational Supports	Nil	0.0	0.1	0.3	0.5
Total savings from Reform	**0.8**	**1.8**	**4.6**	**7.8**	**15.0**

End of table

More detail on each Reform is provided later in this section

In addition to Scheme Reforms, the Agency's Service Delivery Group has launched the 'Sustainability Initiative' in May 2025 which is expected to contribute significantly to savings through the management of plan inflation, particularly in the short-term while the New Planning Framework is being rolled out. The savings from the launch of the Sustainability Initiative contribute to:

- Mitigating the cost of delay in the New Planning Framework.
- Delivering moderation in plan growth, *excluding* the impact of Reforms, compared to historic levels:

[1] The estimate excludes savings that have already been observed in 2024-25 experience and their ongoing impact on future expenditure – i.e. it reflects savings from future activity only.

- In the June 2024 projections, this was allowed for via reductions over time in the *additional growth* assumption. These reductions were assumed to occur due to management action and the 2023-24 Budget Initiatives (Reform for Outcomes).
- For the June 2025 projections the moderation in plan growth is more explicitly allowed for via the estimated impact of the Sustainability Initiative.

More detail is provided on each Reform and the Sustainability Initiative in Section 12. In Section 12 we also provide the assumptions for Additional Growth in Committed Supports and Utilisation Adjustments. These have been determined allowing for the estimated impacts of Reforms and the Sustainability Initiative.

End of Section 3

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[5] Based on the June 2024 projections

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[6] Based on the June 2024 projections
[7] Based on the June 2024 projections

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Section 12 Reforms and the Sustainability Initiative – Further Details

Section 3 provided on overview of allowances for Reforms and the Sustainability Initiative in the projections. Further details are provided in this section. We also provide the assumptions for Additional Growth in Committed Supports and Utilisation Adjustments.

New Planning Framework

As part of the Scheme reforms announced in the 2024-25 Budget, the Agency is in the process of implementing a New Planning Framework informed by a support needs assessment. Under the New Planning Framework participant budgets will be determined based on a rule set to establish funding based on assessed support needs. The new process will achieve more consistency as the assessment and budgeting process will be delivered the same way across the entire Scheme.

The New Planning Framework was originally targeted to commence in September 2025 with the full rollout across all new and existing participants expected to occur over a period of 3 years. Since the June 2024 projections, a delay in the commencement date has been assumed. For these projections we have assumed a revised commencement month of July 2026, and the rollout now assumed to occur over a period of 4.5 years.

Although significant work has been undertaken over the last twelve months, the Agency is yet to finalise the support needs assessment or budget model rulesets for the New Planning Framework. As such, the estimated impact of this reform has been based on that used for the 2023-24 AFSR adjusted for the current expected commencement date and rollout period.

Funding Periods

The “NDIS Amendment (Getting the NDIS Back on Track) Bill 2024 No.1” introduced in 2024 included changes designed to support participants to spend in accordance with their plan. One key component was the introduction of funding periods which will enable the availability of funding for supports to be distributed over the course of a plan.

From 9 October 2024, the NDIA applied funding periods to all new and reassessed plans, with funding periods set to a default 12-months. From 19 May 2025, process changes allowed for a range of funding periods to be applied for new and reassessed plans of 1-month, 3-months, 6-months or 12-months.

As funding periods will support participants to spend in line with their plan and reduce the risk of funds being exhausted early in the plan, overutilisation of plans is expected to reduce, with an expected $4.3bn decrease in Scheme costs in the four years to 30 June 2029.

The total expected cost of plan overutilisation in the Scheme is estimated to be $2.2-2.4bn per year. The amount of overutilisation that can be reduced through funding periods is based on the total overutilisation, adjusted for:

- **Roll out -** Funding periods are rolled out in line with first plans and plan reassessments. By 30 June 2027, it is expected that around 76% of participants will have funding periods in their plans, with these participants representing around 91% of total Scheme payments.

- **Remaining overutilisation** - Participants can still overutilise with funding periods in their plans. The amount of overutilisation will depend on the length of the participant's funding period. As a result, it is assumed that only 60% of overutilised payments are removed from the Scheme under funding periods

Scheme Integrity Measures

The NDIA is pursuing a multi-pronged strategy to strengthen fraud prevention and detection in the NDIS. It co-leads the cross-agency Fraud Fusion Taskforce with Services Australia, established in November 2022 to address fraud and serious non-compliance. Building on this, the NDIA launched the Crack Down on Fraud ('CDoF') program in February 2024, which focuses on developing new IT platforms and systems to enhance the agency's prevention and detection capabilities.

