

# National Disability Services: Responding to the NDIS 2023-2024 Annual Price Review Consultation Paper: Practical guidance for members

## 1.0 Purpose of this guide

The purpose of this document is to summarise and provide information that may assist NDIS providers make a submission to the [NDIS 2023-2024 Annual Pricing Review](#) (APR). It draws on information contained in the [Annual Pricing Review Provider Consultation Paper](#) (the consultation paper) however it should be read in conjunction with the consultation paper.

It will be most relevant for those providers who are unsure as to what to include in their submission.

The NDIA have also released an [Annual Pricing Review Participant Consultation Paper](#) and survey to seek participant perspectives on pricing as part of the 2023-2024 Annual Pricing Review. This guide is focussed on the Annual Pricing Review Provider Consultation Paper only.

## 2.0 Background

The NDIS 2023-2024 Annual Price Review seeks perspectives on four areas of pricing:

- Supports delivered by disability support workers by updating the Disability Support Worker Cost Model.
- Therapy supports, including value for money and price benchmarks
- Support coordination and participant experiences of using support coordinators.

- The NDIS cancellation policy, including the impact of changes made in 2023 on participant choice and control.

## 3.0 Questions asked in the Consultation Paper

### 3.1 Market and environment and conditions

The consultation paper is seeking information on how organisations are responding to prevailing economic conditions including those beyond the NDIS operating environment. This includes your views on the key business risks you are facing and what strategies you are using to manage these risks.

#### 3.1.1 Things to consider in your response

You may like to talk about:

- The impact of interest rates on any loans that your organisation may have.
- How inflation has impacted any rental arrangements that you may have.
- Any other significant impact that general cost of living increases are having on your organisation such as petrol costs or other consumables.
- Your primary business challenge noting that this is an opportunity to take a broad view across your organisational challenges and focus on both short and more medium-term challenges.
- How you are preparing for to face these challenges. Here you might like to think about what could support your organisation to prepare for these challenges and what barriers (both internal and external) that might impact on how successful these measures may be.
- [NDS's State of the Disability Sector](#) and [Workforce Census](#) provide good sector wide data on turnover rates, and difficulty in recruiting and retaining workers across a range of roles. You may like to talk about your current staffing situation and what unique factors (for example, regional factors) might be impacting this.

### 3.2 Disability Support Worker Cost Model

The consultation paper is asking for specific information related to the assumptions that underpin the [Disability Support Worker Cost Model](#) (DSWCM). Specifically, how

these assumptions align with your individual organisation's overheads and operating costs with a focus on the impact over the previous 12 months

Please note that while equivalents to the DSWCM do not exist for therapy or support coordination, the parameters that the DSWCM uses could also provide a useful guide for therapy and support coordinators to detail how their costs have changed over the past 12 months.

The DSWCM factors in:

- Staffing costs including wages and allowances for annual, personal and long service leave, public holidays, superannuation and employee allowances.
- Operational overheads
- Corporate overheads
- Margin

### **Staffing costs**

The DSWCM provides detail on the assumptions that underpin direct staffing cost components of the model. These are outlined below. Providers should review the [DSWCM](#) for more detail on these areas and how they are calculated and applied to determine the price.

### **Pay/classification levels**

- Four classifications based on the [SCHADS](#) Award for disability support workers (DSW) are used:
  - DSW One: Social and Community Services Schedule 2.1
  - DSW Two: Social and Community Services Schedule 2.4/3.1
  - DSW Three: Social and Community Services Schedule 3.2
  - DSW Four: Social and Community Services Schedule 4.4

### **Direct costs assumptions**

The DSWCM also includes the following direct cost assumptions:

- Annual Leave Allowance
  - 152 hours
  - 17.5 per cent loading

- Personal Leave Allowance (plus an allowance for domestic and family violence leave)
  - 78 hours
- Public Holiday Leave Allowance
  - 76 hours accrued in a year
- Long Service Leave Allowance
  - 32.93 hours accrued in a year
- Superannuation
  - 11 per cent
- Employee Allowances
  - 1 per cent employee allowance rate

The consultation paper is asking for specific feedback on the range of classifications that you use across your workforce. Some sector benchmarking indicates that there is a gap between average wages paid by the sector and base pay levels as used in the DSWCM. However, it is unclear what assumptions are used about the distribution of the four different disability support worker levels across the sector to determine the composite rate for standard and high intensity supports.

