8 October 2021

The National Disability Insurance Agency (NDIA) Board released the NDIS Annual Financial Sustainability Report Summary (AFSR) prepared by the Scheme Actuary today.

The release of the report is part of the Agency's ongoing commitment to NDIS participants, the disability sector and other stakeholders for greater transparency.

The AFSR provides an assessment of the financial sustainability of the NDIS and is required under the NDIS Act (Section 180B). It is produced using data at 30 June each year and a summary of each year's AFSR is included in the NDIA Annual Report.

It includes:

- analysis and discussion of recent Scheme experience
- best estimate projections of future participant numbers and average payments (based on known experience and future expectations)
- scenarios relating to possible variances in the projections
- recommended strategies to address risks to sustainability.

This AFSR was independently peer reviewed by Mr Guy Thorburn, Australian Government Actuary. A copy of Mr Thorburn's report is included in this release.

Estimates based on projections in the report show that:

- There will be 670,400 participants in the Scheme at the end of June 2025 (of which 633,600 are under the age of 65 years), and 859,300 at the end of June 2030 (of which 798,300 are under the age of 65 years). These figures are significantly higher than estimated by the Productivity Commission in 2017.
- Total participant costs will be $29.2 billion in 2021-22, growing to $41.4 billion in 2024-25, and $59.3 billion in 2029-30 (on an accrual basis).

These results are not significantly different from the interim report released in July 2021, based on Scheme experience to 31 December 2020.

The government has committed to funding the NDIS and this is reflected in more than $17 billion in additional funding in the last two federal Budgets.

Current issues

- Projections of the number of future participants in the Scheme by 2030 are significantly higher than the number of participants estimated by the Productivity Commission in 2017.

- The reason for higher than expected participant numbers is that the rate at which people are entering and exiting the Scheme is different to original forecasts.
- The rate of new entrants to the Scheme continues to be very high, which is most evident in the geographical areas where the Scheme has been operating for several years.
- It was expected that many participants who received early intervention support would then transition out of the Scheme to be supported by mainstream and community services. This is not happening at the rate projected.
- The average annual funded package for participants has also increased more than expected each year. The average annual increase in payments per participant has been 11.8 percent per annum over the last four years.
- Projected participant costs are higher than the most recent 2021-22 Portfolio Budget Statements and the 2017 Productivity Commission costing.
- In projecting Scheme costs, a lower rate of future payment increases has been assumed. If past rates continue then projected costs could be significantly higher.

Recommendations

- There are recommendations within the report which are intended to manage identified risks and deliver improved financial sustainability. These include:
    - Focusing on participant outcomes by helping participants to access supports and services which are evidence based and proven to be effective.
    - Co-designing a person-centred assessment approach to improve the consistency and equity of Agency decision making.
    - Managing Scheme scope and coverage, ensuring that it is delivered within the wider ecosystem of other support systems including Health, Education and Justice.
    - Further embedding insurance principles within the NDIS, by:
        - Using consistent, evidence-based decision-making
        - Regularly monitoring participant experience to inform improvements and manage emerging risks
        - Encouraging early investment to drive lifetime participant outcomes and reduce the future impact of disability.

Data projections and modelling in this report

- In order to project future Scheme costs, assumptions on both the number of participants in the Scheme and the average payment per participant are required. The number of participants each year is based on assumptions on both the number of participants entering and the number of participants exiting the Scheme. Average payments are based on current payment levels which are then inflated each year.

- Participant characteristics and levels of support need differ substantially amongst NDIS participants. Therefore, assumptions on participant numbers and average payments are calibrated by different participant cohorts. These are: age group, disability, level of function, gender, and whether the participant lives in Supported Independent Living (SIL).
- Assumptions have been set using knowledge of the past and expectations of future Scheme experience. The best estimate projection in this report is not only looking at past Scheme trends; it includes a forward-looking approach which assumes the operational initiatives undertaken by the NDIA will result in the future experience being different to past trends.
- As with any projection, there is some uncertainty in the results. As the Scheme continues to mature, Scheme experience can change, resulting from the decisions and actions of the Agency and governments, and this would affect the eventual trajectory of participant costs. Uncertainty is explored further in Section 6.1 of the report, where possible low and high estimates of Scheme costs are provided.

More information

The NDIA regularly releases data about the Scheme through public data releases .

- Explore our data with our interactive data tool .
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