Estimated savings are determined from four components of the reform:

- **Savings from providers that are banned or subject to payment reviews**
  Savings are based on projected volumes of providers affected and historical intervention outcomes.
- **Manual payment reviews by the Payment Integrity Team**
  Savings are estimated by applying historical cancellation rates to projected FTE capacity in the Payment Integrity team.

System enhancements
A proportion of payment requests are assumed to be rejected or deterred by system enhancements – in particular the implementation of invoice matching.

Automated cancellations and system prompts
A subset of transactions were identified as suitable for automated system responses – either automatic cancellation or generation of a system prompt to influence payment requestor behaviour.

Allowances are also made for re-utilisation – i.e. that a proportion of payments avoided or cancelled will subsequently be spent on legitimate supports.

Foundational Supports

There remains a joint government commitment in place for the development and implementation of Foundational Supports, which will result in improved access to supports provided outside the NDIS. This is to better support individuals who are not Scheme participants, including children with early intervention needs who are relatively high functioning and have lower support needs.

The introduction of Foundational Supports was assumed to commence during 2025-26 in the June 2024 projections. However, as the design and scope of Foundational Supports to be provided by States/Territories are still yet to be agreed, commencement is now assumed to be from 2026-27.

Similar assumptions have been made in the June 2025 projections compared with last year, about Foundational Supports leading to some high functioning children with relative low supports being diverted from the Scheme, i.e. lower numbers of future new entrants. These assumptions have been adjusted for the delayed commencement and to allow for other changes to new entrant assumptions.

Sustainability Initiative

In May 2025, the Agency launched the Sustainability Initiative. The initiative is built upon 4 key pillars:

1. Building capability of staff.
2. Quality first plans and reassessments.
3. Supporting participants to spend in accordance with their plans.
4. Practice and process improvement.

The initiative is expected to offset the delayed implementation of the New Planning Framework by improving the consistency of planning decisions for Old Framework plans and reducing plan inflation, particularly on unscheduled reassessments.

The PRM discussed in Section 2 has been used to estimate the impact of the Sustainability Initiative. The projections for 2025-26 and 2026-27 are shown below and compared to the experience in the 6 months to April 2025.

Table 12.1. Sustainability Initiative Estimated Impacts

	6 months to Apr 2025 actual	2025-26 Expected	2026-27 Expected
Unscheduled reassessments			
Unscheduled reassessment per month	11,679	9,021	9,406
Plan growth rate (old framework)	22.6%	15.0%	15.0%
Plan growth rate (new framework)	Nil	Nil	8.2%
Schedule reassessments			
Plan growth rate (old framework)	6.2%	4.0%	4.0%
Plan growth rate (new framework)	Nil	Nil	-2.4%

End of table

The key changes from the Sustainability Initiative are expected to be:

- **Fewer unscheduled reassessments** – the projected numbers in 2025-26 and 2026-27 are approximately 20% lower than the 6 months to April 2025.
- **Lower plan inflation** – Plan inflation on unscheduled reassessments is projected to reduce from 22.6% to 15% (old Framework plans) in 2025-26 and 2026-27 and 8.2% (New Framework Plans). The plan inflation for scheduled reassessments is also assumed to moderate.

Additional Growth in Committed Supports and Utilisation Adjustments

The OCM now projects Committed Supports and Utilisation to determine payments (see Section 2). As such, we no longer model the Additional Growth in payments, and instead allow for:

- **Additional Growth in Committed Supports** – this is the assumed growth in average participant plans over and above that allowed for in other assumptions (e.g. normal inflation, SIL transitions etc).
- **Utilisation Adjustments** – any adjustments to utilisation over and above that allowed for in other assumptions.

The estimated impacts of Reforms and the Sustainability Initiative discussed above have been used to set the level of Additional Growth in Committed Supports and determine the required Utilisation Adjustments.

Table 12.2. Additional plan growth assumptions

Year	Additional plan growth
2025-26	2.0%
2026-27	-0.2%
2027-28	0.4%
2028-29	0.4%

End of table

The *New Planning Framework* and *Sustainability Initiative* estimates primarily impact Committed Supports and therefore were considered when setting the Additional Growth in Committed Supports shown above. The estimates rely on PRM modelling for the first two years, and a high level assumption for 2027-28 onwards[35].

