National Disability Insurance Scheme

Annual Financial Sustainability Report

2023 – 2024

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Accessibility outline

This document has been made to be inclusive to everyone. The accessible components of this document use the Word style headings and alt text. Navigating around this document has been made simple as only four headings were used. The headings are:

Title. The Title includes all the information found on the documents' cover page. Title information is not found in the heading navigation tool.

Heading one. Heading one is the main heading in this document. Heading one is referred to as "Section". There are nine sections within this document, numbered one to nine. Heading one is also used as the heading in the Appendix. The Appendix alpha heading starting at A finishing at N.

Heading two. Heading two is the main subheading in this document. The first numeral of this heading identifies to the reader what section they are in. The second numeral advises what subheading the reader is up to.

Heading three. In this document, heading three is the sub heading to Heading two and is numbered.

Table and figure (chart) headings. Style two is used for the tables and figures (charts) headings.

Styles and default Styles have been used in this document. The default Style use throughout this document is Normal, 11.5pt. Two Styles were created for this document they are Dash point and Dot point.

Executive Summary

An annual financial sustainability report (AFSR) is required under section 180B of the NDIS Act and provides an assessment of the financial sustainability of the National Disability Insurance Scheme ("the Scheme", or NDIS). The AFSR is produced using data at 30 June each year and a summary of each year's AFSR has been included in the NDIA annual report. This 2023-24 AFSR uses data to 30 June 2024 to project future Scheme expenses and these results are referred to as the "June 2024 projections".

The previous report was the AFSR released on 8 December 2023 (the "2022-23 AFSR")[1]. It was based on data to 30 June 2023, with commentary about experience to 30 June 2023 (the "previous review"). References to the previous review refer to results contained within that report, referred to as the "June 2023 projections".

Since the previous review, Scheme projections were updated based on Scheme data at 31 December 2023, allowing for the emergence of Scheme experience and changes in assumptions since 30 June 2023. These updated projections were used as the basis for the 2024-25 Budget and are referred to as the "2024-25 Budget projections".

Financial sustainability

The "NDIS Insurance Principles and Financial Sustainability Manual"[2] outlines the NDIS' insurance model in detail and defines financial sustainability as the state where:

- *The Scheme is successful on the balance of objective measures and projections of economic and social participation and independence, and on participants' views that they are getting enough money to buy enough goods and services to allow them reasonable access to life opportunities - that is, reasonable and necessary support.*
- *Contributors think that the cost is and will continue to be affordable, under control, represents value for money and, therefore, remain willing to contribute.*

Scheme Reforms

In the 2023-24 Budget, the Australian Government committed $732.9 million in improving outcomes for participants and ensuring effectiveness and sustainability of the Scheme for future generations. The 2023-24 Budget measures aimed to deliver improved participant outcomes and increased sustainability of the Scheme, through a program of NDIA initiatives designed to improve early intervention outcomes for children in the

[1] Previous Annual Financial Sustainability Reports | NDIS
[2] Annual Financial Sustainability Reports | NDIS

Scheme, improve participant planning processes, and improve consistency in Home and Living eligibility decisions for participants with complex and high support needs. As part of the 2023-24 Budget, the NDIS Financial Sustainability Framework[3] was agreed by National Cabinet to achieve a target 8% growth in Scheme expenses from 1 July 2026.

The NDIA has been progressing these initiatives in collaboration with people with disability and the wider disability community. Part of this work has led to a moderation in plan inflation, stabilisation in numbers of participants new to Supported Independent Living (SIL) supports, and increased numbers of participants leaving the Scheme as their support needs stabilise, including children who leave the Scheme after achieving their goals.

The Australian Government announced in the 2024-25 Budget that an additional $468.7 million will be provided to support people with disability and get the NDIS back on track[4], with the "NDIS Amendment (Getting the NDIS Back on Track) Bill 2024 No.1" introduced to Parliament on 27 March 2024 and passed on 22 August 2024. These amendments commence implementation of some of the recommendations of the NDIS Review[5], aimed at improving participant experience and sustainability of the Scheme over the long term and are referred to as "(Getting the NDIS Back on Track)".

Work associated with legislative changes, to be implemented by the NDIA, will be developed with people with disability and the disability community through a program of co-design, to deliver better outcomes for participants and improve sustainability of Scheme growth to support the achievement of the NDIS Sustainability Framework agreed by National Cabinet from 1 July 2026. Planned work includes initiatives aimed to reduce intraplan inflation via establishment of total funding amounts, funding components and funding periods, assessment and budgeting reforms that establish a new planning framework informed by a support needs assessment, and changes to information requirements for participants undertaking an eligibility reassessment.

Work is also underway to improve the integrity of the Scheme through the Crack Down on Fraud program[6], which includes technology enhancements to prevent and reduce fraud and non-compliant use of Scheme funds.

The design and scope of Foundational Supports to be provided by States/Territories are yet to be agreed. There is a joint government commitment in place for its development and implementation, 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.

[3] National Cabinet commits to a sustainable NDIS | Department of Social Services Ministers (dss.gov.au)
[4] National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Bill 2024 – Parliament of Australia (aph.gov.au)
[5] Working together to deliver the NDIS. NDIS Review: Final Report
[6] Crack Down on Fraud program

Allowance for the expected impact of the 2023-24 Budget initiatives was first made in the June 2023 projections, reported in the 2022-23 AFSR. With implementation of these initiatives now in progress, the assumptions underlying the 2024-25 Budget projections and June 2024 projections fully incorporate these impacts.

In the 2024-25 Budget projections allowances were introduced for the estimated impact of the work associated with the legislative changes, as well as the Crack Down on Fraud program, together referred to as “Recent Reforms”.

The June 2024 projections allow for the estimated impact of Recent Reforms, as well as the estimated impact of Foundational Supports to be provided outside the NDIS for children with early intervention needs. Collectively, the work associated with legislative changes, the Crack Down on Fraud program and Foundational Supports are referred to as “Recent and Proposed Reforms”.

June 2024 projection of Scheme expenses

Table 1 shows projected Scheme expenses on an accrual basis are $46.9 billion in 2024-25, increasing to $92.7 billion in 2033-34[7]. Total projected Scheme expenses are $210.3 billion for the four years to June 2028. The June 2024 projection of Scheme expenses incorporates revisions to assumptions and changes in future expectations since the previous review and forecast Scheme projections in the 2024-25 Budget. These updated projections allow for the expected impact of the Recent and Proposed Reforms, aimed to improve experience of participants in the Scheme, and improve sustainability in Scheme growth over the longer-term.

It is important to recognise that the projected Scheme expenses are shown in nominal terms, i.e., future dollars of estimated Scheme expenses include the effects of inflation over time. This impact of inflation increases over the longer term and is particularly significant for the result in 2033-34. Scheme expenses are estimated to be 1.7% of Gross Domestic Product (GDP) in 2024-25, increasing to 2.1% in 2033-34. In considering longer-term projections it is recommended users refer to expenses as a percentage of GDP rather than nominal dollar figures as these provide a more meaningful measure of Scheme expenses.

[7] Scheme expenses relate to the payments made for participant supports and does not include operating expenses. Expenses on an accrual basis are based on when the service was provided to the participant recognising some services are paid for after the end of the period.

Table 1. June 2024 projection of Scheme expenses $m

Scheme Expenses ($m)	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Participants (0-64) ***(cash basis)***	41,681	44,649	47,166	50,338	78,227	183,834
Participants (65+) ***(cash basis)***	4,761	5,677	6,554	7,519	13,640	24,510
Total Scheme Expenses (cash basis)	***46,442***	***50,326***	***53,720***	***57,856***	***91,867***	***208,343***
Participants (0-64) ***(accrual basis)***	42,059	45,057	47,597	50,799	78,950	185,511
Participants (65+) ***(accrual basis)***	4,806	5,732	6,617	7,592	13,772	24,747
Total Scheme Expenses (accrual basis)	***46,865***	***50,789***	***54,215***	***58,390***	***92,722***	***210,258***
Total Scheme Expenses (% of GDP)	**1.7%**	**1.8%**	**1.8%**	**1.8%**	**2.1%**	**1.8%**

End of table

Table 2 shows the projected Scheme expenses are approximately $1.0 billion lower in the four years to June 2028 compared to the 2024-25 Budget projections. They are $2.3 billion lower in the four years to June 2028 and $7.7 billion lower in 2033-34, compared to the June 2023 projections.

Table 2. Comparison with previous projections ($m accrual basis)

Scheme Expenses	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
June 2024 projections (a)	*46,865*	*50,789*	*54,215*	*58,390*	*92,722*	*210,258*
2024-25 Budget projections (b)	46,381	50,805	54,869	59,251	*92,722*	211,306
June 2023 projections (c)	***46,376***	***50,788***	***55,207***	***60,190***	***100,469***	***212,561***
Difference ($) (a – b)	484	-16	-655	-861	0	-1,048
Difference (%) (a/b -1)	1.0%	0.0%	-1.2%	-1.5%	0%	-0.5%
Difference ($) (a – c)	489	0	-993	-1800	-7,746	-2,303
Difference (%) (a/c -1)	1.1%	0.0%	-1.8%	-3.0%	-7.7%	-1.1%

End of table

Table 3 shows the changes in the projected Scheme expenses since the previous review, due to impacts related to participant numbers and participant mix, impacts related to changes in payments per participant, and the allowance made for Recent and Proposed Reforms.

Updates for participant and payments related impacts, before Recent and Proposed Reforms have increased projected Scheme expenses by $16.9 billion (8.0%) for the four years to 30 June 2028. Of this, changes due to payment related impacts account for $16.0 billion of the total $16.9 billion increase in projected Scheme expenses for the four years to 30 June 2028, with participant related impacts accounting for the remaining $0.9 billion. The payment related impacts were mainly higher average payments per participant for the twelve months to 30 June 2024, due to higher-than-expected growth in average payments, and delayed moderation in assumed future growth compared to the previous review.

Recent and Proposed Reforms are expected to stabilise the growth in Scheme expenses, with the program of work mostly targeted at reducing additional growth in participant plans, beyond price related indexation of plans and increases in participant plans due to changes in circumstances[8]. These reforms are expected to reduce projected Scheme expenses by $19.3 billion over the four years to 30 June 2028.

Projected Scheme expenses beyond 30 June 2028 are assumed to be consistent with the 2024-25 Budget, with total expenditure in 2033-34 of $92.7 billion. This estimate is $7.7 billion lower than projected in the 2022-23 AFSR. It is assumed that Recent and Proposed Reforms will deliver total Scheme expenditure consistent with that included in the 2024-25 Budget.

Table 3. Movements in projected Scheme expenses ($m accrual basis) since previous review

Scheme Expenses	2024-25	2025-26	2026-27	2027-28	2033-34[9]	Total 2024-28
June 2023 projections	***46,376***	***50,788***	***55,207***	***60,190***	***100,469***	***212,561***
Updates for participant related changes	-196	37	395	705	No value	941
Updates for payment related changes	2,356	3,610	4,638	5,412	No value	16,015
Total movement before Recent and Proposed Reforms	***2,159***	***3,647***	***5,033***	***6,117***	No value	***16,956***
Allowance for Recent and Proposed Reforms	-1,670	-3,647	-6,025	-7,917	No value	-19,259
Total movement	**489**	**0**	**-993**	**-1,800**	**-7,746**	**-2,303**
June 2024 projections	***46,865***	***50,789***	***54,215***	***58,390***	***92,722***	***210,258***

End of table

[8] Changes in circumstances include a deterioration in functioning, change in family/carer circumstances and need for Supported Independent Living (SIL) supports.
[9] Scheme expenditure before allowance for Recent and Proposed Reforms has not been projected beyond 2027-28.

Table 4 shows the movement in Scheme expenses, from the previous review to this review, compared with the 2024-25 Budget projections.

The June 2024 projections are $1.0 billion lower than the 2024-25 Budget projections in the four years to June 2028. Actual experience and assumption changes made since the 2024-25 Budget projections before Recent and Proposed Reforms, reduced projected Scheme expenses by $1.5 billion. This was offset by an increase of $0.5 billion due to the expected impact of Recent and Proposed Reforms.

Table 4. Movement in projected Scheme expenses ($m accrual basis) compared with 2024-25 Budget projections[10]

Scheme Expenses	2024-25	2025-26	2026-27	2027-28	Total 2024-28
June 2023 projections	***46,376***	***50,788***	***55,207***	***60,190***	***212,561***
Updates for participant and payment related changes	2,010	3,886	5,804	6,777	18,477
Allowance for Recent and Proposed Reforms [11]	-2,004	-3,870	-6,142	-7,715	-19,732
Total movement	6	16	-338	-939	-1,255
2024-25 Budget projections [12]	***46,381***	***50,805***	***54,869***	***59,251***	***211,306***
Updates for participant and payment related changes	150	-239	-772	-659	-1,520
Allowance for Recent and Proposed Reforms [13]	334	223	117	-202	472
Total movement	484	-16	-665	-861	-1,048
June 2024 projections	***46,865***	***50,789***	***54,215***	***58,390***	***210,258***

End of table

[10] Scheme expenditure before allowance for Recent and Proposed Reforms has not been projected beyond 2027-28.
[11] Proposed Reforms for the 2024-25 Budget did not include Foundational Supports and was prior to the anticipated two-month delay in legislation (Getting the NDIS Back on Track) being passed in Parliament.
[12] The 2024-25 Budget reflects a reduction of $14.6 billion in forward estimates of Scheme expenses over the four years 2024-28 for Proposed Reforms, compared to the 2023-24 Budget. The 2023-24 Budget already made allowance for a moderation in Scheme growth to achieve the NDIS Financial Sustainability Framework target of 8% growth per annum from 1st July 2026, not factored into the June 2023 projections.
[13] Further allowance was made for the expected impact of the 2-month delay in passing of the Amendment to NDIS legislation (Getting the NDIS Back on Track) and Foundational Supports.

Table 5 shows the total growth in projected Scheme expenses, split into three key components: participant count impacts (new entrants to, and participants leaving the Scheme), pricing impacts (resulting from the Scheme's Annual Pricing Review and driven by consumer and wage inflation over time) and the real growth in payments above pricing impacts. In 2024-25, the growth in Scheme expenses due to the participant impact is 1.3%, the pricing impact is 2.8% and the real growth in payments is 8.0%. By 2027-28 these are projected to be -0.1% for participant impacts, 3.7% for pricing impacts and 4.2% for real growth in payments.

The participant impact is expected to be minimal from 2026-27 onwards, indicating that growth from new participants entering the Scheme is broadly offset by participants leaving the Scheme after allowing for an estimated impact of Foundational Supports. The reduction in the real growth in payments is driven by the impact of the reforms.

In 2033-34 growth in Scheme expenses is projected to be 7.5%, including 4.2% from real growth in payments.

Table 5. Annual growth in projected Scheme expenses

Growth component (%)	2024-25	2025-26	2026-27	2027-28	2033-34
Participant impacts	1.3%	0.9%	0.2%	-0.1%	-0.2%
Pricing impacts	2.8%	3.9%	3.7%	3.7%	3.5%
Real growth in payments	8.0%	3.5%	2.9%	4.2%	4.2%
Total growth	***12.0%***	***8.4%***	***6.7%***	***7.7%***	***7.5%***

End of table

Information and data used for analysis

Table 6 summarises the sources of data used for the actuarial analyses underpinning this AFSR, which relies upon the Agency's case management system, finance system and data warehouse, as well as external sources. The analysis in this report is based on data at 30 June 2024, unless stated otherwise.

The main update to data sources for this year is in relation to the national roll-out of PACE from November 2023, a new Client Relationship Management (CRM) system, which captures details about participants and participants' plans. The roll-out of the new computer system, including associated changes in operational processes, requires the Agency's workforce to manage workflow across two computer systems during the transition period, at the same time learning new processes. The impacted workflow relating to access eligibility decisions and plan approvals, for new participants joining the Scheme and re-assessments for existing participants. It is not possible to draw specific conclusions about the impacts on experience, as the new system includes material changes to data capture.

Table 6. Summary of data utilised for actuarial analysis – found on page 12.

Table 6. Summary of data utilised for actuarial analysis

Data	Description
Access requests to the NDIS	• Demographic information (age, gender, disability, geographic location, living arrangements and other participant profile information) • Access request date • Outcome of request (for example: eligible, ineligible)
Payments to service providers	• Service provider submitting the claim for payment • Participant for whom the support was provided • The support item and cost of support provided • Dates of when the support was provided • Method of plan management used
Payments to participants	• Participant submitting the claim for payment • The support category provided • Total amount spent by support category • Period of reimbursement
NDIS participant plans	• Plan approval date • Length of plan • All plan budgets included in the plan • Level of function
In-kind supports data	• Unit record in-kind support details from State/Territory programs including details on support type, level and duration of coverage.
Data on outcomes	• Information collected from surveys of participants and their families and carers about how they are doing in different areas of their lives and how they are progressing over their time in the NDIS.
Financial information	• Data from the PACE[14] and SAP CRM system was reconciled with financial information in SAP
ABS Survey of Disability, Ageing and Carers	• Prevalence of disability in Australia, including demographic and socioeconomic profile of people with disabilities.
Economic information	• Government economic forecasts for GDP • Inflation indicators
Demographic information	• Australian Life Tables 2018-2020 – published in November 2021 • Budget 2024-25: population projections, Australia, 2023-24 to 2034-35 from the Centre for Population Projections • Population forecasts beyond 2034-35 - 2023 Intergenerational Report • Estimated Resident Population data up to 30 June 2023 – published by the Australian Bureau of Statistics (ABS) • New Zealand residents in Australia projections[15] provided by the Department of Social Services as part of 2023-24 Federal Budget.

End of table

[14] PACE is the Agency's new computer system that captures details about participant and participant plans.
[15] Allows for changes in immigration policy settings for New Zealand citizens, that fast tracks their eligibility to become Australian citizens.

Projection models

An experience-based projection model, the Original Cohort Model (OCM), continues to be used to project total Scheme expenses, based on average payments per participant. Observed experience of the Scheme is used to determine assumptions about future expected experience, with different assumptions having varying degrees of certainty (refer Section 6 for further details). A plan budgets model projecting average plan budgets per participant and total plan budgets for the Scheme, is used to determine the implied utilisation. The implied utilisation is the proportion of total plan budgets used, expressing total projected Scheme expenses from the payments model as a percentage of total plan budgets.

As with previous AFSRs, the projection of total Scheme expenses reported in the 2023-24 AFSR is based on projecting average payments made for supports for 2,052 participant cohorts[16]. Total projected Scheme expenses are based on the average payments for each cohort, multiplied by projected participant numbers, and summed across all cohorts to arrive at total projected Scheme expenses. The projected total plan budgets for the Scheme are similarly calculated, based on projecting average plan budget amounts for each of the same participant cohorts, and summing across all cohorts.

Modelling enhancements are made from time to time to reflect the ongoing maturing of the Scheme, as well as developments in Scheme experience, including impacts of changes to operational processes, and improved model governance. Since last year, enhancements have been made to enable participant assumptions to vary by projection year, and to allow for participants to re-enter the Scheme. These enhancements provide the flexibility needed to model the expected impact of Scheme Reforms.

To align with the NDIS Review recommendation that the Scheme Actuary should also develop different forecasting models, an independent model, the Microsimulation Model (MSM), has been included in the suite of projection models this year. This model is used as a reasonableness check against the Agency's existing OCM for the June 2024 projections. The MSM's approach simulates pathways of current and future NDIS participants at an individual person level, by modelling the evolution of their attributes over time.

Uncertainty exists in any projection, and the level of uncertainty generally increases in the longer term. As the Scheme matures, and becomes more complex in nature, the expected trajectory of Scheme experience and projected expenses can change materially. This could be the result of decisions and actions of the Government or the Agency as well as changes to the Australian and global economic climate. Two approaches continue to be used to illustrate the drivers of uncertainty and their estimated impacts on the projection results:

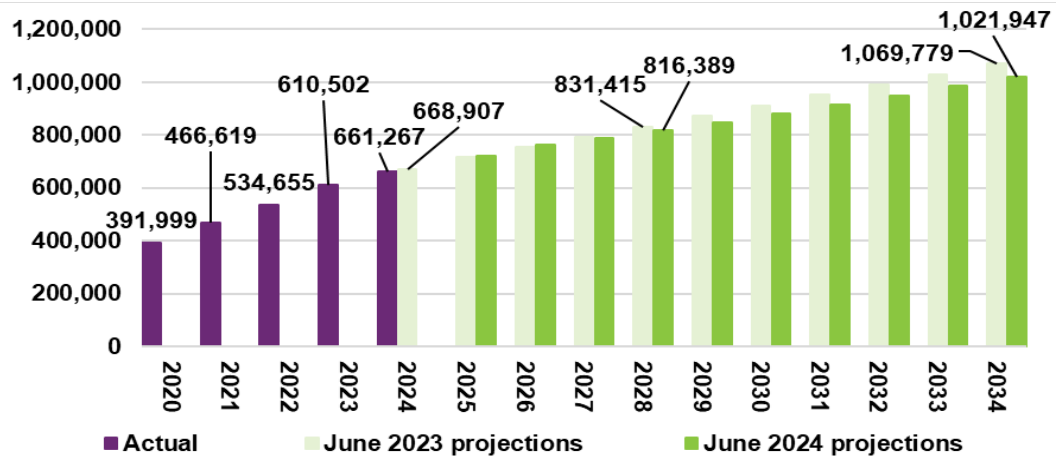
[16] Participant cohorts are based on age, primary disability type, recorded level of function, gender, whether a participant is in Supported Independent Living arrangements, and duration in the Scheme.

- Testing the sensitivity of projected Scheme expenses to changes in specific key assumptions via construction of a number of scenarios, included in Section 6.1.
- Projecting Scheme expenses using a stochastic model[17] providing a quantification of the interaction between material risks facing the Scheme and the variability in these risk factors. The approach and results of this model are included in Section 6.2.

Number of participants

Figure 1 shows the number of actual participants in the Scheme each year, and the projected number of future participants at this review (2023-24 AFSR) compared to those from the previous review (2022-23 AFSR). At 30 June 2028 it is estimated there will be 816,389 participants in the Scheme, increasing to 1,021,947 by 30 June 2034. This is 1.8% fewer participants at 30 June 2028 and 4.5% fewer by 30 June 2034, compared to the previous review.

Figure 1. Comparison of participant numbers to previous review at 30 June



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Projections of future expected participant numbers are impacted by the starting population of participants at 30 June 2024 and assumptions about future expected number of new entrants and number of participants leaving the Scheme. The updated June 2024 projections, forecast total participant numbers to be slightly higher in the short-term (years ended 30 June 2025 and 30 June 2026), then increasing at a slower rate for all future years compared to the previous June 2023 projections. This pattern of future expected participant numbers, compared to previous projections, is related to initially higher assumed new entrant rates in the short-term, that reduces into the long-term as Foundational Supports for children with early intervention needs are delivered by States/Territories outside of the NDIS.

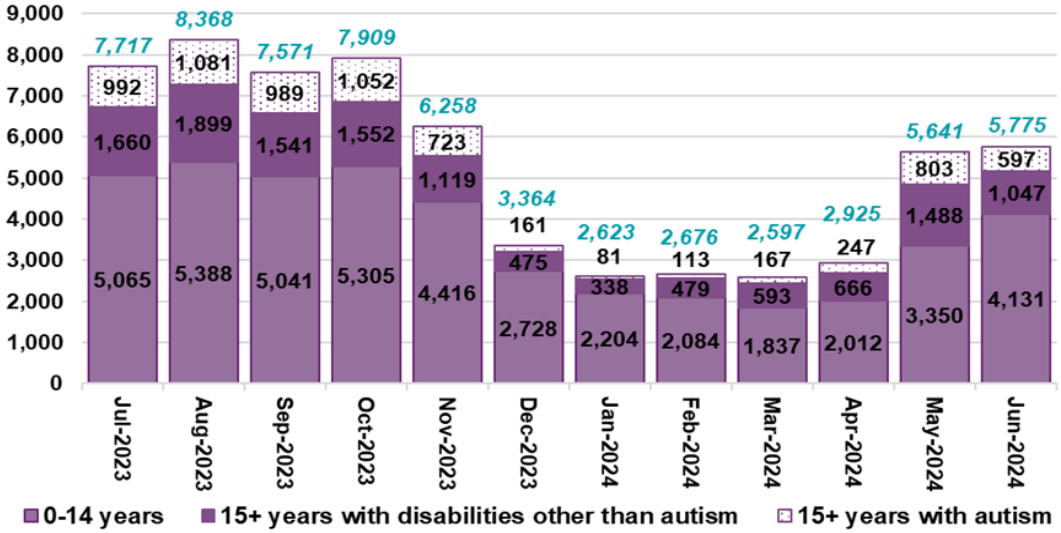
[17] A stochastic model is used to estimate probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. In this case, the inputs which are varied are the assumptions and risks which are most uncertain in the projection of Scheme expenses.

New entrants

The total number of new entrants to the Scheme in the twelve months to 30 June 2024 was 63,424, which is 20% (15,984) lower than the 79,408 new entrants expected to join the Scheme in 2023-24 from the previous review, and 26% lower compared to the total number of new entrants of 85,857 that joined the Scheme in 2022-23. The lower-than-expected number of new entrants may have been impacted by changes to processes associated with access requests and access decisions during 2023-24. However, it is not possible to draw specific conclusions about the drivers of experience, particularly given changes to data capture which occurred with the Agency moving to a new computer system on 31 October 2023.

Figure 2 shows the impact on the numbers of new entrants joining the Scheme each month, reducing from an average of around 7,900 plans approved each month (Jul-Oct 2023) prior to roll-out of the new computer system, down to levels of around 2,600 per month (January to March 2024). There was a catch-up in May and June 2024 which saw the numbers of plans approved increase to levels of around 5,700 per month.

Figure 2. Monthly new entrants for the twelve months to June 2024



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Lower-than-expected numbers of new entrants joining the Scheme in 2023-24, were mainly driven by 6,981 (26%), 2,358 (8%) and 2,131 (41%) fewer new entrants with autism, development delay[18] and psychosocial disability respectively. There were 9,013 (17%) fewer children aged 0 to 14 and 6,972 (26%) fewer participants aged 15 and above than expected. New entrants with developmental delay or autism accounted for around 75% of all new entrants to the Scheme.

For the June 2024 projections, new entrant rate assumptions were updated based on Scheme experience to 31 October 2023, with allowance made for estimated impacts on

[18] Development delay includes both developmental delay (DD) and global developmental delay (GDD); GDD involves a formal diagnosis, whilst DD does not have such a requirements and access to the Scheme may be based on parental observation or identification of delay in a child's development in an early childhood setting.

projected numbers of new entrants related to Foundational Supports to be provided outside the Scheme. New entrant rate assumptions were also revised to reflect an observed increasing trend in females with autism joining the Scheme, relative to males with autism, and a continuing decline in new entrants joining with psychosocial disability.

It is assumed that with Foundational Supports in place, children with early intervention needs, who are relatively high functioning and have lower support needs, will be better connected and have improved access to supports provided outside the NDIS. This is expected to reduce numbers of children expected to join the Scheme with developmental delay or autism aged 0 to 8 years. Importantly, the design and scope of Foundational Supports to be provided by States/Territories are yet to be agreed, and so the assumptions in this review reflect a plausible scenario and are likely to be revised in future projections.

Table 7 shows the updated long-term new entrant rates assumed for the June 2024 projections compared to those assumed for the previous review. The table shows the aggregated new entrant rate of 232.3 (per 100,000 population aged 0 to 64) is 18.4% lower than the new entrant rate assumed in the previous review.

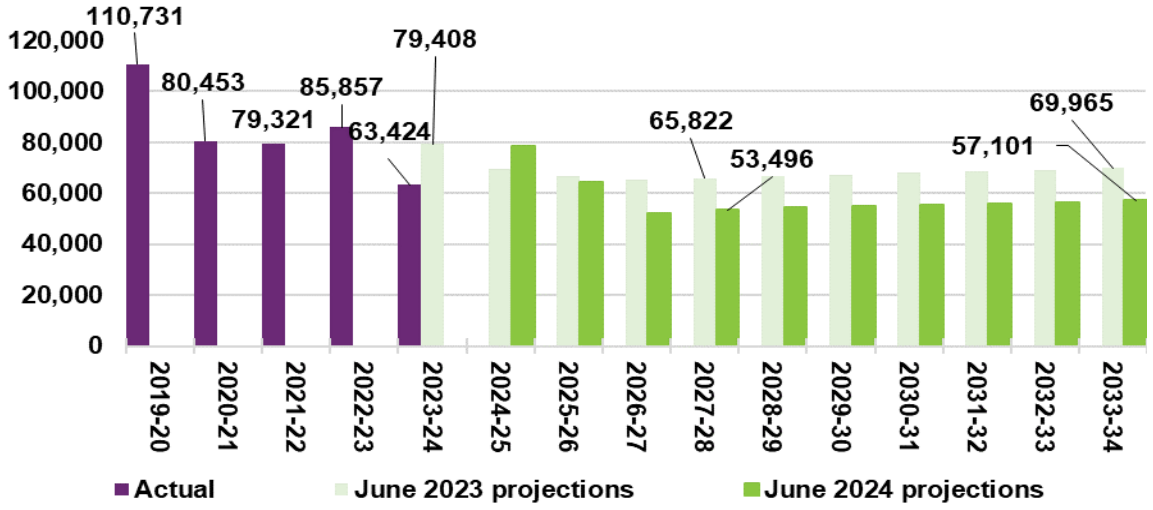
Table 7. Current and previous long-term new entrant rate assumptions (per 100,000 population aged 0 to 64)

	June 2024 projections	June 2023 projections	Difference	Difference (%)
All disabilities	*232.3*	*284.6*	*-52.3*	*-18.4%*

End of table

Figure 3 shows the June 2024 projections of future expected numbers of new entrants, based on the updated new entrant rate assumptions, after allowing for Recent and Proposed Reforms, compared to the previous review. The numbers of new entrants to the Scheme are projected to be higher in 2024-25, and then projected at lower levels from 2025-26 onwards.

Figure 3. Comparison of new entrant numbers to previous review



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Participants leaving the Scheme

One of the Scheme's objectives is early investment and intervention which should lead to capacity building and greater social and economic participation where support from the NDIS is no longer required. This is the primary driver for participants leaving the scheme, with higher rates observed for children leaving the scheme than adults (for reasons other than mortality).

In 2023-24, the number of participants leaving the Scheme increased by 64% to 7,860, compared to 4,800 in 2022-23. However, this was significantly lower than the expected number for 2023-24 of 15,388 in the June 2023 projections. The increase in number of participants leaving the Scheme reflects the effort of the Agency in clearing the outstanding backlog of eligibility re-assessments. However, progress has been impacted by recruitment and onboarding of operational staff dedicated to the processing of eligibility re-assessments commencing later than anticipated in the previous review.

Since the previous review, rates of participants leaving the Scheme have been revised, based on a better understanding of workforce capacity and current operational plans. The expected rates of participants leaving the Scheme are lower in the first few projection years compared with the previous review, to align more closely with recent experience. Rates are expected to gradually increase in subsequent years towards longer term rates of participants leaving the Scheme, reflecting the progressive impact of operational changes.

The overall rate of participants leaving the scheme, across all disability types and ages, increases from the current level in 2023-24 of 1.2%, up to 2.5% in 2027-28 in the June 2024 projections. This compares with an expected rate of 2.4% in 2023-24, increasing to close to 3.0% in 2025-26, before reducing to 2.4% in 2027-28 in the June 2023 projections. The overall rate of participants leaving the Scheme over the longer term, of 1.2% in 2033-34, is significantly lower than the 2.1% rate assumed in the previous review.

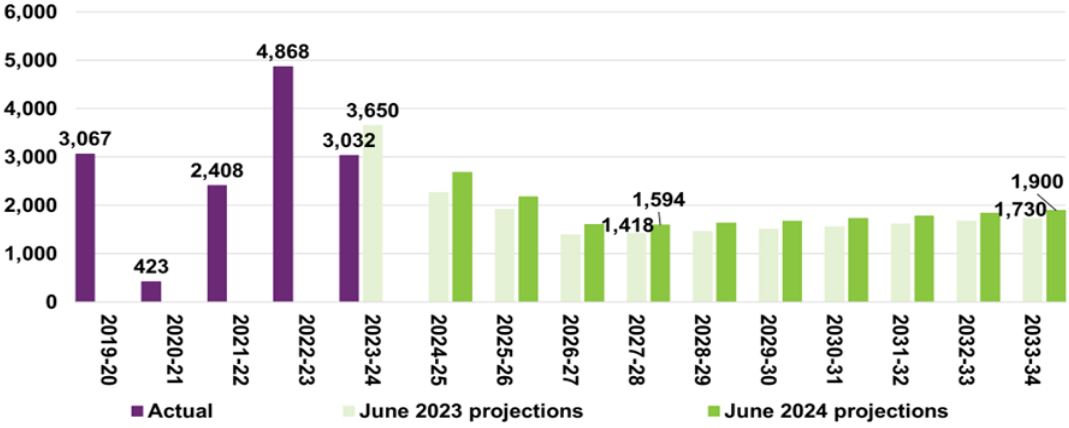
Participants in Supported Independent Living arrangements

The number of active participants at 30 June 2024 with Supported Independent Living (SIL) arrangements was 34,850, or 1.7% (618) lower than expected in the previous review. This reflects a lower-than-expected number of participants transitioning to SIL arrangements in 2023-24, which may have been affected by changes in the approach to processing requests to access SIL arrangements as the Agency adjusted to the new computer system. There have also been changes to processes around home and living decisions, based on extensive development and co-design, which may be impacting the number of participants transitioning to SIL arrangements. However, it is not possible to isolate the impact of these changes in the observable data. The net increase in participants with SIL arrangements was lower than expected across all main disability types and age groups, except for participants within the Other Neurological disability cohort and for participants aged 55 years and above.

Transition rates for participants new to SIL arrangements were revised to reflect the latest trends based on experience. SIL transition rates for participants with an acquired brain injury or other neurological disabilities have increased, while the transition rates for participants with autism and intellectual disability have decreased.

Figure 4 shows the projected net increase in number of participants with SIL arrangements are higher across all projection years, compared to the previous review. The higher projected net increase in number of participants with SIL arrangements, reflects the expectation of a slower reduction in the transition rate assumptions for participants new to SIL arrangements, over the short-term. They are expected to reach a long-term level in the financial year 2026-27 that is higher at 0.7% per annum, compared to 0.6% per annum at the previous review. This results in projected net increases in participant numbers with SIL arrangements of around 1,600 each year.

Figure 4. Comparison of annual net increase in number of participants with SIL arrangements to previous review



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Participant payments experience in 2023-24

Over 2023-24, Scheme expenses on a cash basis were $41.3 billion. This was $0.3 billion (0.8%) higher than the 2023-24 estimate of $40.9 billion in the June 2023 projections. Scheme expenses on an accrual basis were $41.8 billion, 1.2% higher than the 2023-24 estimate of $41.4 billion in the June 2023 projections. Variance in payments over the twelve months ending 30 June 2024, was driven by a higher-than-expected average payments for participants without SIL arrangements.

Table 8 shows the variance in payments over 2023-24 for participants with SIL arrangements and those not in SIL arrangements. The payment variance for participants with SIL arrangements was $177 million, (1.3%) lower than expected and $499 million, (1.9%) higher than expected for participants not in SIL arrangements.

Table 8. 2023-24 Scheme payment experience by SIL status of participants ($m).

Payments	Actual	Expected	Difference	Difference %
SIL	13,965	14,141	-177	-1.3%
Non SIL	27,272	26,773	499	1.9%
Missing[19]	17	0	17	No value
Total	***41,254***	***40,914***	***340***	***0.8%***

End of table

Average payments per participant experience

The average payment per participant, for the twelve months ending 30 June 2024 was $64,400, (2.2%) higher than the expected payment of $63,000 from the previous review, after adjustment for the actual mix of participants in 2023-24.

Table 9 shows the variance in average payments per participant over the twelve months to 30 June 2024, for participants with SIL arrangements and those not in SIL arrangements. The 2023-24 annual average payment per participant was $300 (0.1%) lower than expected for participants with SIL arrangements, and $1,400 (3.3%) higher than expected for participants not in SIL arrangements.

Table 9. 2023-24 average payments experience, by SIL status of participants ($)[20].

Average payments per participant	Actual	Expected	Difference	Difference %
SIL	417,400	417,700	-300	-0.1%
Non SIL	44,900	43,500	1400	3.3%
Total	***64,400***	***63,000***	***1,400***	***2.2%***

End of table

Figure 5 shows the actual growth in average payments per participant increased at a rate of 6.2% per annum, on average, over the last three years. This is slightly higher than the three-year average for the period ending 30 June 2023 of 6.0% per annum, reflecting the relatively higher increase of 7.0% in average payments per participant over the twelve months ending 30 June 2024.

[19] The missing category are payments recorded from participants with missing SIL status in the system.
[20] The expected average payments are mix adjusted using actual participant numbers.

Figure 5. Trend in average payments experience for all participants ($).[21]

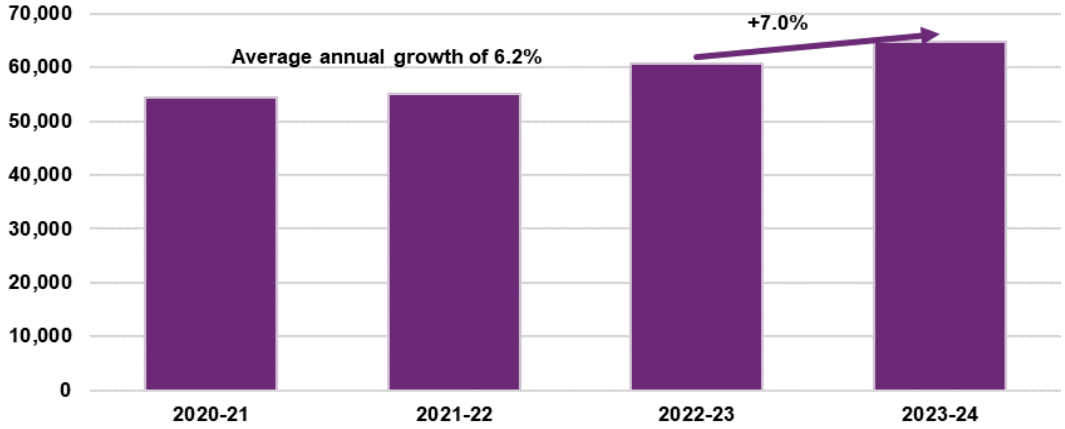

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Figure 6 shows the actual growth in average payments per participant increased at a higher rate on average over the last three years for participants with SIL arrangements (9.1%), compared to those not in SIL arrangements (5.9%). The increase in average payments of 7.1% and 6.1% in 2023-24 for participants with SIL and not in SIL arrangements respectively, is around 54% and 25% lower compared to the level of increase in 2022-23.

Figure 6. Trend in average payments experience, by SIL status of participants ($)[22]

End of figure

Additional growth in payments and in plan budgets

Scheme expenses increase over time due to many factors, such as the increase in numbers of participants in the Scheme, normal inflationary sources (such as general increases in wages and consumer prices), as well as real growth in payments over and above the normal inflationary sources.

[21] Average annualised payments have been calculated on a cash basis using the 12 months over each year ending 30 June.
[22] Average annualised payments have been calculated on a cash basis using the 12 months over each year ending 30 June.

There are a number of factors contributing to the real growth in payments, including:

- Participants learn how to use their plan better over time.
- Some participants will access SIL supports over time.
- When children transition from development delay to other disabilities, such as autism.
- The increased need for supports as the participants age over time.
- Other residual growth in payments as participant support needs change, referred to as additional growth [23].

Each of these factors are allowed via separate assumptions and/or transition modelling in the projection of Scheme expenses.

Table 10 shows a breakdown of the observed annual growth in average payments per participant from 2020-21 to 2023-24. After allowing for pricing impacts and changes in participant mix, the additional growth in average payments per participant in 20236-24 was 5.6%, a reduction of 1.8% compared to 2022-23. The additional growth rate of 5.6% in 2023-24 is higher than the assumed rate for 2023-24 of 5.1% in the June 2023 projections.

Table 10. Breakdown of growth in payments per participant[25]

Item of growth	2020-21	2021-22	2022-23	2023-24	Average 2021-24
Observed growth	***6.9%***	***1.6%***	***9.9%***	***7.0%***	***6.2%***
less pricing impact	*2.1%*	*2.4%*	*6.8%*	*4.1%*	*4.4%*
less change in mix[24]	*-9.2%*	*-6.2%*	*-4.3%*	*-2.8%*	*-4.4%*
Additional growth	***14.0%***	***5.3%***	***7.4%***	***5.6%***	***6.1%***

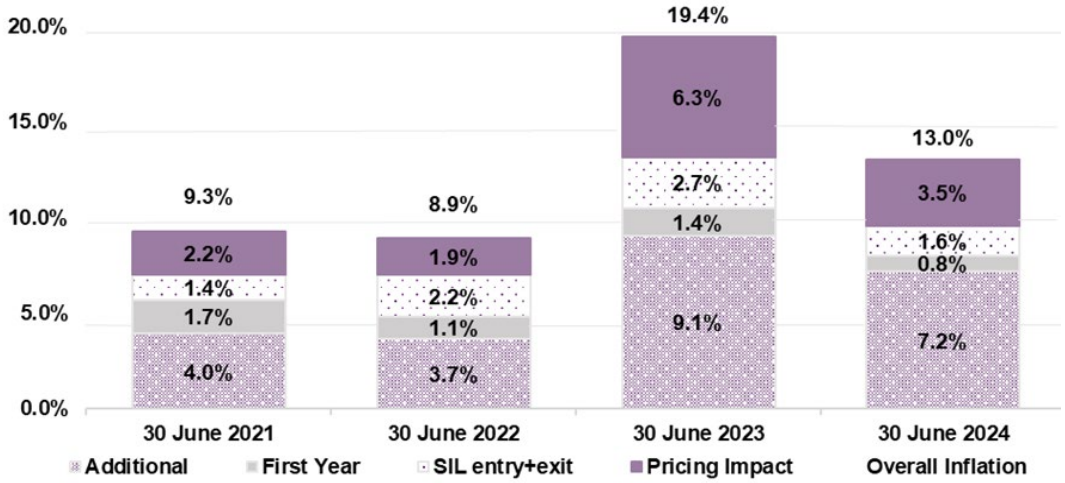
End of table

Figure 7 sets out a comparable breakdown of the observed growth in average plan budgets, on a rolling twelve-month basis from 2020-21 to 2023-24. The observed growth in plan budgets is a leading indicator of the future expected growth in average payments. Growth in average payments is also impacted by changes in the rate at which participants utilise their plan budget.

[23] Additional Growth was referred to as 'Additional Inflation' and 'Superimposed Inflation' at previous reviews, prior to the 2022-23 AFSR.
[24] Change in mix excludes the impact from change in participants' level of function over time. This is because the model does not explicitly allow participants to change their level of function over time. It is allowed for in the additional growth assumptions. For this reason, when breaking down the observed growth, the impact of level of function change is removed from change in mix and reflected in the additional growth.
[25] Historic growth rates for prior years have been restated using data at 30 June 2023. There are some minor changes to these rates due to retrospective changes in the underlying data.

Total growth in plan budgets per participant for the twelve-month period to 30 June 2024 was 13.0%. This included 3.5% due to pricing changes, 1.6% due to participants transitioning to SIL arrangements, and 0.8% is attributable to participants who were in the Scheme for less than a year: these three components being explicitly allowed for in the Scheme projections. The remaining component of additional growth in plan budgets was 7.2% for the twelve months to 30 June 2024, a reduction of 1.9% compared to the previous twelve months ending 30 June 2023. The observed additional growth over the recent twelve months ending 30 June 2024 remains higher than historic levels of additional growth of 4.0% for 2020-21 and 3.7% for 2021-22 respectively.

Figure 7. Average plan budget growth for active participants (rolling 12 months)[26]



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Growth in average payment per participant assumptions

Normal inflation rate assumptions have been selected based on the increases in price limits from the 2023-24 Annual Pricing Review (APR) and on recent economic forecasts about inflationary expectations. The normal inflation assumptions for 2024-25 directly reflect the 2023-24 APR changes including an increase to attendant care supports based on the Fair Work Commission's (FWC) decisions regarding the National Minimum Wage, an increase to price limits for psychologists and non-disability support workers, and no change to the price limits for other therapy supports, plan management and support coordination. For 2025-26 onwards, normal inflation assumptions are based on the most recent forecasts of the Wage Price Index (WPI) for attendant care supports, and the Consumer Price Index (CPI) for therapy supports, consumables and capital items.

[26] The plan budget growth metric measures the change in annualised committed supports for participants who were active at both the start and the end of a month, thereby removing the impact of new entrants and participants leaving the Scheme. The rolling 12-month result is based on compounding the relevant set of monthly results.

