National Disability Insurance Agency Statement – NDIA Expenditure

2 October 2018

On 28 September 2018 *The Australian* published an article which included information about the profile of the National Disability Insurance Agency's (NDIA) expenditure.

The NDIA is unable to reconcile the expense data provided in *The Australian* article. In the interest of transparency, the NDIA is providing the details of its operating costs to ensure the correct facts are on the record.

The information provided below is from the 2017-18 Agency's Financial Statements and a true reflection of expenses incurred.

The NDIA takes the prudent management of its finances extremely seriously. The National Disability Insurance Scheme (NDIS) is, and remains, under budget, as it has done every financial year to date.

In 2017-18, the NDIA's operating expenses were $907 million against its budget of $1053 million, generating an operating surplus of $146 million.

Operational expenses for the NDIS have increased by 56.5 per cent in the last 12 months, compared with participant growth of 102 per cent (90,638 to 183,965).

The Australian article notes that it is based on material from the NDIA which relates to the Senate Order on Entity Contracts, also known as the Murray Motion.

The Murray Motion requires Commonwealth entities to publish details of contracts with a value of $100,000 or more, twice a year during the relevant 12 month reporting period. The NDIA published the required information on 31 August 2018 in accordance with the Murray Motion requirements.

The Murray Motion schedule of contracts will not match the actual financial reporting of the NDIA for a number of reasons, including that it does not include contracts under $100,000 and it does not include contracts that ended during the reporting period that commenced before the reporting period started.

As appropriate, the largest expenses incurred by the NDIA (equating to 72 per cent) are related to Agency staff and Partners who support for participants, providers and delivery of the Scheme.

In 2017-18, 31.9 per cent of Agency operating costs or $288.8 million, relate to partnerships for delivery of the NDIS in local communities, including front line staff working as Local Area Coordinators and Early Childhood partners who directly support NDIS participants, their families and carers.

NDIS employee benefits represent 26.1 per cent of Agency operating costs or $235.3 million. The primary role of NDIA staff is to deliver services to participants and providers.

Contractor costs account for 14 per cent of operating costs or $127.1 million. Contactor staff are required during the transition period to provide additional workforce capability for a period of time.

Contractors are an appropriate, flexible and responsible workforce choice during this period of significant growth and change.

The Agency spent 8.4 per cent of operational costs or $95.4m on shared services provided by Commonwealth Government partners for infrastructure and corporate support services. This includes arrangements with the Department of Human Services (DHS) to deliver essential enabling services, for example, ICT and payroll services.

Property, leases and associated expenses represent 6.2 per cent of operational cost or $56.0 million.

The Agency also requires specialist skillsets to deliver the NDIS. These include actuarial and public reporting services, research and consultation, specialist disability expertise, legal, communication and publication services and amounts 4.3 per cent of Agency operational costs or $39.1 million.

In addition to the Agency operational expenditure detailed above, the NDIA also provided grants of $71.8 million through Information Linkages, and Capacity Building. These grants provide funding to Australian businesses, community groups, researchers and charities to make sure people with disability are better connected and supported in their communities.

The Agency's operating costs are appropriately separated and do not impact on the funds allocated and expended supporting NDIS participant's plans.

More than 200,000 Australians are already benefitting from the NDIS as it rolls out across the country with 460,000 expected to benefit from the Scheme at full roll out. Of this number, 60,000 people are receiving disability supports for the first time. This has been achieved by a strong focus on delivering an improved experience for participants.

Profile of NDIA agency operating expenditure FY17-18

Expense category	$m	%
Partners: Local Area Coordinators (LAC)	211.9	23.4
Partners: Early Childhood Early Intervention (ECEI)	76.9	8.5
NDIA employee benefits	235.3	26.0
Contractor staff	127.1	14.0

Expense category	$m	%
Government shared services costs (including DHS)	95.4	10.5
Property, depreciation and amortisation	56.0	6.2
Professional services and consultants	39.1	4.3
All other costs (eg training, vehicles, insurance)	65.1	7.1
TOTAL	**906.8**	**100**

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