[35] Set with regard to projected growth in 2026-27, uplifted by 0.7% given uncertainty in the capacity of the Agency to maintain the growth trajectory set by the Sustainability Initiative as the pace of implementation of the New Planning Framework increases.

Table 12.3. Utilisation Adjustments

	2025-26	2026-27	2027-28	2028-29	Total
Pre-reform utilisation	***75.5%***	***75.4%***	***75.3%***	***75.2%***	***75.3%***
Utilisation Adjustments*:					
Funding Periods & Integrity Measures	-1.6%	-2.6%	-3.1%	-3.2%	-2.7%
Plan changes	Nil	Nil	0.5%	0.75%	0.3%
Total	-1.6%	-2.6%	-2.6%	-2.4%	-2.3%
Post-reform utilisation	***74.3%***	***73.4%***	***73.3%***	***73.4%***	***73.6%***

End of table

Adjustments are applied as a multiplier - e.g. in 2025-26, post-reform utilisation = pre-reform utilisation x (1 - 1.6%)

Funding Periods and ***Scheme Integrity Measures*** primarily impact Utilisation and are allowed for as a reduction to utilisation. The utilisation adjustment relating to plan changes is for the following reasons:

- As plan inflation moderates over time (e.g. from the Sustainability Initiative and New Planning Framework) participants may spend a larger proportion of their plans
- With supports able to be used more flexibility under the New Planning Framework, this may lead to increases in utilisation

Sensitivities

The table below illustrates some of the key sensitivities in assumptions for estimates of Reforms and the Sustainability Initiative.

Table 12.4. Sensitivities for Reforms and the Sustainability Initiative

Projected scheme expense ($)	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**Total**
Draft June 2025 projections	***50.7***	***53.9***	***57.9***	***62.4***	***224.9***
Sensitivity analysis					
Unscheduled reassessments - lower inflation	50.5	53.3	56.8	60.8	221.4
Unscheduled reassessments - higher inflation	50.9	54.5	59.0	64.0	228.4
Unscheduled reassessments - higher volumes	50.9	54.3	58.5	63.3	227.0
Lower utilisation	*50.7*	*53.9*	*57.6*	*61.9*	*224.2*
Higher utilisation	*50.7*	*53.9*	*58.2*	*62.9*	*225.7*
Difference to Draft June 2025 projections ($)	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**Total**
Draft June 2025 projections	***Nil***	***Nil***	***Nil***	***Nil***	***Nil***
Sensitivity analysis					
Unscheduled reassessments - lower inflation	0.2	0.6	1.1	1.6	3.5
Unscheduled reassessments - higher inflation	0.2	0.4	0.6	0.9	2.1
Unscheduled reassessments - higher volumes	0.0	0.0	-0.3	-0.5	-0.8
Lower utilisation	*0.0*	*0.0*	*0.3*	*0.5*	*0.8*
Higher utilisation	*-$0.2*	*-$0.6*	*-$1.1*	*-1.6*	*-3.5*

End of table

The sensitivities shown above are:

1. *Lower* Plan Inflation on Unscheduled Reassessments for Old Framework plans of 12% compared to the 15% adopted from the impact of the Sustainability Initiative.

2. *Higher* Plan Inflation on Unscheduled Reassessments for Old Framework plans of 18% compared to the 15% adopted from the impact of the Sustainability Initiative.
3. *Higher* volumes of Unscheduled Reassessments compared to the assumptions for the impact of the Sustainability Initiative. The scenario is for unscheduled reassessment volumes[36] reducing by around 10% from recent levels instead of the reduction of 20% in the projections.
4. *Lower* utilisation which may occur if the utilisation adjustment relating to plan changes discussed above does not emerge over time.
5. *Higher utilisation which may occur if the utilisation due to plan changes is greater than anticipated, and/or the reforms relating to utilisation are less effective than anticipated. For this scenario we have assumed a change in utilisation that is double the current allowance for plan changes.*

End of section 12

End of report

[36] In total for Old and New Framework Plans

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Item 5: Attachment B

Key assumptions and risks associated with Reforms and Initiatives

1.1. The overall scheme growth rate is assumed to moderate from 10.8% in 2024-25, to 9.4% in 2025-26 and to average of 7.2% over 2026-27 to 2028-29. Key drivers of this moderation are the Reforms and Initiatives underway in the Scheme or which will have an impact on the Scheme.