Table 11 shows the normal inflation assumptions used for the June 2024 projections, compared to those assumed for the previous review. The rate of normal inflation assumed for 2024-25 reflects the 2023-24 change in NDIS price limits which resulted from the FWC decision to increase minimum award wages by 3.75% from 1 July 2024.[27]

Table 11. Comparison of normal inflation assumptions to historic normal inflation assumptions

Total growth June 2024 projections	2024-25	2025-26	2026-27	2027-28	2033-34
June 2024 projections	2.8%	3.9%	3.7%	3.7%	3.5%
Re-stated June 2023 projections[28]	2.7%	3.9%	3.5%	3.5%	3.5%
Difference	***0.1%***	***0.0%***	***0.2%***	***0.2%***	***0.0%***

End of table

Table 12 shows the additional growth rate assumptions, before and after adjusting for Recent and Proposed Reforms compared to those assumed for the previous review.

Additional growth rate assumptions, before allowance for Recent and Proposed Reforms, were selected taking account of both the observed decrease in additional growth in average payments per participant for 2023-24 of 5.6%, compared to 7.4% for 2022-23 (Table 11), and the lower observed additional growth in plan budgets per participant for 2023-24 of 7.2%, compared to 9.1% for 2022-23 (Figure 7).

Whilst the experience moderated since last year, it moderated at a slower rate in 2023-24 than previously expected. The additional growth assumptions, before allowance for Recent and Proposed Reforms, also incorporate updated expectations about the realisation of benefits from the 2023-24 Budget initiatives, compared to the previous review. Additional growth rate assumptions are higher compared with the June 2023 projections by 2.9%, 1.0% and 0.9% in 2024-25, 2025-26 and 2026-27 respectively.

The Recent and Proposed Reforms are aimed at reducing intraplan inflation[29], implementing assessment and budgeting reforms, changing information requirements for the eligibility reassessment process and realising the benefits of the Crack Down on Fraud program. The estimated impact of the Recent and Proposed Reforms, reduces assumed additional growth by a further 3.7% in 2024-25, 3.4% in 2025-26 and 2026-27, and 1.8% in 2027-28, compared to the assumptions before these reforms.

[27] Minimum wages increase from 1 July 2024 - Fair Work Ombudsman.
[28] The 2024-25 normal inflation figure in the June 2023 projection is adjusted to be consistent with how the 2023-24 Annual Pricing Review is allowed for in the June 2024 projections.
[29] Intraplan inflation refers to inflation occurring within a plan, between reassessments.

Table 12. Comparison of additional growth assumptions, before and after Recent and Proposed Reforms to previous review

Total growth June 2024 projections	2024-25	2025-26	2026-27	2027-28	2033-34
June 2024 projections (after Recent and Proposed Reforms) (a)	2.5%	-1.2%	-1.6%	0.0%	0.1%
June 2024 projections (before Recer and Proposed Reforms) (b)	6.2%	2.2%	1.8%	1.8%	1.8%
Re-stated June 2023 projections[30] (c)	***3.3%***	***1.2%***	***0.9%***	***1.7%***	***1.6%***
Difference June 2024 projections (before Recent and Proposed Reforms) (b)– (c)	2.9%	1.0%	0.9%	0.1%	0.2%
Impact of Recent and Proposed Reforms (a) – (b)	-3.7%	-3.4%	-3.4%	-1.8%	-1.7%
Difference June 2024 projections (after Recent and Proposed Reforms) (a) – (c)	-0.8%	-2.4%	-2.5%	-1.7%	-1.5%

End of table

There is considerable uncertainty regarding these additional growth assumptions, and the impact of different scenarios is quantified in Section 6.1.

Table 13 shows the total growth in projected Scheme expenses, split into the three key components as per Table 5, but with a further breakdown of the real growth in payments above pricing impacts. The breakdown includes additional growth and also first year impact of maturing new entrants, SIL entry and exit, ageing and other impacts including transitions from developmental delay.

This demonstrates that there are a number of factors which lead to increases in plan budgets and payment levels over time. While the additional growth assumptions after allowance for the estimated impact of Recent and Proposed Reforms are negative in 2025-26 and 2026-27, real growth in payments is the key driver of growth in projected Scheme expenses.

[30] The 2024-25 additional growth figure in the June 2023 projections is adjusted to be consistent with how the 2023-24 Annual Pricing Review is allowed for in the June 2024 projections.

Table 13. Total growth after the impact of Recent and Proposed Reforms

Growth component (%)	2024-25	2025-26	2026-27	2027-28	2033-34
Participant count impacts	***1.3%***	***0.9%***	***0.2%***	***-0.1%***	**-0.2%**
Pricing impacts	***2.8%***	***3.9%***	***3.7%***	***3.7%***	**3.5%**
Real growth in payments	***8.0%***	***3.5%***	***2.9%***	***4.2%***	**4.2%**
Additional growth	2.5%	-1.2%	-1.6%	0.0%	**0.1%**
First Year impact of maturing new entrants	1.9%	1.8%	1.8%	1.5%	**1.2%**
SIL entry and exit	2.8%	2.5%	2.0%	1.7%	**1.5%**
Ageing	0.2%	0.3%	0.5%	0.7%	**0.6%**
Other transitions	0.6%	0.1%	0.2%	0.3%	**0.8%**
Total growth	***12.0%***	***8.4%***	***6.7%***	***7.7%***	**7.5%**

End of table

Risks and uncertainty inherent in Scheme projections

The estimation of future expenditure based on experience is inherently challenging and there is significant uncertainty in the projection. This is particularly the case because the Scheme is relatively immature and continues to grow more rapidly than would be expected in the longer term. Furthermore, at this time Scheme reforms are at varying stages of development and are still subject to co-design and are therefore subject to uncertainty. This level of uncertainty increases over the longer term.

As for the previous review, a Stochastic Model has been used as a tool to measure the level of uncertainty in relation to Scheme expenses. The stochastic model varies the assumptions of the June 2024 projections relating to the key risks to determine the probability distribution of expected future Scheme expense outcomes.

The material risks identified are additional growth, model specification risk, the number of new entrants to the Scheme, normal inflation and the number of participants transitioning to SIL arrangements. These risks have been identified and quantified using historical experience, and it is difficult to make objective adjustments to the stochastic model for changes to the Scheme which have not yet occurred. Therefore, the results presented below exclude the impact of the Recent and Proposed Reforms or the impacts of any future legislative or major policy interventions not considered in this report.

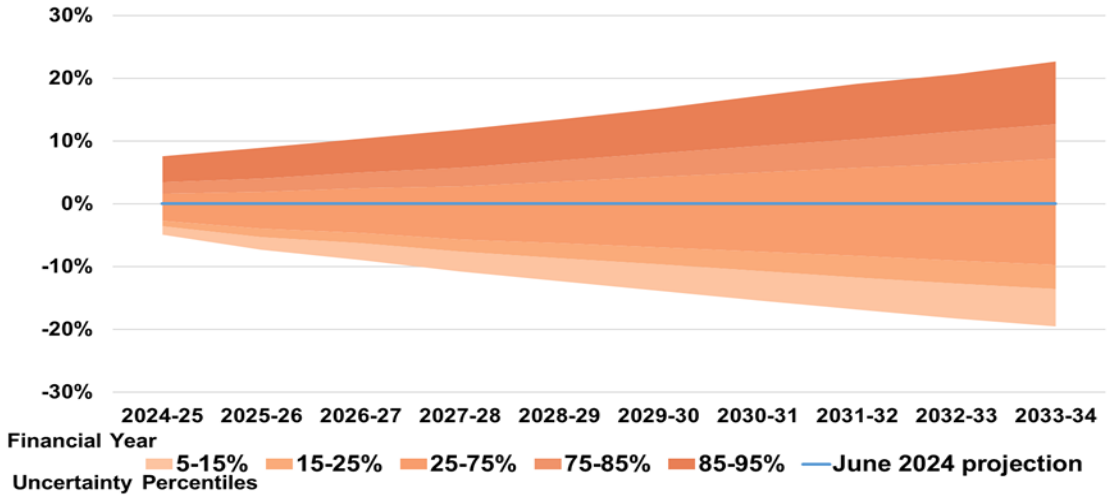
Figure 8 illustrates the stochastic simulation of Scheme expense outcomes expressed as a percentage of the June 2024 projections (before Recent and Proposed Reforms), with varying confidence intervals[31]. Scheme expenses are expected to increase over time and the uncertainty associated with the Scheme expenses is also expected to increase over time.

[31] A confidence interval, here, represents the simulated probability that the Scheme expense as a percentage of the baseline projection will fall between the specified range of outcomes of the stochastic model.

The 5th percentile[32] and 95th percentile results form a 90% confidence interval for the range of expected outcomes for projected Scheme expenses. There is an equal 5% likelihood that the Scheme expense would be:

- At least 4.9% below, or at least 7.5% above the June 2024 projection in 2024-25.
- At least 7.7% below, or at least 9.0% above the June 2024 projection for the four years to 30 June 2028.
- At least 19.6% below, or at least 22.6% above the June 2024 projection in 2033-34.

Figure 8. Ranges of uncertainty in June 2024 projected Scheme expenses as a proportion of baseline projection[33] (%)



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The impact of the Recent and Proposed Reforms on the uncertainty relating to each of the key risks above is difficult to quantify.

The Recent and Proposed Reforms are aimed at achieving the 8% growth target in the NDIS Financial Sustainability Framework. This goal aims to substantially reduce the overall uncertainty associated with Scheme expenses in the medium to longer term.

However, the design and implementation of the Recent and Proposed Reforms is ongoing and thus, at least in the short term the Scheme is faced with additional uncertainty as a result.

These opposing factors, coupled with the still emerging policy detail relating to the Recent and Proposed Reforms means that they have been excluded from the stochastic modelling in this report.

[32] The 5th (95th) percentile, here, is the simulated Scheme expense at or below which 5 (95) percent of the simulated Scheme expenses lie
[33] Before Recent and Proposed Reforms.

Judgement and materiality regarding main assumptions

Tables 14 sets out the relative level of judgement[34] involved and materiality associated with each of the main assumptions underlying the Scheme projections, both in the short-term (four years from 2024-25 to 2027-28) and the medium to long term (years 2028-29 and beyond). The level of judgement reflects the extent to which assumptions about future experience of the Scheme are based on evidence and data that is known, or influenced by other factors where there is less certainty. The materiality[35] of the respective assumptions is informed by the scenario analysis results (Section 6.1).

In both the short and medium to long term, a high degree of judgment is involved in setting the additional growth assumptions which are influenced by a number of factors. By contrast, mortality rates which are derived from experience and not impacted by changes to decisions and actions of the Government and Agency involve little judgement. New entrant assumptions are split between children (aged 0 to 14) and older children and adults (aged 15 and above), as different factors influence the respective group of new entrants.

Whilst the relative level of judgement associated in setting the various assumptions remains consistent over the long-term, compared to the short-term, the level of materiality increases over the long-term. As the Scheme continues to grow from year to year, the cumulative impact on the projected Scheme expenses becomes greater in the medium to long-term.

Long-term relative level of judgement and impact on Scheme expense projections of main assumptions is found on page 28. Additional growth assumptions involve significant judgment, demonstrating a much higher level of variability than all other assumptions, and results in the greatest impact on the projected future Scheme expenses. Whilst more data and information is available to assess new entrant experience, the significant variability in number of new entrants from year to year makes it more challenging to set assumptions with confidence.

The level of judgement and materiality associated with each of the main assumptions, is consistent with the material risks, and variability in these risk factors, included in the Stochastic Model used to assess the uncertainty inherent in the projection of Scheme expenses (Section 6.2).

[34] Level of judgement: Low = assumptions influenced by experience and/or data that is known, Medium = assumptions influenced by experience and operational processes, introducing some variability, High = assumptions influenced by experience, operational process, economic conditions etc., with higher variability.
[35] The impact on total Scheme expenses for each level of materiality: Low: ≤1%, Medium: 1-5%, High: >5%.

Table 14. Relative level of judgement and impact on Scheme projections of main assumptions

Short-term relative level of judgement and impact on Scheme projections of main assumptions ***Level of Judgement***	Materiality: **Short Term** (2024-28) **Low**	Materiality: **Short Term** (2024-28) **Medium**	Materiality: **Short Term** (2024-28) **High**	Long-term relative level of judgement and impact on Scheme projections of main assumptions ***Level of Judgement***	Materiality: **Long Term** (2028-29 and beyond) **Low**	Materiality: **Long Term** (2028-29 and beyond) **Medium**	Materiality: **Long Term** (2028-29 and beyond) **High**
High	Nil	Nil	Additional growth rates	***High***	Nil	Nil	Additional growth rates
Medium	New entrants (0-14)	New Entrants (15+)	Nil	***Medium***	Nil	SIL transition rates	New entrants (0-14)
Medium	Leaving and transition rates	SIL transition rates	Nil	***Medium***	Nil	Future price increases	New entrants (15+)
Medium	Nil	Future prices increase	Nil	***Medium***	Nil	Leaving and transition rates	Nil
Low	Mortality rates	Nil	Nil	***Low***	Mortality rates	Nil	Nil

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Operating Expenses

Actual operating expenses in 2023-24 of $2,085 million or 5.0% of Scheme expenses, were $137 million lower than the estimate of $2,222 million in the 2024-25 Budget.

After allowances in the 2024-25 Budget for continuation of the 2023-24 Budget initiatives and for the work associated with getting the NDIS back on track, there remains a reduction in budgeted operating expenses of 35% in 2025-26, with amounts in subsequent periods also at this lower level compared with 2024-25.

The June 2024 projections assume Agency resourcing remains relatively constant in real terms, and that the funding of operational expenses is sufficient to implement and operationalise the Recent and Proposed Reforms. In particular, additional resourcing will be required to undertake support needs assessments to inform new framework plans. At the time of writing, work is being undertaken to ensure that the funding of Scheme reforms, as well as business-as-usual activities, is secured. If this does not eventuate, Scheme expenses would be expected to be higher than those shown in this report.

Outcomes

A holistic assessment of Scheme financial sustainability requires consideration of both the costs of participant funding and the associated benefit the funding provides for participants in enabling them to achieve their desired goals and outcomes.

In the NDIS Corporate Plan 2024-25[36], key activity 1 is “Improve participant experience and outcomes with a financially sustainable Scheme”, which sits under Program 1.1 “Reasonable and necessary supports for participants”. Aligned to key activity 1 are specific performance metrics, such as the proportion of participants in work and the proportion of participants involved in community and social activities. The NDIA had a target of 26% of working-age participants in paid employment by June 2024, with the achieved result of 23% slightly below this target. For participants aged 15 and over, the percentage of participants actively involved in the community was 41% compared to the 2023-24 target of 46%.

The NDIS Outcomes Framework also measures outcomes for the families and carers of participants, recognising that the outcomes for people with a disability and the people who support them are likely to be closely linked. The percentage of parents/carers of participants in a paid job is 52%, slightly exceeding the 2023-24 target of 50%[37].

On the whole, perceptions of the Scheme have been positive, with participants and their families/carers more likely to report that the Scheme had helped them in various areas of their lives the longer the participant was in the Scheme. Participant outcomes and family and carer outcomes are further discussed in Section 7.

[36] Corporate Plan | NDIS

[37] This target is from the 2022-26 Corporate Plan. Note that the NDIS Corporate Plans for 2023-27 and 2024-25 no longer include a target for family/carer employment.

Investment Effectiveness Analysis - IEP

The NDIA is conducting the Investment Effectiveness Program (IEP) to investigate the relationship between government-funded support services and the attainment of participant outcomes under the Scheme. The multi-year program aims to provide evidence that can be used by participants, their carers and NDIA personnel to understand what types of funding have been effective in delivering participant outcomes. It does this by utilising advanced statistical analytical methods, using longitudinal Scheme data to investigate potential links between the participant's support funding and outcome attainment throughout the duration of their plan.

In the past 12 months, a pilot has been completed to test analytical approaches, using a single cohort of participants aged 15-24 with intellectual disability and/or Down syndrome when they joined the NDIS. The pilot produced promising signs of the efficacy of IEP methods and showcases the significant potential of data-driven analytics in guiding the understanding of effectiveness of disability supports. However, the investigation also revealed key gaps in the analysis and availability of datasets that the project will need to address to deliver robust, useful information to inform participant choices.

Following on from the completion of the pilot study, the IEP will continue to explore the relationship between participant payments and outcomes under the NDIS. The NDIA will incorporate Scheme data with administrative data sets from other government departments to better improve the accuracy of data modelling and build a stronger foundation of participant circumstances and needs.

The NDIA will continue to use IEP analysis, as well as the existing NDIS Outcomes Framework and the work being undertaken to develop a wellbeing index for NDIS participants, to build a more robust evidence base that improves Scheme effectiveness and sustainability.

Section 1. Introduction

An annual financial sustainability report (AFSR) is required under section 180B of the NDIS Act and provides an assessment of the financial sustainability of the National Disability Insurance Scheme ("the Scheme", or NDIS).

The AFSR is produced using data at 30 June each year and a summary of each year's AFSR has been included in the NDIA annual report. This 2023-24 AFSR uses data to 30 June 2024 to project future Scheme expenses and these results are referred to as the "June 2024 projections".

The previous report was the AFSR released on 8 December 2023 (the "2022-23 AFSR")[38]. It was based on data to 30 June 2023, with commentary about experience to 30 June 2023 (the "previous review"). References to the previous review refer to results contained within that report, referred to as the "June 2023 projections".

Since the previous review, Scheme projections were updated based on data at 31 December 2023, allowing for the emergence of Scheme experience and changes in assumptions since 30 June 2023. These updated projections were used as the basis for the 2024-25 Budget and are referred to as the "2024-25 Budget projections".

1.1. Purpose of the NDIS

The purpose of the NDIS is to provide reasonable and necessary funding to people with a permanent and significant disability allowing them to have choices and control over the supports and services they need to pursue an ordinary life. A key cornerstone underlying the operation of the Scheme is strong insurance principles, where evidence-based decisions on access and planning are made by drawing on objective information on individuals and the longitudinal data that is collected on participants in the Scheme. Experience is closely and regularly monitored to allow emerging risks and issues to be identified and, where required, remediation strategies to be implemented.

The Scheme has a lifetime, person-centric approach to its model of support for people with disability, where early investment in core, capacity building and capital supports are anticipated to drive better outcomes for participants and their family/carers over their lifetime.

Since inception, the National Disability Insurance Agency ("the Agency", or NDIA) has had an increasing focus on improving participant experience. The Participant Service Charter[39] sets out what participants can expect from the NDIA. It is being actioned under the Participant Service Improvement Plan 2022-23[40] which sets out how the Agency works towards increased consistency and transparency of decision making with better operational procedures, guidelines and controls. In late 2023, the Agency commenced the

[38] Annual Financial Sustainability Reports | NDIS
[39] Service charter | NDIS
[40] Participant Service Improvement Plan | NDIS

national roll out of a new Customer Relationship Management system, as well as associated changes to operational processes. This roll out is continuing, and while it has had a short-term effect on levels of eligibility assessments, planning decisions and reassessments during 2023-24, its core purpose is to improve the end-to-end participant pathway.

1.2. Definition of financial sustainability

The *NDIS Insurance Principles and Financial Sustainability Manual*[41] outlines the insurance model in detail and defines financial sustainability as the state where:

The Scheme is successful on the balance of objective measures and projections of economic and social participation and independence, and on participants' views that they are getting enough money to buy enough goods and services to allow them reasonable access to life opportunities - that is, reasonable and necessary support.

Contributors think the cost is and will continue to be affordable, under control, represents value for money and, therefore, remain willing to contribute.

The current government expectation of Scheme expenses is included in the annual Portfolio Budget Statements (the Budget), noting it is not only the financial cost of the Scheme that is important within the context of financial sustainability, but also the outcomes for participants achieved by the Scheme.

Outcomes for participants and their families/carers are reported regularly in the NDIA's Quarterly Reports to Disability Ministers[42], and more detailed analysis and data is available on the NDIA Data and Insights website.[43] Section 7 of this report contains key information relating to outcomes measurement and recent results of the outcomes being achieved by Scheme participants, their families and carers.

The NDIS has operated since 1 July 2013. The first three years of the Scheme were a trial period, and this was followed by the transition period which commenced on 1 July 2016, with the Scheme progressively rolled out across the country over four years. While the Scheme has now operated in all regions of Australia for four years, it remains relatively immature. The numbers of participants entering the Scheme each year have not stabilised, and growth in expenses for participant supports continue to grow at a rate higher than general inflation.

Pressures on the financial sustainability of the Scheme remain, reflected in the generally upward revision of projected Scheme expenses in previous AFSRs and Budget estimates until 2023. Design and implementation of Scheme reforms has commenced, seeking to bring the NDIS back to its original intent and resulting in the stabilisation of projected Scheme expenses. Collectively, the reforms, which include legislative amendments, Agency operational changes and a more cohesive ecosystem of support inside and outside of the NDIS, are all focused on improving the financial sustainability of Scheme.

[41] Annual Financial Sustainability Reports | NDIS
[42] Quarterly Reports | NDIS
[43] NDIS outcomes and goals

1.3. Scheme Reforms

In the 2023-24 Budget, the Australian Government committed $732.9 million in improving outcomes for participants and ensuring effectiveness and sustainability of the Scheme for future generations. The 2023-24 Budget measures aimed to deliver improved participant outcomes and increased sustainability of the Scheme, through a program of NDIA initiatives ("2023-24 Budget initiatives) designed to improve early intervention outcomes for children in the Scheme, improve participant planning processes, and improve consistency in Home and Living eligibility decisions for participants with complex and high support needs. As part of the 2023-24 Budget, the NDIS Financial Sustainability Framework[44] was agreed by National Cabinet to achieve a target 8% growth in Scheme expenses from 1 July 2026.

The NDIA has been progressing these initiatives in collaboration with people with disability and the wider disability community. Part of this work has led to a moderation in plan inflation, stabilisation in numbers of participants new to SIL supports, and increased numbers of participants leaving the Scheme as their support needs stabilise, including children who leave the Scheme after achieving their goals.

The Australian Government announced in the 2024-25 Budget that an additional $468.7 million will be provided to support people with disability and get the NDIS back on track[45], with the NDIS Amendment (Getting the NDIS Back on Track) Bill 2024 No.1 introduced to Parliament on 27 March 2024 and passed on 22 August 2024. These amendments commence implementation of some of the recommendations of the NDIS Review, aimed at improving participant experience and sustainability of the Scheme over the long term.

Work associated with legislative changes, to be implemented by the NDIA, is being developed with the disability community through a program of co-design, to deliver better outcomes for participants and improve sustainability of the Scheme growth to support the achievement of the NDIS Sustainability Framework agreed by National Cabinet from 1 July 2026. Planned work includes initiatives aimed to reduce intraplan inflation via establishment of total funding amounts, funding components and funding periods, assessment and budgeting reforms that establish a new planning framework informed by a support needs assessment, and changes to information requirements for participants undertaking an eligibility reassessment.

Work is also underway to improve the integrity of the Scheme through the Crack Down on Fraud program[46], which includes technology enhancements to prevent and reduce fraud and non-compliant behaviour.

The design and scope of Foundational Supports to be provided by States/Territories are yet to be agreed. There is a joint government commitment in place for the

[44] National Cabinet commits to a sustainable NDIS | Department of Social Services Ministers (dss.gov.au)
[45] National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Bill 2024 – Parliament of Australia (aph.gov.au)
[46] Crack Down on Fraud program

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.

Allowance for the expected impact of the 2023-24 Budget initiatives was first made in the June 2023 projections, reported in the 2022-23 AFSR. With implementation of these initiatives now in progress, the assumptions underlying the 2024-25 Budget projections and June 2024 projections fully incorporate these impacts.

In the 2024-25 Budget projections allowances were introduced for the estimated impact of the work associated with the legislative changes, as well as the Crack Down on Fraud program, together referred to as “Recent Reforms”.

The June 2024 projections allow for the estimated impact of Recent Reforms, as well as the estimated impact of Foundational Supports. Collectively, the work associated with legislative changes, the Crack Down on Fraud program and Foundational Supports are referred to as “Recent and Proposed Reforms”.

1.4. Reliance and limitations

It is the responsibility of the Agency and other parties to ensure recipients of copies of, or extracts from, this report understand the reliance on which any conclusions in it are based.

Given the long-term nature of the Scheme, experience continues to be relatively immature, and many aspects remain difficult to interpret. Specifically, estimation of future expenditure based on experience is inherently challenging given the relative size, complexity, and evolving nature of the Scheme, meaning there is significant uncertainty in the projection. In addition, within emerging experience to date, issues have been identified with the current resource allocation process, and in particular the lack of a mechanism for robust assessments of support need. As the Scheme continues to mature, as staff, operational and governance capabilities improve, and as the reforms take effect, there is an expectation the Scheme experience will change, perhaps materially, and this would affect the eventual trajectory of Scheme Expense.

Future events cannot be predicted, and they may lead to unexpected impacts on Scheme experience which differ from the projections in this report. Examples of events with the potential to have a significant impact on future Scheme experience include reform implementation leading to outcomes which are different from currently expected, another pandemic, and changes to economic conditions which cause further workforce shortages in the disability sector.

More data on Scheme experience is available in NDIA quarterly reports and on the NDIA Data and Insights website.[47]

Note that many of the figures in this report have been rounded, whereas differences are generally calculated from unrounded metrics.

[47] NDIA Data and Insights Website

Section 2. Information and data integrity

An integral part of an insurance model is the collection of accurate data in a timely manner. This is because quality data drives the ability of the Agency to monitor emerging experience, perform meaningful analyses, project the financial position of the Scheme and, hence make consistent evidence-based decisions to support Scheme objectives. The success of the Scheme is dependent on the availability and quality of the data and information collected.

The data collected by the Agency is varied and broad-reaching and covers information across each step of the participant pathway, from Scheme access and eligibility to participant plan approval, plan implementation and plan reassessment. Payments for disability supports and the outcomes for participants and their family/carers are also collected regularly to track progress of participants and the Scheme. The information being collected enables the Agency to continually build one of the most comprehensive, longitudinal data sources on disability in the world.

2.1. Information and data used for analysis

Table 2.1 summarises the sources of data used for the actuarial analysis underpinning this AFSR, which relies upon the Agency's case management system, finance system and data warehouse, as well as external sources. The analysis in this report is based on data at 30 June 2024, unless stated otherwise.

The main update to data sources for this year is in relation to the national roll-out of PACE from November 2023, a new Client Relationship Management (CRM) system, which captures details about participants and participants' plans. The roll-out of the new computer system, including associated changes in operational processes, requires the Agency's workforce to manage workflow across two computer systems during the transition period, at the same time learning new processes. The impacted workflow relates to access eligibility decisions, approval of first plans, eligibility and plan reassessments. However, it is not possible to draw specific conclusions about the impacts on experience, as the new system includes material changes to data capture.

Where data is used to conduct actuarial analyses, it is important to acknowledge any limitations associated with the data that could give rise to uncertainty in the results. One particular area relates to participants with Supported Independent Living (SIL) arrangements, where there is no single flag of SIL usage available to accurately identify participants with SIL supports.

A combination of participants' prior access to SIL supports, and their recent payments experience, is used to estimate numbers of participants with SIL supports. Imperfections exist with this solution, introducing systemic variability in the number of participants with SIL arrangements in a given month, and the analyses used to inform the transition of participants to SIL arrangements. Despite this variability, the numbers of participants with SIL and associated experience analyses, used to inform setting of assumptions for Scheme projections are robust.

Table 2.1. Summary of data utilised for actuarial analysis

Data	Description
Access requests to the NDIS	• Demographic information (age, gender, disability, geographic location, living arrangements and other participant profile information) • Access request date • Outcome of request (for example: eligible, ineligible)
Payments to service providers	• Service provider submitting the claim for payment • Participant for whom the support was provided • The support item and cost of support provided • Dates of when the support was provided • Method of plan management used
Payments to participants	• Participant submitting the claim for payment • The support category provided • Total amount spent by support category • Period of reimbursement
NDIS participant plans	• Plan approval date • Length of plan • All plan budgets included in the plan • Level of function
In-kind supports data	• Unit record in-kind support details from State/Territory programs including details on support type, level and duration of coverage.
Data on outcomes	• Information collected from surveys of participants and their families and carers about how they are doing in different areas of their lives and how they are progressing over their time in the NDIS.
Financial information	• Data from the PACE and SAP CRM systems was reconciled with financial information in SAP
ABS Survey of Disability, Ageing and Carers	• Prevalence of disability in Australia, including demographic and socioeconomic profile of people with disabilities.
Economic information	• Government economic forecasts for GDP • Inflation indicators
Demographic information	• Australian Life Tables 2018-2020 – published in November 2021 • Budget 2024-25: population projections, Australia, 2023-24 to 2034-35 from the Centre for Population Projections • Population forecasts beyond 2034-35 - 2023 Intergenerational Report • Estimated Resident Population data up to 30 June 2023 – published by the Australian Bureau of Statistics (ABS) • New Zealand residents in Australia projections[48] provided by the Department of Social Services as part of 2023-24 Federal Budget.

End of table

[48] Allows for changes in immigration policy settings for New Zealand citizens, that came into force 1 July 2023, that fast tracks their eligibility to become Australian citizens.

2.2. Information systems overview

The Agency's Information systems (comprising case management, finance and data warehouse) are important infrastructure in the ongoing financial sustainability of the Scheme.

Case management systems

From 1 July 2016, the Agency used SAP Customer Relationship Management (CRM) as its case management system. The CRM system is hosted and maintained by Services Australia. The primary objective of this delivery was to enable critical operational activities, such as plan approvals and payments.

The Agency launched a new CRM (case management system), PACE to replace the existing SAP CRM system over time. PACE supports community connections, scheme access, planning, participant check-in, claims and payments validation as well as other services.

PACE was launched in Tasmania in November of 2022. The expansion of PACE to service all Australians commenced in November 2023. PACE continues to be updated and improved based on the experiences of participants, their families and carers, providers, NDIA and Partners in The Community staff.

Finance systems

SAP Finance is the Agency's finance system and was introduced on 1 July 2016. All payments to and from the Agency are made using SAP Finance. In line with Services Australia's practice, the Agency uses the SAP Public Sector Collection and Disbursement (SAP PSCD) system as an intermediary between the SAP CRM and SAP Finance (operated by Services Australia as a shared service).

Data warehouse

The Enterprise Data Warehouse (EDW) integrates and presents Scheme and Agency data to business analytics and reporting teams. Data is sourced from operational Business systems, include CRM and financial systems, and integrated in a single data model. The EDW contains integrated data on participants, scheme access and planning, budget and payments and other domains. The EDW supports legislated reporting, business operational reporting, analytics services, and ad hoc reporting.

Section 3. Modelling approach

An experience-based projection model, the Original Cohort Model (OCM) is used to project Scheme participant numbers and Scheme expenses. To reflect the ongoing maturing of the Scheme, the latest developments in Scheme experience, and refinements to operational processes, enhancements to modelling techniques have been undertaken since the previous AFSR. An alternative model has also been used for the first time to produce Scheme projection results for comparison with the existing model results (see Section 3.5).

As with previous AFSRs, the model used to produce the June 2024 projections documented in this 2023-24 AFSR is based on projecting average payments made for supports for 2,052 participant cohorts[49]. The average payments for each cohort are then multiplied by projected participant numbers and summed across all cohorts to arrive at the total Scheme expenses.

Complementing the total payment projections, a separate similar projection model performs a projection of future plan budgets and is used to estimate future utilisation rates, calculated as the ratio of the Scheme expense to these projected plan budgets.

Assumptions have been set considering factors both internal and external to the Scheme. External factors include broader macroeconomic factors, to the extent they impact the Scheme. Internal factors include trends in past numbers of participants and payments per participant as well as the estimated impacts of the Recent and Proposed Reforms on the Scheme.

As with any projection, there is uncertainty in the results. This is particularly relevant given the systemic risk arising from the factors mentioned above. As the Scheme continues to mature, the expected trajectory of Scheme experience and projected expenses may change, possibly materially, resulting from the decisions and actions of the Government and Agency and the Australian and global economic climate. Two approaches have been used to illustrate the drivers of uncertainty and their estimated impacts on the projection results:

- Testing the sensitivity of projected Scheme expenses to changes in specific key assumptions via construction of a number of scenarios, included in Section 6.1.
- Projecting Scheme expenses using a stochastic model[50] which provides a quantification of the interaction between material risks facing the Scheme and the variability in these risk factors. The approach and results of this model are included in Sections 3.4 and 6.2 respectively.

[49] Participant cohorts are based on age, primary disability type, recorded level of function, gender, whether a participant is in Supported Independent Living arrangements, and duration in the Scheme.
[50] A stochastic model is used to estimate probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. In this case, the inputs which are varied are the assumptions and risks which are most uncertain in the projection of Scheme expenses.

3.1. Participant numbers

- Annual population projections are calculated by exact age and cohort by adding future new entrants to the starting population at 30 June 2024, reducing the population due to mortality and participants leaving the Scheme, and ageing the remaining participants by one year.
- Each cohort is differentiated by age band (summarised into nine groups), primary disability and level of function (57 groups), gender (two groups) and whether a participant is accessing SIL supports (two groups). This leads to 2,052 unique cohorts.
- The number and profile of participants expected to enter the Scheme in each projection year is based on the historic profile of new entrants, split between:
  - New incidence to disability.
  - Previously unmet need for disability supports.
- Prior to the steady intake date of 30 June 2026, some allowance is made for participants with previous unmet need. There are also other allowances made for short term trends in specific cohorts, e.g. for participants with developmental delay or autism. Beyond the steady intake date, the projected number of new entrants is based on the assumed new incidence to disability rate.
- There is a transition model to explicitly allow for participants who enter the Scheme with developmental delay but are later determined to have autism or an intellectual disability. Some participants with developmental delay will transition to another disability once a diagnosis has been made. These transfers typically happen between the ages of 5 to 8.
- There is also a transition model to explicitly allow for participants transitioning into SIL arrangements. It is assumed participants do not leave SIL other than through death, apart from those aged 65 and over as they may leave the Scheme by entering Residential Aged Care. Although participants with SIL only represent 5% of Scheme participants they are modelled explicitly, as they contribute significantly to Scheme expenses (34% over 2023-24).

3.2. Scheme Expenses relating to participant supports

- Payments per participant[51] are estimated by cohort using annualised payment levels for the three months to 30 April 2024 for “active and mature” participants, i.e., participants who were had an approved plan at both 31 January 2024 and 30 April 2024 and had their first plan approved on or prior to 31 January 2023. Allowance is made for monthly seasonality typically observed and payments in May and June 2024 are checked to ensure that they do not vary substantially from those assumed.

[51] Plan budgets represent the dollar amount of support that has been made available to participants in their plan. The proportion of plan budgets which are used is referred to as the ‘utilisation rate’, and the dollar amount of the plan budget used is referred to as ‘payments.’ Payments are modelled as this is the actual cost to the Scheme.

- Expenses are projected on a cash flow basis, representing the estimated rate of outflows from the Scheme (noting in-kind supports are expected to be used evenly throughout a participant's plan). Scheme expenses are split between 15 support categories[52].
- Growth in payments per participant is applied in future years from both normal inflationary sources and sources of additional growth.
- Accrual factors are derived for each of the 15 different support categories to convert the Scheme expenses from a cash basis to an accrual basis.

3.3. Projected plan budgets

- Projected plan budgets are estimated by cohort using annualised plan budget levels for the month at 30 June 2024 for "active and mature participants"[53].
- Explicit allowance is made for the variance in average plan budgets for future new entrants, relative to the broader Scheme population.
- Projected plan budgets are split between 15 support categories (the same as used for payments).
- Growth in plan budgets per participant is added in future years from both normal inflationary sources and sources of additional growth.

3.4. Stochastic Model

In addition to the deterministic projections[54] in this report, a stochastic projection model ('Stochastic Model') was developed to quantify the level of overall uncertainty inherent in the Scheme projections by allowing for random variation in key risks over time. For the June 2024 projections, the Stochastic Model was run based on the scenario before allowances for Recent and Proposed Reforms. In the future, as these reforms are designed and implemented, assumptions relating to their impacts will be fully incorporated into the Stochastic Model.

The risks underlying the projected expenses of the Scheme are regularly monitored and analysed and the Stochastic Model is used as a tool to measure the level of uncertainty relating to Scheme expenses. The Stochastic Model generated 20,000 randomly varied assumptions of the June 2024 projection model relating to the key risks (before Recent and Proposed Reforms). These simulations were then combined to determine the probability distribution of expected future Scheme expense outcomes.

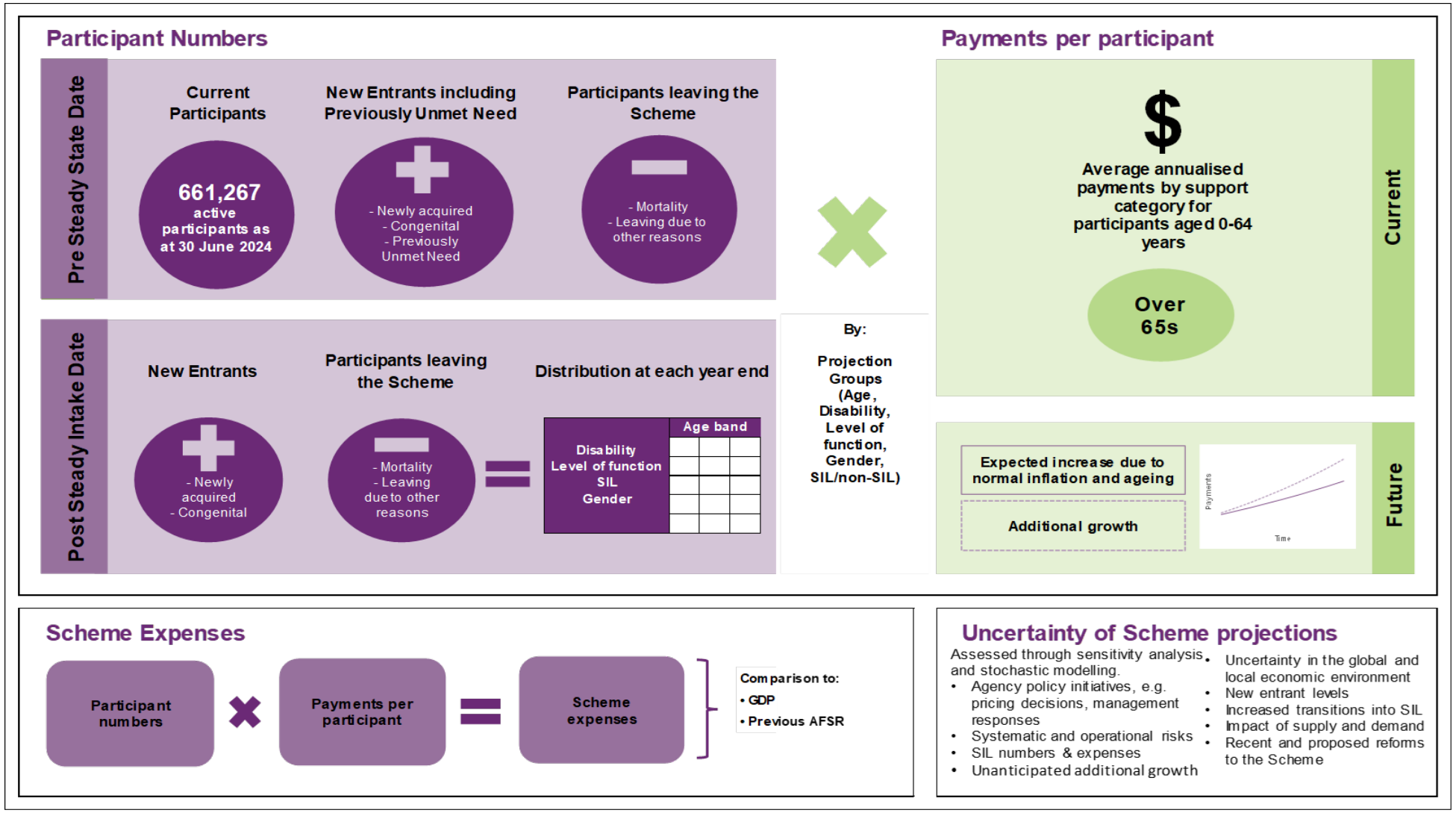
The methodology underlying the Stochastic Model can be described as follows:

[52] The 15 support categories include four core support categories (Transport, Consumables, Daily Activities and Social Community Civic), two capital support categories (Assistive Technology and Home Modifications) and nine capacity building (CB) support categories (Support Coordination, CB Relationships, CB Lifelong Learning, CB Home Living, CB Health and Wellbeing, CB Employment, CB Daily Activities, CB Choice and Control and CB Social Community Civic).
[53] Active and mature participants refer to active participants who have been in the Scheme for at least 12 months.
[54] A deterministic projection model is a projection model which does not allow for uncertainty in its outputs.

- The projection methodology underlying the Stochastic Model is a replication of the projection methodology in the June 2024 projection model.
- Stochastic variation has then been applied to assumptions related to the key risks. The mean for each key assumption (before Recent and Proposed Reforms) is calibrated to its future expectation in the June 2024 projections. The assumptions have been allowed to vary stochastically around the mean, based on a level of variation for each future projection year, which is set based on a combination of analysis of historical levels of volatility in Scheme experience, comparable historical indices, and actuarial judgement.
- The addition of incremental volatility each year increases the overall uncertainty of Scheme expenses over time.
- The Stochastic Model does not assume any explicit correlation between the stochastically modelled risks, noting any such correlations are likely to be relatively immaterial.

Figure 3.1. Schematic of modelling approach using the average payment-based model on the next page summarises the modelling approach in graphical format.

Figure 3.1. Schematic of modelling approach using the average payment-based model



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3.5. Microsimulation model

In conjunction with the existing projection model, a new Microsimulation Model ('MSM') has been developed. The development of the MSM aligns with recommendations from the NDIS Review[55], that "….the Scheme Actuary should also develop different forecasting models, including for specific cohorts, to improve the accuracy of NDIS projections". This emphasises the importance of diversifying forecasting methods to support the financial sustainability of the Scheme.

The MSM serves several key purposes, this includes:

- **Enhancing Stakeholder Confidence:** The MSM aims to provide stakeholders with greater confidence in the accuracy and reliability of the Agency's forecasts of Scheme expenses.
- **Reducing Model Specification Risk[56]:** The existence of an additional projection model assists in reducing the risks associated with relying on a single model. An additional projection model also helps to ensure estimates of future Scheme expenses remain robust.
- **Introducing Innovation:** The MSM introduces innovative approaches to forecasting Scheme expenses. The MSM methodology incorporates advanced statistical techniques and demographic modelling to enhance accuracy and flexibility in forecasting.

The MSM serves as an alternative projection scenario in this review, verifying the baseline results from the existing model. The results from the MSM is shown as a scenario in Section 6.1.

Going forward, the MSM is planned to also be part of future AFSRs. The use of the MSM will be determined as part of the Projections Model Roadmap discussed in Section 9.2.

3.5.1. Microsimulation Model Methodology

A Microsimulation Model generates detailed projections by simulating[57] the attributes of individuals over time. Each individual is represented as a discrete unit, with specific characteristics and behavioural rules that are applied to model their progression over time. The individual level results are then aggregated to analyse the trajectory of participants and their characteristics overtime. The MSM is designed to simulate the pathways of current and future participants, considering the evolution of their attributes over time.

In similar vein to the OCM, the MSM forecasts Scheme expenses by multiplying projected participant numbers by the estimated payment per participant.

[55] NDIS Review
[56] The risk that a model is an imperfect representation of a complex real-life process, introducing unknown bias into the model.
[57] The MSM is stochastic in nature, in that each individual's projection is a simulation, reflecting the inherent uncertainty and variability in each individual's trajectory. Aggregating these individual projections across cohorts help ensure the overall results remain relatively stable, despite the inherent variability at an individual level.

- **Participant numbers** are projected by modifying the existing participant numbers each quarter to account for the intake of new entrants into the scheme, and the reduction due to mortality and other reasons for participants leaving the scheme. An explicit allowance is made for changes in participants' primary disability group (i.e. changing from developmental delay to autism or intellectual disability) and for participants transitioning into SIL arrangements. Additionally, the MSM also explicitly models changes in participants' level of function over time (the OCM implicitly models this as part of the additional growth assumption).
- Estimated **payments per participant** are adjusted each quarter for both normal inflation and additional growth.

The attributes[58] used in participant and payments projections of the MSM remain broadly consistent with those used in the OCM. Furthermore, the key judgements when setting the assumptions that underpin the MSM are largely consistent with those used in the OCM.