### **Employment Conditions**

The consultation paper is also asking for the distribution of disability support workers across permanent full time, permanent part time and casual. NDS's latest [Workforce Census](#) notes that across the organisations responding 59 per cent of disability support workers were employed on a permanent, 39 per cent on a casual basis and 80 per cent of permanent workers were employed part time.

The last question in this section of the consultation paper is asking about any impact of the 15 per cent wage increase that was paid under the Aged Care Award from 30 June 2023 on your organisations ability to attract or retain disability support workers.

### **Areas to consider in your response**

In addition to providing the data requested for your workforce, you may like to consider the following:

- Whether the leave allowances align with your costs.

- Providing some rationale for your workforce distribution.
- Any differences between the various supports/registration groups that the DSWCM covers and how this impacts your organisation.
- Providing data on the impact of competition with aged care on your organisation where relevant.

## **Overheads**

The DSWCM considers two elements of overheads, operational overheads and corporate overheads.

- **Operational Overheads**

Previous versions of the DSWCM provided a breakdown of the assumptions used by the NDIA when setting a range of operational overhead costs, specifically those relating to staff (such as worker's compensation). In 2022 these were consolidated under operating costs and covers those costs that are considered to be in the operational control of the provider. These include:

- supervision costs (span of control).
- utilisation costs (billable versus unbillable hours including breaks, team meetings).
- workers compensation costs.
- workforce rostering costs including those related to share of the workforce that is permanent or casual, and the extent to which overtime is used.

The [2023-2024 DSWCM](#) (page 8) estimates operational overheads as the following percentage of direct staff costs for each DSW level:

- DSW 1: 21.65 per cent
- DSW 2: 26.65 per cent
- DSW 3: 28.15 per cent
- DSW 4: 39.90 per cent

The model assumes that these costs increase as complexity of support increases.

- **Corporate overheads**

The DSWCM considers corporate overheads as costs incurred to run the

administrative side of a business. These costs include the accounting, human resources, legal, marketing, and information technology functions, general insurances etc. These are assumed at these at 12 per cent of direct staff costs.

## **Margin**

The DSWCM includes a 2 per cent margin on all costs.

## **Areas to consider in your response**

In response to this question you might like to provide detail on:

- Staff to supervisor ratios in your organisation.
- Impact of team meetings and non-billable administration.
- Cost of training including the cost of releasing staff to attend training.
- Cost of compliance such as audits, additional staff roles and non-billable staffing compliance costs.
- Cost of investments that you have made in quality.
- Worker's compensation premiums. We have good sector wide data on average premium costs set by the various state and territory regulators but know that this differs depending on organisation context.
- Impact of general insurance costs.
- Margin required to support you to invest in innovative supports.
- Impact of any significant changes in the NDIS operating environment on your costs. This could include the introduction of the PACE system, or other policies such as [NDIS Supported Decision Making Policy](#).

## **3.3 Therapy**

The terms of reference for the 2023-2024 APR include a review of the pricing for therapy supports. With no public cost model that provides the assumptions that the NDIA use to set prices for therapy or early childhood intervention supports, Ability First Australia commissioned Deloitte Access Economics to develop a [model \[pdf\]](#) as part of their submission to the 2022-2023 APR. This model notes that 65 per cent of services delivered by their sample were to NDIS participants under the age of 18.

The consultation paper is seeking information on any significant changes to the cost of delivering services in the past 12 months and is seeking information to benchmark

therapeutic supports provided to NDIS participants against those provided to other client groups.

### Areas to consider in your response

- As with the DSWCM, you may like to consider the costs related to staffing costs, operational overheads, corporate overheads and margin, including how these have changed over the past 12 months.
- Providing detail on the differences between providing supports to NDIS participants and other clients. Feedback that we have received previously would indicate that some NDIS participants require workers with more experience, longer appointments, support delivered in natural nonclinical settings, and additional follow up of which a considerable amount is not billable.
- Identifying additional costs associated with operating in the NDIS in comparison with other systems. For example this could include quality and safeguarding compliance activities, activities that may be billable in other systems but that are not allowed under the NDIS Pricing Arrangements and Price Limits and the impact of greater complexity on professional development, increased supervision, on the job training time and increased time required to support graduates to get full productivity.

### 3.4 Early Childhood Intervention Supports

Early childhood providers have told us that there are many unique factors to delivering good practice early intervention supports to NDIS participants and their families.