1.2. New Framework plans (including Budget Models) are assumed to commence in July 2026 and are subject to a 4.5-year transition period. The projected impacts of the New Planning Framework assumes that the rollout occurs in line with these timeframes. It also assumes that Budget Model parameters can be set to deliver an overall impact on Scheme expenditure with a high degree of certainty.

1.3. The New Planning Framework provisions are assumed to take effect from July 2026, with approximately 15% of "full effect" in 2026-27 scaling up to "full effect" by the end of 2029-30 (a 6.5% reduction in Scheme expenditure relative to the projection before allowance for Budget Models).

1.4. The Sustainability Initiative which launched in May 2025 is a significant driver of the moderating scheme growth over the next two years and beyond. The key assumptions include unscheduled reassessment volumes reducing by around 20% compared to recent levels, and plan inflation on unscheduled reassessments for Old Framework plans reducing from 23% to 15%. If these outcomes are not achieved there is a risk that Scheme growth rates, especially in the next two years, are materially higher than those currently projected.

1.5. The introduction of Funding Periods to support participants to spend in line with their plan and reduce the risk of funds being exhausted early in the plan is another material driver of the moderating Scheme growth over the next two years. A key assumption is the distribution of funding periods applied to participant plans across the Scheme (i.e. 1-month, 3-month, 6-month or 12-month). The strength of controls on overutilisation increases as the funding period becomes shorter. If more plans receive longer funding periods than assumed, then estimated savings are expected to reduce.

1.6. The effectiveness of Funding Periods to control overutilisation of plans is also dependent on the volume plan change requests. Participants maintain their right to request a plan change at any time. If more participants than expected are successful in receiving a plan change to increase their plan value, and/or longer funding periods, this may also reduce the potential savings.

1.7. It is assumed that from 1 July 2026, 50% of the highest functioning children aged under 9 who would otherwise enter the Scheme will instead be better supported with Foundational Supports outside the Scheme. This means that a proportion of children with developmental delay and Level 1/Level 2 autism would not enter the Scheme from 1 July 2026, reducing the number of new entrants compared with those projected before proposed reforms. The design of Foundational Supports has not yet been agreed by the Commonwealth and States/ Territories and so this assumption reflects a plausible scenario of how Scheme participants may be impacted but may be different from the final design.

1.8. Savings from Scheme Integrity Measures to strengthen fraud prevention and detection in the NDIS have been allowed for in the Scheme projections. These savings are dependent on the effective rollout and implementation of these measures including the implementation of system uplifts. Should the initiatives be delayed, underperform, or fail to deliver the expected outcomes then the projected Scheme expenditure may be higher than currently estimated.

1.9. The projections allow for an increase in utilisation in 2027-28 and 2028-29 as participants may spend a larger proportion of their plans as plan growth moderates. Furthermore, supports can be used more flexibility under the New Framework Planning, which may also lead to increases in utilisation. It is possible that the increase in utilisation may be higher than assumed which would increase Scheme costs.

The contents of this document are OFFICIAL: SENSITIVE

Meeting:	Sustainability Committee, 5 SEPTEMBER 2025
Agenda Item:	4. Draft 2024-25 Annual Financial Sustainability Report (AFSR) Executive Summary and Summary of the 2024-25 AFSR for the Annual Report
Paper Type:	For Discussion
SLT Sponsor:	David Gifford, Scheme Actuary
Link to Corporate Plan:	Key Activity 1: Improve participant experience and outcomes with a financially sustainable Scheme.
Link to Agency Strategy:	The 2024-25 AFSR focuses on the financial direction of the Scheme aligned with the Agency Strategy that outlines the Agency's commitment and goals over the next 10 years. Agency Strategy.

s22(1)(a)(ii) - irrelevant material

Legislative Authorisation:	*NDIS Act 2013 section 180B(2) - At least once each quarter, the scheme actuary must make estimates of the future expenditure of the National Disability Insurance Scheme and advise the CEO of the estimates. Also under the Act, a summary of the ASFR will be included in the NDIS annual report.*
Draft resolution:	The Sustainability Committee endorsed the draft 2024-25 AFSR Summary for the Annual Report for approval by the Board subject to further changes arising from input from DHDA regarding Scheme policy settings. The Sustainability committee noted the draft Executive Summary of the 2024-25 AFSR.

1. Purpose

1.1. The Sustainability Committee to endorse the draft 2024-25 AFSR Summary for Annual Report for approval by the Board and to discuss the draft Executive Summary of the 2024-25 AFSR.