The MSM differs from the OCM in several key areas:

- **Individual-level projections:** In the MSM, the expected pathway of each deidentified individual[59] is modelled over time. This facilitates the reporting of projections for different cohorts of participants.
- **Modelling changes in participant Level of Function:** The MSM includes the ability to account for changes in participants' level of function over time. This approach acknowledges that participant level of function can evolve over time due to factors such as ageing, rehabilitation and changes in the participants' health.
- **Flexibility:** The MSM is designed to be flexible. This means that in comparison with the OCM, it is easier to incorporate additional characteristics in the future such as secondary disability group or socio-economic factors.
- **Quarterly Projections:** The MSM generates projections on a quarterly basis. This higher frequency is designed to allow more timely insights into the Scheme's projections.

The MSM does not currently project participant plan budgets, and there is no accompanying stochastic model to quantify the uncertainty in the projections.

[58] Attributes modelled include age, gender, primary disability group, level of function, whether a participant is in Supported Independent Living arrangements, and duration in the Scheme.
[59] Although the MSM operates at an individual person level, all participants are deidentified, and the results used are always for cohorts of participants, never for individual participants.

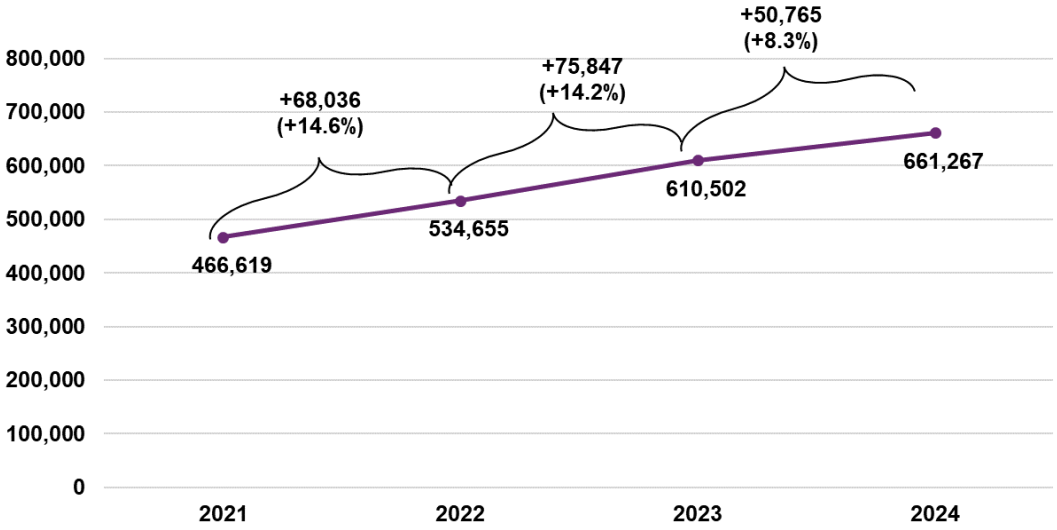
Section 4. Scheme experience

This section includes trends in Scheme experience to 30 June 2024. Comparisons of actual experience are made to projections from the previous review relating to key drivers of Scheme expenses including participant numbers, average payments, plan budgets, inflation experience and utilisation rates.

4.1. Participant numbers

The Scheme population continues to grow at a rate over and above population growth. Active participant numbers increased by 8.3% compared to the Scheme population at 30 June 2023, lower than the growth in the previous two financial years. The increase reflects the net effect of new entrants and participants leaving the Scheme over the past 12 months as shown in Figure 4.1.

Figure 4.1. Active participants in the Scheme over the past 3 years at 30 June.



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4.2. Actual versus expected participant numbers

4.2.1. The net movement in Scheme participants was lower than expected

As shown in Table 4.1 Scheme population of 661,267 active participants at 30 June 2024 was 7,640 (1.1%) lower than expected from the previous review. The net movement in participants over the 12 months to 30 June 2024 was 50,765, 13.1% lower than expected, driven by lower number of new entrants to the Scheme and partly offset by fewer participants leaving the Scheme.

Table 4.1. Actual versus expected total participant numbers and net increase at 30 June 2024.

At 30 June 2024	Actual	Expected	Difference	% Difference
Participant numbers	661,267	668,907	-7,640	-1.1%
Net movement over this financial year	***50,765***	***58,405***	***-7,640***	***-13.1%***

End of table

The comparison of actual net movement in participants to that expected from the previous review is shown in Table 4.2, Table 4.3, Table 4.4 and Table 4.5 by key participant characteristics (participants with SIL and without SIL supports, age group, primary disability group and reported level of function respectively).

Table 4.2 illustrates:

- The net movement of participants without SIL supports was 7,021 (12.8%) less than expected. This is likely to be related to changes in operational processes which coincided with the Agency moving to a new computer system60. The reduction was partly offset by lower numbers of participants leaving as prioritisation was given to assessment of new access eligibility requests and clearing the backlog of access requests awaiting decisions.
- The net movement of participants with SIL supports was 618 less than expected from the previous review (or 16.9%), reflecting lower numbers of participants transitioning to SIL supports. Delays in processing requests to access SIL support as the Agency adjusts to new computer systems may have affected the number of transitions in 2023-24. There have also been changes made to home and living processes, following significant development and co-design, aimed at supporting consistent, equitable and quality home and living decisions that are aligned with the best interests of participants and their families. It is possible that these changes are linked to declining volumes of participants transitioning to SIL, however it is difficult to isolate the impact within observable data.

Table 4.2. Actual versus expected net movement in participant numbers in 2023-24 by SIL status.

SIL status	Actual	Expected	Difference	% Difference
SIL	3,032	3,650	-618	-16.9%
Non SIL	47,733	54,754	-7,021	-12.8%
Total	***50,765***	***58,405***	***-7,640***	***-13.1%***

End of table

[60] A new Customer Relationship Management (CRM) system has been adopted, used to manage operational workflow related to access requests, eligibility reassessment and plan reassessments.

Table 4.3 compares the net movement in participants over 2023-24 against expectations from the previous review by age group and shows that:

- The net movement in participants was lower than expected across all age groups up to 64. This reflects the lower number of new entrants to the Scheme, partly offset by a lower number of participants leaving.
- The higher-than-expected net movement in the cohort aged 65 or above was driven by a lower number of participants leaving the Scheme that expected.

Table 4.3. Actual versus expected net movement in participants in 2023-24 by age group.

Age group	Actual	Expected	Difference	% Difference
0 to 14	20,803	23,528	-2,725	-12%
15 to 24	14,788	16,002	-1,214	-8%
25 to 64	9,282	13,590	-4,308	-32%
65+	5,892	5,284	608	12%
Total	***50,765***	***58,405***	***-7,640***	***-13%***

End of table

Table 4.4 shows the primary disability groups where the net movement in participants differed significantly from that expected in the previous review:

- A lower-than-expected net movement in participant numbers of 11,661 and 2,104 for participants with autism and intellectual disability respectively[61], driven by lower numbers of new entrants and children transitioning from developmental delay to these disability types than expected.
- Despite changes to operational processes, a higher-than-expected net movement in participant numbers for participants with developmental delay[62] [63] was observed, about 9,000 higher. This reflects more new entrants entering the Scheme, fewer participants leaving the Scheme and lower numbers of children transitioning from developmental delay into other disabilities than expected.
- A lower-than-expected net movement in participant numbers of 2,073 for participants with psychosocial disability.

[61]This included new entrants to the Scheme and those whose primary disability changed from developmental delay, less those that left the Scheme or passed away.
[62]This included new entrants to the Scheme, less those whose primary disability changed to autism or intellectual disabilities, left the Scheme or passed away.
[63]Developmental delay includes both developmental delay (DD) and global developmental delay (GDD). GDD involves a formal diagnosis. DD does not have the requirement and access to the Scheme may be based on parental observation or identification of delay in a child's development in an early childhood setting.

Table 4.4. Actual versus expected net movement in participant numbers in 2023-24 by primary disability.

Primary Disability	Actual	Expected	Difference	% Difference
Autism	24,064	35,725	-11,661	-33%
Developmental Delay	16,106	7,105	9,001	127%
Intellectual Disability	2,564	4,668	-2,104	-45%
Psychosocial Disability	1,826	3,899	-2,073	-53%
Other Disabilities	6,205	7,008	-803	-11%
Total	***50,765***	***58,405***	***-7,640***	***-13%***

End of table

Table 4.5 shows:

- Actual net movement in participants by reported levels of function was significantly different from expected, and most of the variation arose from participants aged 0 to 14 years.
- The net movement in participants with high reported levels of function were higher than expected, driven by more children with developmental delay entering the Scheme than expected, as well as fewer participants than expected leaving the Scheme.
- The net movement in participants at medium and low reported levels of function were lower than expected, driven by the lower number of new entrants to the Scheme.
- A significant number of participant records do not have the participant's level of function entered into the new computer system or integrated into new processes. These participants are reported as "missing" level of function. This contributed partly to the large variation across different reported levels of function.

Table 4.5. Actual versus expected net increase in participants in 2023-24 by reported level of function.

Report level of function	Actual	Expected	Difference	% Difference
High	19,121	7,478	11,643	155.7%
Medium	17,116	31,228	-14,112	-45.2%
Low	5,416	20,331	-14,915	-73.4%
Missing	9,112	-633[64]	9,745	-1539.5%
Total	***50,765***	***58,405***	***-7,640***	***-13.1%***

End of table

[64] It was expected the 633 participants with missing level of function at 30 June 2023 would have correct level of function information recorded by 30 June 2024, and thus a net reduction.

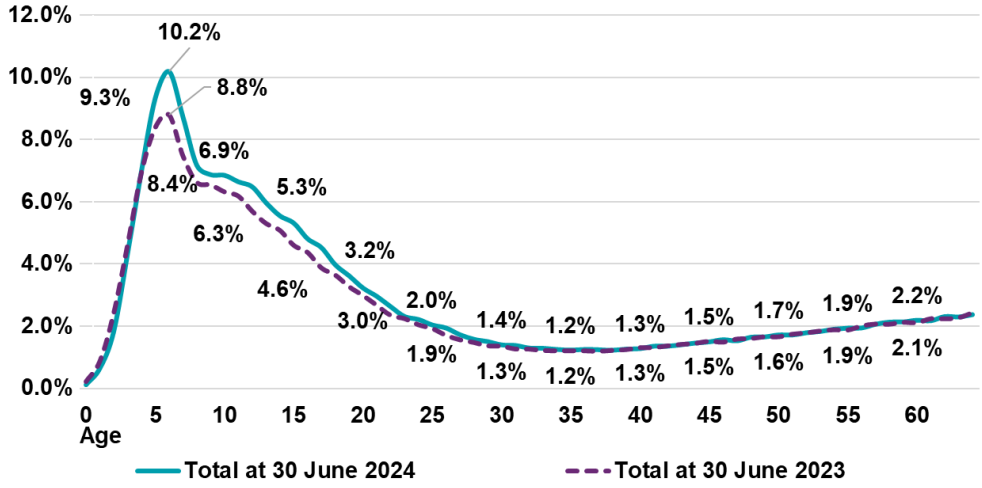
4.2.2. Scheme participants as a proportion of the general population continues to increase

Participation rate refers to the proportion of the Australian population who are NDIS participants. The rate varies by age and gender, reflecting the prevalence of different disability types.

Figure 4.2 shows participation rates for all ages, except ages 0 to 3, increased since the previous review. Participation rates are high for children and peaked at 10.2% at age 6 at 30 June 2024, reflecting the large numbers of children that entered the Scheme with developmental delay. The rate then declines steadily to 1.2% by age 35, before rising gradually to 2.2% by age 60. The increase in participation rates for children was also higher than other ages.

Appendix D presents a further breakdown of participation rates by gender.

Figure 4.2. Proportion of Australian population in the Scheme by age.

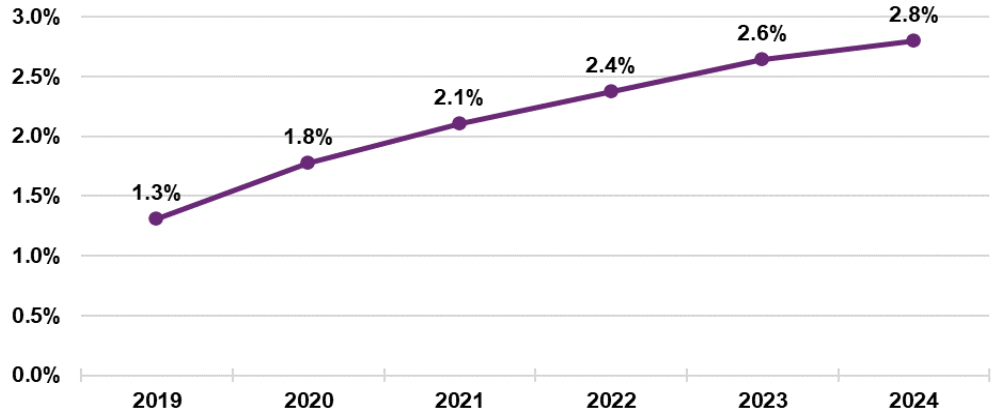


End of figure

Figure 4.3 shows the participation rate over time, with the year-on year increase in participant rate starting to reduce and showing early signs of the curve flattening. This would originally have been expected however the Scheme's population continues to increase above general population growth[65].

[65] Australia's population growth rate is around 1.4% per year on average over the past 3 decades, based on reports by the Australian Institute of Health and Welfare (https://www.aihw.gov.au/reports/australias-health/profile-of-australias-population).

Figure 4.3. Participants aged 0 to 64 years as a proportion of Australian population at 30 June.

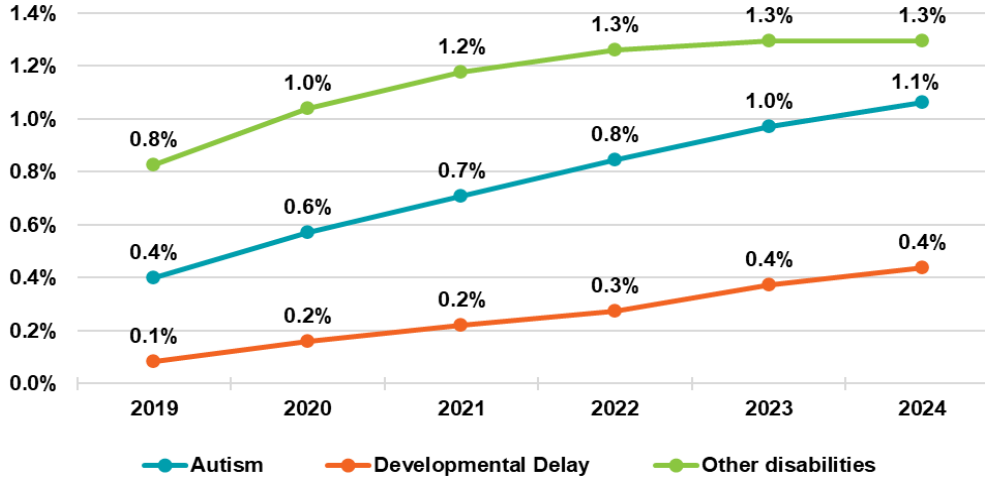


End of figure

Figure 4.4 compares the trend in participation rates over time for participants with autism, developmental delay and other disabilities. Participation rates of those with autism and developmental delay show a steady increase over time with no sign of slowing down. Participation rates of people with other disabilities appear to be reaching a plateau over recent years.

As participants with autism and developmental delay account for almost half of total NDIS participants, the overall participation rate continues to grow, albeit at a slowly decreasing rate.

Figure 4.4. Participants aged 0 to 64 years as a proportion of Australian population by primary disability at 30 June.



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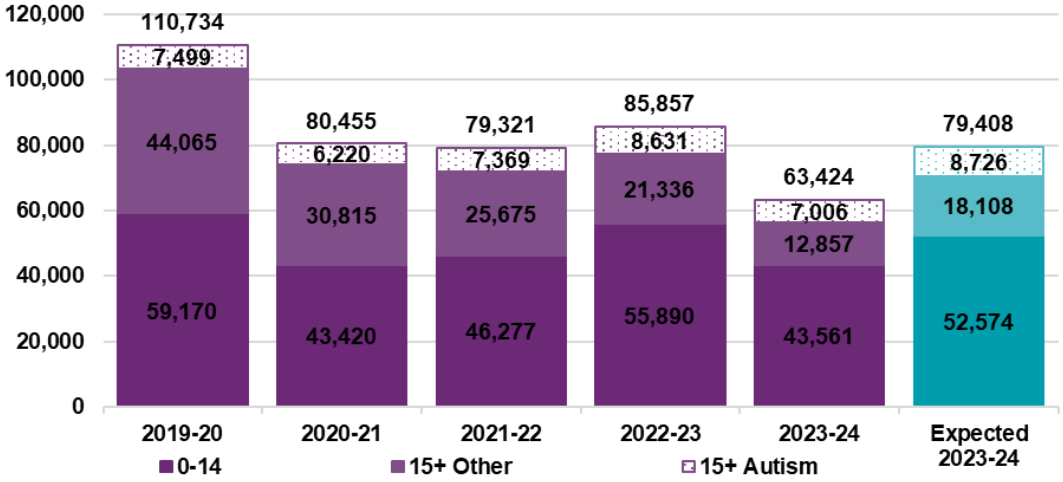
4.2.3. The number of new entrants to the Scheme has decreased in 2023-24

The two drivers of growth in participant numbers are the rate of new entrants to the Scheme, and the rate at which participants are leaving the Scheme or passing away.

Figure 4.5 shows the total number of new entrants to the Scheme in 2023-24 was 63,424, which is 20% lower than the expected number of 79,408 from the previous review, and 26% lower compared to the total number of new entrants of 85,857 in the previous year.

Figure 4.5. Number of new entrants to the Scheme by financial year.[66]



End of figure

The lower-than-expected number of new entrants may have been impacted by changes to processes associated with access requests and access decisions during 2023-24. However, it is not possible to draw specific conclusions about the drivers of experience, particularly given changes to data capture which occurred with the Agency moving to a new computer system on 31 October 2023.

Table 4.6 shows lower-than-expected numbers of new entrants in 2023-24 were observed across all major disability types, but were mainly driven by:

- 6,981 (26.4%) fewer new entrants with autism.
- 2,358 (7.7%) fewer new entrants with delay.
- 2,131 (40.5%) fewer new entrants with psychosocial disability.

[66] The number of new entrants in the 2019-20 to 2022-23 years are lower than the numbers shown in the 2022-23 AFSR. In the 2022-23 AFSR, the new entrant numbers included all participants that joined the Scheme in the relevant financial year. This is in contrast to this report, where the new entrant numbers only include participants that have entered the Scheme in the relevant financial year, and that remain Scheme participants at the end of the financial year that they entered the Scheme.

Table 4.6. Actual versus expected number of new entrants by primary disability.

Primary Disability	Actual	Expected	Difference	% Difference
Autism	19,486	26,467	-6,981	-26.4%
Delay	28,119	30,477	-2,358	-7.7%
Intellectual disability	3,126	4,476	-1,350	-30.2%
Psychosocial disability	3,129	5,260	-2,131	-40.5%
Other disabilities	9,564	12,729	-3,165	-24.9%
Total	***63,424***	***79,408***	***-15,984***	***-20.1%***

End of table

Table 4.7 shows there were 9,013 (17.1%) fewer new entrants aged 0 to 14 than expected, and 6,972 (26.0%) fewer aged 15 and above, compared to the expected number of new entrants based on the previous review.

Table 4.7. Actual versus expected number of new entrants by age group.

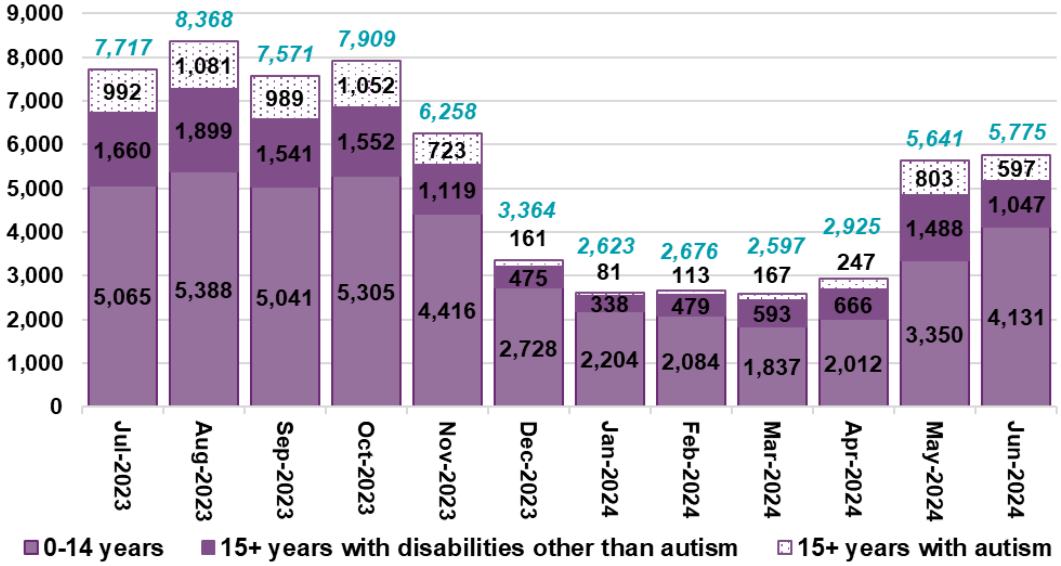
Age Band	Actual	Expected	Difference	% Difference
0 to 14	43,561	52,574	-9,013	-17.1%
15+	19,863	26,835	-6,972	-26.0%
Total	***63,424***	***79,408***	***-15,984***	***-20.1%***

End of table

Figure 4.6 shows the number of new entrants by month, for the 12 months to June 2024. The experience varied by the following time periods:

- From July 2023 to October 2023, the number of new entrants was stable at about 7,900 per month.
- From November 2023 to April 2024, the number of new entrants was potentially affected by changes to processes and declined by 57% compared to the previous period.
- From May 2024 to June 2024, the number of plan approvals increased by 68%. This was as a result of the Agency's efforts to reduce wait times, attend to the most urgent cases, and to clear the backlog of plan approvals. The Agency increased the number of staff and has seen productivity grow as the workforce adapts to using new processes and systems.

Figure 4.6. Monthly new entrants for the 12 months to June 2024 by cohort.

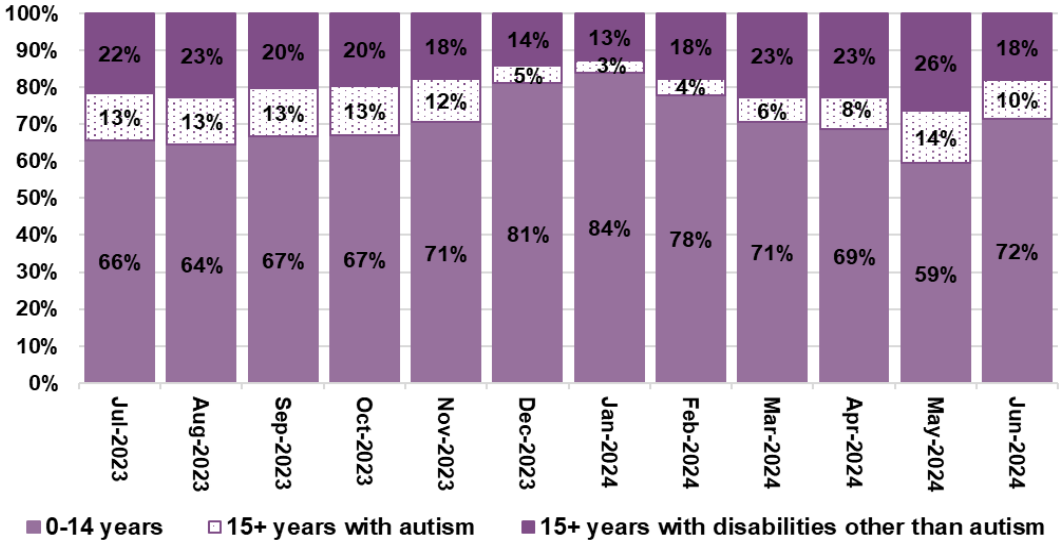


End of table

The number of new entrants with developmental delay or autism accounted for around 75% of all new entrants to the Scheme. Reasons for the high proportions of new entrants with developmental delay include waiting times to obtaining an autism diagnosis for children, increased awareness of developmental delay, and a lack of capacity within mainstream services to support children with developmental delay.

Since the rollout of the new computer system, there continues to be a high proportion of new entrants with developmental delay or autism, albeit with higher volatility, as shown by the cohorts aged 0 to 14 years and 15 years and over with autism in Figure 4.7.

Figure 4.7. Distribution of new entrants by month for the 12 months to June 2024, by cohort.



End of figure

4.2.4. *The net increase in participants with Supported Independent Living has moderated.*

Separately identifying and modelling participants with SIL supports is important for forecasting Scheme expenses because payments on plans with SIL are higher, averaging over $400,000 per participant. While the proportion of participants with SIL account for 5% of total participants, payments for participants with SIL make up around 33% of total payments. A small change to the expected the number of participants with SIL can have a material impact on the expected future expense of the Scheme.

The number of Scheme participants with SIL increased in 2023-24 due to existing participants moving into SIL arrangements, and, to a lesser extent, new entrants requiring SIL supports. Although the number of Scheme participants with SIL has increased, the amount of increase has been lower than in 2022-23, and is also below expectations in the previous review, as shown in Figure 4.8.

Figure 4.8. Net increase in participants with SIL over the past 5 years compared with expectations in the previous review.

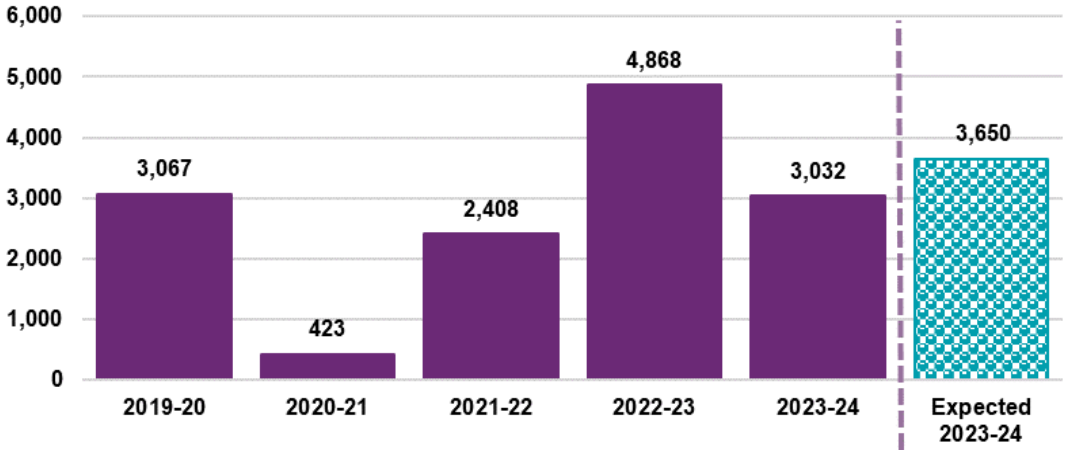


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Table 4.8 shows at 30 June 2024 there were 34,850 active participants with SIL supports which was 1.7% (618) below expectations in the previous review. The lower numbers of participants transitioning to SIL supports may have been affected by changes in the approach to processing requests to access SIL support as the Agency adjusts to new computer systems. There have also been changes to processes around home and living decisions, based on extensive development and co-design, which may be impacting the number of participants transitioning to SIL.

However, it is not possible to isolate the impact of these changes in observable data. The changes aim to support consistent, equitable and quality home and living decisions that are aligned with the best interests of participants and their families. Most home and living applications are now reviewed and endorsed prior to approval during a Complex Assessment Meeting which incorporates a specialist home and living delegate, and a subject matter expert, such as justice or hospital.

Table 4.8. Actual versus expected total participants with SIL at 30 June 2024 and net increase in 2023-24.

At June 2024	Actual	Expected	Difference	% Difference
Participant numbers with SIL	34,850	35,468	-618	-1.7%
Net Increase with SIL	3,032	3,650	-618	-16.9%

End of table

The lower-than-expected net increase in participants with SIL supports was observed at all ages, except the 55 to 64 age band as shown in Table 4.9.

Table 4.9. Actual versus expected net increase in participants with SIL in 2023-24 by age group.

Age Band	Actual	Expected	Difference	% Difference
0 to 18	2	101	-99	-98%
19 to 24	307	322	-15	-5%
25 to 34	427	648	-221	-34%
35 to 44	348	499	-151	-30%
45 to 54	199	395	-196	-50%
55 to 64	802	700	102	14%
65+	947	985	-38	-4%
Total	***3,032***	***3,650***	***-618***	***-17%***

End of table

The net increase was lower than expected across all main disability types, except Other Neurological[67], as shown in Table 4.10. Participants in this primary disability group are typically older, aged 55 years and over, consistent with the higher numbers of participants accessing SIL supports in this age group than expected.

Table 4.10. Actual versus expected net increase in participants with SIL in 2023-24 by primary disability.

Primary Disability	Actual	Expected	Difference	% Difference
Autism	476	611	-135	-22%
Intellectual disability	512	806	-294	-36%
Other neurological	527	399	128	32%
Psychosocial disability	432	617	-185	-30%
Other disabilities	1,085	1,218	-133	-11%
Total	***3,032***	***3,650***	***-618***	***-17%***

End of table

[67] Other neurological disabilities comprise a broad range of neurological conditions that are not included in other NDIS primary disability groups. The most common disabilities recorded in this group include Parkinson's disease, Muscular Dystrophy and Alzheimer's disease

Despite the lower-than-expected increase in participants with SIL in the 12 months to 30 June 2024, the proportion of participants in the Scheme with SIL arrangements has increased to 5.3% compared to 5.2% at 30 June 2023.

4.2.5. Recent experience of participants leaving the Scheme was lower than expected

Within the context of financial sustainability, it is important to understand the emerging experience of participants leaving the Scheme. Participants may leave the Scheme for various reasons and are analysed in two categories for projection purposes:

- Mortality: participants who have passed away.
- Participants leaving the Scheme, where a participant's reason for leaving may be that they:
  - No longer meet the Scheme's eligibility criteria.
  - Have chosen to leave the Scheme of their own accord, or
  - Have chosen to move into residential aged care if over the age of 65.

A proportion of participants leaving the Scheme was always expected within the original Scheme design, with one of the Scheme's objectives being early investment and intervention to build capacity and engender greater social and economic participation where support from the NDIS is no longer required.

Figure 4.9 shows the experience of mortality and participants leaving the Scheme compared to expectations from the previous review.

In 2023-24, the number of participants leaving the Scheme increased compared with the previous financial year. 7,860 participants left the Scheme in 2023-24 compared with 4,800 in the prior year. The increase largely reflects a higher proportion of total numbers of eligibility re-assessments (ER's) completed in 2023-24 resulting in revocations of Scheme access and participants leaving the Scheme, compared to transitions of children with developmental delay to other disabilities. Total numbers of ER's completed[68] increased by 5% in 2023-24, further contributing to the higher numbers of participants leaving the Scheme.

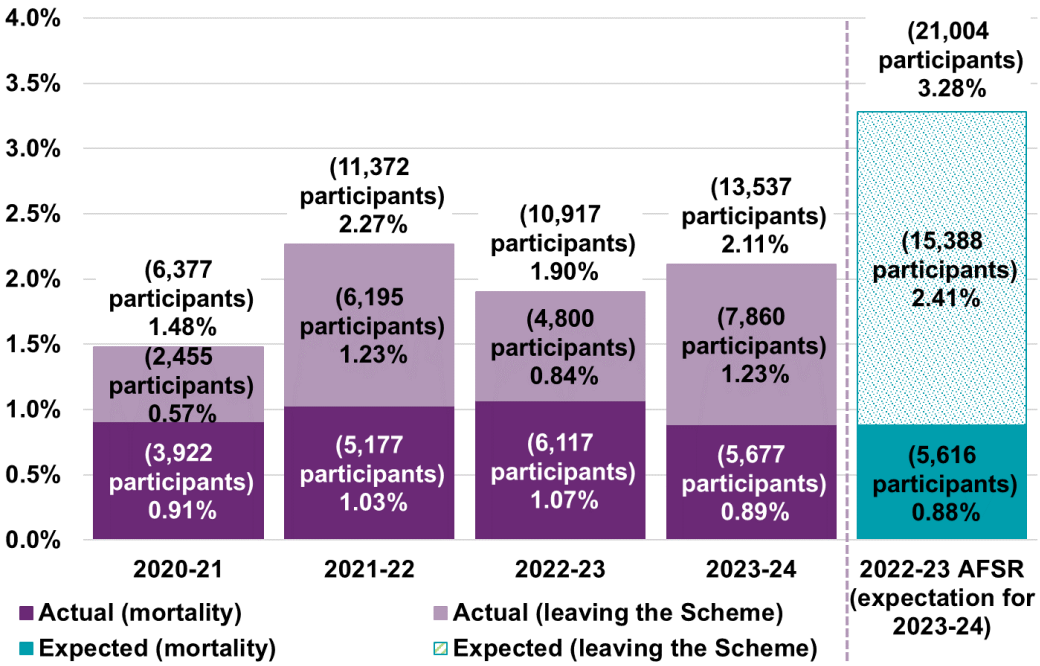
However, the rate of participants leaving the Scheme in 2023-24 was lower than that expected in the previous review. This has been driven by:

- Prioritisation given to assessment of new access eligibility requests and clearing the backlog of access requests awaiting decisions, ahead of eligibility re-assessments.
- Recruitment and on-boarding of operational staff to be dedicated to the processing of eligibility re-assessments commencing later than anticipated in the previous review.

[68] Reference to eligibility re-assessments completed in 2023-24, includes re-assessments resulting in either a revocation, maintain access or change in status decision

Mortality rates in 2023-24 were broadly in line with expectations from the previous review.

Figure 4.9. Actual versus expected – proportion of participants leaving the Scheme[69].



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4.3. Total Scheme expense

4.3.1. Scheme expenses for the year were higher than expected

From 1 July 2023 to 30 June 2024, $41.3 billion in Scheme expenses[70] were incurred on a cash basis[71] across all participants. This was $340 million or 0.8% higher than the estimate of $40.9 billion in the June 2023 projections [72]. Scheme expenses on an accrual basis were $41.8 billion, 1.2% higher than the estimate of $41.4 billion in the June 2023 projections.

Table 4.11 compares the Scheme expense experience in 2023-24 against the expectations in the June 2023 projections by SIL status. Scheme expenses related to participants with SIL supports were $177 million (1.3%) lower than expected. Scheme expenses related to participant without SIL support were $499 million (1.9%) higher than expected.

[69] Historical numbers of participants leaving the Scheme may be different from the 2022-23 AFSR. This is due to participants re-entering the Scheme after previously leaving. When this occurs, participants' records are adjusted, and they are no longer treated as having left in analyses.
[70] Scheme expenses are before allowance for Agency operating expenses.
[71] Time period relates to when the payment was made, rather than when the support was provided.
[72] The June 2023 projections are those reported in the previous review (2022-23 AFSR), with estimates for the 2023-24 financial year referred to as "expected".

Table 4.11. 2023-24 Scheme expense experience, by SIL status of participants ($m).

Payment	Actual	Expected	Difference	% Difference
SIL	13,965	14,141	-177	-1.3%
Non SIL	27,272	26,773	499	1.9%
Missing[73]	17	0	17	No value
Total	***41,254***	***40,914***	***340***	***0.8%***

End of table

Table 4.12 shows a breakdown of Scheme expenses related to participants with SIL by major primary disability groups. The difference in expectations in the previous review for participants with SIL supports was mainly driven by the $262 million or 4.5% lower-than-expected Scheme expenses for participants with intellectual disability. Scheme expenses for participants with SIL supports with ABI, autism or cerebral palsy were around $85 million lower than expected in total.

Table 4.12. Scheme expense experience, participants with SIL by primary disability ($m).

Primary Disability	Actual	Expected	Difference	% Difference
ABI	1,317	1,330	-13	-1.0%
Autism	1,890	1,913	-23	-1.2%
Cerebral palsy	1,217	1,266	-49	-3.9%
Intellectual disability	5,579	5,841	-262	-4.5%
Psychosocial disability	1,463	1,401	63	4.5%
Others	2,498	2,390	108	4.5%
Total	***13,965***	***14,141***	***-177***	***-1.3%***

End of table

Table 4.13 shows a breakdown of Scheme expenses related to participants without SIL by the main primary disability groups. Scheme expenses for participants without SIL and with autism were $187 million or 2.9% lower than expected. Scheme expenses for other major disability types were higher than expected.

Overall, in aggregate, the total payments for participants without SIL supports was higher than expected, for the financial year 2023-24.

[73] The missing category are payments recorded from participants with missing SIL status in the system.

Table 4.13. Scheme expense experience, participants without SIL by primary disability ($m).

Primary Disability	Actual	Expected	Difference	% Difference
ABI	1,584	1,547	37	2.4%
Autism	6,330	6,517	-187	-2.9%
Intellectual disability	5,498	5,424	73	1.3%
Other neurological	2,180	2,091	89	4.2%
Psychosocial disability	3,791	3,646	145	4.0%
Others	7,890	7,547	343	4.5%
Total	***27,272***	***26,773***	***499***	***1.9%***

End of table

4.4. Average payments per participant

Table 4.14 shows for the participants with SIL supports, average payments per participant in 2023-24 were 0.1% lower than the estimate in the June 2023 projections, and 3.3% higher for participants without SIL supports.

Table 4.14. 2023-24 average payments experience, by SIL status of participants ($)[74].

Average payment per participant	Actual	Expected	Difference	% Difference
SIL	417,363	417,713	-351	-0.1%
Non SIL	44,911	43,460	1,451	3.3%
Total	***64,389***	***63,005***	***1,385***	***2.2%***

End of table

Over the past three years, average payments per participant increased at a rate of 6.2% p.a. Figure 4.10 shows between 2022-23 and 2023-24, average payments per participant increased by 7.0% to $64,400.

[74] The expected average payments is mix adjusted using actual participant numbers.

Figure 4.10. Trend in average payments experience all participants ($)[75].

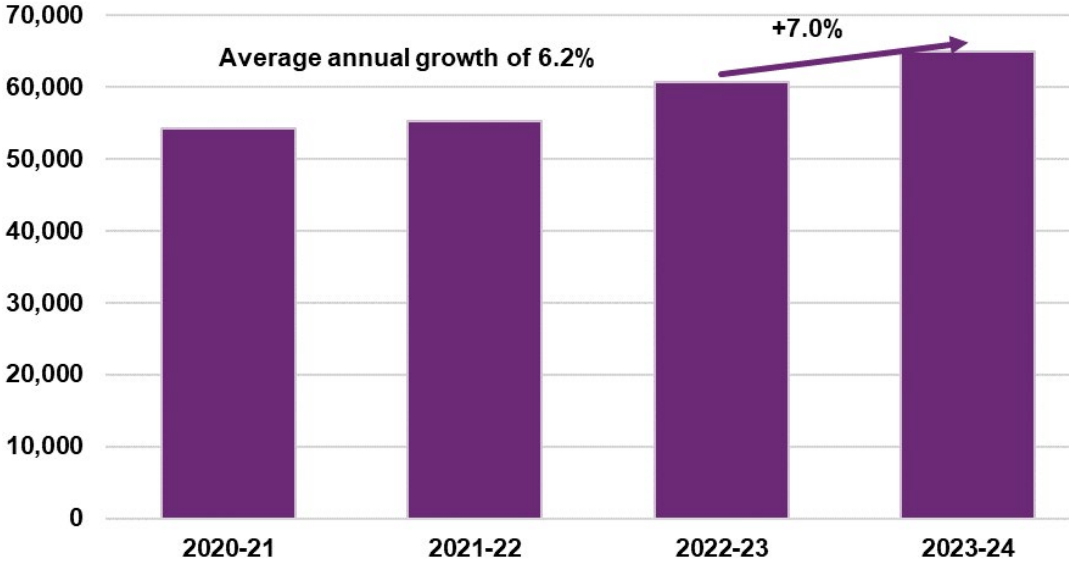

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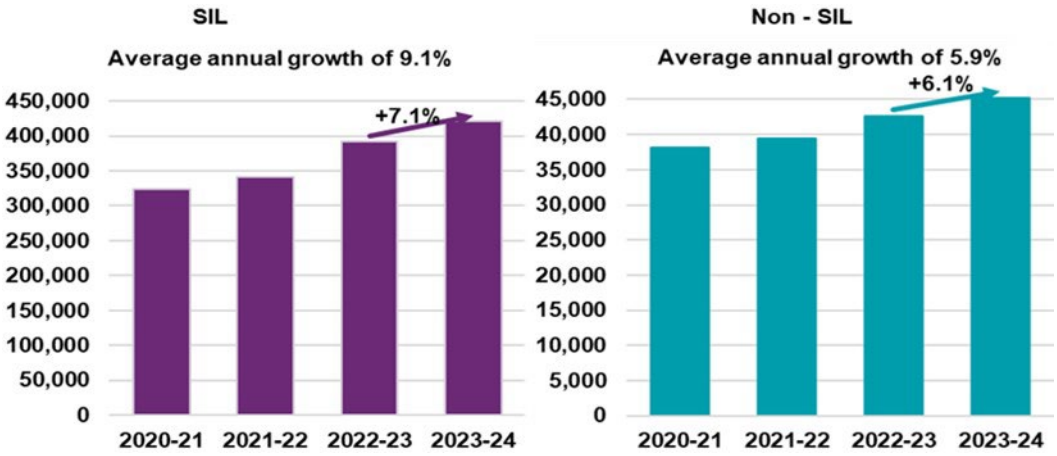
Figure 4.11 shows the trend in average payments experience for the three years 2020-21 to 2023-24 by SIL status. Over the last three years, the average annual growth in payments was 9.1% and 5.9% for participants with and without SIL supports respectively. In 2023-24, average payments increased by 7.1% and 6.1% for participants with and without SIL supports respectively.

Figure 4.11. Trend in average payments experience, by SIL status of participants ($)[76]



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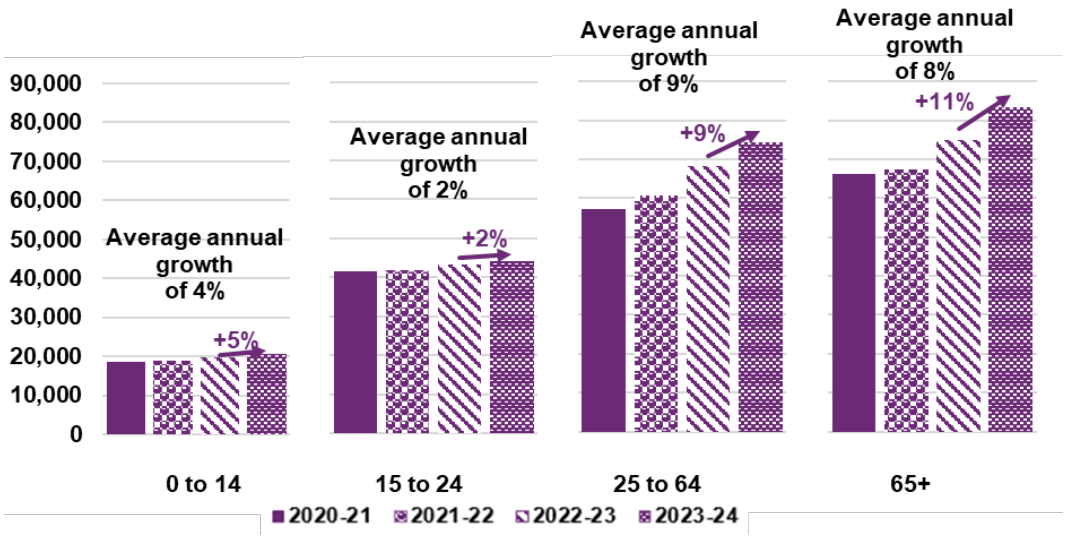
[75] Average annualised payments have been calculated on a cash basis using the 12 months over each year ending 30 June.
[76] Average annualised payments have been calculated on a cash basis using the 12 months over each year ending 30 June.

4.4.1. Higher average payment growth was observed at older ages for participants without SIL

Figure 4.12 shows the change in average payments per participant over time by age group for participants without SIL. The average annual increase over the last three years for participants aged 25 to 64 is 9% per annum, and the average increase for participants aged over 65 is 8% per annum. For participants without SIL, average payments have increased at a faster rate for participants aged over 25, and reflecting an increase in the hour of attendant care supports provided.

Figure 4.12. Trend in average payments experience, participants without SIL by age band ($)[77].