### Areas to consider in your response

In addition to all of the above, you might like to consider:

- The cost of delivering supports in natural settings. This can drive greater exposure to travel, cancellations and difficulty documenting client interactions.
- Unfunded supports delivered to families (parents, siblings and extended family members).
- Additional compliance required as a factor of support children.

### 3.5 Support Coordination

As with therapeutic and early childhood supports, there is no equivalent to the DSWCM for support coordination, however the NDIA has indicated that it will be developing a support coordination cost model to inform the 2023-2024 APR. The consultation paper asks support coordinators to identify what has impacted their costs over the past 12 months.

Disability Intermediaries Australia has published [benchmarking data](#) for support coordinators and plan managers as part of their submission to the 2022-2023 APR.

#### Areas to consider in your response

You may like to provide detail related to:

- Staffing costs including the base level of pay and how staff with different levels of experience and pay levels are deployed across your organisation, employment conditions and turnover.
- Changes to operational overheads including those identified in the DSWCM such as worker's compensation.
- The consultation paper notes that the NDIA have received feedback relating to the significant amounts of non-billable activity undertaken by support coordinators. You may like to detail what this entails for example support coordinators have indicated that they can spend a lot of time negotiating and communicating with the NDIA.
- Corporate overheads including quality and safeguarding and compliance costs.

### 3.6 Cancellations

The consultation paper includes a question seeking views on the NDIA cancellation policy. After changes to the SCHADS Award introduced in 2022, the NDIA amended the definition of a short notice cancellation. The [2023-2024 Pricing Arrangements and Price Limits](#) (page 22) states:

A cancellation is a short notice cancellation if the participant:



- Does not show up for a scheduled support within a reasonable time, or is not present at the agreed place and within a reasonable time when the provider is travelling to deliver the support; or
- Has given less than seven (7) clear days' notice for a support.

Additional guidance on when a provider can claim for a short notice cancellation is detailed on page 23.

## Areas to consider in your response

In responding to this question you may like to consider:

- How you developed your cancellation policy including how you consulted with participants.
- The cost of cancellations billable and non-billable to your organisation.
- The steps you take to minimise the impact of short notice cancellations on participants. For example actions to redeploy staff, how you take individual participant circumstances into account and how you adjust support schedules or plans to better meet participant needs.

## 4.0 Things to think about when preparing your submission

This is an opportunity to tell your individual organisation's story – the story of your participants, staff and community and the impact that current pricing is having on them.

The following are some general tips that you might like to consider as you develop your submission.

- Include the number of participants that you support and the number of staff and volunteers in your organisation. This helps establish the overall impact that your organisation has.
- Talk about length of time that you have been operating. You may like to include a very brief overview of your history and your place in the community.

- What are the unique features of the community in which you operate?
- What data do you have (or other 'evidence') to support what you are saying in your submission? This could include your most recent financial statements (noting that the consultation paper is focussed on changes in the last 12 months so this may include any forecasting that you have completed), any advice that you have had regarding increasing costs for the 2024-2025 financial year such as insurance premium quotes, notices of increase rent, quality auditing costs. It may also include feedback from participants and their families, staff or other stakeholders.
- You may also like to include brief case studies to illustrate your points. This can bring data to life.
- Your submission can be brief, and you may choose to only touch on the questions that are most relevant to you in the consultation paper.
- The consultation papers notes that it is focussed on changes that have impacted over the last 12 months or since the 2022-2023 Annual Price Review. You may like to link any historical information available that establishes trends.
- Given the significant amount of consultation that have been undertaken in the past 12 months, most notably through the Disability Royal Commission and the NDIS Review, you may like to link to or attach any previous submissions or relevant publications and/or provide a summary of key points as an appendix.
- It is worth noting that the terms of reference for this Annual Price Review are limited with a focus on non-structural adjustments to the current price settings while the government responds to the recommendations from the Disability Royal Commission and the NDIS Review. While you may like to reference matters outside of the terms of reference, you may want to spend most of your efforts on those areas that are in scope. There are likely to be other opportunities to shape broader areas of policy reform either directly through your connections in your local community or through broader advocacy by NDS.
- Identify whether you want your submission to be kept anonymous.

## 5.0 Lodging your submission

Submissions to the consultation paper can be lodged via email to [apr@ndis.gov.au](mailto:apr@ndis.gov.au) and close by 11:59pm AEST **Sunday 3 March 2024**.