2. Recommendation

2.1. It is recommended the Sustainability Committee

2.1.1. endorse the draft 2024-25 AFSR Summary for the Annual Report for approval by the Board subject to further changes arising from input from DHDA regarding Scheme policy settings

2.1.2. note the draft Executive Summary of the 2024-25 AFSR.

3. Key Insights

s22(1)(a)(ii) - irrelevant material [redacted]

3.2. The June 2025 projections include $16.0 billion of estimated savings from the future impacts of Scheme Reforms which are planned or underway (with some impacts already observed in Scheme experience being allowed for in the projection before these savings). It also includes allowances for the estimated impacts of the Sustainability Initiative which the Agency launched in May 2025 to better manage plan inflation, particularly in the short-term while the New Planning Framework (NPF) is being rolled out.

3.3. s22(1)(a)(ii) - irrelevant material [redacted]

3.4. [redacted]

4. Background

4.1. The 2024-25 AFSR is required to be prepared for the Board and CEO of the NDIA under section 180B of the NDIS Act. The 2024-25 AFSR provides an overall assessment of the financial sustainability of the NDIS as at 30 June 2025. There is also discussion on outcomes, risk management, and recommendations, which are all requirements of an AFSR under the NDIS Act.

s22(1)(a)(ii) - irrelevant material [redacted]

4.5. **Attachment D** contains a table setting out the basis on which each Scheme Reform area has been included in the June 2025 projections and key assumptions relating to each area.

5. Scheme Reforms in the June 2025 projections

5.1. The June 2024 projections allowed for estimated impacts of Reform for Outcomes as well as Recent and Proposed Reforms. This includes initiatives aimed to reduce intraplan inflation, assessment and budgeting reforms that establish a New Planning Framework, changes to information requirements for participants undertaking an eligibility reassessment, the Crack Down on Fraud (CDoF) program and the introduction of Foundational Supports for some children with early intervention needs.

5.2. The June 2025 projections also allow for Scheme Reforms as well as the Sustainability Initiative which was launched by the Agency in May 2025 to better manage plan inflation through a set of operational measures.

5.3. Some reform activities have partly or fully emerged in Scheme experience over 2024-25 and are implicitly incorporated in the June 2025 projections. Other reform activities, or programs, are either in the process of being implemented, or under development and expected to impact Scheme experience in future years. These are explicitly allowed for in assumptions regarding future Scheme experience

5.4. The June 2025 projections incorporate estimated savings from the future[1] of the impact of Scheme Reforms of $16.0 billion over the four-year period to 30 June 2029, $2.6 billion lower than the estimate of $18.6 billion for the same period from the June 2024 projections. This is mainly due to the assumed delays and extended transition period associated with the introduction of the New Planning Framework, as well as the delayed commencement of Foundational Supports. The savings assumed by Reform and by financial year are shown below in Table 1.

Table 1. Estimated future savings from Reforms

Savings to Scheme expenses on an accrual basis ($bn)	2025-26	2026-27	2027-28	2028-29	Total 2025-29
New planning framework	Nil	0.2	2.6	6.4	9.3
Funding periods (s33)	0.8	1.4	1.5	1.7	5.3
Scheme integrity measures	0.1	0.2	0.3	0.3	0.9
Foundational Supports	Nil	0.0	0.1	0.3	0.5
Total savings from Reform	**0.8**	**1.8**	**4.5**	**8.8**	**16.0**

5.5. For Scheme projections beyond the forward estimate period (2025-29), the estimated impact of Scheme reforms over the period 2030-35 results in growth in Scheme expenses of 7.2% in 2034-35. This is below the NDIS Financial

[1] The estimate excludes savings that have already been observed in 2024-25 experience and their ongoing impact on future expenditure, i.e. it reflects savings from future activity only.

Sustainability Framework target of 8% per annum. However, it is above the target of 5-6% announced by the Minister for Disability and the NDIS on 20 August 2025 as being a more sustainable target for the NDIS in the medium term. To achieve this target further reforms will be needed to manage growth in participant plans and/or spending behaviour. The table in Attachment D sets out the basis on which each Scheme Reform has been included in the June 2025 projections and the key assumptions underpinning each reform area.