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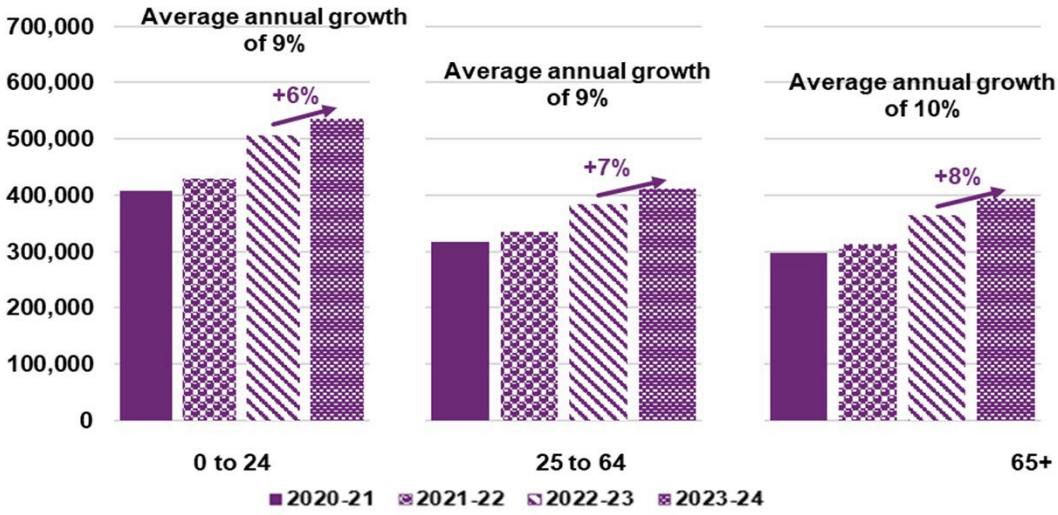
4.4.2. Higher average payment growth was observed in 2023-24 across all age groups for participants with SIL, except for age 65+

Figure 4.13 shows the change in average payments per participant over time by age group for participants with SIL. Over the last three years, the average annual growth in payments was at least 9% for participants with SIL supports across all age groups.

[77] Average payments per participant have been calculated on a cash basis using the 12 months over each year ending 30 June.

Figure 4.13. Trend in average payments experience, participants with SIL by age band ($).



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4.5. Growth in average payments

Scheme expenses increase over time due to many factors, such as the increase in numbers of participants in the Scheme, normal inflationary sources (such as general increases in wages and consumer prices), as well as real growth in payments over and above the normal inflationary sources.

There are a number of factors contributing to the real growth in payments, including:

- Participants learn how to use their plan better over time.
- Some participants will access SIL supports over time.
- When children initially assessed as having developmental delay, at a later stage respond to a diagnosis, say for autism or intellectual disability.
- The increased need for supports as the participants age over time.
- Other residual growth in payments as participant support needs change, referred to as additional growth [78].

Each of these factors are allowed via separate assumptions and/or transition modelling in the projection of Scheme expenses.

4.5.1. Growth in average payments per participant was 7% over 2023-24

Table 4.15 shows observed historic growth rates in average payments measured as the annual change in average payments per participant. This is further split into growth from

[78] Additional Growth was referred to as 'Additional Inflation' and 'Superimposed Inflation' at previous reviews.

pricing impacts, the impact of changes in mix of participants, and the additional growth above normal inflation.

Table 4.15. Breakdown of growth in payments per participant

Item of growth	2020-21	2021-22	2022-23	2023-24	Average 2021-24
Observed growth	***6.9%***	***1.6%***	***9.9%***	***7.0%***	***6.2%***
less pricing impact	*2.1%*	*2.4%*	*6.8%*	*4.1%*	*4.4%*
less change in mix[79]	*-9.2%*	*-6.2%*	*-4.3%*	*-2.8%*	*-4.4%*
Additional growth	***14.0%***	***5.3%***	***7.4%***	***5.6%***	***6.1%***

End of table

The observed growth in average payments was 6.2% per annum over the last three years. This comprises three components:

- Average ***price changes*** of 4.4% per annum, i.e., changes to the NDIS price limits, resulting from general price and wage inflation as well as pricing decisions made by the Agency. Increases to wages for disability support workers have been the primary driver of these changes. The impact of price increases in 2023-24 is 4.1%, reduced from 6.8% in 2022-23.
- A reduction due to ***change in participant mix*** of 4.4% per annum. In particular, average payments for children are lower compared with adults, so the increasing proportion of children in the Scheme taken in isolation will reduce the average payment per participant.
- ***Residual additional growth*** of 6.1% per annum. This arises from various sources, such as deterioration in participants' level of function, and more varied supports being provided. Significant components include participants receiving more hours of care from disability support workers and greater proportions of hours in higher intensity supports.

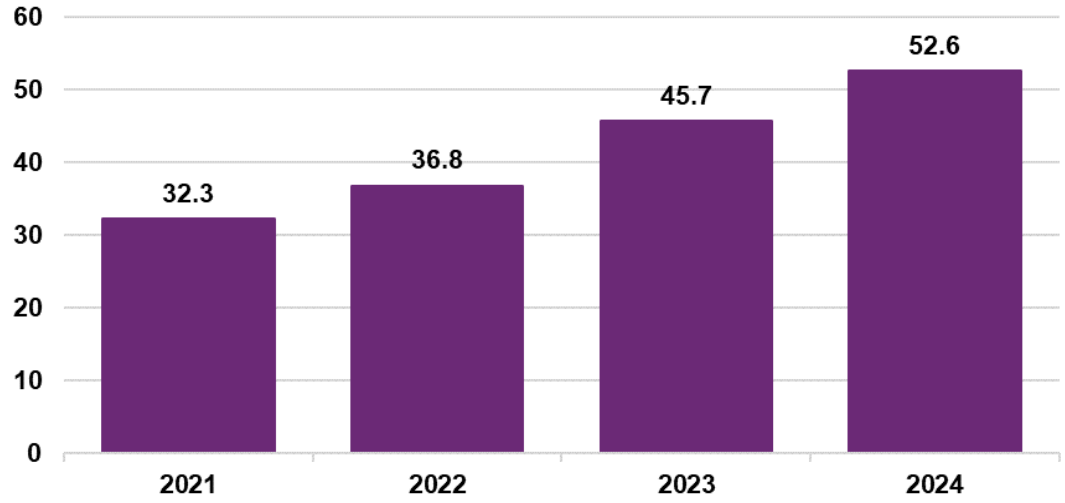
4.6. Plan Budgets

4.6.1. Total annualised plan budgets increased by 15% over 2023-24

Total annualised plan budgets at 30 June 2024 were $52.6 billion, 15% higher than those at 30 June 2023. The overall growth in plan budgets over 2023-24 was lower than in 2022-23 (24%) due to lower growth in the participant population, relatively lower price increases in 2023-24 compared to 2022-23 and lower plan inflation.

[79] Change in mix excludes the impact from change in participants' level of function over time. This is because the model does not explicitly allow participants to change their level of function over time. It is allowed for in the additional growth assumptions. When breaking down the observed growth, the impact of level of function change is removed from change in mix and reflected in the additional growth for this reason.

Figure 4.14. Total annualised plan budgets at 30 June over time ($billion)



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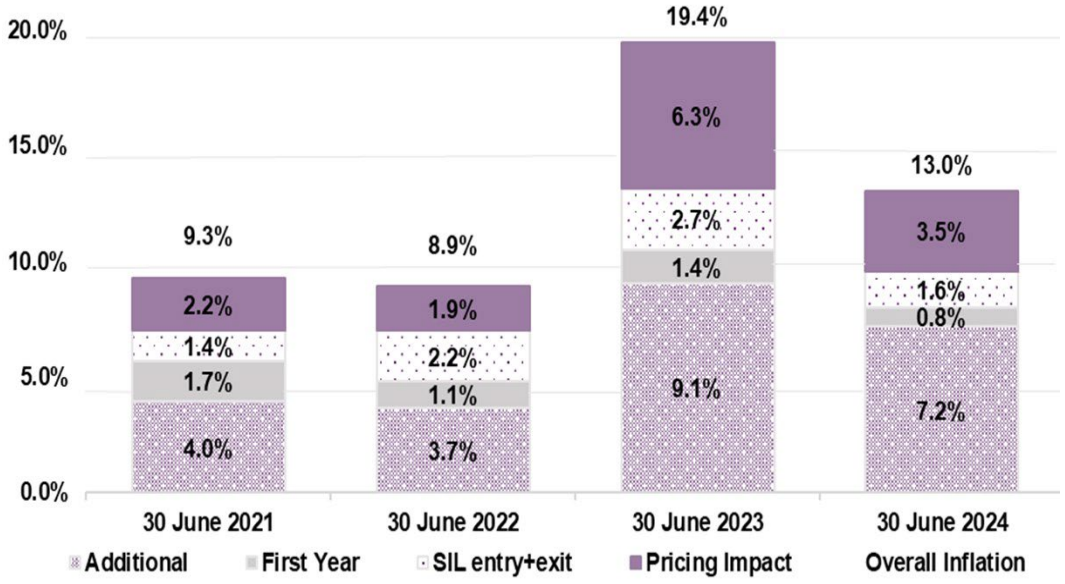
4.6.2. Growth in plan budgets was 13% over 2023-24, on a rolling 12-month basis

Additional growth observed in plan budgets is an indicator of future additional growth in average payments, hence it is considered when setting additional growth assumptions. Figure 4.15 shows a breakdown of the observed growth in plan budgets, on a rolling twelve-month basis from 2020-21 to 2023-24.

Figure 4.15. Average plan budget growth for active participants (rolling 12 months)[80]



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[80] The plan growth metric measures the change in annualised committed supports for participants who were active at both the start and the end of a month, thereby removing the impact of new entrants and participants leaving the Scheme. The rolling 12-month result is based on compounding the relevant set of monthly results.

The plan budget growth[81] in the 12-month period ending 30 June 2024 was 13%, which included:

- 3.5% due to growth from changes to NDIS price limits ('Pricing impact').
- 1.6% due to growth in plan budgets from participants transitioning into, or out of, SIL arrangements ('SIL entry + exit').
- 0.8% due to growth in participant plans during the first 12 months ('First Year').
- 7.2% that is the residual growth in participant plans budgets ('Additional'). This component decreased by 1.9% between June 2023 (9.1%) and June 2024 (7.2%).

The first three of these components are allowed for elsewhere in the projection with the residual growth being covered by the additional growth assumption[82].

Observed growth in average annualised plan budgets across all active participants is lower than the plan budget growth metric because plan budgets for new participants are lower than those for existing participants. This is reflected in the results shown in Figure 4.21.

4.6.3. Average annualised plan budgets increased by 6% in 2023-24

Figure 4.16 shows the average annualised plan budgets, for all participants including new entrants, have increased on average by 4.7% per annum, since 30 June 2021, increasing by 6.2% in the 2023-24 financial year.

[81] The growth in plan budget (rolling 12 months) analysis shows the drivers of change in total plan budgets at the Scheme level, with growth in plan budgets due to participants transitioning into SIL arrangements, and in participants plans during the first 12 months shown separately. In analysing the average payments growth, using participant data, these items are not easily separated and are reflected as the change in mix component. The additional growth component is consistent across both analyses.

[82] The first three components are allowed for through normal inflation assumptions, transitions of participants to SIL supports, and adjustments for the payment levels for participants in their first year respectively.

Figure 4.16. Average annualised plan budget at 30 June over time ($)

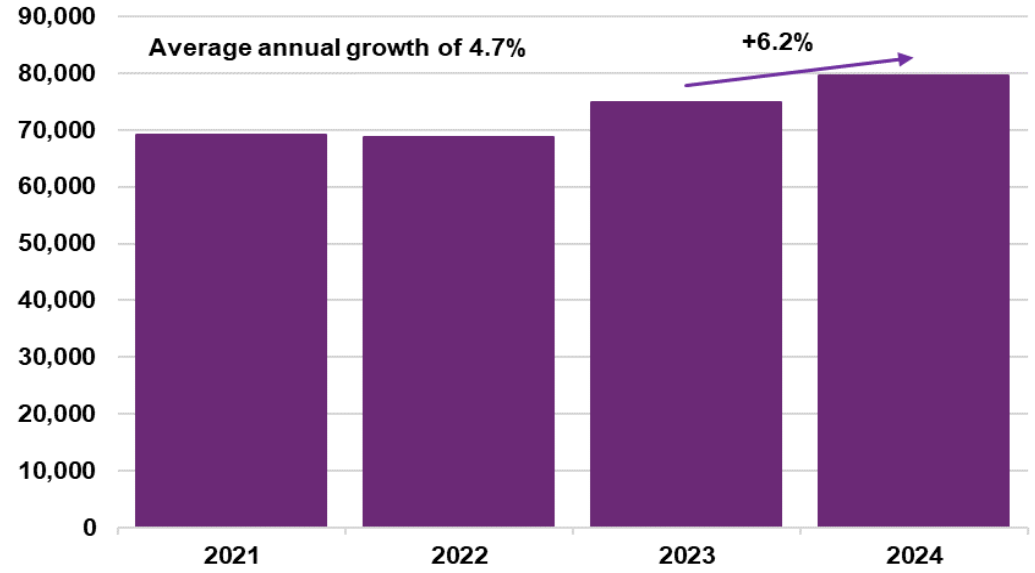

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Figure 4.17 shows that average plan budgets over time have continued to increase for both participants with and without SIL, increasing over the past three years by 8.4% and 3.3% per annum respectively.

The annual plan budget growth rate moderated in 2023-24 compared to 2022-23 for both participants with and without SIL, increasing by 8.7% and 4.4% in 2023-24 compared to 15.9% and 5.4% in 2022-23 respectively.

Figure 4.17. Average annualised plan budgets over time by SIL status at 30 June ($)

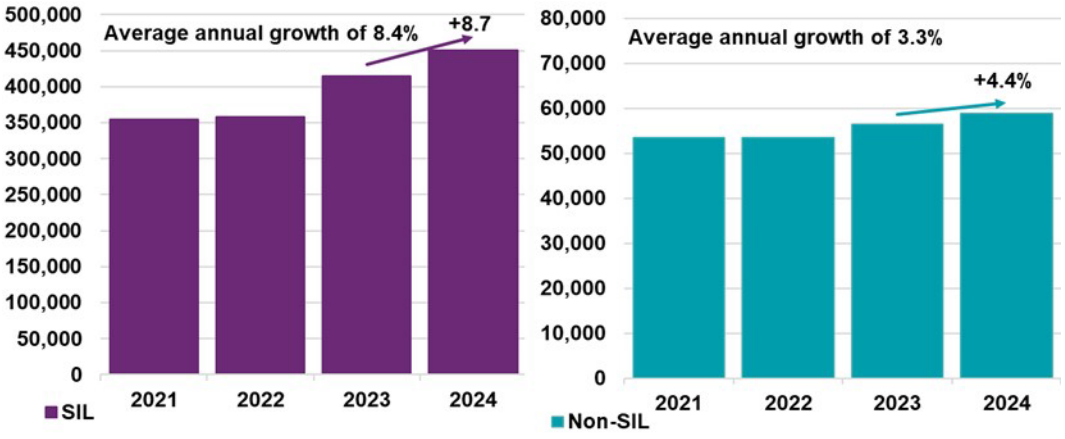

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Figure 4.18 shows that between June 2021 and June 2024, average annualised plan budgets increased across all age groups, increasing in 2023-24 by 7.6% for participants aged 25 to 64 and 10.7% for participants aged 65 and over, with relatively lower growth for younger age groups, increasing by 5.6% and 2.7% respectively for participants aged 0 to 14, and 15-24.

Figure 4.18. Average annualised plan budgets over time by age band at 30 June ($)

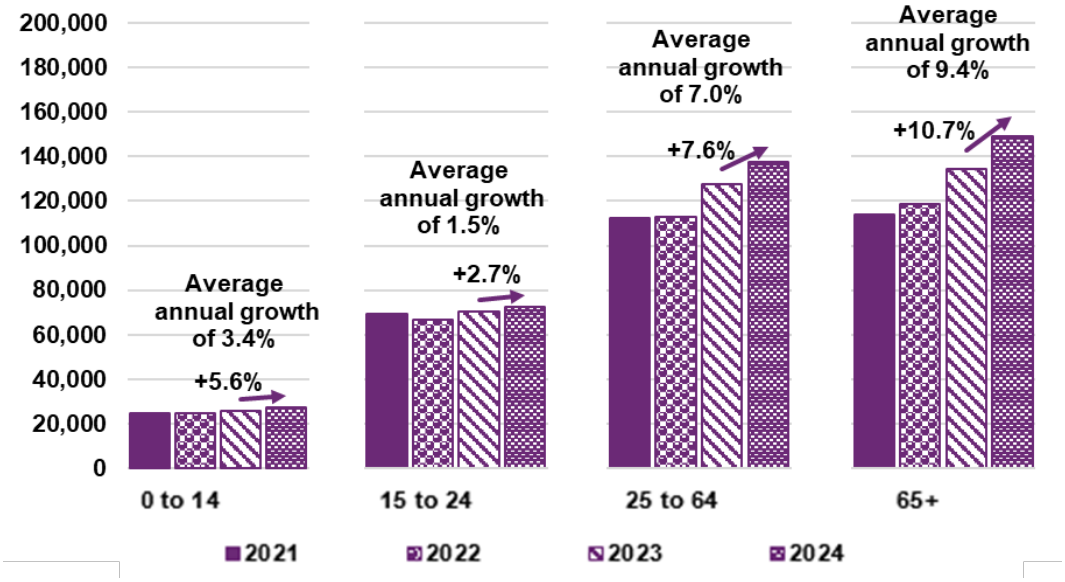

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Figure 4.19 shows average annualised plan budgets for participants without SIL follows a similar pattern, with relatively higher growth for older age groups. In 2023-24 average annualised plan budgets have increased by 7.9% (highest) for participants aged 65 and over and by 1.3% (lowest) for participants aged 15 to 24.

Figure 4.19. Average annualised plan budget over time for participants without SIL by age band at 30 June

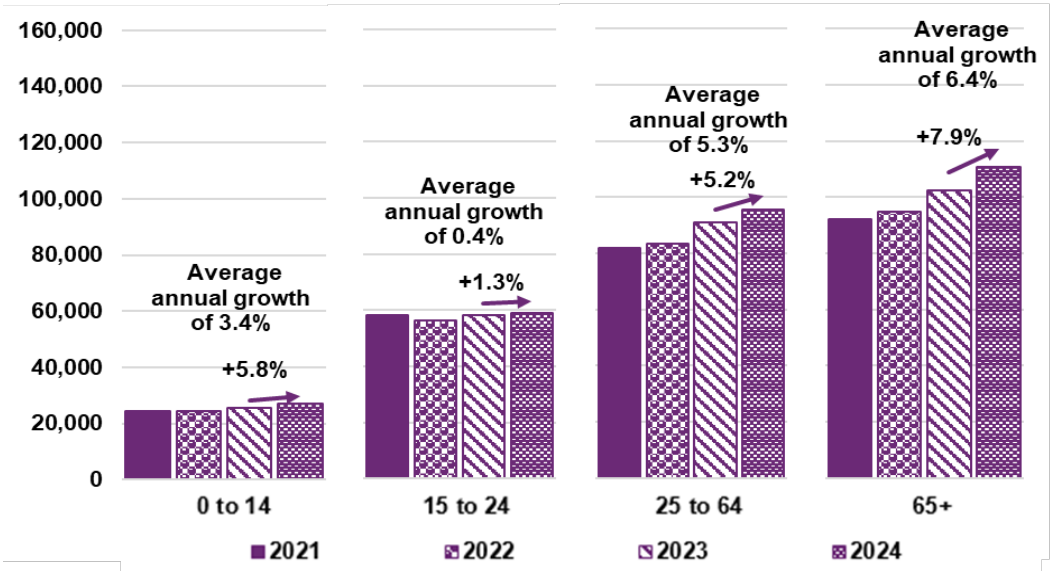

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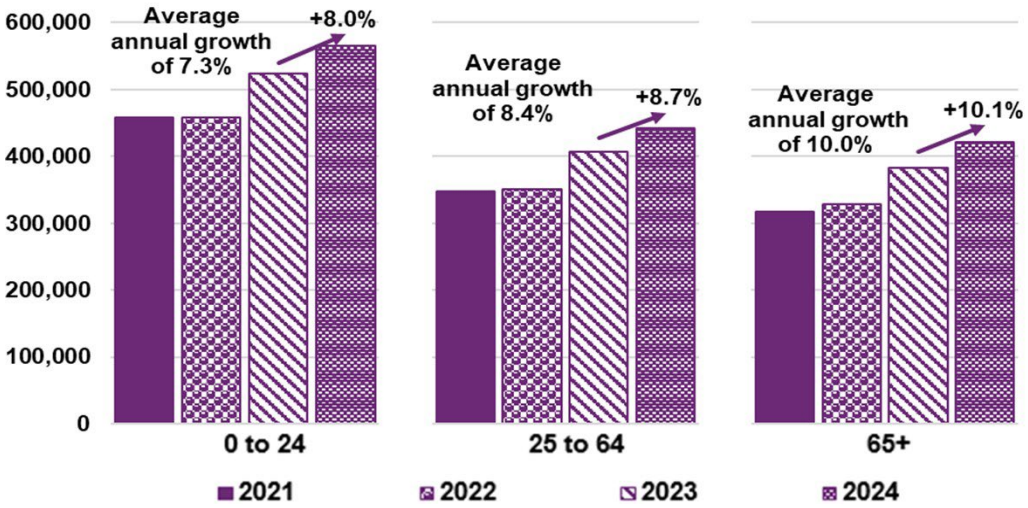
Figure 4.20 shows for participants with SIL, higher average plan budget growth by age group were also observed between 7.3% to 10.0% per annum. However, annual growth moderated from 14.2% in 2022-23 to 8.0% in 2023-24 for participants aged 0 to 24, from 16.0% to 8.7% for participants aged 25 to 65, and from 16.7% to 10.1% for participants aged 65 and over.

Figure 4.20. Average annualised plan budget over time for participants with SIL by age band at 30 June



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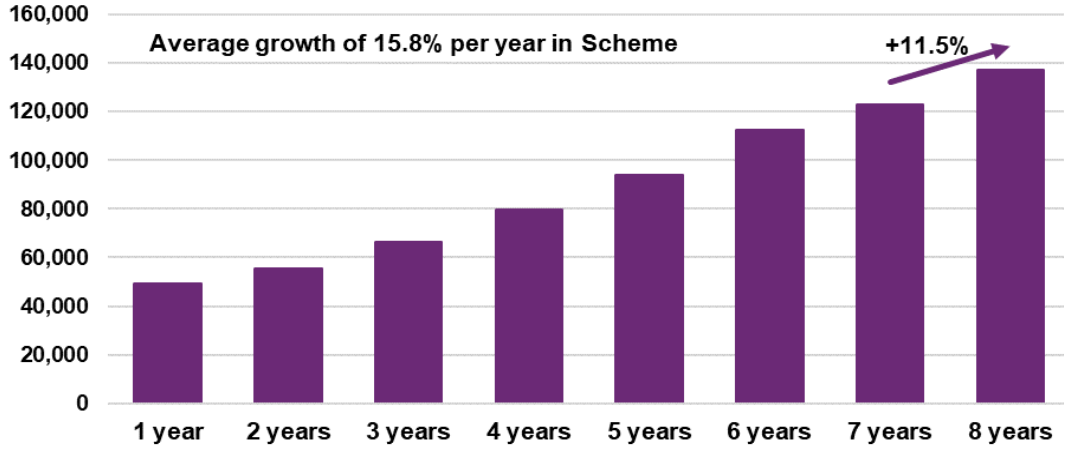
4.6.4. *Plan budgets do not show signs of stabilising over a participant's time in the Scheme*

Increases in average plan budgets by number of years in the Scheme are shown in Figure 4.21. Average plan budget increases with the number of years in the Scheme, with an average growth of more than 15% per annum for all participants. The average plan budget still increases by 11.5% for participants in the Scheme for 7 years, showing little sign of stablisation.

Figure 4.21. Average growth of annualised plan budget for participants by number of years in the Scheme



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4.7. Utilisation

Plan budgets represent the total supports available to participants in their plans. The proportion of budgets resulting in actual payments is referred to as the utilisation rate.

4.7.1. Scheme utilisation was 78% for the 2023-24 financial year

Table 4.16 provides an overview of the estimated utilisation rates by support year at 30 June 2024[83]. Observed "ultimate" utilisation rates have increased on average by 1.8% per annum, from 71% prior to 2020-21, to 78% in 2023-24.

Table 4.16. Estimated utilisation rate by support year at 30 June 2024

Utilisation component	*2019-20 and prior*	*2020-21*	*2021-22*	*2022-23*	*2023-24*	*Total*
Projected ultimate plan budgets[84] [85] ($m)	51,527	32,353	37,184	46,160	53,882	221,106
Payments to date ($m)	36,478	23,506	27,920	34,950	39,443	162,298
Estimated future payments ($m)	1	4	13	221	2,624	2,863
Projected ultimate payments ($m)	36,479	23,510	27,933	35,172	42,067	165,161
Utilisation to date (%)	70.8%	72.7%	75.1%	75.9%	75.1%	73.9%
Projected ultimate utilisation (%)	70.8%	72.7%	75.1%	76.2%	78.1%	74.7%

4.7.2. Utilisation rates are higher the longer a participant has been in the Scheme

Figure 4.22 shows that utilisation rates continue to increase the longer participants remain active in the Scheme. The greatest increase in utilisation occurs between the first and second year from a participant joining the Scheme, as participants learn what supports and services can be accessed and how to use their plans.

Utilisation of plan budgets for participants with up to 12 months in the Scheme is 49%, increasing to 68% in the second year, and continuing to increase up to 84% for participants in their eighth year in the Scheme. It takes time for participants to understand how to best access the supports in their plans, and to find the most suitable providers of support for their needs. The continued increase in utilisation beyond the

[83] "Ultimate" rates consider both payments already made and payments for supports already provided but not yet paid. In addition, the "ultimate" utilisation rates are calculated relative to "ultimate" plan budget figures which include an estimate of future changes to plan budgets for past support periods.
[84] These plan budgets reflect the total amount of funding allocated to participant plans over each specified period. This is different to the annualised rates of plan budget in participant plans at a point in time shown in Figure 4.14 and used as the basis of other figures in Section 4.6.
[85] For periods prior to 2023-24 there is no material difference between planned budgets recorded at 30 June 2024 and projected ultimate plan budgets. For 2023-24 plan budgets recorded at 30 June 2024 were $52.5b and estimated future changes to planned budgets were $1.4b.

initial durations is also impacted by the changing mix of participants over time. For example, many recent new entrants to the Scheme are higher functioning children who tend to have lower utilisation. However, the trend of increasing utilisation with duration in the Scheme is consistently observed including at participant cohort level.

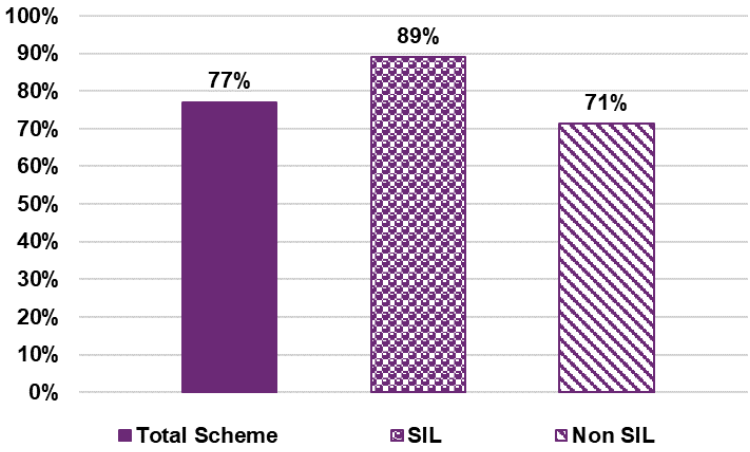
The expected increase in plan utilisation over time, is implicitly allowed for in the assumptions about participants in their first year and also additional growth above price increases when projecting future payments.

Figure 4.22. Utilisation of plan budgets for participants by number of years in the Scheme[86]

4.7.3. Utilisation rates[87] by participants with/without SIL supports

Figure 4.23 shows participants with SIL are associated with higher levels of utilisation compared with participants without SIL supports.

Figure 4.23. Utilisation of plan budgets from 1 October 2023 to 31 March 2024 by SIL status



[86] Utilisation rates are based on the dollar weighted experience of all participants who have entered the Scheme since 1 July 2016.
[87] Utilisation includes participants in their first plans as well as those in their subsequent plans. Experience from 1 April 2024 and beyond is still emerging and is not included. Participants receiving in-kind supports are excluded from this analysis as it is not possible to accurately separate in-kind payments and committed amounts between plans. Hence, utilisation in this table is higher in reality when in-kind is included.

Section 5. Projections

5.1. Total Scheme expense projections

This section shows the total Scheme expense[88]. projections for each financial year on a cash basis and accrual basis.

The cash basis results combine participant number projections with average payment projections.

The accrual basis results relate to support provided in a financial year, but not yet paid by the end of that financial year, e.g. 2024-25 accrual basis results will include all support provided prior to 30 June 2025, but not yet paid by 30 June 2025.

5.1.1. Participant number projections

Table 5.1 shows that the Scheme is projected to have a population of about 816,400 participants at 30 June 2028 of whom about 762,500 are expected to be aged 0 to 64. This is equivalent to a participation rate of 3.3% of the Australian general population aged 0 to 64.

Table 5.1. June 2024 projection of participant numbers at 30 June

Participant numbers	2024	2025	2026	2027	2028	2034
0-64 years	627,891	683,037	720,008	740,780	762,472	943,795
65+ years	33,376	38,547	43,850	49,143	53,916	78,151
Total	***661,267***	***721,584***	***763,858***	***789,922***	***816,389***	***1,021,947***
Participation rate (0-64)	2.8%	3.0%	3.2%	3.2%	3.3%	3.8%

End of table

Table 5.2 and Table 5.3 show the split in the projection between existing participants and future participants (i.e., new entrants post 30 June 2024). At 30 June 2034, 50% of projected participants are estimated to be existing Scheme participants, with 50% being future new entrants to the Scheme.

[88] Scheme expenses relate to the payments made for participant supports and does not include operating expenses.

Table 5.2. Split of participant numbers between existing and future participants at 30 June

Participant numbers	2024	2025	2026	2027	2028	2034
Existing Scheme participants	661,267	642,878	621,634	599,765	579,589	506,271
Future participants	0	78,707	142,224	190,158	236,799	515,676
Total	***661,267***	***721,584***	***763,858***	***789,922***	***816,389***	***1,021,947***

End of table

Table 5.3. Proportional split of participants between existing and future participants 30 June

Number of participants	2024	2025	2026	2027	2028	2034
Existing Scheme participants	100%	89%	81%	76%	71%	50%
Future participants	0%	11%	19%	24%	29%	50%
Total	***100%***	***100%***	***100%***	***100%***	***100%***	***100%***

End of table

5.1.2. Scheme expense projection

Table 5.4 shows the June 2024 projection of Scheme expenses, incorporating revisions to assumptions and changes in future expectations since the June 2023 projections. It allows for the expected impact of the measures announced in the 2023-24 Budget to lift the NDIA's capability, capacity, and systems to better support participants and also allows for Recent and Proposed Reforms.

The projected total Scheme expenses on an accrual basis are $46.9 billion in 2024-25, increasing to $92.7 billion in 2033-34. Total projected Scheme expenses are $210.3 billion for the four years to 30 June 2028.

It is important to recognise that the projected Scheme expenses are shown in nominal terms, i.e., that future dollars of estimated Scheme expenses include the effects of inflation over time. This impact of inflation increases over the longer term and so is particularly significant for the result in 2033-34. Scheme expenses are estimated to be 1.7% of GDP in 2024-25, increasing to 2.1% in 2033-34. In considering longer-term projections it is recommended that users refer to expenses as a percentage of GDP rather than nominal dollar figures as these provide a more meaningful measure of Scheme expenses.

Table 5.4. June 2024 projection of Scheme expenses ($m)

Scheme expenses	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Scheme expenses **(cash basis)** (0-64)	41,681	44,649	47,166	50,338	78,227	183,834
Scheme Expenses **(cash basis)** (65+)	4,761	5,677	6,554	7,519	13,640	24,510
Total Scheme expenses (cash basis)	***46,442***	***50,326***	***53,720***	***57,856***	***91,867***	***208,343***
Scheme expenses **(accrual basis)** (0-64)	42,059	45,057	47,597	50,799	78,950	185,511
Scheme expenses **(accrual basis)** (65+)	4,806	5,732	6,617	7,592	13,772	24,747
Total Scheme expenses (accrual basis)	***46,865***	***50,789***	***54,215***	***58,390***	***92,722***	***210,258***
Total Scheme expenses (% of GDP)	***1.7%***	***1.8%***	***1.8%***	***1.8%***	***2.1%***	***1.8%***
Total Scheme expenses (accrual basis) today's dollars[89]	***46,229***	***48,460***	***49,437***	***50,588***	***59,309***	***194,714***

End of table

Table 5.5 shows projected Scheme expenses on an accrual basis, split between existing Scheme participants and participants expected to join the Scheme after 30 June 2024. By 2033-34, 68% of projected expenses relate to existing Scheme participants, with 32% relating to new entrants.

Table 5.5. Split of Scheme expenses ($m accrual basis) by existing and new participants

Scheme expenses	2024-25	2025-26	2026-27	2027-28	2033-34
Existing Scheme participants	45,941	47,585	48,433	50,013	63,068
Future participants	924	3,204	5,782	8,377	29,654
Total Scheme expenses	***46,865***	***50,789***	***54,215***	***58,390***	***92,722***
Scheme expenses (%)					
Existing Scheme participants	98.0%	93.7%	89.3%	85.7%	68.0%
Future participants	2.0%	6.3%	10.7%	14.3%	32.0%
Total Scheme expenses	***100%***	***100%***	***100%***	***100%***	***100%***

End of table

[89] Total Scheme expenses shown in today's dollars is calculated by discounting the nominal total Scheme expenses in each financial year, using the expected nominal GDP growth rate, back to the monetary value at 30 June 2024. The expected nominal GDP growth rate is lower for financial years 2024-25 and 2025-26 year, increasing in 2026-27 onwards to the long-term nominal GDP growth projection of c.5%. The amount is increasing over time reflecting the increase as a % of GDP.

5.2. Comparison with the previous AFSR

Table 5.6 shows projected Scheme expenses are $1.0 billion lower in the four years to 30 June 2028, compared to the 2024-25 Budget projections. They are $2.3 billion lower in the four years to 30 June 2028 and $7.7 billion lower in 2033-34, compared to the June 2023 projections.

Projected Scheme expenses beyond 30 June 2028 are assumed to be consistent with the 2024-25 Budget, with total expenditure in 2033-34 of $92.7 billion. This estimate is $7.7 billion lower than projected in the 2022-23 AFSR. It is assumed that Recent and Proposed Reforms will deliver total Scheme expenditure consistent with that included in the 2024-25 Budget.

Table 5.6. Comparison of June 2024 projections with previous projections ($m accrual basis)

Scheme expenses	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
June 2024 projections (a)	46,865	50,789	54,215	58,390	92,722	210,258
2024-25 Budget projections (b)	46,381	50,805	54,869	59,251	92,722	211,306
June 2023 projections (c)	***46,376***	***50,788***	***55,207***	***60,190***	***100,469***	***212,561***
Difference ($) (a – b)	484	-16	-655	-861	0	-1,048
Difference (%) (a/b -1)	1.0%	0.0%	-1.2%	-1.5%	0%	-0.5%
Difference ($) (a – c)	489	0	-993	-1,800	-7,746	-2,303
Difference (%) (a/c -1)	1.1%	0.0%	-1.8%	-3.0%	-7.7%	-1.1%

End of table

The changes that have resulted in this movement from the June 2023 projections are presented in Table 5.7.

Updates to participant-related impacts, before allowing for Recent and Proposed Reforms, resulted in a **$0.9 billion increase** to projected Scheme expenses over the four-year period. This includes:

- A **$2.4 billion decrease** due to a lower-than-expected number of active participants at 30 June 2024. The key driver is a lower number of new entrants to the Scheme than expected, likely to be related to changes in operational processes which coincided with the Agency moving to a new computer system from November 2023.
- A **$1.3 billion increase** due to higher new entrant assumptions, which reflects the latest experience observed in the Scheme to 31 October 2023. Both short-term and long-term rates of new entrants with autism were increased, to allow for the observed increasing trend in females with autism accessing the Scheme relative to males. This was partly offset by a reduction in rates of new entrants with disabilities other than autism.

- A **$1.1 billion increase** due to lower expected rates of participants leaving the Scheme both in the short and long term, compared with the June 2023 projections. The assumptions for the rate of participants leaving the Scheme were updated to reflect the lower-than-expected experience observed in 2023-24 and allow for revised expectations based on a better understanding of workforce capacity and current operational plans.
- A **$0.9 billion** increase due to an increase in the estimated future number of participants transitioning into SIL arrangements. The independent living initiative, currently being implemented as part of the 2023-24 Budget initiatives, is not expected to reduce the number of participants transitioning to SIL supports to the extent forecasted in the previous review.

More details on participant projections are shown in Section 5.3.

Updates to payment-related impacts, before allowing for Recent and Proposed Reforms, accounted for a **$16.0 billion increase**, comprising:

- A **$0.5 billion** increase due to the 2023-24 Annual Price Review, and changes in assumptions about future normal inflation compared to normal inflation assumed in the June 2023 projections. Further details are shown in Section 5.5.
- A **$3.7 billion** increase due to higher-than-expected average payments per participant in 2023-24, resulting in higher average payments assumptions used in the June 2024 projections, before allowing for inflation impacts. This is driven by continued high plan growth experience until the March 2024 quarter, and the delay in implementation of the 2023-24 Budget initiatives, which means the savings expected for 2023-24 were not fully realised. Starting average payment projections are shown in Section 5.4.
- An **$11.8 billion** increase due to changes in assumptions about future additional growth in average payments per participant. The increase reflects the higher-than-expected plan growth experience, as well as the latest expectation on savings from the 2023-24 Budget initiatives. Additional growth assumptions are shown in Section 5.5.

The Recent and Proposed Reforms reduce the projected Scheme expenses over the four-year period by **$19.3 billion.**

Table 5.7. Movements in projected Scheme expenses ($m accrual basis) since previous review[90]

Scheme expenses	2024-25	2025-26	2026-27	2027-28	Total 2024-28
June 2023 projections	**46,376**	**50,788**	**55,207**	**60,190**	**212,561**
Total participant-related impacts	***-196***	***37***	***395***	***705***	***941***
Participant population at June 2024	-429	-603	-655	-687	-2,374
New entrants	69	243	425	576	1,313
Participants leaving the scheme	95	207	345	456	1,104
Participants transitioning to SIL arrangements	69	189	279	360	898
Total payment-related impacts	***2,356***	***3,610***	***4,638***	***5,412***	***16,015***
Annual Price Review and Normal inflation	14	39	146	270	469
Average payments per participant at June 2024	871	973	931	928	3,703
Additional growth	1,471	2,598	3,561	4,214	11,844
Total movement	***2,159***	***3,647***	***5,033***	***6,117***	***16,956***
June 2024 projections (before Recent and Proposed Reforms)	***48,535***	***54,435***	***60,240***	***66,307***	***229,517***
Recent and Proposed Reforms	***-1,670***	***-3,647***	***-6,025***	***-7,917***	***-19,259***
June 2024 projections (after Recent and Proposed Reforms)	***46,865***	***50,789***	***54,215***	***58,390***	***210,258***

End of table

Table 5.8 shows the movement in Scheme expenses on an accrual basis since the previous review, compared with the 2024-25 Budget projections.

The June 2024 projections are $1.0 billion lower than the 2024-25 Budget projections in the four years to June 2028. Actual experience and assumption changes made since the 2024-25 Budget projections before Recent and Proposed Reforms, reduced projected Scheme expenses by $1.5 billion. This was offset by an increase of $0.5 billion due to the expected impact of Recent and Proposed Reforms of which the largest component was an increase of $1.1 billion to allow for the anticipated two-month delay in legislation (Getting the NDIS Back on Track) being passed in Parliament.

[90] Scheme expenditure before allowance for Recent and Proposed Reforms has not been projected beyond 2027-28.

Table 5.8. Movement in projected Scheme expenses ($m accrual basis) compared with 2024-25 Budget projections[91]

Scheme Expenses	2024-25	2025-26	2026-27	2027-28	Total 2024-28
June 2023 projections	***46,376***	***50,788***	***55,207***	***60,190***	***212,561***
Updates for participant and payment related changes	2,010	3,886	5,804	6,777	18,477
Allowance for Recent and Proposed Reforms [92]	-2,004	-3,870	-6,142	-7,715	-19,732
Total movement	6	16	-338	-939	-1,255
2024-25 Budget projections [93]	***46,381***	***50,805***	***54,869***	***59,251***	***211,306***
Updates for participant and payment related changes	150	-239	-772	-659	-1,520
Allowance for Recent and Proposed Reforms	334	223	117	-202	472
Total movement	484	-16	-665	-861	-1,048
June 2024 projections	***46,865***	***50,789***	***54,215***	***58,390***	***210,258***

End of table

5.3. Participant Projections

The number of participants expected in the Scheme at the end of each projection year is determined as a function of:

- The number of participants currently in the Scheme.
- The number of new participants expected to enter the Scheme each year.
- The rate at which participants are expected to leave the Scheme due to mortality.
- The rate at which participants are expected to leave the Scheme due to other reasons, such as no longer meeting eligibility requirements or no longer requiring disability supports.

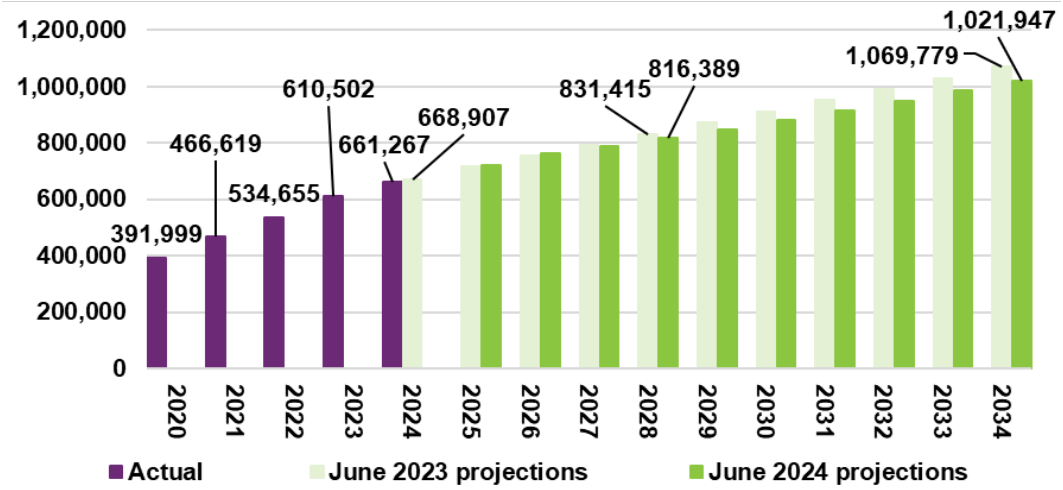
Other dynamics related to the number of participants in the Scheme, which are known to influence Scheme expenses, are also considered:

[91] Scheme expenditure before allowance for Recent and Proposed Reforms has not been projected beyond 2027-28.
[92] Proposed Reforms for the 2024-25 Budget did not include Foundational Supports and was prior to the anticipated two-month delay in legislation (Getting the NDIS Back on Track) being passed in Parliament.
[93] The 2024-25 Budget reflects a reduction of $14.6 billion in forward estimates of Scheme expenses over the four years 2024-28 for Proposed Reforms, compared to the 2023-24 Budget. The 2023-24 Budget already made allowance for a moderation in Scheme growth to achieve the NDIS Financial Sustainability Framework target of 8% growth per annum from 1st July 2026, not factored into the June 2023 projections.

- Children that joined the Scheme with developmental delay receiving a diagnosis, typically resulting in a change in reported primary disability to autism or an intellectual disability.
- The number of participants transitioning to SIL supports.

The June 2024 projection forecasts a lower number of participants in all future years, except for 2024-25 and 2025-26, compared to the previous review. This is primarily a result of fewer new entrants expected to enter the Scheme, reflecting the estimated impact of the Recent and Proposed Reforms relating to Foundational Supports from 2025-26 onwards, partly offset by a decrease to expected rates of participants leaving the Scheme.

Figure 5.1. Projected participant numbers (all ages) at 30 June



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5.3.1. New entrants

The number of new participants expected to enter the Scheme each year is modelled based on assumed rates of new entrants. Expected new entrant rates are comprised of two components:

- New entrants in the short-term, resulting from the expected continuation of short-term trends. This includes participants with previously unmet needs (PUN), who acquired their disability some years prior and only accessed the Scheme recently (for various reasons).
- Long-term new entrant rates related to the steady intake of new participants beyond an assumed steady-intake date.

The new entrant rate assumptions for the June 2024 projections are based on an analysis of Scheme experience to 31 October 2023 and by the Recent and Proposed Reforms relating to Foundational Supports.

New entrant rate assumptions were revised based on the most recent observed trends for the short term and based on experience to 31 October 2023for the medium to long term.

- The proportion of participants with autism entering the Scheme with PUN was increased. For males with autism, the number of new entrants is assumed to have already reached a peak in 2023-24. For females with autism, the number of new entrants is assumed to peak one year later in 2024-25, and at a higher rate than that expected in the June 2023 projections. Overall new entrant rate assumptions for autism are assumed to reduce to long term rates by June 2026.
- Long-term new entrant rate assumptions were updated based on ongoing trends observed in Scheme experience. The long-term rates for males with autism have increased by 10% while the long-term rates for females have increased by 30%, reflecting the increasing trend of females with autism accessing the Scheme relative to males. There was a small increase in the long-term rate for developmental delay based on observed experience to 31 October 2023. Long-term rates have reduced for intellectual disability, psychosocial disability and for all other disability groups combined.

In addition, an allowance for the estimated impact of Foundational Supports has been made. Foundational Supports are assumed to improve access to evidence-based supports for people with disability in community settings and better connect them to the mainstream services that all Australians rely on. Importantly, since the design and scope of Foundational Supports to be provided by States/Territories are yet to be agreed, the assumptions in this review reflect a plausible scenario and are likely to be revised in future projections.

The scenario presented in the June 2024 projections allows for a reduction compared with observed experience in the number of children aged 0 to 8 entering the Scheme with developmental delay or autism, as children with early intervention needs, who are relatively higher functioning and have lower support needs, will have improved access to supports outside the NDIS.

Table 5.9 shows the aggregated new entrant rate of 232.3 (per 100,000 population aged 0 to 64) is 18.4% lower than the new entrant rate assumed in the previous review.

Table 5.9. Current and previous long-term new entrant rate assumptions (per 100,000 population aged 0 to 64)

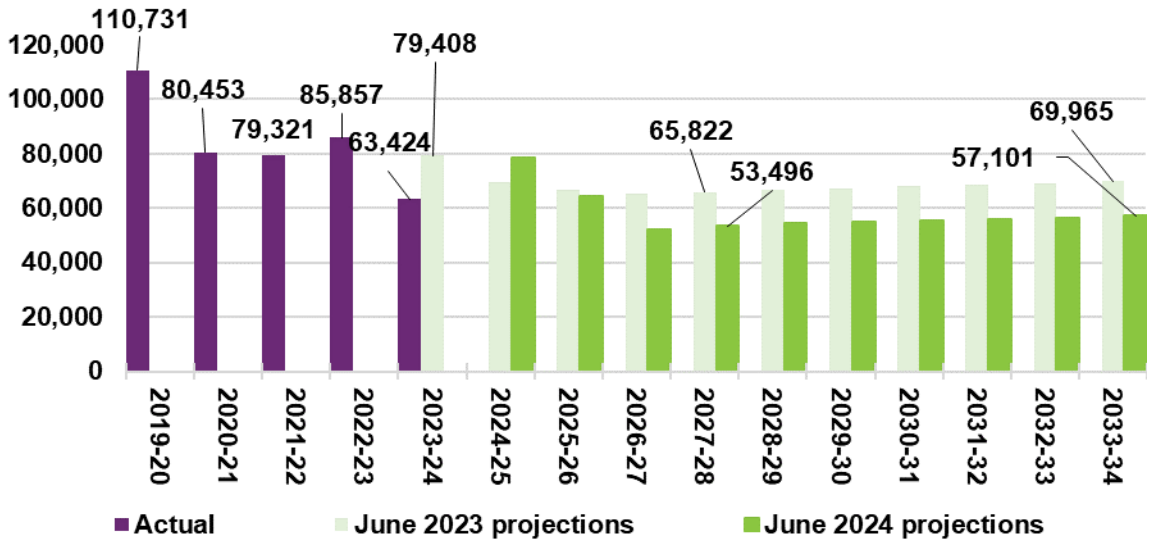
	June 2024 projections	June 2023 projections	Difference	Difference (%)
All disabilities	*232.3*	*284.6*	*-52.3*	*-18.4%*

End of table

Figure 5.2 shows the impact of these assumption changes on the annual number of new entrants to the Scheme.

The overall number of new entrants in the June 2024 projections are lower than the June 2023 projections (except for 2024-25) driven by a lower number of new entrants with developmental delay. This is offset by an increase in the number of new entrants with autism, with small changes in other disability groups.

Figure 5.2. Projected new entrant numbers



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5.3.2. Participants with SIL supports

The number of participants in SIL are projected using an assumed rate of participants transitioning to newly accessing SIL supports. SIL transition rate assumptions were revised to reflect the latest trends based on experience. In particular, SIL transition rates for participants with an acquired brain injury or other neurological disabilities have increased, while the transition rates for participants with autism and intellectual disability have decreased.

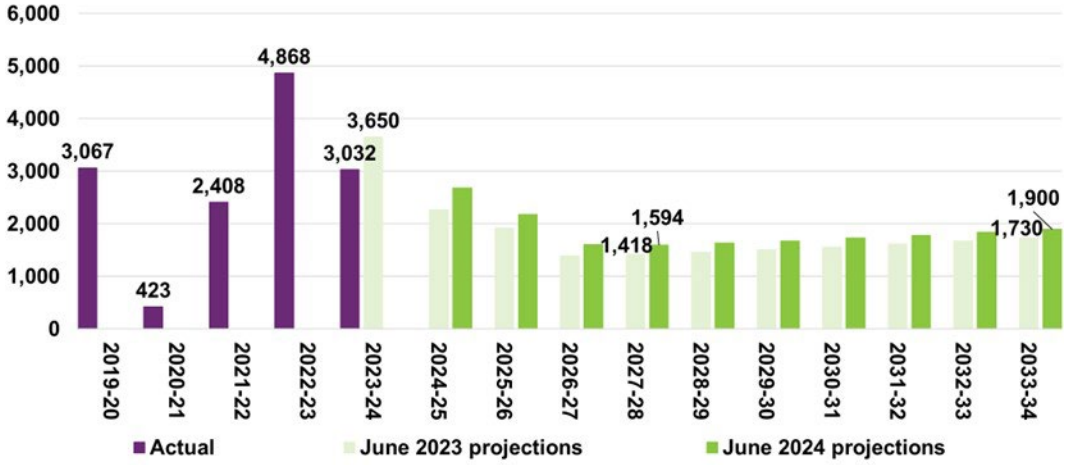
Figure 5.3 shows that the net increase to the number of participants with SIL is expected to reduce in the next three years from the current level and increase in the longer term reflecting the long-term expectations of participants transitioning into SIL.

For 2024-25, the projected number of participants transitioning into SIL is higher compared to the previous review. This increase is to moderate the substantial reduction expected in the previous review between 2023-24 and 2024-25. Discussions with Home and Living specialists indicated that the reduction to numbers of participants new to SIL in 2024-25 assumed in the previous review may have been overstated. A slower rate of decline is allowed for in the June 2024 projections.

After 2025-26, the rate of net increase in participants with SIL is expected to reduce to reach a ‘steady state’ long-term level. The assumed rate of participants aged 15 and above without SIL transitioning to SIL arrangements is 0.7% per annum, which results in a net increase of approximately 1,600 participants per year.

The overall SIL transition rate assumptions in the June 2024 projections have increased compared to the June 2023 projections. The independent living initiative, currently being implemented as part of the 2023-24 Budget initiatives, is not expected to reduce the number of participants transitioning to SIL supports, to the extent which was forecasted in the previous review.

Figure 5.3. Comparison of annual net increase in number of participants with SIL arrangements to previous review



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5.3.3. Participants leaving the Scheme

Figure 5.4 shows actual and projected rates of participants leaving the Scheme for reasons other than mortality, compared with June 2023 projections.

Rates of participants leaving the Scheme are directly related to operational capacity and resource allocation towards eligibility reassessments. Since the previous review, changes have been made to operational processes, including recruitment and on-boarding of staff dedicated to processing eligibility reassessments.

The projected rates of participants leaving the Scheme shown in Figure 5.4 are based on a better understanding of workforce capacity and current operational plans. The expected rates of participants leaving the Scheme are lower in the first few projection years compared with the previous review to align more closely with recent experience. Rates are expected to gradually increase in subsequent years towards longer term rates of participants leaving the Scheme, reflecting the progressive impact of operational changes. However, longer term rates are projected to be lower than those in the previous review, based on a better understanding of the operational context and workforce capacity. This is also due to a lower proportion of participants with developmental delay projected in future years.

Most participants that leave the Scheme are children with developmental delay that have benefited from early intervention supports through the Scheme and no longer meet the eligibility criteria. A large proportion of this cohort, who otherwise would have accessed the Scheme, are assumed to access Foundational Supports outside of the NDIS from 2025-26 onwards.

The rate of participants leaving is projected to increase to 2.50% by 2027-28, compared with 2.44% in the previous review. This is expected to reduce to 1.18% by 2033-34, compared with 2.09% in the previous review.

Figure 5.4. Projected rates of participants leaving the Scheme (all ages)

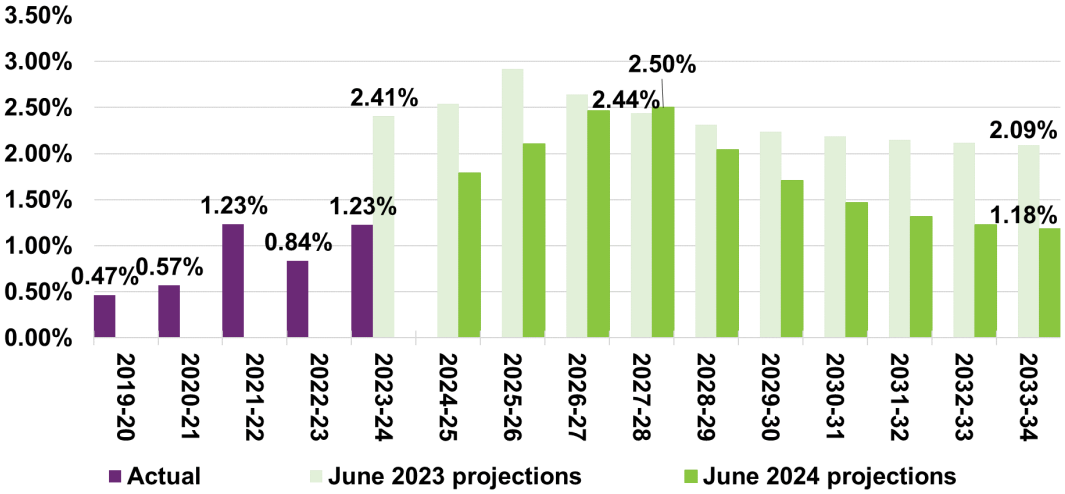

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Figure 5.5 presents the equivalent comparison of rates for participants aged 0 to 14 years leaving the Scheme. The direction of changes in rates compared with the previous review are very similar with that for all ages. This is because most participants leaving the Scheme are children on the early childhood pathway that have seen the benefits of early intervention. The rate of participants aged 0 to 14 leaving is projected to increase to 5.55% by 2027-28, compared with 4.95% in the previous review. This is expected to reduce to 2.34% by 2033-34, compared with 4.59% in the previous review.

Figure 5.5. Projected rates of participants aged 0 to 14 leaving the Scheme

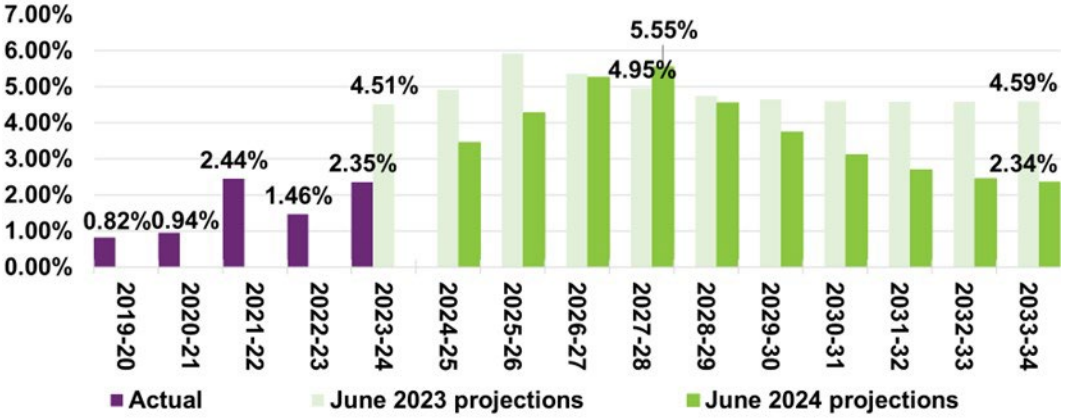

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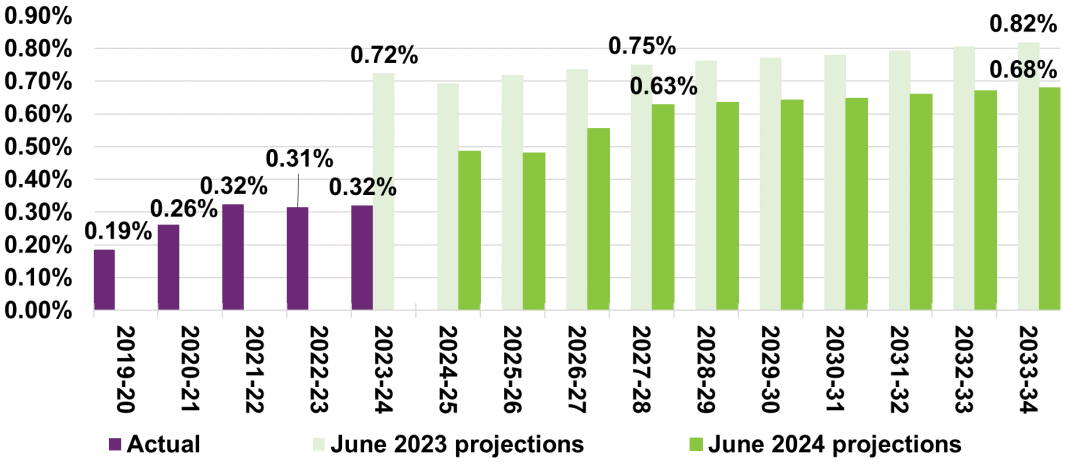
Figure 5.6 similarly shows the rates of participants aged 15 to 64 leaving the Scheme. This cohort makes up a smaller proportion of participants expected to leave and mainly consist of participants that have opted to leave the Scheme or older participants that have moved into community or aged care settings permanently. The overall rates of participants leaving the Scheme are slightly lower compared with the previous review, projected to be 0.63% by 2027-28 compared with 0.75% in the previous review. The rate is expected to increase to 0.68% by 2033-34, compared with 0.82% in the previous review.

Figure 5.6. Projected rates of participants aged 15 to 64 leaving the Scheme



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5.3.4. Changes to primary disability of children with developmental delay

Children who joined the Scheme with developmental delay will sometimes receive a formal diagnosis when their eligibility for the Scheme is reassessed, resulting in a change to their reported primary disability. The most common transition observed is from developmental delay to a diagnosis of autism or intellectual disability.

A proportion of children with developmental delay are assumed to change to a primary disability of autism or intellectual disability which then impacts the projected Scheme expenses. Average payments for participants with autism and intellectual disability are typically higher than those with developmental delay.

Figure 5.7 and Figure 5.8 show the historical and assumed transition rates from developmental delay into autism and intellectual disability respectively. Both transition rates have reduced since 2022-23. The observed reduction in transition rates in 2023-24 compared to 2022-23 is largely driven by a lower proportion of total numbers of eligibility reassessments (ER's) completed resulting in transitions of children with development delay to other disabilities, even though the total numbers of ER's completed in 2023-24 increased by 5%. Transition rates are expected to gradually increase to long-term levels by 2027-28.

As the number of transitions from developmental delay and number of participants leaving the Scheme has reduced in the short term compared to the previous review, the number of participants who remain in developmental delay is expected to be higher. During 2027-28 and thereafter, some of these participants are expected to transition to other disabilities, and hence the transition rate assumptions in the June 2024 projections have increased compared to the previous review, particularly for transitions to a primary disability of intellectual disability.

Figure 5.7. Actual vs expected rates of participants transitioning from developmental delay to autism

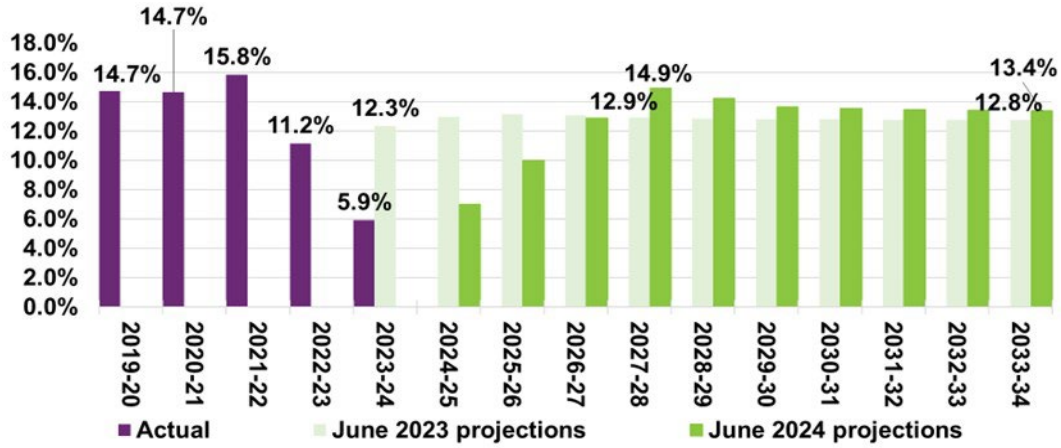

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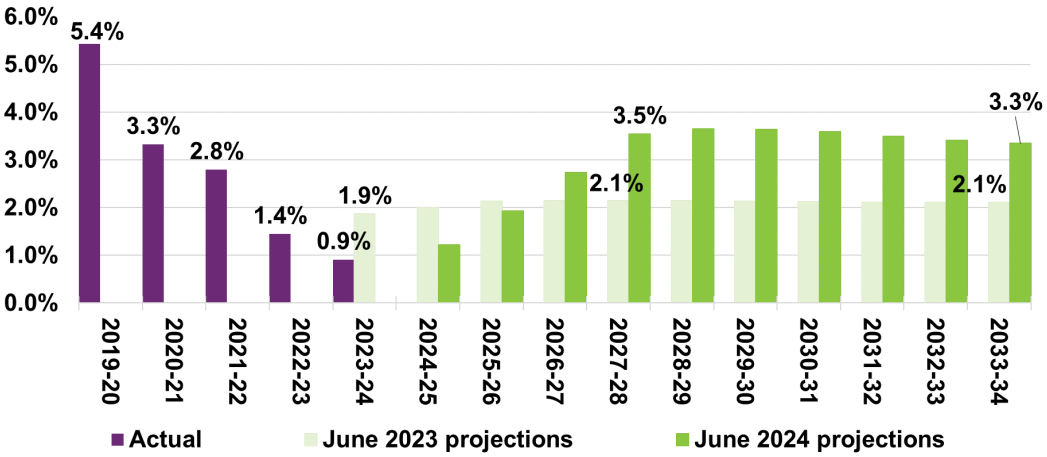
Figure 5.8. Actual vs expected rates of participants transitioning from developmental delay to intellectual disability



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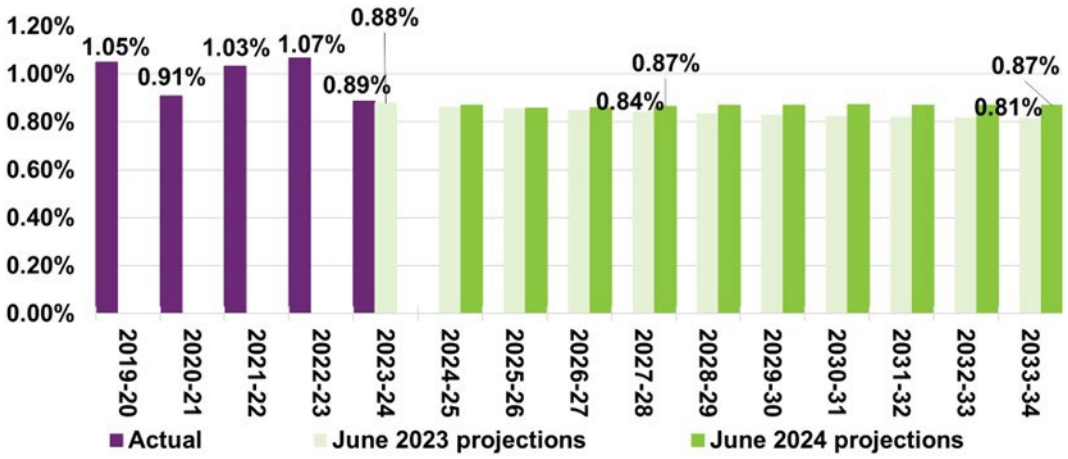
5.3.5. Mortality

Figure 5.9 shows projected mortality rates compared with June 2023 projections. Actual mortality rates have been tracking close to expected and therefore assumed rates of participant deaths, at the cohort level, are unchanged from the previous review. Overall mortality rates are projected to be higher than those in the previous review due to a higher proportion of older participants projected (aged 45 or over). Older participants are associated with higher mortality rates.

Figure 5.9. Projected mortality rates



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5.4. Starting average payment assumptions

Scheme experience over 2023-24 resulted in higher average payments per participant than expected when compared to assumptions from the June 2023 projections. These higher levels are reflected in the starting average payment assumptions, which were derived from payments data in the three months to 30 April 2024.

Starting average payment assumptions (i.e. those before allowance for inflation) are set with reference to payments for participants who have been in the Scheme for at least 12 months (with a separate allowance being made for lower expected payments for participants in their first year).

These assumptions are set by support category, disability group, SIL status, level of function and age band and consists of a total of 2,052 cohorts.

Compared to expected average payments from the June 2023 projections, these assumptions are overall higher by 2.2% as shown in Table 5.11**.**

The increase in average payments is mainly driven by participants without SIL supports, with an increase of 3.5% compared to the expected from the June 2023 projections. The starting average payment assumption for participants with SIL supports decreased slightly by 0.2% compared to the expected from the June 2023 projections.

Table 5.10. Changes in starting average payment assumptions by SIL status found on page 87.

Table 5.11 shows the average payment assumptions have increased since the June 2023 projections across most disability groups. Table 5.12 found on page 87.

Tables 5.12 and 5.13 summarise the starting average payment assumptions for the June 2024 projections by main support categories and main disabilities for participants with and without SIL supports.

Daily Activities and Social Community Civic support categories generally have the highest average payment assumptions. The exception is for children with developmental delay, whose payments are dominated by Capacity Building Daily Activities (including therapy supports).

Average payment assumptions for participants with developmental delay are the lowest for participants without SIL, given this group mainly includes young children with low needs for Core supports. The highest average payment assumptions for participants without SIL are for those with other neurological disabilities; these tend to be older participants with higher core support needs.

Tables 5.12. Starting average payment assumptions for participants without SIL and 5.13 Starting average payment assumptions for participants with SIL found on page 88.

Table 5.10. Changes in starting average payment assumptions by SIL status

	Daily Activities	CB Daily Activities	Social Community Civic	Transport	Support Coordination	Other	Total
Non SIL	-4.0%	14.5%	10.8%	-7.3%	9.7%	0.4%	***3.5%***
SIL	-1.0%	5.4%	2.5%	-9.6%	5.7%	1.8%	***-0.2%***
Total	***-2.6%***	***14.0%***	***8.9%***	***-7.5%***	***9.0%***	***0.8%***	***2.2%***

End of table

Table 5.11. Changes in starting average payment assumptions by major support categories and disability group

	Daily Activities	CB Daily Activities	Social Community Civic	Transport	Support Coordination	Other	Total
Autism	-6.2%	10.4%	4.8%	-8.2%	8.4%	8.5%	***1.0%***
Intellectual disability	-3.6%	14.0%	6.6%	-8.8%	7.9%	6.2%	***0.7%***
Psychosocial disability	2.9%	9.8%	12.8%	-6.3%	13.0%	5.8%	***6.9%***
Other neurological	2.6%	14.0%	12.4%	-5.7%	5.7%	-6.5%	***4.1%***
Developmental delay	2.3%	26.8%	50.8%	-0.4%	29.3%	23.3%	***23.5%***
Other	-3.4%	10.4%	11.8%	-6.2%	5.2%	-7.3%	***0.0%***
Total	***-2.6%***	***14.0%***	***8.9%***	***-7.5%***	***9.0%***	***0.8%***	***2.2%***

End of table

Table 5.12. Starting average payment assumptions for participants without SIL[94]

	Daily Activities	CB Daily Activities	Social Community Civic	Transport	Support Coordination	Other	Total
Autism	8,500	8,300	7,200	1,500	800	2,600	**29,200**
Intellectual disability	23,800	6,800	25,200	2,400	1,900	4,300	***64,800***
Psychosocial disability	25,100	5,100	26,500	1,300	4,400	2,600	***65,600***
Other neurological	60,100	9,900	22,100	1,700	2,500	9,600	***106,000***
Developmental delay	1,500	11,400	300	300	300	200	***15,400***
Other	34,300	7,300	15,000	1,400	1,600	7,000	***66,800***
Total	***18,300***	***8,100***	***12,700***	***1,400***	***1,400***	***3,800***	***46,100***

End of table

Table 5.13. Starting average payment assumptions for participants with SIL[95]

	Daily Activities	CB Daily Activities	Social Community Civic	Transport	Support Coordination	Other	Total
Autism	364,200	8,000	78,900	2,200	6,300	21,200	***480,800***
Intellectual disability	278,500	7,200	63,500	2,100	4,600	18,100	***374,100***
Psychosocial disability	299,900	5,500	51,700	1,400	6,800	13,600	***379,100***
Other neurological	401,700	14,700	50,300	1,600	6,500	30,300	***505,200***
Other	359,500	13,800	58,100	2,000	6,000	30,000	***469,300***
Total	***319,300***	***9,200***	***61,800***	***2,000***	***5,500***	***21,700***	***419,500***

End of table

[94] Figures are shown to the nearest hundred dollars.
[95] Figures are shown to the nearest hundred dollars.

Table 5.14 shows the starting average payments grouped by disability and age band. The following is noted:

- The starting average payments for all Scheme participants as at 30 June 2024 is $65,700. This is 2.2% higher than the expected average payment for 2023-24 in the previous review.
- Children have lower average payments than adults, reflecting a higher proportion of participants accessing early intervention supports, less usage of SIL arrangements and more informal supports, primarily provided by parents.
- Participants with intellectual disability and other neurological have the highest average payments.
- Participants with autism and developmental delay have the lowest average payments.

Table 5.14. Starting average payment assumptions ($) by age band and disability group[96]

Disability Group	0 to 14	15 to 24	25 to 64	65+	Total
Autism	21,800	45,300	96,400	157,000	***37,100***
Intellectual disability	36,600	80,300	148,900	204,900	***110,700***
Psychosocial disability	27,500	98,600	84,000	90,200	***84,800***
Developmental delay	15,400	0	0	0	***15,400***
Other neurological	57,000	116,100	163,600	145,600	***145,100***
Other	26,800	61,600	112,600	107,700	***92,000***
Total	***21,500***	***57,800***	***115,100***	***123,400***	***65,700***

End of table

The starting average payment assumptions by support category and age band are shown in Table 5.15. The table shows higher average payment assumptions for Daily Activities and Social Community Civic, the two largest support categories. Assumptions are also higher for participants aged 15 years and over. The highest average payments for participants aged 0 to 14 is for Capacity Building Daily Activities (including therapy supports).

Table 5.15. Starting average payment assumptions ($) by age band and support category[97]

Support Category	0 to 14	15 to 24	25 to 64	65+	Total
Daily activities	4,900	26,500	67,300	75,800	***34,100***
CB daily activities	10,600	6,100	6,300	7,300	***8,100***
Social Community Civic	1,700	16,500	29,600	26,700	***15,300***
Other	4,300	8,700	11,900	13,600	***8,200***
Total	***21,500***	***57,800***	***115,100***	***123,400***	***65,700***

End of table

[96] Figures are shown to the nearest hundred dollars.
[97] Figures are shown to the nearest hundred dollars.

5.5. Inflation and additional growth

Scheme expenses increase over time due to many factors, such as the increase in number of participants in the Scheme, normal inflationary sources (such as general increases in wages and consumer prices), as well as real growth in payments over and above the normal inflationary sources.

There are a number of factors contributing to the real growth in payments, including:

- Participants learn how to use their plan better over time.
- Some participants will access SIL supports over time.
- When children transition from development delay to other disabilities, such as autism.
- The increased need for supports as participants age over time.
- Other residual growth in payments as participant support needs change, referred to as additional growth[98].

Each of these factors are allowed for via separate assumptions and/or transition modelling in the projection of Scheme expenses.

This section presents the rates of normal inflation and additional growth that were used for the June 2024 projections, including the impact of price changes from the 2023-24 Annual Pricing Review (APR) and the impact of Scheme Reforms. Expectations about additional growth in payments are based on observed Scheme experience in both average plan budgets and payments, as well as future pricing decisions.

This section also shows the total Scheme growth results after all assumptions, and the impact of each key driver, including normal inflation and additional growth.

5.5.1. Annual Pricing Review

The changes to NDIS price limits as part of the 2023-24 Annual Pricing Review (APR) came into effect on 1 July 2024, and have been used to set normal inflation assumptions for the 2024-25 year of the June 2024 projections:

- ***Price limits for supports delivered by disability support workers and Level 1 support co-ordinators[99] have increased by 3.2%.*** This includes:
  - The Fair Work Commission's (FWC) National Minimum Wage decision to increase award wages by 3.75%.

[98] Additional Growth was referred to as 'Additional Inflation' and 'Superimposed Inflation' at previous reviews.
[99] Price changes associated with attendant care predominantly applies to Core Daily Activities, Core Social Community Civic, Capacity Building Lifelong Learning, Capacity Building Home and Living support categories and Capacity Building Social Community Civic.

- Removal of the remaining 1% temporary loading[100] (introduced as a 2% temporary loading on 1 July 2022, reduced to 1% from 1 July 2023). The adjustment to price limits to reflect the increase in Superannuation Guarantee Charge of 0.5%.

- ***For psychologists and non-disability support workers, a 4.0% per annum increase. The rate is calculated based on the weighted movement in the ABS WPI and CPI indices. No increase to price limits for other therapy supports, plan management and support coordination levels 2 and 3 price limits***.

  - For other support categories[101] a 4% inflation assumption is assumed for the 2024-25 year. The rate is calculated by combining 80% of the movement in the Australian Bureau of Statistics (ABS) Wage Price Index (4.1%) and 20% of the movement in the ABS Consumer Price Index (3.6%) over the 12 months leading up to the March 2024 quarter.

5.5.2. Normal inflation

The normal inflation rates assumed for 2025-26 onwards reflect the most recent economic forecasts[102]:

- ***For supports delivered by disability support workers, a rate of 4.3% per annum in 2025-26 is assumed followed by 4% until 2027-28 and 3.8% thereafter.*** This is based on:

  - The most recent forecasts of the Wage Price Index (WPI).
  - An increase of 0.5% per annum in the Superannuation Guarantee Charge in 2025-26.
  - A margin of 0.5% on top of WPI for Social, Community, Home Care and Disability Services Industry Award (SCHADS Award) until 2027-28, assuming SCHADS Award will continue to be higher than the WPI forecast until it converges to the long-term expected wage inflation.
  - From 2028-29 onwards, a 3.8% per annum increase is assumed, reflective of long-term expected wage inflation.

- ***For all other support categories, a rate of 2.8% per annum in 2025-26 is assumed followed by 2.5% per annum for all years thereafter.*** This reflects the most recent CPI forecasts.

[100] Loading originally added to disability support worker payment rates to allow for COVID-related costs incurred by providers
[101] Prices for non-quotable items in the Consumables, Transport, Assistive Technology and Home Modifications support categories were proposed to go through a separate pricing process per the APR. Hence inflation for these supports were assumed to align with the forecasts of the Consumer Price Index (2.75%) for the 2024-25 financial year.
[102] Government Budget 2024-25 CPI/WPI forecast- Budget Paper No. 1

Table 5.16 compares the overall normal inflation assumptions (including price changes) in the June 2024 projections to the rates assumed in the June 2023 projections. The rates shown are the weighted average of rates assumed across different support categories. The level of normal inflation assumed has increased slightly, apart from 2025-26. The change for 2024-25 reflects the impact of the 2023-24 Annual Pricing Review decisions.

Table 5.16. Comparison of normal inflation assumptions to historic normal inflation assumptions

Total growth June 2024 projections	2024-25	2025-26	2026-27	2027-28	2033-34
June 2024 projections	***2.8%***	***3.9%***	***3.7%***	***3.7%***	***3.5%***
Re-stated June 2023 projections[103]	2.7%	3.9%	3.5%	3.5%	3.5%
Difference (%)	***0.1%***	***0.0%***	***0.2%***	***0.2%***	***0.0%***

End of table

5.5.3. Additional growth

Sustained high levels of additional growth remains one of the most critical sustainability pressures for the Scheme given the material impact on projected Scheme expenses.

Table 5.17 shows the comparison of the additional growth assumptions to the June 2023 projections.

- Plan growth is a lead indicator for expected future additional growth in Scheme payments. An increase in a participant's plan budget is expected to flow through to payment growth due to an increased use of supports and/or use of more costly supports, and vice versa.
- Significant plan growth was observed between September 2022 and December 2023, and the additional growth component of plan budgets for the rolling 12 months to 30 June 2024 is 7.2%. This is a reduction of 1.9% compared to the previous 12 months ending 30 June 2023. The decrease is impacted by lower volumes of plan reassessments since November 2023, and it is uncertain whether this trend will continue into 2024-25.
- The 2023-24 Budget initiatives include several investments towards improving the NDIA's workforce capability and systems and supporting participants to better manage their plan within budget. These changes are expected to reduce the levels of additional growth observed in payments, below historic levels.
- The additional growth after these initiatives in the June 2024 projections have increased overall compared to the June 2023 projections, especially in 2024-25. This reflects the latest plan growth experience in the Scheme, as well as the updated expectation of the impact of the 2023-24 Budget initiatives.

[103] The 2024-25 normal inflation figure in the June 2023 projection is adjusted to be consistent with how the 2023-24 Annual Pricing Review is allowed for in the June 2024 projections.

- More refined models have been developed to quantify the benefits likely to be produced by these initiatives, which reflect details around the current activities and outcomes, and the expected future implementation of the program. Due to delays in the implementation process, the benefits are assumed to reduce in 2024-25, which in turn increases the additional growth assumptions. The benefits are assumed to increase from 2025-26 onwards.
- Furthermore, the Recent and Proposed Reforms package of work is aimed at reducing intraplan inflation, implementing assessment and budgeting reforms, changes to information requirements for participants undertaking an eligibility reassessment, and realising the benefits of the Crack Down on Fraud program. The estimated impact of the Recent and Proposed Reforms package of work is to reduce additional growth by a further 3.7% in 2024-25, 3.4% in 2025-26 and 2026-27, and 1.8% in 2027-28, compared to the additional growth rate assumptions before Recent and Proposed Reforms.

Table 5.17. Comparison of additional growth assumptions

Total growth June 2024 projections	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2033-34**
June 2024 projections (After Recent and Proposed Reforms) (a)	2.5%	-1.2%	-1.6%	0.0%	0.1%
June 2024 projections (Before Recent and Proposed Reforms) (b)	6.2%	2.2%	1.8%	1.8%	1.8%
June 2023 projections (c)	***3.3%***	***1.2%***	***0.9%***	***1.7%***	***1.6%***
Difference June 2024 projections (before Recent and Proposed Reforms) (b – c)	***2.9%***	***1.0%***	***0.9%***	***0.1%***	***0.2%***
Impact of Recent and Proposed Reforms (a – b)	-3.7%	-3.4%	-3.4%	-1.8%	-1.7%
Difference June 2024 projections (after Recent and Proposed Reforms) (a – c)	***-0.8%***	***-2.4%***	***-2.5%***	***-1.7%***	***-1.5%***

End of table

5.5.4. Total expected growth in payments

The top half of Table 5.18 shows the total growth in projected Scheme expenses, split into three key components: participant count impacts (new entrants to, and participants leaving the Scheme), pricing impacts (resulting from the Scheme's Annual Pricing Review and driven by consumer and wage inflation over time) and the real growth in payments above pricing impacts. In 2024-25, the growth in Scheme expenses due to the participant impact is 1.3%, the pricing impact is 2.8% and the real growth in payments is 8.0%. By 2027-28 these are projected to be -0.1% for participant impacts, 3.7% for pricing impacts and 4.2% for real growth in payments.

The participant impact is expected to be minimal from 2026-27 onwards, indicating that growth from new participants entering the Scheme is broadly offset by participants leaving the Scheme after allowing for an estimated impact of Foundational Supports. The reduction in the real growth in payments is driven by the impact of the reforms.

In 2033-34, growth in Scheme expenses is projected to be 7.5%, including 4.2% from real growth in payments.

The bottom half of Table 5.18 provides a further breakdown of the real growth in payments above pricing impacts. The breakdown includes additional growth and also first year impact of maturing new entrants, SIL entry and exit, ageing and other impacts including transitions from developmental delay.

This demonstrates that while the additional growth assumptions after Recent and Proposed Reforms are negative in 2025-26 and 2026-27, there are a number of other factors which lead to increases in plan budgets and average payment levels over time. After allowing for these factors, plan budgets and average payments per participant are expected to increase in each future year. Together, these increases represent the real growth in payments, the key driver of the growth in projected Scheme expenses.

Table 5.18. Total growth after the impact of Recent and Proposed Reforms

Growth component (%)	2024-25	2025-26	2026-27	2027-28	2033-34
Participant count impacts	**1.3%**	**0.9%**	**0.2%**	**-0.1%**	**-0.2%**
Pricing impacts	**2.8%**	**3.9%**	**3.7%**	**3.7%**	**3.5%**
Real growth in payments	**8.0%**	**3.5%**	**2.9%**	**4.2%**	**4.2%**
Additional growth	2.5%	-1.2%	-1.6%	0.0%	0.1%
First year impact of maturing new entrants	1.9%	1.8%	1.8%	1.5%	1.2%
SIL entry and exit	2.8%	2.5%	2.0%	1.7%	1.5%
Developmental delay transitions	0.2%	0.2%	0.3%	0.3%	0.7%
Ageing	0.2%	0.3%	0.5%	0.7%	0.6%
Other	0.4%	-0.1%	-0.1%	0.0%	0.1%
Total growth	***12.0%***	***8.4%***	***6.7%***	***7.7%***	***7.5%***

End of table

5.6. Average payments per participant after inflation

This section shows the average payment projections after inflation.

Table 5.19 shows the projected average payments and yearly growth rates by SIL status. Average payments are expected to grow by 4.3% over the next financial year, followed by a lower level of growth in the two years after, driven by savings from the 2023-24 Budget initiatives.

Table 5.19. Average annual payments ($) and yearly growth rates by SIL status[104]

Average payments June 2024 projections	2023-24	2024-25	2025-26	2026-27	2027-28	2033-34
Non SIL	44,900	46,300	46,200	47,100	49,200	63,000
SIL	417,400	445,500	460,500	469,200	485,600	608,700
Total	***64,400***	***67,200***	***67,800***	***69,100***	***72,000***	***91,500***
Yearly growth rates Non SIL	No value	3.0%	-0.1%	2.0%	4.3%	3.7%
Yearly growth rates SIL	No value	6.7%	3.4%	1.9%	3.5%	3.4%
Total	No value	***4.3%***	***0.9%***	***2.0%***	***4.2%***	***3.6%***

End of table

Table 5.20 details the projected average annual payments by age group. Older participants are linked to lower levels of function, higher support needs and less access to informal supports, and therefore higher payments on average.

Table 5.20. Average annual payments ($) by age group and projection year[105]

Age group	2024-25	2025-26	2026-27	2027-28	2033-34
Children (0 to 14)	20,700	20,600	21,200	22,300	28,700
Young adults (15 to 24)	57,600	55,900	54,000	53,400	62,000
Adults (25 to 64)	120,000	121,300	122,000	124,400	139,900
Older adults (65+)	132,400	137,800	141,000	145,900	178,800
Total	***67,200***	***67,800***	***69,100***	***72,000***	***91,500***

End of table

Table 5.21 displays the projected average annual payments for 2027-28, after inflation, by disability group and age band. The expected average annual payment amount for all Scheme participants in 2027-28 is about $72,000. Children have lower average annualised payments than adults and participants with intellectual disability and other neurological disability have the highest average payments. Participants with developmental delay and autism have the lowest average payments.

[104] Figures are shown to the nearest hundred dollars.
[105] Figures are shown to the nearest hundred dollars.

Table 5.21. Average annual payments ($) by age band and disability group in 2027-28 after inflation[106]

Disability Group	0 to 14	15 to 24	25 to 64	65+	Total
Autism	22,500	45,400	94,500	157,800	***42,000***
Intellectual disability	35,700	80,100	160,200	231,700	***119,300***
Psychosocial disability	40,700	96,300	98,200	106,800	***99,300***
Developmental delay	15,600	0	0	0	***15,600***
Other neurological	68,200	112,700	179,100	172,300	***163,500***
Other	26,000	59,400	127,800	134,100	***106,100***
Total	***22,300***	***53,400***	***124,400***	***145,900***	***72,000***

End of table

Table 5.22 shows the projected average annual payments for 2027-28, after inflation, by support category and age band. At Scheme level, average payments per participant for Core Daily Activities and Social Community Civic are the highest by support category and are expected to comprise over 79% of total payments by 2027-28. For participants aged 0 to 14 years, Capacity Building Daily Activities is the largest support category by average payment.

Table 5.22. Average annual payments ($) by age band and support category in 2027-28 after inflation[107]

Support Category ($)	0 to 14	15 to 24	25 to 64	65+	Total
Daily Activities	5,800	23,700	74,200	94,000	***38,700***
CB Daily Activities	10,000	5,700	5,900	7,100	***7,400***
Social Community Civic	2,200	16,700	34,200	32,100	***18,300***
Other	4,300	7,400	10,100	12,700	***7,600***
Total	***22,300***	***53,400***	***124,400***	***145,900***	***72,000***

End of table

5.7. Plan budget projections

Combining projections of the number of participants with average plan budget assumptions results in the Scheme plan budget projections for each financial year. This is similar to the process used to project Scheme expenses using average payment assumptions. The projected Scheme utilisation rate is the proportion of the

[106] Figures are shown to the nearest hundred dollars. A ”0” means there are no or few participants in that age/disability cohort.
[107] Figures are shown to the nearest hundred dollars.

projected Scheme plan budgets spent on participant supports and is calculated by dividing projected Scheme expenses (on an accrual basis) by the projected Scheme plan budgets.

Average annualised plan budgets were selected for each participant cohort and support category based on recent experience as of June 2024, with assumptions applied to allow for future normal inflation and additional growth. As is the case for projected average payments and Scheme expenses, the changing mix of participants will affect the rate at which average plan budgets per participant and Scheme plan budget projections grow over time.

5.7.1. Scheme plan budgets projections

Table 5.23 shows the June 2024 projection of Scheme plan budgets, including the proportion of Scheme plan budgets estimated to be for participants with SIL supports and for those without SIL supports. Scheme plan budgets are projected to grow by 12.9% from $53.9 billion in 2023-24 to $60.8 billion in 2024-25, increasing to $74.3 billion in 2027-28 with an annual rate of growth of 7.3% to 7.5% in the medium term. Approximately 30% of projected Scheme plan budgets in 2024-25 relates to participants with SIL supports, remaining relatively unchanged over the 10-year projection period.

Table 5.23. June 2024 projection of Scheme plan budgets and proportion by SIL status

	2023-24	2024-25	2025-26	2026-27	2027-28	2033-34
Plan Budgets ($m)	***53,882***	***60,827***	***65,346***	***69,251***	***74,299***	***117,981***
Growth (%)	0	12.9%	7.4%	6.0%	7.3%	7.5%
Proportion with SIL	0	29.9%	30.4%	30.4%	30.3%	29.7%
Proportion without SIL	0	70.1%	69.6%	69.6%	69.7%	70.3%

Table 5.24 shows projected Scheme plan budgets, split between existing Scheme participants and participants expected to join the Scheme after 30 June 2024. By 2033-34, approximately two-thirds of projected Scheme plan budgets relate to existing Scheme participants, with close to one-third relating to future new entrants.