s22(1)(a)(ii) - irrelevant material

s22(1)(a)(ii) - irrelevant material

s22(1)(a)(ii) - irrelevant material

s22(1)(a)(ii) - irrelevant material

s22(1)(a)(ii) - irrelevant material

D.1. Basis of Scheme Reforms

Reform area	Status/ basis for inclusion in projections	Key projection assumptions	Comparison to 2023-24 AFSR
New Planning Framework	• In the amended NDIS Act • Rules specifying the Budget models mechanism under development • Delayed commencement from 1 July 2026 has been agreed with DHDA and the Minister	• Budget Model parameters in the new framework can be set to deliver an overall impact on Scheme expenditure with a high degree of certainty • New framework planning will commence from 1 July 2026, with a transition period of 4.5 years • The average cost of supports is 6.5% lower than it would have been under the old framework, once a participant receives their first new framework plan • Ongoing real growth in cost per participant of 2.0-2.5% p.a., leading to overall Scheme growth of 7.0-7.5% p.a. in the medium term • Further reductions in growth in Scheme expenditure consistent with the announcement by the Minister for Disability and the NDIS would require a lower real growth in cost per participant enabled by the New Planning Framework	• Commencement of NFP has changed from 1 July 2025 to 1 July 2026 • Transition period has been revised from 3 years to 4.5 years • Reduced savings in Scheme expenditure arising from the change in implementation date and transition period have been offset by increased savings from Section 33 and other operational changes.
Section 33 changes	• In the amended NDIS Act • Total funding amounts took effect immediately in October 2024	• Utilisation will reduce for participants who transition to a plan with funding periods, due to less overspending	• The impact of funding periods was included in the allowance for Intraplan inflation measures in the June 2024 projections

Reform area	Status/ basis for inclusion in projections	Key projection assumptions	Comparison to 2023-24 AFSR
	• Funding periods introduced in May 2025	• Overall, this leads to a reduction in Scheme utilisation of 1.2% in 2025-26 increasing to 2.0% 2028-29 based on the expected roll-out of funding periods in plans • Plan change requests will increase in the short term due to funding periods, but this will lessen over time • The introduction of total funding amounts supports the Agency's measures to better manage plan change requests as part of the Sustainability Initiative	• Previous assumption was a high-level adjustment to growth in payments • Revised assumptions are based on explicit modelling of reductions in overutilisation based on observed experience of overspending on plans and the anticipated roll-out of funding periods
Section 10 changes	• In the amended NDIS Act, and took effect immediately in October 2024	• The 2024-25 experience was reflected this change, and therefore it is incorporated in the starting position of the projections • Future impacts are assumed to be small	• No explicit allowance was made in the 2023-24 AFSR
Foundational Supports	• ***The June 2025 assumptions will be reviewed based on DHDA advice relating to assumptions underpinning the Thriving Kids program*** • Public commitment from the government following National Cabinet decision in December 2023 was basis for inclusion in 2023-24 AFSR	• Commencement from 1 July 2026, with 50% effectiveness of the program in the first year • 50% of potential new entrants aged 0-8 diverted from the Scheme. These are from high functioning/ lower cost cohorts (developmental delay and mild autism) • 10% of diverted children will re-apply and enter the Scheme at a	• In the 2023-24 AFSR, Foundational Supports was assumed to commence from 1 July 2025. This has been revised to 1 July 2026.

Reform area	Status/ basis for inclusion in projections	Key projection assumptions	Comparison to 2023-24 AFSR
	• Included in the 2024-25 AFSR on the basis of the renewed commitment by the Minister on 20 August 2025 • Assumed to result in diversions of children from the Scheme, without mechanism specified	later date, if Foundational Supports received are not effective • Results in approximately 9,000 less participants in the Scheme at June 2027, increasing to about 41,000 by June 2029	
Integrity and Fraud	• Savings estimates in the 2024-25 AFSR are based on the ongoing agency resources • A business case for further funding is being prepared for 2025-26 MYEFO and further savings arising from this NPP are not included in June 2025 projections	• Utilisation at Scheme level will reduce as a result of Integrity and Fraud initiatives, by 0.1% in 2025-26 increasing to 0.4% by 2027-28 • These reductions relate to future improvements with the impact of Fraud and Integrity activities to June 2025 being incorporated in the starting position of the projections • Allowance is made for re-utilisation, i.e. that a proportion of payments avoided or cancelled will subsequently be spent on legitimate supports	• The 2023-24 AFSR included estimated savings from the Crack Down on Fraud program, enabled by initial funding of $83.9 million in February 2024 and a further $110.4 million in November 2024. • In 2024-25 revised assumptions allow for increased savings as a result of CDoF and other Integrity and Fraud activities underway in the Agency