Table 5.24. Split of Scheme plan budgets projections by existing and new participants

Scheme plan budgets ($m)	2024-25	2025-26	2026-27	2027-28	2033-34
Existing Scheme participants	59,250	60,385	60,878	62,482	77,905
Future participants	***1,577***	***4,961***	***8,374***	***11,817***	***40,077***
Total Scheme plan budgets	***60,827***	***65,346***	***69,251***	***74,299***	***117,981***
Scheme plan budgets (%)					
Existing Scheme participants	97.4%	92.4%	87.9%	84.1%	66.0%
Future participants	***2.6%***	***7.6%***	***12.1%***	***15.9%***	***34.0%***
Total Scheme plan budgets	***100.%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***

End of table

5.7.2. Average plan budget per participant

Table 5.25 shows that the projected average annualised plan budget is expected to increase by 3.9% from about $84,700 in 2023-24 to $88,000 in 2024-25. This is driven by price limit changes from the 2024-25 Annual Pricing Review and anticipated real growth in plan budgets above pricing impacts[108] . The growth is partially offset by a higher proportion of participants in the Scheme in 2024-25 who are children and/or have a high level of function, which has the effect of lowering the average plan budget.

By 2027-28, the average plan budget is projected to be $92,500. Price limit changes and real growth in participant plan budgets, along with the effects of changes in participant mix, continue to drive changes in the average plan budget over time. However, the pattern of annual growth also reflects the allowance made for the estimated impact of the Recent and Proposed reforms consistent with that for average payments [109]. In particular, the measures to control intraplan inflation and the new assessment and budgeting planning framework are intended to limit growth in plan budgets where there is no evidence of increasing supports need.

[108] Real growth in plan budgets can arise due to a participant's change in circumstance, ageing, or other reasons for an increased/varied need for supports. For example, participants may need more hours of care from disability support workers and/or greater proportion of hours in higher intensity supports.
[109] Additional growth assumptions and numbers of participant projections used for projecting plan budgets reflect the anticipated impact of Recent and Proposed reforms.

Table 5.25. Projected average plan budgets after inflation

	2023-24	2024-25	2025-26	2026-27	2027-28	2033-34
Average plan budgets ($)	***84,700***	***88,000***	***88,000***	***89,100***	***92,500***	***117,600***
Growth (%)		3.9%	0.0%	1.3%	3.8%	3.6%

Table 5.26 displays the 2024-25 projected average annualised plan budgets for participants without SIL supports, broken down by disability and age band.

- Children have lower average annualised plan budgets than adults, reflecting a higher proportion of early intervention participants and more informal supports, primarily provided by parents.
- Participants with spinal cord injury, other neurological, acquired brain injury, stroke, cerebral palsy or multiple sclerosis have higher average plan budgets which reflects their higher support needs, while participants with hearing impairment, other sensory/speech, or developmental delay have lower average plan budgets.

Table 5.26. Average annualised plan budgets ($) for participants without SIL by age band and disability group in 2024-25 dollars[110]

Disability Group	0 to 14	15 to 24	25 to 64	65+	Total
Autism	31,700	54,500	77,800	86,200	***44,100***
Developmental Delay	23,900	0	0	0	***23,900***
Intellectual Disability	48,700	90,100	112,400	131,700	***92,100***
Other Neurological	78,600	131,600	154,500	166,700	***147,600***
Psychosocial disability	51,400	100,800	93,800	103,600	***94,800***
Other	38,000	69,600	110,100	116,300	***93,700***
Total	***30,900***	***65,400***	***104,400***	***123,300***	***65,100***

Table 5.27 displays the 2024-25 projected average annualised plan budgets for participants with SIL supports, broken down by disability and age groups.

- Average plan budgets for participants with SIL supports are lower at higher ages.
- Participants with SIL supports with spinal cord injury, multiple sclerosis, stroke, or other neurological have higher annualised average plan budgets, while participants with SIL supports with hearing impairment, visual impairment, other sensory/speech or intellectual disability have lower annualised average plan budgets.

[110] Figures are shown to the nearest hundred dollars. Blanks or zero mean there are no or few participants in that age/disability cohort.

Table 5.27. Average annualised plan budgets ($) for participant with SIL by age band and disability group in 2024-25 after inflation[111]

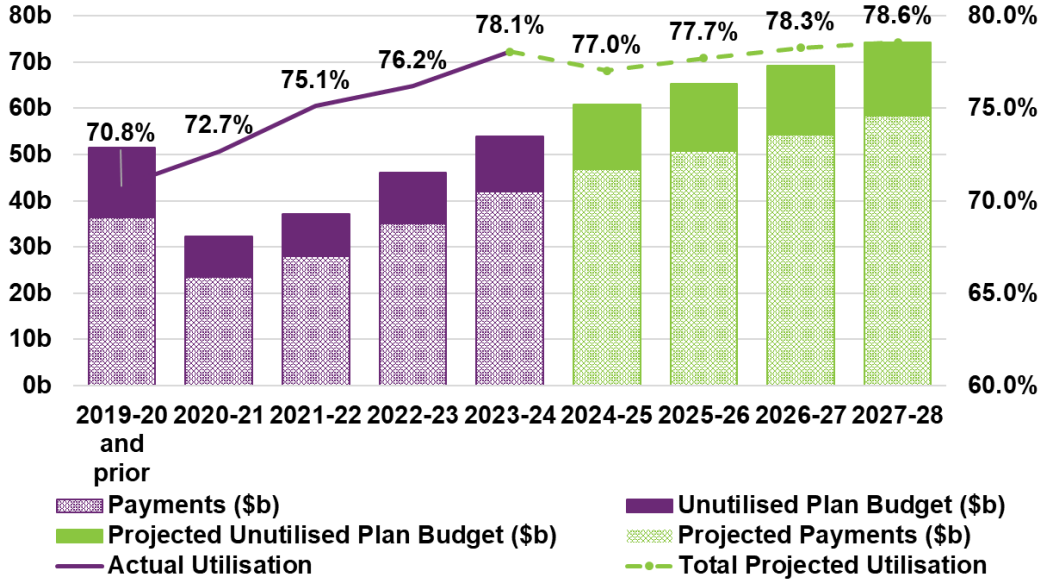
Disability Group	0 to 24	25 to 64	65+	Total
Autism	659,100	528,400	441,000	***569,100***
Intellectual disability	514,200	446,000	426,200	***449,000***
Other neurological	704,100	579,500	574,000	***582,000***
Psychosocial disability	541,700	460,200	452,300	***462,000***
Other	625,300	552,500	547,200	***554,100***
Total	***595,800***	***493,200***	***488,100***	***501,700***

End of table

5.7.3. Projected utilisation

Figure 5.10 shows historical and projected utilisation rates for the Scheme in aggregate and depicts Scheme expenses as a proportion of Scheme plan budgets

Figure 5.10. Utilisation over time ($billion)[112]



End of figure

Utilisation has increased from around 71% during the trial and transition periods to 78% in 2023-24 [113].

[111] Figures are shown to the nearest hundred dollars. Blanks mean there are no or few participants in that age/disability cohort.
[112] Utilisation rates shown for financial years 2020-21 to 2022-23 are slightly lower than reported in the previous review, due to small retrospective increases in historical plan budgets. Utilisation for 2023-24 is slightly higher than projected in the previous review due to higher-than-expected Scheme expenses.
[113] Note, the utilisation rate for 2023-24 includes estimates of payments for supports provided in the period but were not yet paid for at 30 June 2024. It also includes an estimate of how plan budget amounts for 2023-24 may change retrospectively.

Utilisation is anticipated to reduce in 2024-25, because changes arising from the amendments to NDIS legislation, and specifically the measures to control intraplan inflation, are expected to have an impact on payments immediately but not on participant plans. The impacts of reducing growth in plan budgets will emerge over time as plans are reassessed and participants re-adjust to how they can spend their budget, what supports are allowed as reasonable and necessary, and their patterns of spending within the specified funding periods. This is expected to result in a gradual increase in utilisation from 2025-26 before reaching around 79% by 2027-28.

Given that work associated with the legislative changes is still to be developed with the disability community through a program of co-design, there is a high level of uncertainty about future rates of utilisation. Scheme experience will continue to be monitored and assumptions about growth in plan budgets, payments for supports and therefore utilisation will continue to be revised in future projections.

5.8. Lifetime expense for care and support

In addition to annual projections, the AFSR is required to include estimates of the lifetime expense for care and support (lifetime expense)[114] for participants. These are estimated Scheme expenses for care and support provided over the participant's entire lifetime. They provide a useful benchmark to monitor the financial sustainability of the Scheme, as better outcomes for participants should generally result in lower long-term payments of disability support in the future. Therefore, as more experience emerges, the lifetime expense estimates for participants may be expected to reduce, on average.

Average participant lifetime expenses have been projected based on the assumptions underlying the June 2024 projections (including allowance for Recent and Proposed Reforms) and then discounted to a present value at 30 June 2024 assuming a long-term discount rate of 5.0% per annum for all future years.[115]

The lifetime expense is projected separately for both the expected cohort of new entrants to the Scheme during 2024-25 as well as existing participants at 30 June 2024.

[114] There is considerable uncertainty in the calculation of lifetime expense estimates in this section. There is limited longitudinal experience within the Scheme to inform assumptions, with most participants having been in the Scheme for seven years or less. These estimates therefore reflect emerging experience, assuming the same average payments and rates of leaving and mortality were to continue over the lifetime of participants

[115] The adopted long-term discount rate of 5.0% corresponds to the long-term expectation for nominal GDP growth, which is the combination of average long-term productivity growth of 1 per cent per annum, employment growth of 1.5 per cent per annum (noting employment growth is expected to fall over time due to the impact of ageing and slowing population growth on the labour force) and price inflation of 2.5 per cent per annum. This is consistent with the GDP growth assumption in the 2023 Intergenerational Report (IGR).

The lifetime expense projection for new entrants is intended to reflect the underlying profile, and associated expense, of new entrants to the Scheme each year going forward once the Scheme reaches a steady intake state. This means no short-term allowances are made, and that the new entrant cohort reflects a longer-term view based on new incidence of disability and an immaterial level of participants entering with a previously unmet need.

Table 5.28 (found on page 103) shows the lifetime expenses for the estimated annual population of new entrants in 2024-25.

The average lifetime expenses are calculated by disability group, defined by the primary disability of the participant when they enter the Scheme, and then applied to the estimated annual population of new entrants in 2024-25 to get the total lifetime expenses. In particular, for participants who enter with developmental delay, lifetime expenses include the cost of supports for those who are later diagnosed with autism, intellectual disability or other permanent disability type and remain in the Scheme into adulthood.

The total lifetime expenses for the estimated annual population of new entrants in 2024-25 is projected to be $116.2 billion based on the current long-term assumptions, representing 4.2% of projected GDP for 2024-25. This doesn't mean the government is required to set aside 4.2% of GDP to cover the lifetime expenses for these participants, as the Scheme is funded on an ongoing basis by the government.

Table 5.28 also shows about 80% of the total lifetime expenses for New Entrants in 2024-25 are for participants with autism, developmental delay and intellectual disability.

The total lifetime expenses for the 661,267 current participants in the Scheme are estimated to be $1.61 trillion, representing 58.3% of the projected GDP for 2024-25.

The estimated average lifetime expense of these participants is $2.4 million per participant which is significantly higher than the average of $1.7 million for new entrants due to the different disability and age distributions of the two populations. In particular, the profile of current participants is skewed towards those with lower functional levels compared with new entrants. The new entrants' cohort has a greater number of higher functioning children, many of whom enter the Scheme through the early intervention requirement (Section 25 of the NDIA Act), and who are expected to leave the Scheme and hence have a lower average lifetime expense.

Table 5.28. Average Payments & Total Lifetime Expenses for New Entrants in 2024-25

Disability group	New entrant population (2024-25)	Average lifetime expense ($m)	Total lifetime expenses ($m)	Total lifetime expenses (%)
ABI	1,266	2.66	3,373	3%
Autism	25,095	2.19	54,864	47%
Cerebral Palsy	425	3.60	1,528	1%
Hearing Impairment	1,925	0.25	475	0%
Intellectual Disability	3,865	2.88	11,131	10%
Multiple Sclerosis	782	1.41	1,103	1%
Developmental Delay	24,189	1.12	27,186	23%
Other	1,412	1.74	2,462	2%
Other Neurological	1,827	1.56	2,856	2%
Other Physical	1,077	1.04	1,115	1%
Other Sensory Speech	38	0.10	4	0%
Psychosocial disability	3,642	1.82	6,626	6%
Spinal Cord Injury	319	3.73	1,189	1%
Stroke	805	2.10	1,691	1%
Visual Impairment	548	1.04	568	0%
Total	***67,215***	***1.73***	***116,171***	***100%***
Projected GDP $m (2024-25)			2,756,666	
% of GDP			4.2%	

End of table

5.9. Operating expenses

Agency costs, referred to as “operating expenses”, are costs associated with the operation of the NDIS, including resourcing costs related to participant eligibility assessments and planning, monitoring and reporting of Scheme performance, and governance activities. These costs are separate to Scheme expenses, which represent the total cost of supports and services provided to all participants in the Scheme, before allowance for Agency costs.

Table 5.29 shows actual operating expenses in 2023-24 of $2,085 million, or 5.0% of Scheme expenses, were $137 million lower than the 2024-25 Budget for 2023-24 of $2,222 million.

Table 5.29. Actual operating expenses compared to expectations

Operating expenses ($m)	12 months ending 30 June 2024
Actual	**2,085**
(2024-25 Budget)	2,222
Difference (Actual – Budget)	**-137**

End of table

The 2024-25 Budget included continued allowances in Agency funding for the 2023-24 Budget initiatives aimed at improving outcomes for participants and ensuring effectiveness and sustainability of the Scheme. Also included were additional operating expenses of $468.7 million, over five years from 2023-24 (and $37.9 million per year ongoing) in relation to getting the NDIS back on track[116], with the NDIS Amendment (Getting the NDIS Back on Track) Bill 2024 No.1. However, after these allowances, there remains a reduction in budgeted operating expenses of 35% in 2025-26, with amounts in subsequent periods also at this lower level compared with 2024-25.

The June 2024 projections assume Agency resourcing remains relatively constant in real terms, and that the funding of operational expenses is sufficient to implement and operationalise the Recent and Proposed Reforms. In particular, additional resourcing will be required to undertake support needs assessments to inform new framework plans. At the time of writing, work is being undertaken to ensure that the funding of reforms, as well as business-as-usual activities, is secured. If this does not eventuate, Scheme expenses would be expected to be higher than those shown in this report.

[116] National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Bill 2024 – Parliament of Australia (aph.gov.au)

Section 6. Uncertainty and comparisons to previous projections

This section includes scenario analyses where individual assumptions are varied compared with the assumptions used to arrive at the projected Scheme expenses presented in this report (referred to as the "baseline"). The scenarios demonstrate the sensitivity of results to changes in future expectations.

The scenario analysis section also contains the results from an alternative projection model known as the microsimulation model (MSM)[117], which is described in Section 3.5. The MSM is designed to simulate individual pathways of current and future participants based on demographic characteristics and their evolution over time.

This section also contains the results of a stochastic projection model[118]. This model allows for the uncertainty of the most significant key risks to the estimation of Scheme expenses and the results provide a confidence interval for the range of expected projection outcomes.

Also discussed is the level of judgment required in assumption setting, and the materiality of the different assumptions made in the Scheme projections.

Finally, the section shows a comparison of the June 2024 projection results with historical projection results and Productivity Commission estimates is shown, to illustrate how expectations of Scheme expenses have changed over time.

6.1. Scenario analysis

As noted throughout this report, there is considerable uncertainty in relation to these projections, and actual Scheme expenses may vary, possibly significantly. To quantify the inherent uncertainty, an alternative set of projections have been calculated for several scenarios. These consider a range of plausible outcomes in relation to some of the key uncertainties. Specifically:

- Growth in average payments.
- Number of new entrants to the Scheme.
- Rate of participants leaving the Scheme.
- Number of participants in Supported Independent Living arrangements.
- Projection model approach.

[117] A microsimulation model is a quantitative method used in economics, sociology, public policy and other fields to simulate the behaviours and outcomes of individual entities, such as people, households, or firms, over time.
[118] A stochastic model is used to estimate probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. In this case, the inputs which are varied are the assumptions and risks which are most uncertain in the projection of Scheme expenses.

6.1.1. Growth in average payments

The average payments per participant have grown at rates exceeding normal inflation for several years. Payment levels increase over time due to factors such as participants transitioning to SIL arrangements and participants using more of their funded supports after an initial period in the Scheme. The additional growth in payments, after allowing for these factors which are modelled separately, is a projection assumption that is based on a high level of judgement. This acknowledges that historic rates of growth provide only limited evidence regarding future rates of growth. The average payment growth assumptions have a material effect on Scheme projections.

This scenario can also be used to gauge the impact of higher normal inflation assumptions compared with the baseline projection, noting that forecasts of economic inflation have increased marginally since the previous review. There remains uncertainty about future general rates of inflation in Australia and internationally, including decisions passed down by the Fair Work Commission, which are used directly to inform assumptions about future growth in the Scheme projections.

This is illustrated in Table 6.1 which presents the following scenarios:

- ***A one percentage point increase to additional growth rates in the short-term, for the four years from 2024-25 to 2027-28.*** This adds $2.4 billion to Scheme expenses in 2027-28 and $3.8 billion in 2033-34.
- ***A one percentage point increase to additional growth rates across all projection years.*** This adds $2.4 billion to Scheme expenses in 2027-28 and $9.7 billion in 2033-34.
- ***A one percentage point reduction to additional growth rates in the short-term, for the four years from 2024-25 to 2027-28.*** This reduces Scheme expenses in 2027-28 by $2.3 billion and in 2033-34 by $3.7 billion.
- ***A one percentage point reduction to additional growth rates across all projection years.*** This reduces Scheme expenses in 2027-28 by $2.3 billion and in 2033-34 by $8.9 billion.

Table 6.1. Scenarios with higher and lower additional growth rates – Projected Scheme expenses and variance to June 2024 projections

Scheme expenses ($m)	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Baseline: June 2024 projections ($m)	*46,865*	*50,789*	*54,215*	*58,390*	*92,722*	**210,258**
Scenario 1: Higher growth in the short-term (+1%)						
Scheme expenses ($m)	47,333	51,809	55,857	60,761	96,487	**215,761**
Variance to baseline ($m)	469	1,021	1,643	2,371	3,765	**5,503**
Variance to baseline (%)	1.0%	2.0%	3.0%	4.1%	4.1%	**2.6%**
Scenario 2: Higher growth in the short and long term (+1%)						
Scheme expenses ($m)	47,333	51,809	55,857	60,761	102,423	**215,761**
Variance to baseline ($m)	469	1,021	1,643	2,371	9,701	**5,503**
Variance to baseline (%)	1.0%	2.0%	3.0%	4.1%	10.5%	**2.6%**
Scenario 3: Lower growth in the short-term (-1%)						
Scheme expenses ($m)	46,396	49,778	52,604	56,089	89,069	**204,868**
Variance to baseline ($m)	-469	-1,011	-1,610	-2,301	-3,654	**-5,390**
Variance to baseline (%)	-1.0%	-2.0%	-3.0%	-3.9%	-3.9%	**-2.6%**
Scenario 4: Lower growth in the short and long term (-1%)						
Scheme expenses ($m)	46,396	49,778	52,604	56,089	83,856	**204,868**
Variance to baseline ($m)	-469	-1,011	-1,610	-2,301	-8,866	**-5,390**
Variance to baseline (%)	-1.0%	-2.0%	-3.0%	-3.9%	-9.6%	**-2.6%**

End of table

6.1.2. Number of new entrants to the Scheme

Short-term uncertainty

The number of new entrants to the Scheme in 2023-24 has reduced compared to the previous year and is below expectations in the previous review. This trend has been observed across all disability groups. The lower-than-expected number of new entrants may have been impacted by changes to processes associated with access requests and access decisions during 2023-24. However, it is not possible to draw specific conclusions about the drivers of experience, particularly given changes to data capture which occurred with the Agency moving to a new computer system on 31 October 2023. Analysis of the potential variability in workforce capacity and

productivity on access requests and access decisions has been undertaken. Based on the results, the following two scenarios are shown in Table 6.2 to reflect a reasonable range of new entrants in 2024-25.

- ***Greater number of new entrants in 2024-25, increased by 15%.*** This increases Scheme expenses by $0.5 billion in 2027-28 and $0.6 billion in 2033-34.
- ***Lower number of new entrants in 2024-25, reduced by 10%.*** This decreases Scheme expenses by $0.3 billion in 2027-28 and $0.4 billion in 2033-34.

Table 6.2. Scenarios with higher and lower new entrants in 2024-25 – Projected Scheme expenses and variance to the June 2024 projections

Scheme expenses ($m)	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Baseline: June 2024 projections ($m)	*46,865*	*50,789*	*54,215*	*58,390*	*92,722*	**210,258**
Scenario 1: Greater number of new entrants in 2024-25						
Scheme expenses ($m)	47,003	51,146	54,655	58,845	93,310	**211,650**
Variance to baseline ($m)	139	358	441	455	588	**1,391**
Variance to baseline (%)	0.3%	0.7%	0.8%	0.8%	0.6%	**0.7%**
Scenario 2: Lower number of new entrants in 2024-25						
Scheme expenses ($m)	46,772	50,550	53,921	58,087	92,330	**209,331**
Variance to baseline ($m)	-92	-238	-294	-303	-392	**-928**
Variance to baseline (%)	-0.2%	-0.5%	-0.5%	-0.5%	-0.4%	**-0.4%**

End of table

6.1.3. Short- and long-term uncertainty

In the future, new entrant rates will be dependent on the general prevalence of autism and other disabilities, operational changes and Scheme Reforms. The following two scenarios, shown in Table 6.3, broadly reflect the 90th percentile (higher scenario) and 10th percentile (lower scenario) from the stochastic model discussed in Section 6.2.

- ***Greater rate of new entrants, for all years, increased by 20%.*** This increases Scheme expenses by $1.5 billion in 2027-28 and $5.8 billion in 2033-34.
- ***Lower rate of new entrants, for all years, reduced by 20%.*** This decreases Scheme expenses by $1.5 billion in 2027-28 and $5.8 billion in 2033-34.

Table 6.3. Scenarios with higher and lower new entrant rates– Projected Scheme expenses and variance to the June 2024 projection

Scheme expenses ($m)	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Baseline: June 2024 projections ($m)	*46,865*	*50,789*	*54,215*	*58,390*	*92,722*	**210,258**
Scenario 3: Higher new entrant rates						
Scheme expenses ($m)	47,022	51,345	55,249	59,931	98,480	**213,547**
Variance to baseline ($m)	157	556	1,034	1,541	5,757	**3,288**
Variance to baseline (%)	0.3%	1.1%	1.9%	2.6%	6.2%	**1.6%**
Scenario 4: Lower new entrant rates						
Scheme expenses ($m)	46,708	50,232	53,181	56,849	86,965	206,970
Variance to baseline ($m)	-157	-556	-1,034	-1,541	-5,757	-3,288
Variance to baseline (%)	-0.3%	-1.1%	-1.9%	-2.6%	-6.2%	-1.6%

End of table

6.1.4. Rate of participants leaving the Scheme

The observed rates of participants leaving the Scheme, for reasons other than death, are lower than projected in previous reports. The level of participants leaving the Scheme in the future is uncertain. It is dependent on several factors including the extent to which participants can achieve their goals to enable them to live independently without an individualised package of supports, and also the effectiveness of dedicated effort towards processing eligibility reassessments.

Table 6.4 presents a scenario where the rates of participants leaving the Scheme in 2024-25 and 2025-26 are assumed to be lower than the baseline projections, which may reflect less success in participants achieving goals than expected, or an increase in operational capacity to undertake eligibility reassessments that is more gradual than assumed. The result is an additional $0.1 billion in 2027-28 and $0.1 billion in 2033-34 to total Scheme expenses.

Table 6.4. Scenarios with a lower rate of participants leaving the Scheme – Projected Scheme expenses and variance to the June 2024 projections

Scheme expenses ($m)	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Baseline: June 2024 projections ($m)	*46,865*	*50,789*	*54,215*	*58,390*	*92,722*	**210,258**
Scenario: Lower rate of participants leaving the Scheme						
Scheme expenses ($m)	46,901	50,872	54,305	58,479	92,832	**210,557**
Variance to baseline ($m)	37	83	91	89	110	**299**
Variance to baseline (%)	0.1%	0.2%	0.2%	0.2%	0.1%	**0.1%**

End of table

6.1.5. Number of participants in Supported Independent Living arrangements

The number of participants with SIL supports at 30 June 2024 was lower than expected in the previous review. Most participants in SIL are those that entered the Scheme and then subsequently transitioned to a plan with SIL. Anticipating the number of participants likely to require SIL supports, and when the demand for SIL supports will reach a long-term steady state, remains a challenge. There is increased uncertainty associated with changes in operational processes for home and living decisions since the previous review. The number of participants with SIL supports is an area of significant uncertainty that also has a material impact on projected Scheme expenses.

To illustrate the impact of varying the number of participants in SIL on Scheme expenses, the following scenarios are presented in Table 6.5:

- ***Higher number of participants in SIL***, with 200 net increase in participants in SIL each year. This scenario increases Scheme expenses by $0.3 billion in 2027-28 and $0.9 billion in 2033-34.
- ***Lower number of participants in SIL***, with 200 net decrease in participants in SIL each year. This scenario decreases Scheme expenses by $0.3 billion in 2027-28 and $0.9 billion in 2033-34.

Table 6.5. Scenarios with higher and lower number of participants with SIL – Projected Scheme expenses and variance to the June 2024 projections

Scheme expenses ($m)	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Baseline: June 2024 projections ($m)	*46,865*	*50,789*	*54,215*	*58,390*	*92,722*	**210,258**
Scenario 1: Higher number of participants with SIL						
Scheme expenses ($m)	46,901	50,900	54,404	58,665	93,658	210,870
Variance to baseline ($m)	36	111	189	275	936	611
Variance to baseline (%)	0.1%	0.2%	0.3%	0.5%	1.0%	0.3%
Scenario 2: Lower number of participants with SIL						
Scheme expenses ($m)	46,829	50,677	54,026	58,116	91,781	209,647
Variance to baseline ($m)	-36	-112	-189	-274	-941	-611
Variance to baseline (%)	-0.1%	-0.2%	-0.3%	-0.5%	-1.0%	-0.3%

End of table

6.1.6. MSM alternative projection model

As discussed earlier in Section 3.5, a new alternative projection model known as the microsimulation model (MSM) has been developed. The development of the MSM aligns with the recommendation from the NDIS Review that "….the Scheme Actuary should also develop different forecasting models, including for specific cohorts, to improve the accuracy of NDIS projections". This emphasises the importance of

diversifying forecasting methods to support the financial sustainability of the Scheme. The MSM serves several key purposes, including enhancing stakeholder confidence in the accuracy and reliability of the Agency's forecasts of Scheme expenses, reducing model specification risk, and introducing innovation.

The key judgements when setting the assumptions that underpin the MSM are largely consistent with those used in the existing model. Appendix M contains further details on the June 2024 MSM projections (e.g. projected new entrants, mortality, etc) including comparisons to the existing projection model. The dollar allowance for the Recent and Proposed Reforms in the June 2024 MSM projections is the same as that used in the baseline June 2024 projections.

Table 6.6 presents the results of the MSM. The result is a decrease in Scheme expenses of $0.3 billion over 2024-28.

Table 6.6. Scenario showing the results from the 30 June 2024 MSM projections – Projected Scheme expenses and variance to the June 2024 projections[119]

Scheme expenses ($m)	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Baseline: June 2024 projections ($m)	*46,865*	*50,789*	*54,215*	*58,390*	*92,722*	**210,258**
Scenario: Results from the 30 June 2024 MSM projections						
Scheme expenses ($m)	46,111	50,740	54,614	58,726	No value	**209,937**
Variance to baseline ($m)	-754	-49	146	335	No value	**-321**
Variance to baseline (%)	-1.6%	-0.1%	0.3%	0.6%	No value	**-0.2%**

End of table

6.2. Stochastic modelling

6.2.1. Approach

The risks underlying the projected expenses of the Scheme[120] are continually monitored and analysed and the stochastic model is used as a tool to measure the level of uncertainty in relation to Scheme expenses. The stochastic model varies the assumptions of the June 2024 projections relating to the key risks to determine the probability distribution of expected future Scheme expense outcomes[121].

[119] The June 2024 MSM currently only has projections for the next 4 years, which is why the projected Scheme expenses for the 2033-24 year are not shown in Table 6.6. There are plans to extend the projection period of the MSM in future iterations of the model.
[120] In the 2024-25 Corporate Plan, the risk to Scheme sustainability is defined as Scheme scope, growth and/or costs/expenses deviating significantly.
[121] A total of 20,000 simulations were produced using the R programming language.

The material risks identified are additional growth, model specification risk, the number of new entrants to the Scheme, normal inflation and the number of participants transitioning to SIL arrangements. These risks have been identified and quantified using historical experience, and it is difficult to make objective adjustments to the stochastic model for changes to the Scheme which have not yet occurred. Therefore, the results presented below exclude the impact of the Recent and Proposed Reforms or the impacts of any future legislative or major policy interventions not considered in this report. However, Scheme reforms are another key source of uncertainty. This is discussed further at the end of this section.

6.2.2. Summary of the key risks modelled stochastically

The following section provides an overview of the uncertainty relating to each of the key risks varied stochastically.

Additional growth

The historic escalation in average payments has remained above normal inflation, even after allowing for other factors such as ageing and transitions to SIL arrangements which are modelled explicitly in projections of the Scheme. Sustained high levels of additional growth remains one of the most critical sustainability pressures for the Scheme given the material impact on projected Scheme expenses. Given the evolving nature of the Scheme, assumptions relating to additional growth involve considerable judgement and thus, remain highly uncertain.

Model specification risk

The deterministic projection model is an imperfect representation of the future payment process, leading to potential biases in the projection of Scheme expenses. The risk that actual outcomes vary from the projections remains high, given NDIS processes are still evolving. There is a limited history available for setting assumptions, as well as some limitations in the data available for analysis. However, this risk has reduced slightly compared to the previous review primarily driven by enhancements to the June 2024 projection model, inclusion of an additional year's experience and the implementation of the Microsimulation Model (MSM).

New entrants

The Scheme continues to experience high levels of new entrants, particularly for participants with autism and developmental delay. There remains a high level of uncertainty in the new entrant assumptions.

Normal inflation

Future increases in wages and consumer prices are key sources of uncertainty. The uncertainty reflects increased economic uncertainties, significant supply chain issues, the residual impacts of previous monetary policy initiatives and the impact of Fair Work Commission decisions.

Transitions into Supported Independent Living (SIL)

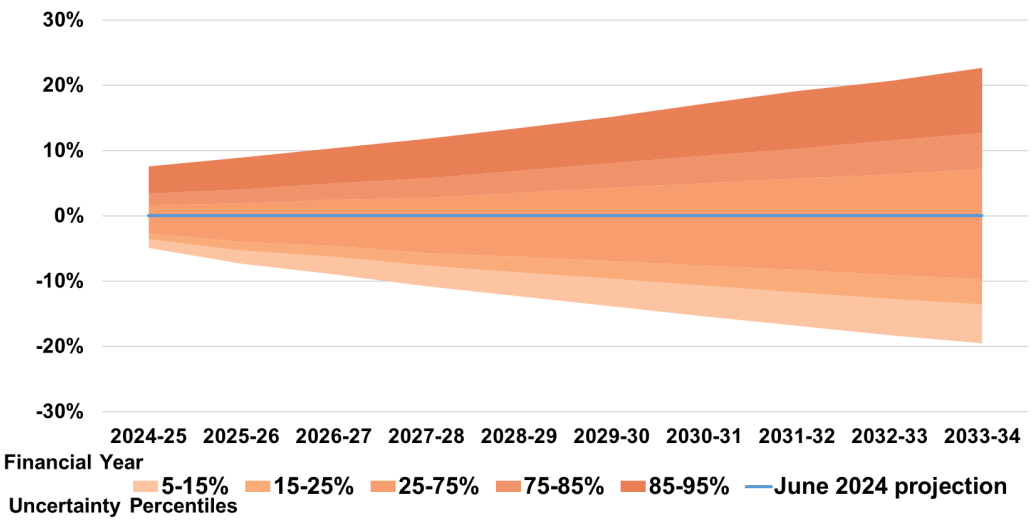
There are a number of drivers of uncertainty relating to expenses for participants with SIL arrangements, one of which is the number of transitions of participants into SIL each year. Rates of transition into SIL are set based on an experience analysis of participants gaining access to SIL supports and allow for the ongoing changes in operational processes that may affect such transitions into the future. The number of participants with SIL supports has stabilised over the last year but the level of transitions into SIL in the future remains uncertain.

6.2.3. Summary of results

Figure 6.1 illustrates the stochastic simulation of Scheme expense outcomes expressed as a percentage of the June 2024 projections (before Recent and

Proposed Reforms), with varying confidence intervals[122]. Scheme expenses are expected to increase over time and the uncertainty associated with the Scheme expenses is also expected to increase over time as demonstrated by the increasing coefficient of variation (CV)[123] in Table 6.8. The compounding uncertainty over time reflects the challenges in projecting future outcomes in the long term.

Figure 6.1. Ranges of uncertainty in June 2024 projected Scheme expenses as a proportion of baseline projection [124] ***(%)***



End of figure

[122] A confidence interval, here, represents the simulated probability that the Scheme expense as a percentage of the baseline projection will fall between the specified range of outcomes of the stochastic model.
[123] Coefficient of variation (CV) has been used to measure uncertainty. It is defined as the standard deviation divided by the mean of a distribution. A higher CV implies a higher level of uncertainty.
[124] before Recent and Proposed Reforms.

Figure 6.1 shows that the range of outcomes for the Scheme is greater above the baseline than below the baseline, primarily driven by the skewed nature of uncertainty in additional growth. The average of all 20,000 simulations (which is equivalent to the baseline projection) is greater than the median result (50th percentile) as the more extreme high values increase the average.

The 5th[125] percentile and 95th percentile results form a 90% confidence interval for the range of expected outcomes for projected Scheme expenses.

As shown in Table 6.7 there is an equal 5% likelihood that the Scheme expense would be:

- At least 4.9% below, or at least 7.5% above the June 2024 projection in 2024-25.
- At least 7.7% below, or at least 9.0% above the June 2024 projection for the four years to 30 June 2028.
- At least 19.6% below, or at least 22.6% above the June 2024 projection in 2033-34.

Table 6.7. Difference in Scheme expense percentiles as a proportion of the June 2024 projections (%)

Percentiles	2024-25	2025-26	2026-27	2027-28	2033-34	2024-28
5.0%	-4.9%	-7.3%	-9.0%	-10.8%	-19.6%	-7.7%
25.0%	-2.7%	-4.0%	-4.6%	-5.7%	-9.7%	-4.1%
50.0%	-0.9%	-1.4%	-1.4%	-1.7%	-1.8%	-1.3%
75.0%	1.6%	1.9%	2.5%	2.8%	7.1%	2.1%
95.0%	7.5%	8.9%	10.4%	11.7%	22.6%	9.0%

End of table

6.2.4. Quantification of key risks

Table 6.8 shows the CV of the Scheme expense associated with each risk if it were modelled separately and independently of the other key risks. The largest contributor to risk is additional growth, however, in the longer term, model specification risk and new entrant risk become more significant.

[125] The 5th (95th) percentile, here, is the simulated Scheme expense at or below which 5 (95) percent of the simulated Scheme expenses lie.

Table 6.8. CV assessment of each individual component of risk

Risk type	2024-25	2025-26	2026-27	2027-28	2033-34	2024-28
Additional growth	3.7%	4.6%	5.1%	5.4%	7.6%	4.4%
Model specification risk	1.6%	2.2%	2.9%	3.5%	6.2%	2.3%
New entrants	0.2%	0.7%	1.4%	2.2%	7.6%	1.2%
Normal inflation	0.0%	0.7%	1.3%	1.8%	3.8%	1.0%
Supported Independent Living	0.4%	0.9%	1.0%	1.0%	1.2%	0.8%
All Risk Types	***4.3%***	***5.4%***	***6.3%***	***7.3%***	***13.3%***	***5.5%***

End of table

The key observations for each risk are as follows:

- **Additional growth** has the highest CV compared to the other risks for each projection year. Assumptions relating to additional growth remain highly uncertain, given the evolving nature of the Scheme, and the level of judgement involved in determining the additional growth assumptions.
- **Model specification risk** has a high CV, increasing over time, reflecting the inherent complexity in modelling and projecting Scheme expenses.
- **New entrant risk** increases over time due to the number of new entrants in earlier years impacting the Scheme expense in future years, and the uncertainty in estimating the incremental number of new entrants in future years.
- **Normal inflation risk** is zero in the first projection year. Assumptions relating to normal inflation are deterministic[126] in the first projection year as they are based on the 2023-24 Annual Pricing Review. Normal inflation risk has lower CV compared to most of the other risks during the period from 2024-28. The CV in later years reflects increasing uncertainty in the level of wage and consumer prices over time.
- **SIL transitions risk** is lower in the first projection year since a proportion of the participants who are expected to transition into SIL in that year already have a finalised Home and Living decision. In later years, the level of uncertainty relating to SIL transitions, as measured by its impact on total Scheme expenses, is expected to increase only slightly. This is because the uncertainty in total Scheme expenses will increasingly be driven by younger new entrants, who are less likely to require SIL supports compared to existing, older, participants.

6.2.5. Estimated Impact of Recent and Proposed Reforms on Uncertainty

The impact of the Recent and Proposed Reforms on the uncertainty relating to each of the key risks above is difficult to quantify.

[126] Since the outcome of the Annual Pricing Review 2023-24 Review is known, there is no variation relating to the normal inflation assumption during the first projection year.

The Recent and Proposed Reforms are aimed at achieving the 8% growth in the NDIS Financial Sustainability Framework. This goal aims to substantially reduce the overall uncertainty associated with Scheme expenses in the medium to longer term, primarily through reductions in the coefficient of variation for the Additional Growth, New Entrants and Normal Inflation risks.

In particular, the assessment and budgeting reforms are expected to give people with disability a flexible budget where they can decide how to best spend their budget in accordance with the NDIS Act. This is anticipated to deliver a level of consistency in funding for participants who have similar needs and situations, and lead to an outcome longer term that will moderate growth as envisioned by the NDIS Financial Sustainability Framework.

However, the design and implementation of the Recent and Proposed Reforms is ongoing and thus, at least in the short term the Scheme is faced with additional uncertainty as a result.

These opposing factors, coupled with the still emerging policy detail relating to the Recent and Proposed Reforms means that they have been excluded from the stochastic modelling in this report.

6.3. Judgement and materiality of assumptions

A level of judgement is required in setting assumptions about future experience of the Scheme. The level of judgment varies depending on the extent to which there is supporting evidence, based on credible and reliable data (lower degree of judgement), or other factors where there is less certainty (higher degree of judgement). In terms of reforms, the level of judgment required is also dependent on the degree to which there is an existing Government commitment, as well as whether co-design has been conducted and implementation of the reform has commenced. Further, different assumptions impact Scheme projections to a greater or lesser degree, referred to as the materiality[127] of the respective assumptions, which is informed by the scenario analysis results (Section 6.1).

Table 6.9 sets out the relative level of judgement[128] involved and materiality associated with each of the main assumptions underlying the Scheme projections, both in the short-term (four years 2024-25 to 2027-28) and the medium to long term (years 2028-29 and beyond).

[127] The impact on total Scheme expenses for each level of materiality: Low: ≤1%, Medium: 1-5%, High: >5%.
[128] Level of judgement: Low = assumptions influenced by experience and/or data that is known, Medium = assumptions influenced by experience and operational processes, introducing some variability, High = assumptions influenced by experience, operational process, economic conditions etc., with higher variability.

In both the short and medium to long-term, a high degree of judgment is involved in setting the additional growth assumptions which are influenced by a number of factors. By contrast, mortality rate assumptions, which are derived from experience and not impacted by changes to decisions and actions of the government and Agency involve little judgement. New entrant assumptions are split between children (aged 0 to 14) and older children and adults (aged 15 and above), as different factors influence the respective group of new entrants.

Whilst the relative level of judgement associated in setting each of the various assumptions remains consistent over the long-term, compared to the short-term, the level of materiality increases over the long-term. As the Scheme continues to grow from year to year, the cumulative impact on the projected Scheme expenses becomes greater in the medium to long-term.

Additional growth assumptions involve significant judgment, demonstrating a much higher level of variability than all other assumptions, and resulting in the greatest impact on the projected future Scheme expense. Whilst more data and information are available to assess new entrant experience, the significant variability in number of new entrants from year to year, as well as the impact of Scheme reforms and improvements to the process, makes it more challenging to set assumptions with confidence.

The level of judgement and materiality associated with each of the main assumptions, is consistent with the material risks, and variability in these risk factors is included in the Stochastic Model used to assess the uncertainty inherent in the projection of Scheme expenses (Section 6.2).

Table 6.9. Relative level of judgement and impact on Scheme projections of main assumptions

Short-term relative level of judgement and impact on Scheme projections of main assumptions ***Level of Judgement***	Materiality: **Short Term** (2024-28) **Low**	Materiality: **Short Term** (2024-28) **Medium**	Materiality: **Short Term** (2024-28) **High**	Long-term relative level of judgement and impact on Scheme projections of main assumptions ***Level of Judgement***	Materiality: **Long Term** (2028-29 and beyond) **Low**	Materiality: **Long Term** (2028-29 and beyond) **Medium**	Materiality: **Long Term** (2028-29 and beyond) **High**
High	Nil	Nil	Additional growth rates	***High***	Nil	Nil	Additional growth rates
Medium	New entrants (0-14)	New Entrants (15+)	Nil	***Medium***	Nil	SIL transition rates	New entrants (0-14)
Medium	Leaving and transition rates	SIL transition rates	Nil	***Medium***	Nil	Future price increases	New entrants (15+)
Medium	Nil	Future prices increase	Nil	***Medium***	Nil	Leaving and transition rates	Nil
Low	Mortality rates	Nil	Nil	***Low***	Mortality rates	Nil	Nil

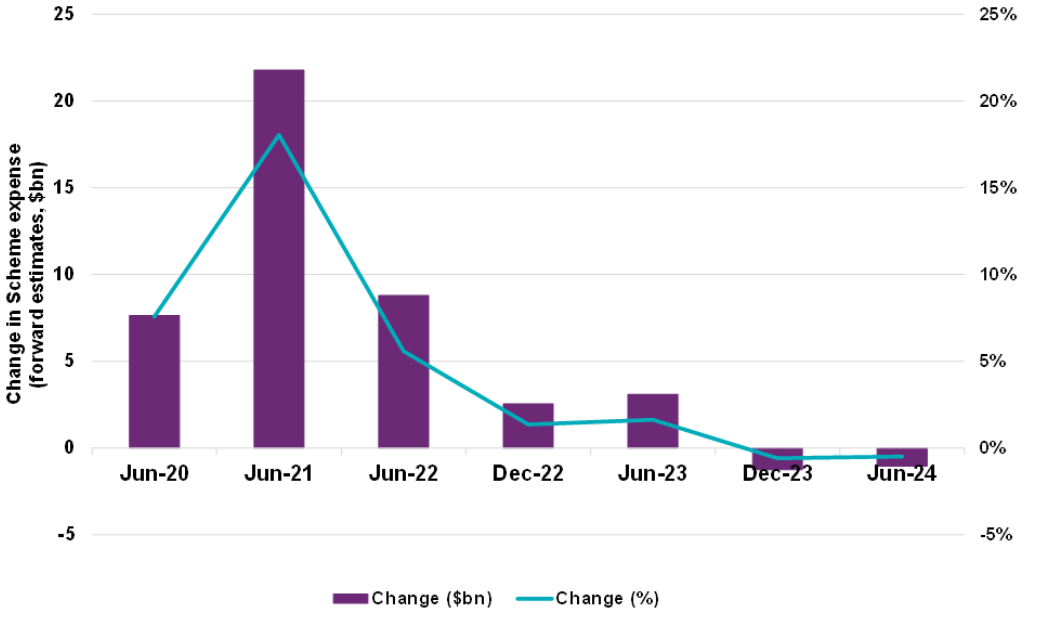
6.4. Historic Scheme projections

With each update of Scheme projections, assumptions balance both the emerging experience (considering the significance and duration of the trends), and future expectations which continue to change over time. Updates to assumptions consider the significant growth in the Scheme since its commencement, the relative immaturity of the Scheme and, in the most recent projection, the estimated impact of Scheme Reforms. As more data becomes available and as the Scheme continues to evolve, so too does the projection of Scheme expenses.

The changes in estimates of Scheme expenses as well as participant numbers and average payments per participants are set out below. The Scheme expense estimates by the Productivity Commission in 2017 (PC estimates) are also included for comparison

Figure 6.2 shows the change in projected future Scheme expenses, for the four-year forward estimates at the specified projection date. Forward estimates of Scheme expenses have been revised at each projection date, demonstrating the variability in actual experience, compared to expected, and the inherent uncertainty in setting assumptions about future expected experience. However, the change in projected Scheme expenses has reduced significantly since June 2021, reflecting a gradual stabilising of future expectations, particularly through reforms which aim to improve the financial sustainability of the Scheme.

Figure 6.2. Change in forward estimates of Scheme expenses, by projection date.[129]



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[129] Projection at December 2022 informed the 2023-24 Budget Estimates.

Table 6.10. shows total projected Scheme expenses were revised upwards for each successive AFSR apart from the latest projection, where savings are expected from Scheme Reforms. Actual payments (on an accrual basis) since the 2018-19 financial year have exceeded the estimate from the most recent AFSR, apart from the 2021-22 financial year. While expenses of $41.8 billion in 2023-24 were $0.5 billion above the June 2023 projections, they were $0.6 billion below the revised forecast of $42.4 billion in the 2024-25 Budget projections. These deviations highlight the challenge of accurately projecting participant payments, even in the short term.

While a component of the increases in the total expense projection over time is from a greater number of participants than previously expected, the main driver is the sustained growth in average payments per participants. The 30 June 2024 projection reflects both the emerging experience in new participants entering the Scheme and average payments per participant, as well as the successful delivery of the Scheme reforms. This further adds to the complexity in projecting participant payments.

Table 6.10. Scheme expenses – Scheme projections and 2017 PC estimates found on page 122.

Table 6.11. shows the total projected participants for successive AFSRs. The PC estimates assumed participants would initially enter the Scheme more rapidly than occurred prior to June 2019. Participant projections for each successive AFSR projection have been revised to reflect the pace at which participants have entered the Scheme. The projections have been generally revised upwards at successive AFSRs.

For the 30 June 2024 projection, participant assumptions have been revised downwards to reflect the recent lower participant numbers experience relative to the expectations at the 2024-25 Budget projection as well as changes to information requirements for participants undertaking an eligibility reassessment and the assumed development of Foundational Supports outside the Scheme. Despite the reduction, future projections remain well above earlier estimates.

Table 6.11. Participant numbers - Scheme projections and 2017 PC estimates found on page 123.

Table 6.12. shows that the assumptions for average payments per participant have generally been revised upwards at successive review. This reflects the emerging experience of sustained significant growth in actual average payments over an extended period. Despite these substantial increases, Scheme projections have typically under-projected average payments in each following year. Projections have assumed operational initiatives, and the Scheme reforms would lead to reduced growth in average payments over time.

Average payments per participant in the 2023-24 financial year were higher than projected from the 30 June 2023 projections as discussed in Section 4.4. This experience has been considered in the increases made to the starting average payment assumptions during this review as discussed in Section 5.

Table 6.12. Average payments per participant ($) - Scheme projections and 2017 PC estimates found on page 124.

Table 6.13. shows the actual growth and assumed growth assumptions for successive AFSRs. Compared to the 30 June 2023 projections, the growth rate is slightly higher in 2024-25 but lower in 2025-26 and 2026-27 driven by Scheme reforms and then higher in 2027-28. Foundational Supports are assumed to lead to a reduction in participants with lower average payments leading to upward pressure on overall Scheme average payments.

Table 6.13. Actual and assumed rates of growth in average payments per participant found page 125.

Table 6.10. Scheme expenses – Scheme projections and 2017 PC estimates

Total Scheme expenses ($billion)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
PC estimates										
2017 PC Estimates[130]	0	21.9	23.8	25.5	27.2	***29.0***	30.8	32.7	34.8	36.8
Scheme projection										
30 June 2024 AFSR	***0***	***0***	***0***	***0***	***0***	***0***	46.9	50.8	54.2	58.4
2024-25 Budget	0	0	0	0	0	***42.4***	46.4	50.8	54.9	59.3
30 June 2023 AFSR	0	0	0	0	0	***41.4***	46.4	50.8	55.2	60.2
31 December 2022[131]	0	0	0	0	0	***40.0***	45.3	50.3	55.0	60.3
30 June 2022 AFSR	0	0	0	0	***34.0***	***38.1***	44.1	50.3	55.5	61.2
30 June 2021 AFSR	0	0	0	***29.2***	33.9	***38.0***	41.4	44.6	47.9	51.5
31 December 2020	0	0	0	28.1	32.9	***36.9***	40.7	44.1	47.8	51.8
30 June 2020 AFSR	0	0	***22.3***	26.1	28.9	***31.4***	34.3	37.4	40.7	44.1
31 December 2019	0	0	21.8	25.4	28.5	***31.4***	34.2	37.1	40.2	43.4
30 June 2019 AFSR	0	***16.7***	21.1	24.2	26.9	***28.9***	30.8	33.3	35.8	38.4
30 June 2018 AFSR[132]	***9.5***	16.0	20.3	23.6	26.6	***29.5***	31.7	34.0	36.4	38.9
Comparison with actuals										
Actual participant payments (accrual)	***10.5***	***17.6***	***23.3***	***28.6***	***35.1***	***41.8***	0	0	0	0
Actual participant payments compared with June AFSR ($)	***0.9***	***0.8***	***1.0***	***-0.6***	***1.1***	***0.5***	0	0	0	0
Actual participant payments compared with June AFSR (% Actual)	***8.9%***	***4.8%***	***4.5%***	***-2.1%***	***3.1%***	***1.1%***	0	0	0	0

End of table

[130] Includes unanticipated costs of introduction of school transport and developmental delay and the actual implementation of National Injury Insurance Scheme.
[131] The 31 December 2022 projection informed the 2023-24 Budget Estimates.
[132] Projections have been adjusted from a cash basis to an accrual basis using accrual factors from the 30 June 2019 AFSR.

Table 6.11. Participant numbers - Scheme projections and 2017 PC estimates

Total participant numbers	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
PC estimates										
2017 PC Estimates	447,300	473,700	485,900	497,700	509,300	***520,800***	532,000	542,900	553,200	563,100
Scheme projection										
30 June 2024 AFSR	***0***	***0***	***0***	***0***	***0***	***0***	721,600	763,900	790,000	816,400
2024-25 Budget	0	0	0	0	0	***0***	748,600	799,200	839,500	878,000
30 June 2023 AFSR	0	0	0	0	0	***668,900***	714,800	754,000	792,200	831,400
31 December 2022	0	0	0	0	0	***673,700***	728,500	780,300	829,800	879,200
30 June 2022 AFSR	0	0	0	0	***592,300***	***646,000***	693,900	741,100	787,800	834,200
30 June 2021 AFSR	0	0	0	***530,500***	586,400	***630,300***	670,400	709,600	748,000	785,600
31 December 2020	0	0	0	537,900	596,600	***643,200***	682,800	721,600	759,700	797,200
30 June 2020 AFSR	0	0	***456,300***	500,200	532,300	***558,100***	583,500	608,500	633,100	657,500
31 December 2019	0	0	443,200	485,200	518,400	***544,000***	568,500	592,500	616,300	639,900
30 June 2019 AFSR	0	***369,100***	423,900	470,600	501,500	***523,700***	544,600	564,300	583,200	601,500
30 June 2018 AFSR	***306,200***	380,500	426,600	465,100	499,300	***521,000***	541,700	561,700	581,100	600,100
Comparison with actuals										
Actual participants	***286,000***	***392,000***	***466,600***	***534,700***	***610,500***	***661,300***	0	0	0	0
Actual participants compared with June AFSR ($)	***-20,200***	***22,900***	***10,300***	***4,200***	***18,200***	***-7,600***	0	0	0	0
Actual participants compared with June AFSR (% Actual)	***-7.1%***	***5.8%***	***2.2%***	***0.8%***	***3.0%***	***-1.2%***	0	0	0	0

End of table

Table 6.12. Average payments per participant ($) - Scheme projections and 2017 PC estimates

Average participant payments ($)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
PC estimates										
2017 PC Estimates		47,500	49,500	51,900	54,100	***56,300***	58,500	60,900	63,400	65,900
Scheme projection										
30 June 2024 AFSR	***0***	***0***	***0***	***0***	***0***	***0***	67,200	67,800	69,100	72,000
2024-25 Budget	0	0	0	0	0	***0***	64,000	64,900	66,200	68,200
30 June 2023 AFSR	0	0	0	0	0	***64,000***	66,300	68,400	70,600	73,300
31 December 2022	0	0	0	0	0	***61,300***	63,700	65,800	67,300	69,500
30 June 2022 AFSR	0	0	0	0	***59,400***	***60,700***	64,900	69,100	71,500	74,300
30 June 2021 AFSR	0	0	0	***57,800***	59,900	***61,600***	62,800	63,700	64,800	66,200
31 December 2020	0	0	0	55,000	57,200	***59,100***	60,900	62,400	64,100	66,100
30 June 2020 AFSR	0	0	***51,800***	53,800	55,300	***57,200***	59,800	62,400	65,000	67,900
31 December 2019	0	0	51,800	53,900	56,200	***58,700***	61,100	63,500	66,000	68,600
30 June 2019 AFSR	0	***49,800***	52,000	53,400	54,800	***56,200***	57,700	59,700	61,900	64,400
30 June 2018 AFSR	***38,800***	45,500	49,500	52,400	55,100	***57,900***	59,700	61,600	63,600	65,800
Actual participant average payments	***42,500***	***50,800***	***54,300***	***55,200***	***60,600***	***64,400***	0	0	0	0
Actual participant average payments compared with June AFSR ($)	***3,600***	***1,000***	***2,600***	***-2,600***	***1,200***	***400***	0	0	0	0
Actual participant average payments compared with June AFSR (%)	***8.5%***	***1.9%***	***4.7%***	***-4.8%***	***2.0%***	***0.7%***	0	0	0	0

End of table

Table 6.13. Actual and assumed rates of growth in average payments per participant

Average payments growth rate	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
30 June 2024 AFSR	***0***	***0***	***0***	***0***	***0***	***0***	4.3%	0.9%	2.0%	4.2%
2024-25 Budget	0	0	0	0	0	***0***	-0.6%	1.4%	2.0%	3.0%
30 June 2023 AFSR	0	0	0	0	0	***5.5%***	3.7%	3.2%	3.3%	3.8%
31 December 2022	0	0	0	0	0	***1.0%***	3.9%	3.3%	2.4%	3.2%
30 June 2022 AFSR	0	0	0	0	***7.7%***	***2.1%***	6.9%	6.6%	3.5%	3.9%
30 June 2021 AFSR	0	0	0	***6.5%***	3.5%	***2.9%***	1.9%	1.5%	1.8%	2.1%
31 December 2020	0	0	0	1.3%	3.9%	***3.3%***	3.1%	2.5%	2.7%	3.0%
30 June 2020 AFSR	0	0	***1.9%***	3.8%	2.9%	***3.6%***	4.4%	4.4%	4.3%	4.3%
31 December 2019	0	0	2.0%	3.9%	4.4%	***4.5%***	4.0%	3.8%	3.9%	4.0%
30 June 2019 AFSR	0	***17.4%***	4.2%	2.8%	2.5%	***2.7%***	2.6%	3.5%	3.8%	3.9%
30 June 2018 AFSR	***-0.1%***	17.3%	8.8%	5.8%	5.2%	***5.0%***	3.1%	3.2%	3.3%	3.5%
Actual experience at 30 June	***9.2%***	***19.7%***	***6.9%***	***1.6%***	***9.9%***	***6.2%***	***0***	***0***	***0***	***0***

End of table

Section 7. Participant outcomes and investment effectiveness

7.1. Outcomes and financial sustainability

Any assessment of Scheme financial sustainability needs to consider not only the costs of participant funding but also the extent to which this funding enables participants to achieve their goals and outcomes.

Underscoring the insurance-based principles upon which the Scheme rests, the National Disability Insurance Scheme Act 2013 (the NDIS Act) specifies that reasonable and necessary supports for people with disability should:

- Support people with disability to pursue their goals and maximise their independence.
- Support people with disability to live independently and to be included in the community as fully participating citizens.
- Develop and support the capacity of people with disability to undertake activities that enable them to participate in the community and in employment.

Hence, the NDIA has a responsibility to measure how participant funding impacts the achievement of outcomes related to maximising independence and inclusion in the community, including employment. This includes consideration of both amount and type of funding, for example, the types of supports that lead to good outcomes for participants.

In turn, analysis of how funded supports change in response to outcomes contributes to effective monitoring of Scheme financial sustainability. For example, achieving increased independence should lead to a decrease in funded core supports over time.

As the cost of the Scheme increases, it becomes increasingly important for the Agency to demonstrate how the Scheme is successfully building the capacity of participants to increase their independence and economic and social participation. A positive perception of the Scheme by the general public, who contribute through taxation, needs to be maintained to ensure their ongoing support. A positive benefit-cost analysis, where there is evidence of marginal gains being achieved with the funding, will help to demonstrate the success of, and engender trust in, the Scheme.

Ideally, this benefit-cost analysis should have wider scope than just the NDIS. The NDIS is expected to benefit the broader Australian economy, for example through increased participation in work for people with disability and their families and carers (with consequent reduction in government income support), reduced hospitalisations through improved support in the community, and reduced involvement with the justice system through improved community connections and health and wellbeing outcomes.

Hence, measurement of outcomes and costs, both to the NDIS and other mainstream service systems, is critical in understanding the success of the NDIS and is a legislative requirement[133].

Outcomes and the IEP

As discussed in Section 7.7 of this report, the Investment Effectiveness Program (IEP) examines the relationship between government-funded support services and the attainment of participant outcomes under the Scheme. It forms part of a broader research agenda the NDIA is currently progressing that is designed to improve outcomes for participants and support building a more robust evidence base that improves Scheme effectiveness and sustainability. A key input to this analysis is the longitudinal data collected on outcomes for participants of the NDIS.

Families and carers

Families and carers play an important role in supporting NDIS participants. Improved outcomes for participants under the NDIS can be expected to facilitate this role, leading to improved outcomes for families and carers also, such as increased employment.

The NDIS Act also acknowledges the role of families and carers in participants' lives:

- The role of families, carers and other significant persons in the lives of people with disability is to be acknowledged and respected.
- The relationship between people with disability and their families and carers is to be recognised and respected.

The outcomes framework questionnaires

The outcomes framework questionnaires collect information on how participants and their families and carers are progressing in different areas (domains) of their lives.

The questionnaires were developed to monitor individual and Scheme progress over time, and to benchmark (for example, to Australians without disability, and to other OECD countries). Longitudinal modelling of the data collected has also been used to investigate the link between outcomes and risk factors, including socio-demographic factors, as well as the supports received by participants. As described above and in Section 7.7, the IEP will build on this modelling work in an attempt to explain the causal link between supports (including individual, community and mainstream) and the achievement of outcomes.

Development

Development of the questionnaires involved:

- A review of existing national and international frameworks.
- A review of available population data against which to benchmark performance, including Australian Bureau of Statistics (ABS) surveys as well as other sources.

[133] https://www.legislation.gov.au/C2013A00020/2019-12-10/text

- Consultation with a wide range of stakeholders, including the NDIA Independent Advisory Council (IAC), key stakeholder groups, disability researchers, participants and families/carers.
- A pilot of the questionnaires.

7.2. Age groups and outcome domains

Leveraging research conducted by the IAC, the outcomes framework takes a lifespan approach to the measurement of outcomes, recognising that different milestones are important for different age groups. Hence different versions of the questionnaires are used, for both participants and families/carers, depending on the age of the participant.

There are four versions of the participant questionnaires (as per Figure 7.1) and three versions of the family/carer questionnaires by participant age group (as shown in Figure 7.2).

Participant domains vary for children and adults. While most domains overlap, goals and outcomes may differ depending on the age group.

Figure 7.1. Participant domains by age group

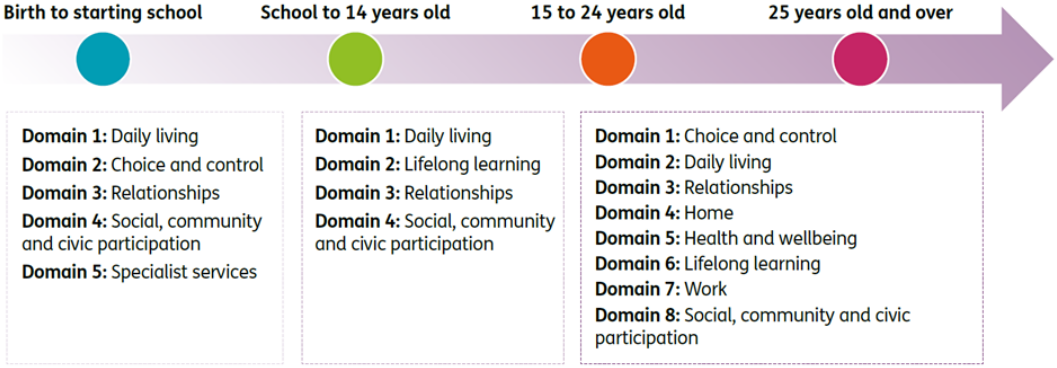

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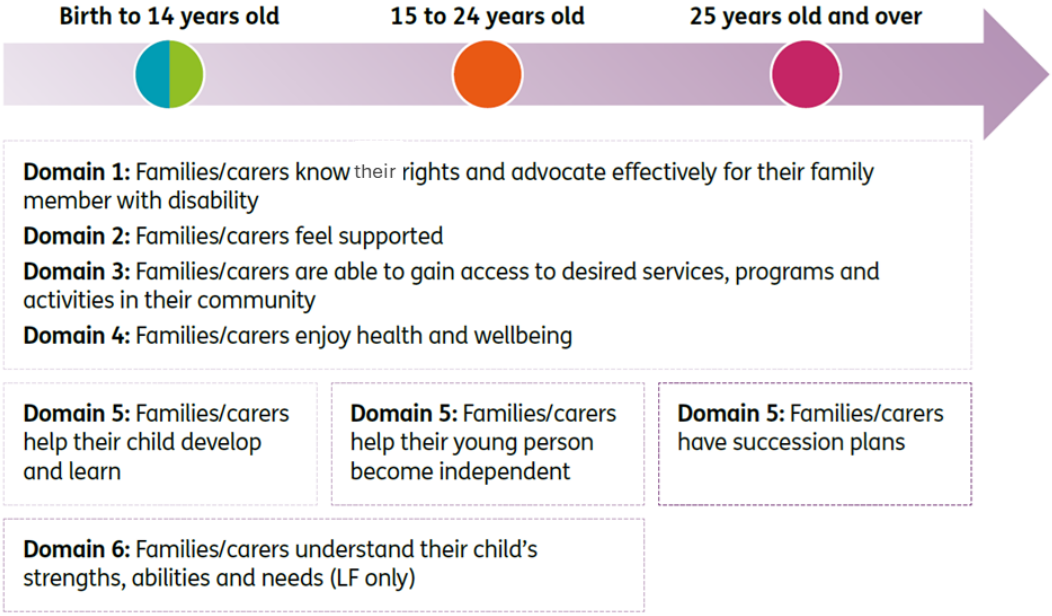
Figure 7.2. Family/carer domains by participant age group



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Overall, families and carers share many similar goals and challenges, regardless of participant age. As such, a number of the domains do indeed overlap.

7.2.1. Short Form (SF) versus Long Form (LF)

The pilot was used to refine the questionnaires, including removing redundant questions and revising wording for clarity. It also led to the development of two versions of the questionnaires, a long form (LF), similar to the versions piloted, and a short form (SF).

The SF is completed by all participants and a family member or carer where possible and contains questions useful for planning as well as key indicators to monitor and benchmark over time.

The LF is completed for a subset of participants and includes all of the SF questions plus some additional questions allowing more detailed investigation of participant and family/carer experience, and additional benchmarking.

7.2.2. Baseline versus longitudinal

Participants and their families and carers are interviewed at baseline (Scheme entry), and approximately annually thereafter.

It is important to recognise that, with respect to how they are going in different areas of their lives, participants do not enter the Scheme on an equal footing. A range of individual and external factors will impact on the experiences of participants at baseline, including the extent to which their disability affects their life, where they live, and the extent of support they receive from family and friends.

Consequently, the success of the Scheme should be judged not on baseline outcomes, but on how far participants have come since they entered the Scheme, acknowledging their different starting points.

The longitudinal history built up from responses to the outcomes' framework questionnaires is used to analyse progress at an individual and Scheme level, to provide insight into how the Scheme is making a difference and point to areas where improvements may be required.

7.3. Reporting on outcomes

Information collected from the questionnaires is used to contribute to a range of publicly available reports, including:

- Quarterly reports to disability ministers (Quarterly Reports | NDIS)
- Annual outcomes reports and dashboards (Participant, families and carer outcomes reports | NDIS)
- Deep dives focusing on specific outcome areas, such as employment (Employment outcomes - participants, their families and carers | NDIS), health and wellbeing (Health and wellbeing of NDIS participants and their families and carers | NDIS) and the impact of the COVID-19 pandemic on participant and family/carer outcomes (COVID-19 impact on participant and family/carer outcomes 30 June 2020 | NDIS).

7.4. Participant outcomes – results

This section "Participant outcomes – results" and the next section "Has the NDIS helped?" show analyses of participant outcomes as at 30 June 2024, for participants entering the Scheme from 1 July 2016. It is worth bearing in mind that the global COVID-19 pandemic that took hold from early 2020 has had an impact on at least some participant and family/carer outcomes, such as employment and community participation. The initial impact (to 30 June 2020) on outcomes was considered in a publicly available report.[134] The impact on employment outcomes to 31 December 2022 was further considered in the latest report on employment outcomes.[135]

[134] Participant and family/carer outcomes: COVID-19 impact | Executive summary, to 30 June 2020
[135] Employment outcomes - participants, their families and carers | NDIS

7.4.1. Economic and social participation

Analysing changes in participants' economic and social participation is important for understanding whether the reasonable and necessary supports funded by the Scheme are resulting in better participant outcomes. In the NDIS Corporate Plan 2023-27[136], Aspiration 1 is "a quality experience and improved outcomes for participants", and there are specific performance metrics and targets outlined, such as the proportion of participants in work and the proportion of participants involved in community and social activities. Changes in outcomes have been measured for participants who have been in the Scheme for at least two years, to allow sufficient time for the reasonable and necessary supports provided by the Scheme to have an influence on participant outcomes.

7.4.2. Employment

The NDIA recognises the critical role of employment in boosting the well-being, economic security and social inclusion of people with disability. From a sustainability perspective, when a NDIS participant works, they contribute to the economy, use less support for other activities to fill their days, and family members and carers can also return to work and contribute to the economy. The NDIA had a target of 26 per cent of working-age participants in paid employment by June 2024, with the achieved result of 23 per cent slightly below this target.

The NDIS Participant Employment Strategy 2024-26[137] (the Strategy) which was announced by the minister on 15 March 2024, sets out the NDIA's vision, commitment, and plan for supporting participants to find and keep meaningful employment.

The current low unemployment rate in Australia offers increased opportunities for employment of people with disability, including NDIS participants. The Employment Action Plan 2024-26[138] adapted the Strategy action plans to the current environment and contains 16 targeted actions that sit under four priority areas.

The updated Strategy will focus on:

- Quality planning
- Efficient and effective employment supports
- Supporting more employers to employ NDIS participants
- An integrated eco-system of employment support.

[136] Corporate Plan | NDIS .
[137] More details can be found here: Participant Employment Strategy | NDIS.
[138] Also available on the same webpage as the NDIS Participant Employment Strategy 2024-26.

7.4.3. Results – percentage in a paid job

The Corporate Plan employment metric for participants aged 15 and over is based on the SF question "Are you currently working in a paid job?" with response options "Yes", "No, but I would like one" and "No and I don't want one". The indicator "percentage in a paid job" is the number answering "Yes" as a percentage of the total number answering the question, and hence the denominator includes people who are not interested in employment. From a benchmarking perspective, this is similar to the "employment to population ratio" reported in the ABS Labour Force statistics.

The percentage in a paid job for those in the Scheme for at least two years continues to be relatively stable overall. However, results differ by age group. While employment has increased for those in the 15–24-year age group, it has remained stable or declined for all other age bands. Specifically, comparing responses at the most recent plan reassessment (between two and seven years after entry) with responses at Scheme entry, there has been a[139]:

- **Twelve** percentage point increase from **10%** to **22%** for participants aged 15-24 years.
- **Two** percentage point increase from **27%** to **29%** for participants aged 25-34 years.
- **One** percentage point decrease from **28%** to **27%** for participants aged 35-44 years.
- **Two** percentage point decrease from **25%** to **23%** for participants aged 45-54 years.
- **Four** percentage point decrease from **19%** to **15%** for participants aged 55-64 years.
- **Five** percentage point decrease from **13%** to **8%** for participants aged 65 years and older.

Overall, for participants of working age (15-64 years) there has been a **two-percentage point increase, from 21% to 23%.** This compares to a 2023-24 target of 26%.

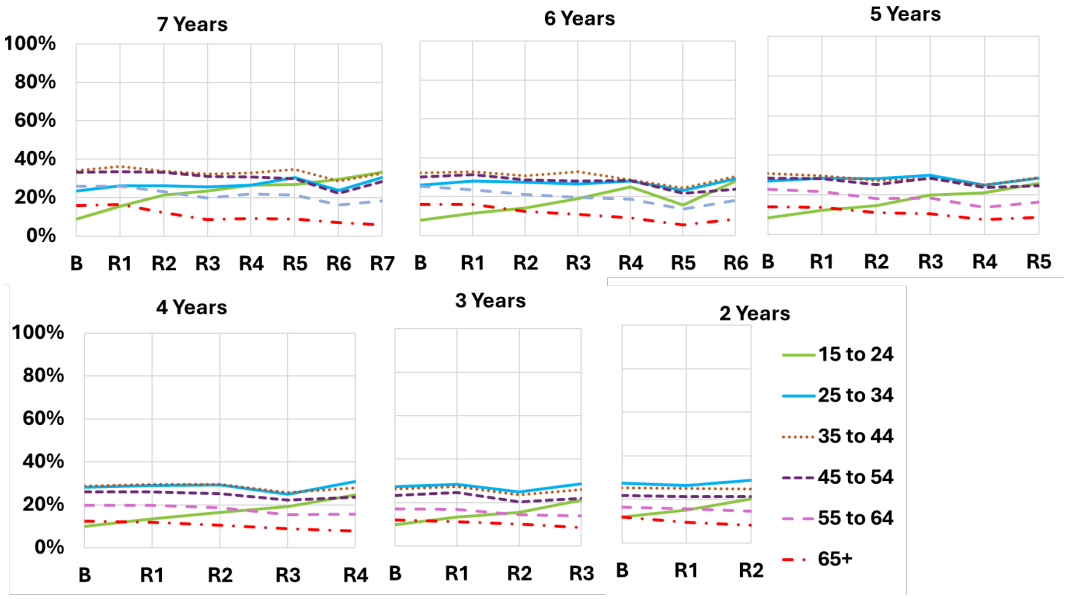
Figure 7.3 provides more detail on these results, showing trends over time in the Scheme by age band for different duration cohorts (participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024).

Figure 7.3 shows a strong increasing trend in the percentage with a paid job for the 15 to 24 age group for all duration cohorts, in part reflecting the transition from school to work. For those aged 25 and over, the trend over time is similar amongst each of the age-based subgroups. In general, participants aged 25 to 44 have a higher percentage of those in a paid job, compared to other age groups, and this is more pronounced for

[139] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

those in the Scheme for two to four years. For all duration cohorts, the level of employment is lower for participants aged 55 to 64, and lowest for those aged 65 and over, and both of these age groups show a decreasing trend. Part of this decreasing trend is likely to be due to participants retiring from the workforce. End of Figure 7.2

Figure 7.3. Percentage of participants in a paid job – longitudinal trends for participants in the Scheme for two to seven years, participants aged 15 to 64.



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Further details about the employment outcomes for NDIS participants can be found in the publicly available report titled “Employment outcomes for NDIS participants as at 31 December 2022”.[140] High level insights on employment outcomes are also published in the NDIA’s Quarterly Reports to Disability Ministers.[141]

7.4.4. Social and community participation

Participation in the community has many benefits for participants, including fostering a sense of belonging and connection, developing social networks and reducing isolation, and increasing confidence and feelings of safety. It can also be a way to increase opportunities for employment or study.[142] Participation in the community can lead to increased independence and reduced reliance on Scheme supports.

7.4.5. Results – percentage actively involved in the community

The Corporate Plan social and community engagement metric for participants aged 15 and over is based on the SF question “Have you been actively involved in a community, cultural or religious group in the last 12 months?” with response options “Yes, a general community group”, “Yes, a group for people with disability”, “No, but I would like to be”

[140] Employment outcomes - participants, their families and carers | NDIS.
[141] Quarterly Reports | NDIS
[142] Social inclusion and community access - our research | NDIS

and “No and I don’t want to be”. The indicator for social and community engagement is the number answering “Yes” (regardless of setting) as a percentage of the total number answering the question.

Despite COVID-19, participation in community and social activities has continued to increase. Results tend to be more similar by age group than for employment. Specifically, the percentage actively involved in a community, cultural or religious group in the last 12 months showed a[143]:

- **Six** percentage point increase from **33% to 39%** for participants aged 15–24 years.
- **Nine** percentage point increase from **35% to 44%** for participants aged 25-34 years.
- **Eight** percentage point increase from **35% to 42%** for participants aged 35-44 years.
- **Seven** percentage point increase from **35% to 41%** for participants aged 45-54 years.
- **Six** percentage point increase from **34% to 40%** for participants aged 55-64 years.
- **Six** percentage point increase from **36% to 42%** for participants aged 65 years and older.

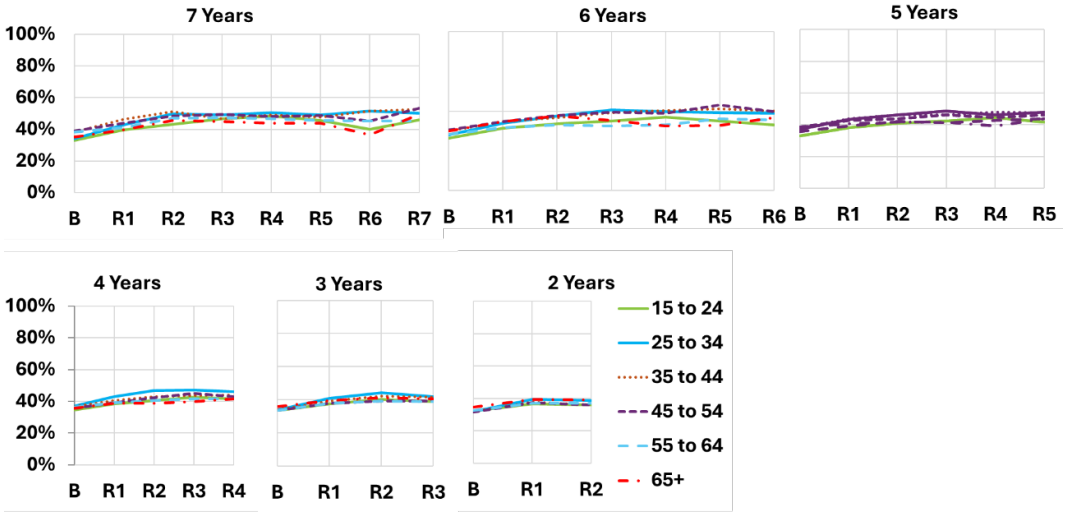
Overall, for participants aged 15 and over, there has been a **seven-percentage point increase, from 34% to 41%.** This compares to a 2023-24 target of 46%.

Figure 7.4 provides more detail on these results, showing trends over time in the Scheme by age band for different duration cohorts (participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024). Due to improvements persisting over time, the change from baseline is usually greater the longer participants have been in the Scheme, for all age groups.

Figure 7.4 shows that increases in social and community participation generally tend to level off slightly after approximately three years in the Scheme. Whilst differences by age are smaller than for employment, participants aged 25 to 34 tend to be slightly above other age groups whereas participants aged 15 to 24 tend to be slightly below. The extent of improvement is slightly higher for those aged 25 to 54.

[143] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

Figure 7.4. Percentage of participants actively involved in the community – longitudinal trends for participants in the Scheme for two to seven years, participants aged 15 and over.



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7.5. "Has the NDIS helped?" – Participants

Participants who have entered the Scheme since 1 July 2016 have been asked whether the NDIS has helped with areas related to each domain. Participants are asked at each plan reassessment, allowing the Agency to gain valuable longitudinal insights. Results for selected domains are shown in this section, and compare responses provided at the first plan reassessment with those from later reassessments, for participants who have been in the Scheme for at least two years.

On the whole, perceptions of the Scheme have been positive, with participants and their families/carers more likely to report that the Scheme had helped them in various areas of their lives the longer the participant was in the Scheme. These results suggest a growing level of support for the Scheme by its participants and the family members and carers of participants. These positive perceptions are another indication of Scheme effectiveness and in the long-term assist in strengthening the ongoing financial sustainability of the Scheme.

On 30 October 2023, the NDIA rolled out PACE nationwide. Under this new system, the answer options for perceptions on whether the NDIS has helped have been updated, with "Yes" expanded to include "Yes, a lot" and "Yes, a bit". A positive response is the total of these two options.

Therefore, in this section, the percentages responding positively to "Has the NDIS helped" questions are a mix of those responding "Yes" in the previous data system, as well as "Yes, a lot" and "Yes, a bit" in PACE.

7.5.1. Results – Corporate Plan choice and control metric

The Corporate Plan choice and control metric for participants aged 15 and over is based on the SF question "Has the NDIS helped you have more choices and more control over your life?"

Positive perceptions of whether the NDIS has helped with choice and control have increased for the latest reassessment compared to the first reassessment across all age bands. Older participants tend to have higher levels of satisfaction. Specifically, the percentage who think that the NDIS has helped them have more choices and more control over their life showed a[144]:

- **Eight** percentage point increase **from 61% to 69%** for participants aged 15-24 years.
- **Ten** percentage point increase from **67% to 76%** for participants aged 25-34 years.
- **Nine** percentage point increase from **69% to 78%** for participants aged 35-44 years.
- **Nine** percentage point increase from **70% to 79%** for participants aged 45-54 years.
- **Nine** percentage point increase from **72% to 81%** for participants aged 55-64 years.
- **Ten** percentage point increase from **71% to 82%** for participants aged 65 years and older.

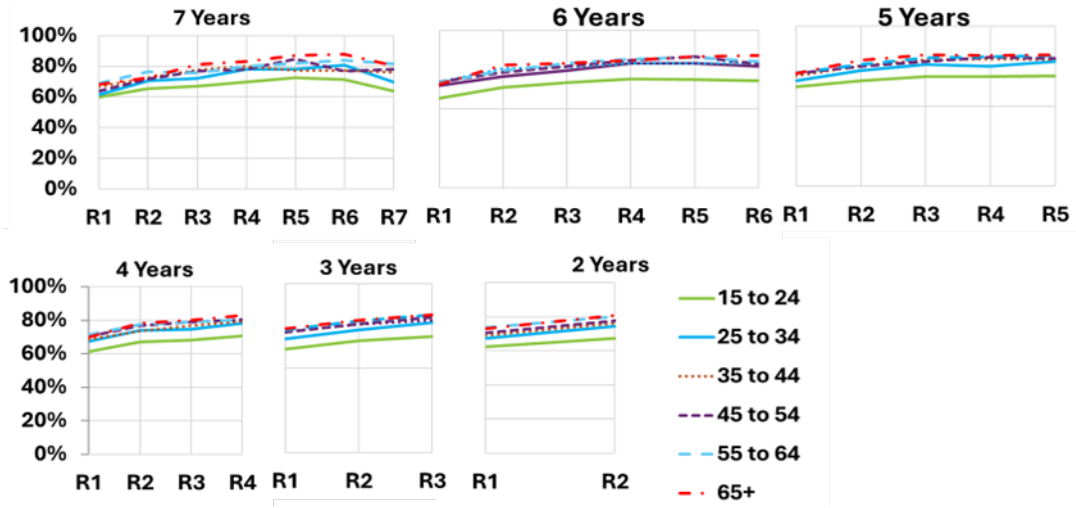
Overall, for participants aged 15 and over, there has been a **nine-percentage point increase, from 67% to 76%.** This is slightly higher than the 2023-24 target of 75%.

Figure 7.5 provides more detail on these results, showing trends over time in the Scheme by age band for different duration cohorts (participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024).

Figure 7.5 shows the generally lower levels of satisfaction for participants aged 15 to 24 compared to the older age groups.

[144] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

Figure 7.5. Percentage who think the NDIS has helped them have more choices and more control over their life – longitudinal trends for participants in the Scheme for two to seven years, participants aged 15 and over.



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7.5.2. Other results – "Has the NDIS helped?"

For children aged from birth to before starting school, results have improved across all domains.

Table 7.1 shows the percentages responding positively at first reassessment and at latest reassessment, as well as the change between the two time points, for the birth to before starting school age group.

Table 7.1. "Has the NDIS helped?" – participants aged from birth to before starting school[145]

Domain	First reassessment %	Latest reassessment %	Percentage point change
Daily living: child's development	91	95	+4
Daily living: access to specialist services	92	95	+4
Choice and control (child's ability to communicate what they want)	82	88	+5
Relationships (fitting into family life)	78	85	+7
Social, community and civic participation (fitting into community life)	64	71	+8

End of table

[145] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

Improvements were slightly stronger for fitting into family and community life (although results for these domains started off at a lower level and hence had more scope to improve).

Figure 7.6 provides more detail for two areas (development and access to specialist services), showing trends over time in the Scheme for different duration cohorts (participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024). End of figure 7.5.

Figure 7.6. Percentage who think the NDIS has helped – longitudinal trends for participants in the Scheme for two to seven years, age 0 to before starting school[146]

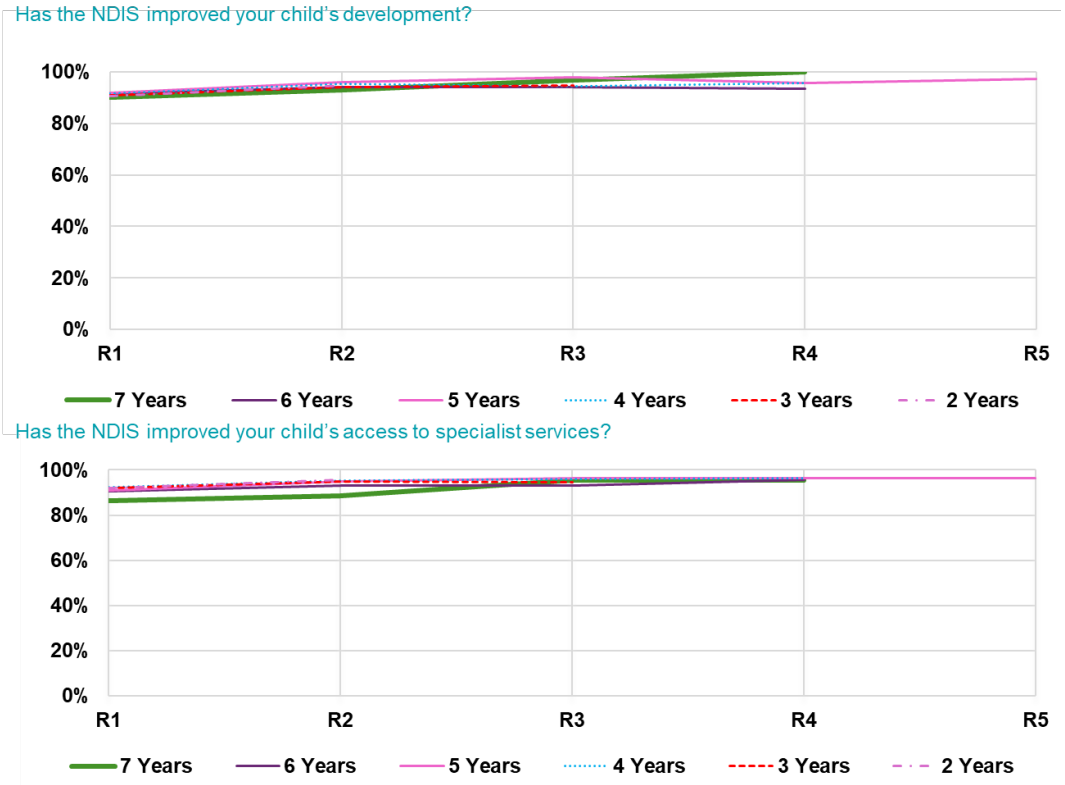

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Figure 7.6 shows very high levels of satisfaction for these two areas throughout. Nevertheless, an improving trend over time in the Scheme has been observed. Results for the different duration cohorts are generally similar.

For children aged from starting school to age 14, results are generally less positive than for the younger age group but show stronger improvement over time.

Table 7.2 shows the percentages responding positively at first reassessment and at latest reassessment, as well as the change between the two time points, for the starting school to age 14 age group.

[146] Results for reassessments 5, 6 and 7 are not shown for those in the Scheme for 6 or 7 years due to small numbers.

Table 7.2. "Has the NDIS helped?" – participants from starting school to age 14[147]

Domain	First reassessment %	Latest reassessment %	Percentage point change
Daily living (independence)	62	75	+14
Lifelong learning (access to education)	42	54	+12
Relationships (with family and friends)	51	63	+12
Social, community and civic participation (social and recreational life)	46	56	+10

End of table

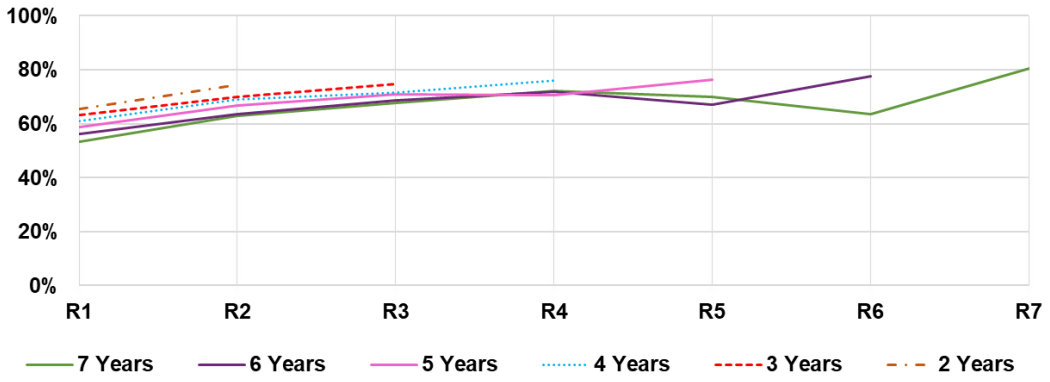
Figure 7.7 provides more detail for two domains (gaining independence and relationships with family and friends), showing trends over time in the Scheme for different duration cohorts (participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024).

Figure 7.7 shows an increasing trend for these two indicators over time in the Scheme, apart from some volatility for those in the Scheme for six and seven years (where numbers are smaller). Participants entering more recently show higher levels of satisfaction than those entering earlier.

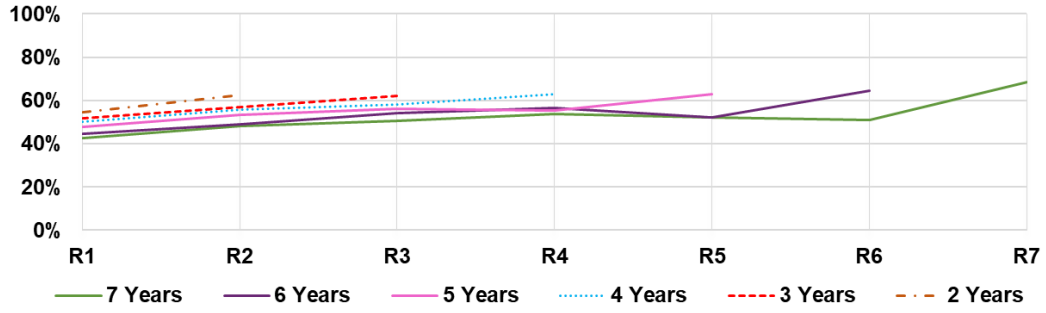
[147] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

Figure 7.7. Percentage who think the NDIS has helped – longitudinal trends for participants in the Scheme for two to seven years, age starting school to 14

Has the NDIS helped your child to become more independent?



Has the NDIS helped your child's relationships with family and friends?



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For young adults aged 15 to 24 years, Table 7.3 shows the percentages responding positively at first reassessment and at latest reassessment, as well as the change between the two time points.

From Table 7.3, the largest improvement over time in the Scheme has been observed for the daily living domain (+13 percentage points). Strong improvements have also been observed for choice and control (+11 percentage points), relationships (+7), health and wellbeing (+10) and social, community and civic participation (+9). There was a 4-percentage point increase for lifelong learning, while home and work each showed a marginal increase (+1 percentage point).

Table 7.3. "Has the NDIS helped?" – participants aged 15 to 24[148]

Domain	First reassessment %	Latest reassessment %	Percentage point change
Choice and control	61	72	+11
Daily living	61	74	+13
Relationships	50	57	+7
Home	23	23	+1
Health and wellbeing	44	54	+10
Lifelong learning	36	40	+4
Work	18	20	+1
Social, community and civic participation	55	64	+9

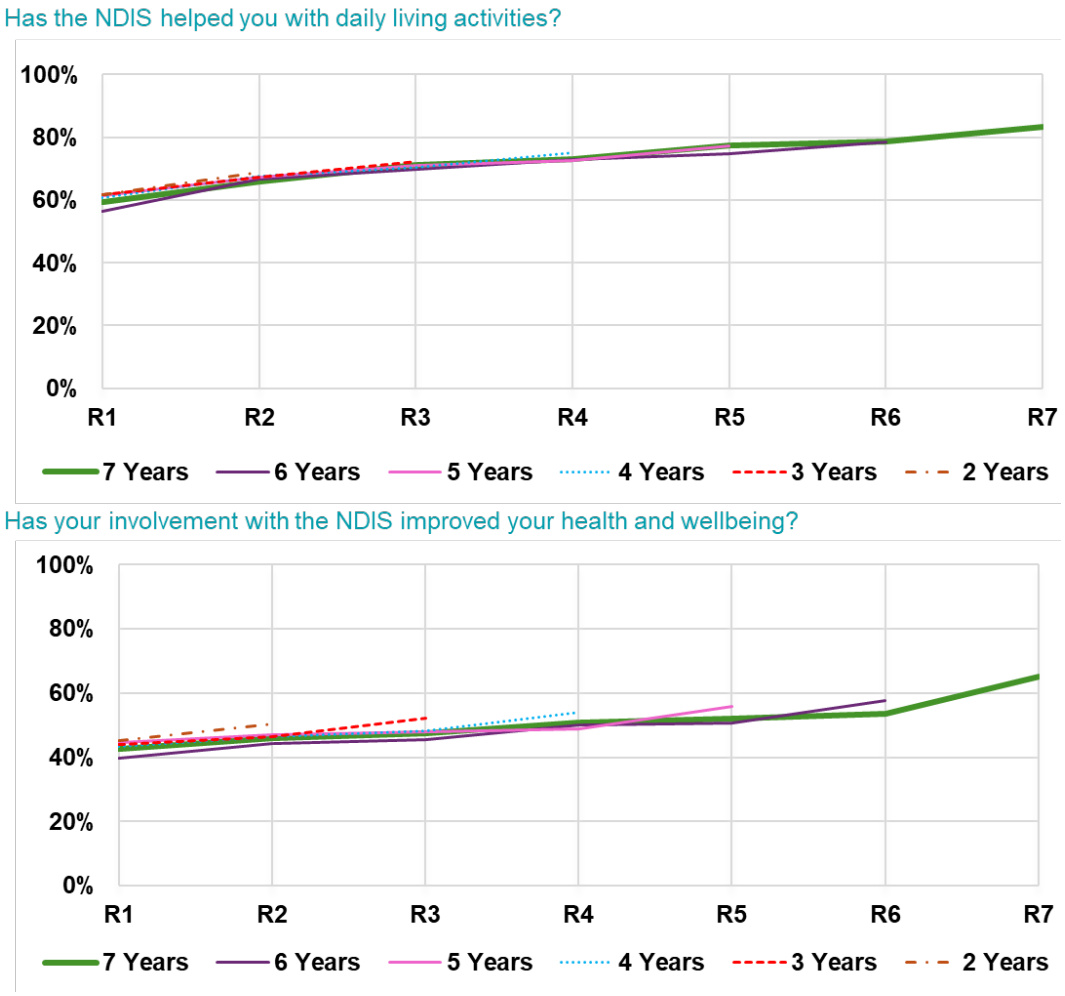
End of table

Figure 7.8 provides more detail for two domains (daily living and health and wellbeing), showing trends over time in the Scheme for different duration cohorts (participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024).

Figure 7.8 shows that improvements continue to occur over seven years for both domains shown.

[148] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

Figure 7.8. Percentage who think the NDIS has helped – longitudinal trends for participants in the Scheme for two to seven years, age 15 to 24.



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For participants aged 25 years and over, perceptions tend to be more positive than for those aged 15 to 24, and the older adult group also shows a stronger improvement over time. Table 7.4 shows the percentages responding positively at first reassessment and at latest reassessment, as well as the change between the two time points.

From Table 7.4, the largest improvements over time in the Scheme have been observed for social, community and civic participation (+13 percentage points). Strong improvements have also been observed for choice and control, daily living, relationships and health and wellbeing (+12 percentage points). By contrast with the younger adult group, there was a larger improvement for the home domain (+7 percentage points). Similar to the younger adult group, lifelong learning and work showed marginal increases (+5 and +2 percentage points, respectively).[149]

[149] Noting that the education and housing systems have a major role to play in the lifelong learning and home domains.

Table 7.4. "Has the NDIS helped?" – participants aged 25 and over[150]

Domain	First reassessment %	Latest reassessment %	Percentage point change
Choice and control	70	82	+12
Daily living	73	85	+12
Relationships	53	64	+12
Home	31	37	+7
Health and wellbeing	52	64	+12
Lifelong learning	30	35	+5
Work	19	21	+2
Social, community and civic participation	60	72	+13

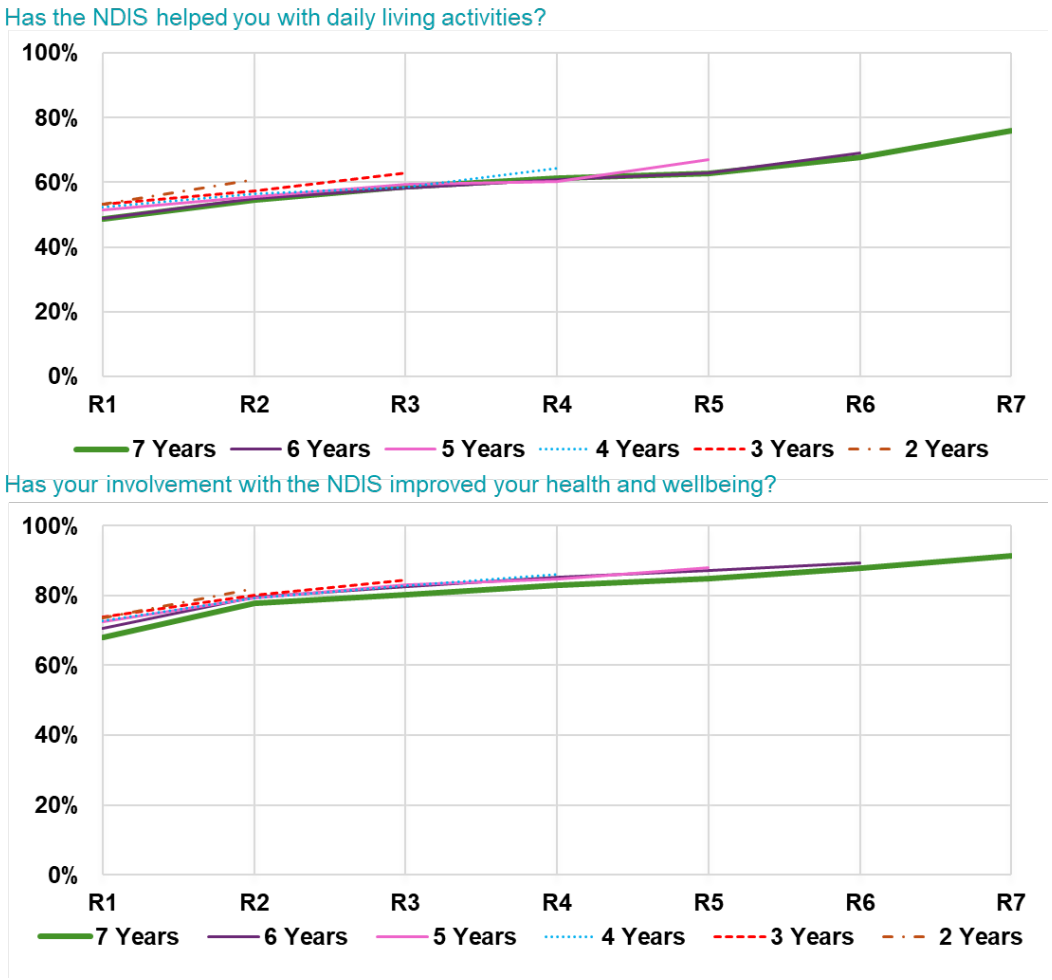
End of table

Figure 7.9 provides more detail for two domains (daily living and health and wellbeing), showing trends over time in the Scheme for different duration cohorts (participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024).

Figure 7.9 shows that improvements have continued to occur for these two domains, even after seven years in the Scheme.

[150] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

Figure 7.9. Percentage who think the NDIS has helped – longitudinal trends for participants in the Scheme for two to seven years, age 25 and over.



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7.5.3. Family and carer outcomes – results

The NDIS Outcomes Framework measures outcomes for the families and carers of participants as well as participants, recognising that the outcomes for people with a disability and the people who support them are likely to be closely linked. Families and carers of participants who are well supported under the Scheme and who are achieving greater independence and social and economic participation, are likely to find the caring role easier and to experience increased wellbeing and greater opportunities for social and economic participation themselves. This improved situation for families and carers should in turn translate into further improved outcomes for participants[151,152].

7.5.4. Results – percentage of parents/carers in a paid job

The NDIA's Corporate Plan metric for parent and carer employment is based on the SF question "Are you currently working in a paid job?" with response options "Yes" and "No".

[151] Employment outcomes - participants, their families and carers | NDIS
[152] See also Volume 1 - Inquiry report - Disability Care and Support (pc.gov.au) pp. 54-55,131

As for participants, it should be noted that the global COVID-19 pandemic that took hold from early 2020 has had an impact on family/carer employment (and other indicators).

The percentage of parents/carers in a paid job for participants who have been in the Scheme for at least two years has improved over time. Specifically, comparing responses at the most recent plan reassessment (between two and seven years after entry) with responses at Scheme entry, there has been a[153]:

- **Seven** percentage point increase from **46%** to **53%** for parents/carers of participants aged 0-14 years.
- **Two** percentage point increase from **48%** to **50%** for participants aged 15 years and over.

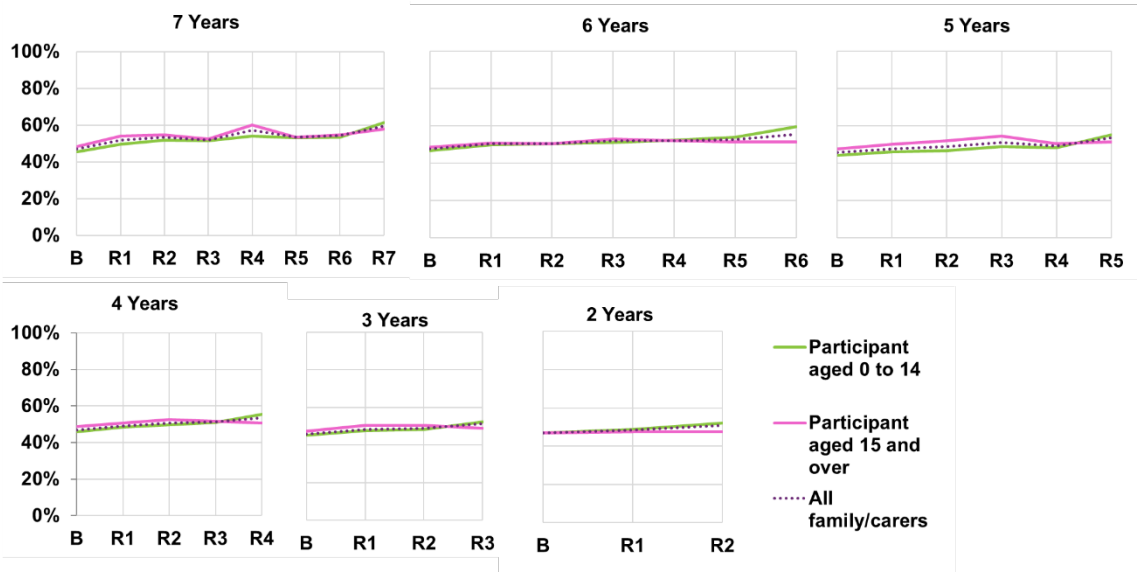
Overall, for parents/carers of participants across all ages combined, there has been a **five-percentage point increase, from 47% to 52%.** This is slightly above the 2023-24 target of 50%.

Figure 7.10. provides more detail on these results, showing trends over time in the Scheme for different duration cohorts (families/carers of participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024).

Figure 7.10 shows that across most cohorts, there appears to be a lower percentage of families and carers of participants aged 0 to 14 in a paid job across most earlier time points, compared to the 15 and over age group. However, families and carers of the 0 to 14 participant age group tend to show greater improvement over time, with a higher percentage in paid job than at the most recent reassessment, compared to the 15 and over age group. For families and carers of participants aged 15 and over, improvements seem to have levelled off over the latest year or two.

[153] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

Figure 7.10. Percentage of parents/carers of participants in a paid job – longitudinal trends for participants in the Scheme for two to seven years



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7.6. "Has the NDIS helped?" – Families and carers

Table 7.5 shows the percentages of families and carers responding positively at first reassessment and at latest reassessment, as well as the change between the two time points. Results are shown separately for participants aged 0 to 14 and those aged 15 and over.

Table 7.5 is found on page 147.

Table 7.5: "Has the NDIS helped?" – families and carers[154]

Domain	Participant aged 0 to 14 First reassessment %	Participant aged 0 to 14 Latest reassessment %	Participant aged 0 to 14 Percentage point change	Participant aged 15 and over First reassessment %	Participant aged 15 and over Latest reassessment %	Participant aged 15 and over Percentage point change
Rights and advocacy	64	74	+9	52	66	+14
Families feel supported	69	78	+9	64	77	+13
Access to services, programs and activities	72	79	+7	60	72	+11
Health and wellbeing	45	51	+6	36	44	+7
Child's development	76	82	+7	0	0	0

End of table

[154] Figures have been rounded to the nearest whole percentage; differences are calculated from unrounded metrics.

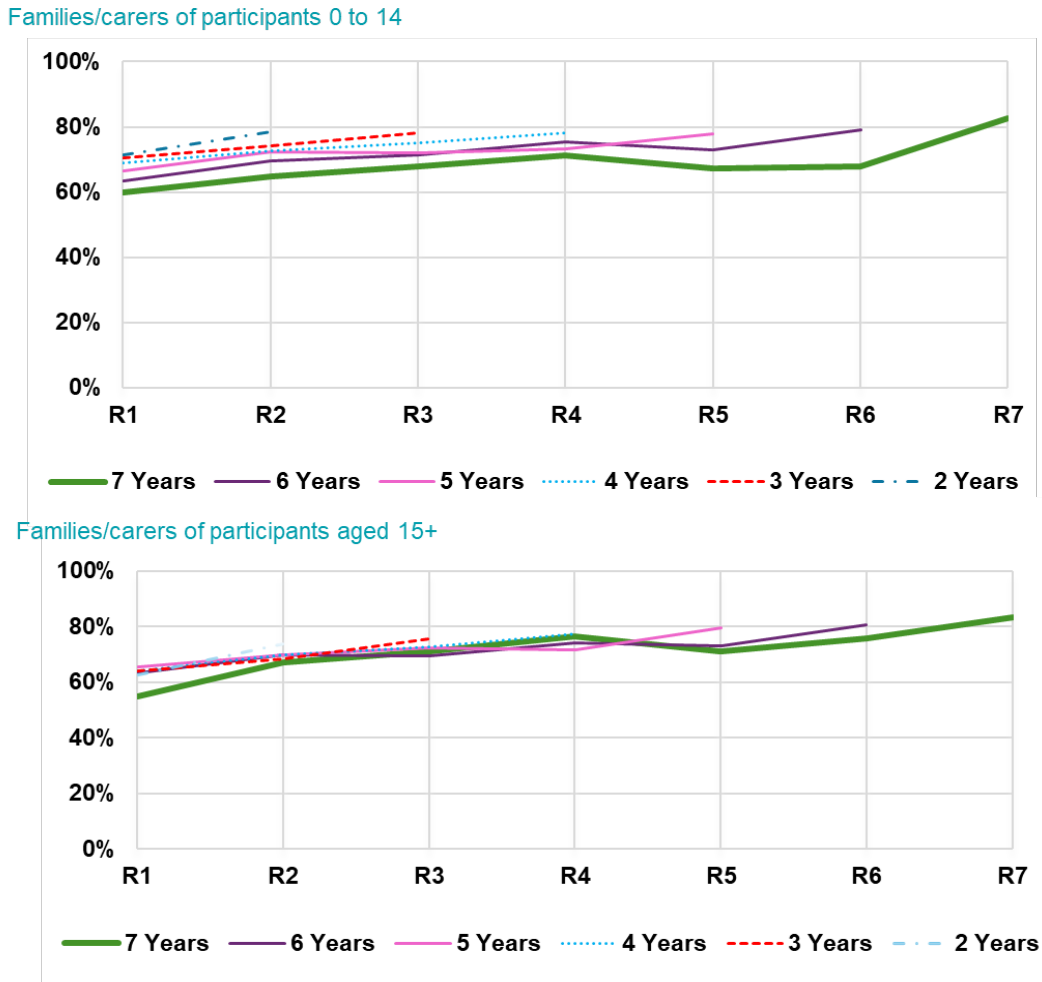
From Table 7.5, perceptions tend to be more positive for families/carers of participants aged 0 to 14 than for those of older participants. The largest improvements over time in the Scheme have been observed for “rights and advocacy” and “families feel supported” (+9 percentage points for families/carers of participants aged 0 to 14, and +14 and +13 percentage points for families/carers of participants aged 15 and over, respectively).

Strong improvements have also been observed for access to services (+7 and +11 for families/carers of participants aged 0 to 14 and those aged 15 and over, respectively), and to a lesser extent health and wellbeing (+6 and +7, respectively).

Figure 7.11 provides more detail for the question “Has the NDIS improved the level of support for your family?”, showing trends over time in the Scheme for different duration cohorts (participants who have been in the Scheme for approximately seven, six, five, four, three or two years at 30 June 2024).

Figure 7.11 shows that families and carers increasingly feel that the NDIS has improved the level of support for their family, the longer the participant has been in the Scheme. Families and carers of participants entering more recently tend to have higher levels of satisfaction.

Figure 7.11. Percentage of families/carers who think that the NDIS has improved the level of support for their family – longitudinal trends for participants in the Scheme for two to seven years, age 0 to 14 and 15 and over.



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7.7. Investment Effectiveness Program - IEP

The NDIA is conducting the Investment Effectiveness Program (IEP) to investigate the relationship between government-funded support services and the attainment of participant outcomes under the Scheme. The program aims to provide evidence that can be used by participants, their carers, and NDIA personnel to understand what types of funding have been effective in delivering participant outcomes. It does this by utilising advanced statistical analytical methods, using longitudinal Scheme data to investigate potential links between the participant's support funding and outcome attainment throughout the duration of their plan. The IEP is a multi-year program, conducted by the NDIA and is being undertaken in consultation with participants, academics, and stakeholders from the disability sector, as well as the Department of Social Services and the NDIS Quality and Safeguards Commission.

Understanding these connections can allow the Agency to provide better information to participants on how their decisions, regarding potential supports impact their individual needs and inform their future choices under the Scheme. Going forward, the IEP is working towards enhancing the analysis of outcomes quantifying the marginal effect of different types, levels and combinations of support payment for all NDIS participants. The IEP is utilising data collected through the Person Level Integrated Data Asset (PLIDA)[155] to enhance the robustness of analysis, as well as NDIS Outcomes Framework data and state-based data assets.

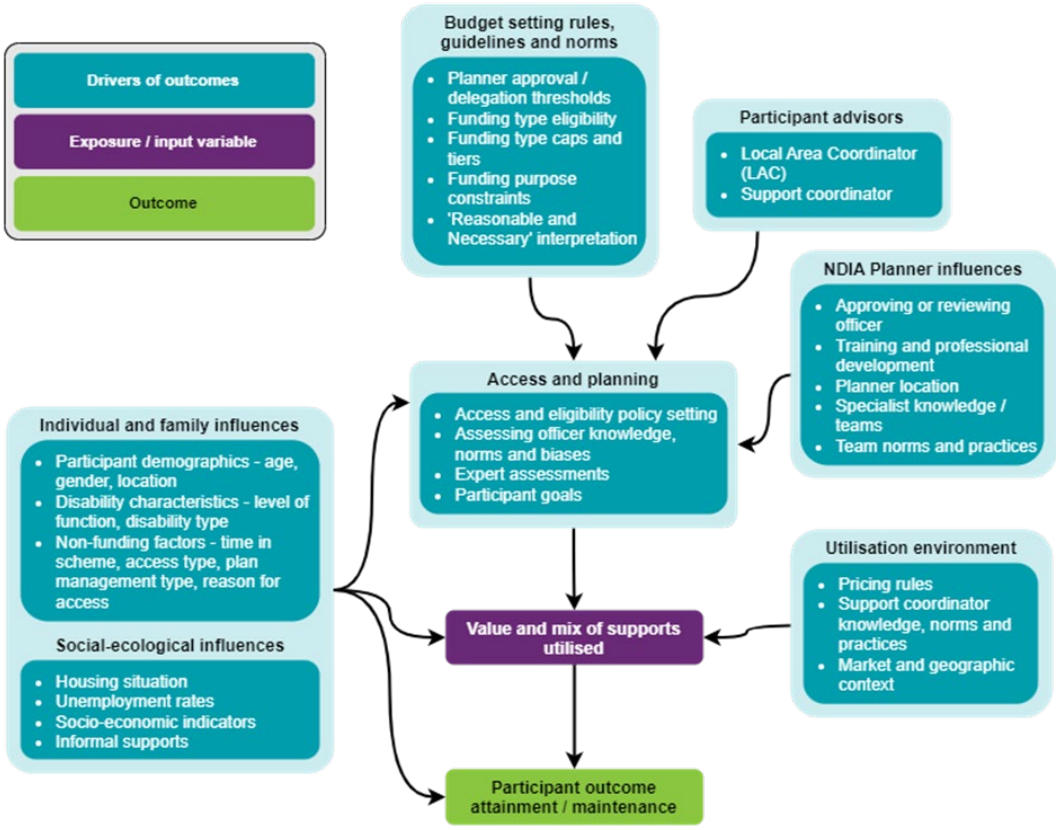
In 2023-24, a pilot has been completed to test analytical approaches, using a single cohort of participants aged 15-24 with intellectual disability and/or Down syndrome when they joined the NDIS. The pilot produced promising signs of the efficacy of IEP methods and showcases the significant potential of data-driven analytics in guiding the understanding of effectiveness of disability supports. By integrating and analysing administrative data, the pilot has also exposed the intricate factors influencing participant outcomes and the role of various support strategies. However, the investigation also revealed key gaps in the analysis and availability of datasets that the project will need to address to deliver robust, useful information to inform participant choices.

The design of pilot analytics was guided in part by a conceptual diagram capturing the theorised causal pathways between factors influencing participant outcomes (Figure 7.12). To address the data and design gaps identified through the pilot, the program will expand on this work to deliver a Participant Outcomes Knowledge Graph (POKG). This deliverable will chart the relationships between different aspects of the participant outcomes ecosystem: individual factors, structural factors, the access and planning process, the impact of geography and service provision.

The POKG will serve as an evolving repository, underpinning each relationship with qualitative evidence, stakeholder insights, and analytical findings. It will highlight available data, guide variable selection for cohort-specific models, identify knowledge gaps, and reveal cross-sectoral connections

[155] Person Level Integrated Data Asset (PLIDA) | Australian Bureau of Statistics (abs.gov.au)

Figure 7.12. Iterative POKG diagram



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Designed to be iterative, the POKG will be regularly updated as new evidence emerges or hypotheses are tested, ensuring its ongoing relevance and accuracy. This approach will enable nuanced understanding of the factors that impact participant outcome, supporting evidence-based decision-making and more effective interventions.

Following on from the completion of the pilot study, the IEP will continue to explore the relationship between participant payments and outcomes under the NDIS. The Agency will incorporate Scheme data with administrative data sets from other government departments to better improve the accuracy of data modelling and build a stronger foundation of participant circumstances and needs. Building on the results of the pilot, the IEP will continue to expand and evolve. Key priorities going forward include:

- Expanding the cohort frame and outcomes in scope: The analysis will be progressively scaled to encompass the full diversity of participant profiles and goals, across all age groups and disability types.
- Integrating more comprehensive linked datasets: Work is already underway to incorporate additional data from PLIDA and state-based data assets. This will enable a more holistic view of participant trajectories and cross-program effects.
- Deepening the engagement with participants and the sector: The qualitative research partnerships will be extended, to ensure that lived experience and frontline insights continue to shape the interpretation and application of quantitative findings.

- Refining the analytical methods and infrastructure: The analytical tools being used include machine learning models, support effectiveness maximisation algorithms and causal inference techniques. The team will continue to test and refine these tools, leveraging emerging best practices and new computational systems.
- Sharing lessons across the policy ecosystem: The IEP approach has powerful potential applications across multiple domains, from health to justice to social services. Capturing and disseminating lessons learned will be a key focus.

Evolving IEP methods to incorporate the above concepts will strengthen the quantitative and qualitative aspects of the analysis and make the project's outputs more applicable to work currently being pursued by other NDIA branches. The IEP is part of a broader research agenda the NDIA is currently progressing that is designed to improve outcomes for participants and support building a more robust evidence base that improves Scheme effectiveness and sustainability. IEP analysis will complement the Agency's Reform for Outcomes initiatives, one of which is intended to provide a better guide for participants looking to find the most effective supports for their circumstances.

The IEP will also address recommendations outlined in the NDIS Review, notably the requirement for the Agency to provide better support to people with disability to make decisions about their life. The IEP will assist in providing tailored advice to inform decision making by building the evidence base of understanding the factors and barriers participants face in the attainment of outcomes[156]. This analysis also intends to provide a stronger foundation of information for program design in the Agency. Work under the IEP addresses recommendation 11 in the 2022-23 AFSR:

The NDIA should continue work on measuring the impact of funding on participant outcomes through the IEP, to better support the Agency's and other stakeholders' understanding of the link between funding and participant outcomes, and its impact on the long-term effectiveness of the Scheme.

Historically, analyses concerning the sustainability of the NDIS has been largely focused on the Scheme's overall nominal cost, limiting discussion concerning the overall benefits of the NDIS. The full range of outcomes achieved by its participants must be taken into consideration in relation to their costs, to provide a comprehensive understanding of how the Scheme is utilising its funds. This will allow for a more holistic approach to measuring the sustainability of the Scheme. It is therefore important that the scope of analysis be broadened to consider the social, economic, and environmental outcomes attained by participants and their carers. The Agency will continue to use IEP analysis, as well as the existing NDIS Outcomes Framework and the work being undertaken to develop a wellbeing index for NDIS participants, to build a more robust evidence base that improves Scheme effectiveness and sustainability.

[156] NDIS Review. Recommendation 5: https://www.ndisreview.gov.au/resources/reports/working-together-deliver-ndis/preface/recommendations-and-actions

Section 8. Risk Management

8.1. Introduction

Although the National Disability Insurance Scheme (NDIS) has been in operation for over eleven years, it has only been available to all States and Territories for six years, and to all Australians for four years. Given the long-term nature of the Scheme, experience continues to be relatively immature, and many aspects remain difficult to interpret. Specifically, estimation of future expenditure based on experience is inherently challenging given the relative size, complexity, and immaturity of the Scheme, meaning there is significant uncertainty in the projection. In addition, within emerging experience to date, issues have been identified with the current resource allocation process, and in particular the lack of a mechanism for robust assessments of support need.

As the Scheme continues to mature, and staff, operational and governance capabilities improve, there is an expectation that Scheme operations and experience will change, perhaps materially, and this would affect the eventual trajectory of Scheme expenses. Decisions and actions of the Government and Agency and the Australian and global economic climate will also impact the Scheme, including the existing Budget initiatives and potential upcoming changes to policy settings.

Future events cannot be predicted with certainty, and they may lead to unexpected impacts on Scheme experience which differ from the projections in this report. Examples of events with the potential to have a significant impact on future Scheme experience include another pandemic, unexpected changes in global inflationary pressures and changes to economic conditions which cause further workforce shortages in the disability sector.

With each update of the AFSR, projection assumptions balance both the emerging experience (considering the significance and duration of the trends), and future expectation which continue to change over time. Updates to assumptions consider the significant growth in the Scheme over the past seven years, the relative immaturity of the Scheme and, in the most recent projection, Budget initiatives. As more data becomes available and as the Scheme continues to evolve, so too does the projection of Scheme costs.

Significant pressures on the financial sustainability of the Scheme remain and have become more significant. This is reflected in the upward revision of projected Scheme expenses in past AFSRs.

There are a number of risks that impact on the financial sustainability of the Scheme. This chapter discusses these risks and the mitigation factors in place or being developed to reduce their likelihood and impact.

8.2. Risk Management Arrangements and Responsibilities

As set out in the NDIS Corporate Plan 24-25, risk oversight and management are applied across all functions within the NDIA, including business planning, reporting, decision making, operations and strategic initiatives.

The NDIA's risk governance and framework is underpinned by the:

- National Disability Insurance Scheme Act 2013
- National Disability Insurance Scheme Risk Management Rules 2013
- Public Governance, Performance and Accountability Act 2013
- Related Commonwealth risk management policies and frameworks.

The NDIA Board oversees this approach through the Audit and Risk Committee, to ensure effective risk management, performance management and governance frameworks are in place.

Senior executives are responsible for identifying and managing Agency risks through regular monitoring and reviewing of risks, controls and treatment plans.

Risk management roles and responsibilities are defined for staff at all levels and supported by guidance materials, training modules, and access to risk advisory services.

The proactive use of risk management enables the Agency to effectively manage its operational and strategic risks in accordance with the risk appetite set by the Board.

The Agency has a structured approach to identifying, managing, escalating, and communicating risks. Together, the NDIA Board, the Strategic Leadership Team (SLT), and the Chief Risk Officer (CRO), oversee the efficacy of risk management performance of the NDIA and the effective implementation of a contemporary risk management framework.

The CRO assists the NDIA Board and SLT by providing independent and objective advice on risk management framework design and the prevailing risk and control environment, The Scheme Actuary also has certain risk management responsibilities as part of their role, with the primary focus relating to the financial sustainability of the Scheme.

8.3. Responsibilities of the Scheme Actuary

The responsibilities of the Scheme Actuary in relation to the risk management of the Scheme are broadly defined in legislation and more explicitly detailed in the documents which comprise the Scheme's and Agency's Risk Management Framework. These responsibilities are as follows:

NDIS Act[157]

- *If the scheme actuary has significant concerns about the **financial sustainability** of the National Disability Insurance Scheme, or **the risk management processes of the Agency**, he or she must report those concerns to the Board as soon as reasonably practicable.*

[157] NDIS Act

NDIS Risk Management Rules[158]

- *The Board must also ensure that the scheme actuary is involved in decisions made by the Agency and the Board **in relation to risk**, to the extent that that involvement is appropriate and consistent with the scheme actuary's duties and the National Disability Insurance Scheme—Rules for the Scheme Actuary 2013.*

NDIS - Rules for the Scheme Actuary[159]

- *The scheme actuary must include the following matters in an annual financial sustainability report:*

  *(a) **an overall assessment of the financial sustainability of the NDIS that** identifies the key risks and issues impacting on the financial sustainability of the NDIS.*

  *(b) **a discussion of the key risks** and issues identified and, where these have an adverse **impact on financial sustainability**, recommendations designed to manage the risks or address the issues.*

- *The scheme actuary must advise the Agency on how processes, systems and tools of the **NDIS** relating to the **NDIS risk management framework** can best be developed and implemented to enable the scheme actuary to perform his or her duties under section 180B of the Act effectively, and in particular to allow the scheme actuary to be satisfied that the NDIS is **financially sustainable**.*
- *The scheme actuary must include the following matters in an annual financial sustainability report:*

  *(a) a discussion of the Agency's administrative infrastructure, its administrative processes and **risk management arrangements.***

- **Risk management arrangements**, of the Agency, means all of the systems, structures, cultures, processes, policies and people that identify, assess, mitigate and monitor all sources of risk, both internal and external, **to financial sustainability**.

NDIS Insurance Principles and Financial Sustainability Manual[160]

The *NDIS Insurance Principles and Financial Sustainability Manual* outlines the NDIS' insurance model in detail and defines financial sustainability as the state where:

- The Scheme is successful on the balance of objective measures and projections of economic and social participation and independence, and on participants' views that they are getting enough money to buy enough goods and services to allow them reasonable access to life opportunities - that is, reasonable and necessary support.

[158] NDIS Risk Management Rules
[159] NDIS - Rules for the Scheme Actuary
[160] NDIS Insurance Principles and Financial Sustainability Manual Page 18

- Contributors think that the cost is and will continue to be affordable, under control, represents value for money and, therefore, remain willing to contribute.

To comprehensively consider the risks to financial sustainability faced by the Scheme, the two-fold definition above can be linked to the Strategic Risks identified in the most recent Corporate Plan and this analysis is provided in the next section.

8.4. Corporate Plan Strategic Risks

On an annual basis, the NDIA Board determines the strategic risks for the Agency, which are directly aligned to the Corporate Plan. The Board determined eight strategic risks for 2024-25 in the areas of:

1) Scheme outcomes
2) Participant experience
3) Enabling Partner and provider performance
4) Scheme sustainability
5) People capability, capacity, and wellbeing
6) Integrity
7) Safeguarding our information
8) Agency and Scheme transformation

The strategic risks are monitored against risk-aligned mitigation strategies and key risk indicators, and performance is reported to the NDIA Board on a quarterly basis.

A number of key risks to the financial sustainability of the Scheme have been identified by the Scheme Actuary:

- Capability of disability provider market to respond to demand
- Agency capacity
- Fraud and non-compliance
- Reforms implementation
- 3P/PACE rollout
- New entrants
- Pricing/ Normal inflation
- Additional growth
- Transitions into SIL
- Participants leaving
- Participant outcomes

These key risks are expanded on in the commentary below, linking each of them to the strategic risks in the Corporate Plan.

Strategic risk 1 - Scheme outcomes

Ability to fund reasonable and necessary supports (inc. general and early intervention) to eligible people with disability to ensure improved independence and social and economic participation.

Strategic Risk 1 closely mirrors the first component in the definition of financial sustainability in Section 8.3 above.

The mitigation strategies for this risk outlined in the Corporate Plan include a focus on, and being informed by, participant goals and outcomes in the delivery of the Scheme, investment in engagement with the disability sector, seeking co-design for Scheme changes and enhancing the quality and consistency of home and living decisions, and a focus on training, oversight and quality assurance. All these actions help to reduce risks to the financial sustainability of the Scheme. The NDIS Outcomes Framework, Investment Effectiveness Program and various Home and Living activities are key vehicles through which these mitigation strategies will be delivered.

The NDIS Outcomes Framework measures outcomes for the families and carers of participants, recognising that the outcomes for people with a disability and the people who support them are likely to be linked. Participant outcomes and family and carer outcomes are discussed in Section 7.

The Investment Effectiveness Program (IEP) is being undertaken by the NDIA to better understand the link between Government funded supports and the attainment of participant outcomes. It is discussed in Section 7.

Strategic risk 2 - Participant experience

Ability to provide a quality experience in access and eligibility decisions, planning including timely reviews.

Strategic Risk 2 also ties in with the first component in the definition of financial sustainability and in particular focuses on participants' views as to whether they are receiving reasonable and necessary support.

The NDIA has a responsibility to measure how participant funding impacts the achievement of outcomes related to maximising independence and inclusion in the community, including employment. This includes consideration of both amount and type of funding, for example, the types of supports that lead to good outcomes for participants. In turn, analysis of how funded supports change in response to outcomes contributes to effective monitoring of Scheme financial sustainability.

The mitigation strategies for this risk focus on participant experience and feedback, including through co-design, and enhancing responsiveness to critical incidents and complaints, and ensuring that assessment and decisions are transparent and fair in line with participant expectations.

Sections 7.1-7.7 of this report discusses activities and results relating to the outcomes framework.

Strategic risk 3 – Enabling Partner and provider performance

Ability to inform, engage and enable providers and partners to deliver supports to our participants.

Strategic Risk 3 relates to both aspects of the Scheme's financial sustainability, that is, participants' views that they are receiving reasonable and necessary support and contributors' views on the cost effectiveness of the Scheme.

A specific challenge in relation to this strategic risk is the capability of the disability provider market to respond to demand.

The mitigation strategies outlined in the Corporate Plan prioritise regular engagement with partner organisations and NDIS providers, ensuring ongoing intent and performance of partners in the delivery of the Scheme, monitoring of costs to help participants identify value for money services and collaboration with other government bodies (i.e., the Department of Social Services and the NDIS Quality and Safeguards Commission) in support of a robust provider sector.

As the cost of the Scheme increases, it becomes increasingly important to measure how successful the Scheme is at building the capacity of participants to increase their independence and economic and social participation. A positive perception of the Scheme by the public, who contribute through taxation, needs to be maintained to ensure their ongoing support and continued development of a robust provider market.

Ideally, this cost-benefit analysis should have wider scope than just the NDIS. The NDIS is expected to benefit the broader Australian economy, for example through reduced hospitalisations via improved support in the community.

Hence, measurement of outcomes and costs, both to the NDIS and other mainstream service systems, is critical in understanding the success of the NDIS and is a legislative requirement.

Further, the NDIS forms part of the broader Australia's Disability Strategy 2021-2031. The strategy is a commitment from all governments to a shared vision of an inclusive Australian society that enables people with disability to fulfil their potential as equal citizens. In particular, the strategy emphasises the need for improved performance of mainstream services in delivering outcomes for people with disability.

Strategic risk 4 - Scheme sustainability

Scheme scope, growth and/or costs deviate significantly.

Strategic Risk 4 relates directly to the ongoing costs of the Scheme as referred to in the second component of the financial sustainability definition.

Inflationary effects

Section 5.5 sets out the inflation assumptions used for the June 2024 projections and shows the impact of the Recent and Proposed Reforms which are expected to reduce the levels of additional growth observed in payments, below historical levels.

Sustained elevated levels of additional growth remains one of the most critical sustainability pressures for the Scheme given the material impact on projected Scheme expenses.

Given the evolving nature of the Scheme, assumptions relating to additional growth involve considerable judgement and thus, remain highly uncertain.

The scenario analysis in Section 6.1 can be used to gauge the impact of higher normal inflation and additional growth assumptions compared with the baseline projection.

The uncertainty around the additional growth assumption is also demonstrated in the stochastic modelling presented in Section 6.2 which includes a quantification of the substantial impact of this uncertainty on Scheme expenses.

New incidence of disability

Section 5.3 sets out the new entrant rate assumptions and details the revisions made to these to reflect the latest expectations of future Scheme experience. Overall, compared to the previous review, the numbers of new entrants to the Scheme after allowing for Recent and Proposed Reforms are projected to be higher in 2024-25, and then projected at lower levels from 2025-26 onwards.

However, the overall participation rate (the proportion of the Australian population that are NDIS participants) has continued to grow since the previous review, albeit at a slowly decreasing rate. It is uncertain as to when new entrant rates will stabilise. This trend is driven predominantly by children with developmental delay joining the Scheme and new participants with autism.

Greater than expected new entrants will result in additional growth of Scheme expenses beyond those projected in this report. To illustrate the impact of current trajectories continuing scenario analysis is presented in Section 6.1, and uncertainty around these assumptions is included in the stochastic modelling presented in Section 6.2.

Participants leaving the Scheme

Section 5.3 also discusses the rate of participants leaving the Scheme for reasons other than death and are lower in the first few projection years relative to the previous review to align more closely with recent experience.

Rates are expected to gradually increase in subsequent years towards longer term rates of participants leaving the scheme, reflecting the progressive impact of operational changes, which are themselves dependent on continued resource allocation towards eligibility reassessment and therefore remains uncertain.

To quantify this inherent uncertainty, the scenario analysis in Section 6.1 presents a scenario where the rates of participants leaving the Scheme in 2024-25 and 2025-26 are assumed to be lower than the baseline projections, which may reflect a more gradual increase in operational capacity to undertake eligibility reassessments.

Transitions into SIL

Section 5.3 also discusses the assumptions related to SIL participants used for the June 2024 projections.

While the SIL transition assumptions are derived based on recent experience combined with long term expectations, there remains a degree of uncertainty around the emerging experience relating to the net increase in participants with SIL supports and when the number of participants with SIL will reach 'maturity' (grow in line with the overall growth in the adult population of the Scheme).

There is uncertainty about which alternative, more flexible and more efficient Home and Living option may be used in the Scheme in the future. Additionally, there is uncertainty since the previous review associated with changes in operational processes for Home and Living decisions.

As anticipating the number of participants likely to require SIL supports is a challenge that also has a material impact on projected Scheme expenses. Scenarios are presented in Section 6.1 that illustrate the impact of higher or lower numbers of participants in SIL compared with the baseline projection and the stochastic modelling of transitions into SIL is presented in Section 6.2.

There are three mitigation strategies listed in the Corporate Plan which are designed to address risks to the Scheme's sustainability:

- Monitoring Scheme costs against allocated funding.
- Engaging across jurisdictions to promote increased access and inclusiveness in community and mainstream supports.
- Working closely with the disability community to implement measures to moderate growth, improve outcomes for participants and ensure the sustainability of the NDIS.

Strategic risk 5 – People capability, capacity, and wellbeing

Ability to build and maintain a highly capable and high-performing workforce, where the NDIA prioritises staff safety and wellbeing.

Strategic Risk 5 relates, directly and indirectly, to both aspects of the Scheme's financial sustainability, because the ability of the Scheme to maintain a high-performing workforce across all areas of its operations will impact participants' access to reasonable and necessary supports and the cost of the Scheme.

The Scheme projections presented in this report implicitly assume that the Agency and disability sector more broadly will continue to be adequately resourced. The projections assume Agency resourcing remains relatively constant in real terms, and specifically that the funding of operational expenses is sufficient to implement and operationalise the Recent and Proposed Reforms. At the time of writing, work is being undertaken to ensure that the funding of reforms, as well as business-as-usual activities, is secured. If this does not eventuate, there is a risk that Scheme expenses are higher than those shown in this report.

The mitigation strategies outlined in the Corporate Plan aim to enhance the Agency's workforce and culture strategies and put in place the right capability and capacity strategies, processes and supports to maintain a high performing workforce. In addition, the Agency will continue to focus on the physical and psychological safety of the workforce.

Strategic risk 6 – Integrity

Ability to protect the Scheme and participants against fraud and non-compliance, through a pro-integrity culture and in accordance with integrity frameworks and guidelines.

Strategic Risk 6 relates directly to the ongoing costs of the Scheme as referred to in the second component of the financial sustainability definition.

Fraud and non-compliance within the Scheme erode participant outcomes and inflate Scheme expenses and maintaining the Scheme's integrity by addressing Strategic Risk 6 is therefore critical to its financial sustainability.

The mitigation strategies in the Corporate Plan which address risks to integrity include working within the multi-agency Fraud Fusion Taskforce in designing and implementing more sophisticated prevention, detection and treatment options for fraud and non-compliance, and strengthening the Agency's pro-integrity culture in relation to people, systems and accountability.

Section 9.1 of this report provides an update on last year's recommendation with respect to Compliance and Fraud activities where there has been considerable investment in the last twelve months.

Strategic risk 7 – Safeguarding our information

Ability to enhance the integrity of Agency, Scheme and participant information including preventing, detecting and responding to cyber security threats.

Strategic Risk 1 closely mirrors the first component in the definition of financial sustainability as this directly impacts on participants.

The mitigation strategies in the Corporate Plan which address this risk include maintaining appropriate cyber security measures and continuing to prioritise robust cybersecurity governance and operations to safeguard the Agency's critical data and systems from evolving threats, including third party cyber risk.

Strategic risk 8 – Agency and Scheme transformation

Ability to transform and enhance the Agency and Scheme in line with agreed outcomes and in accordance with applicable intergovernmental agreements.

The 2023-24 projection of Scheme expenses allows for the expected impact of the Recent and Proposed Reforms. Effective implementation of these and other strategic initiatives and mitigating risks to these initiatives is key to ensuring the Scheme's financial sustainability.

The projections presented in this report make several assumptions about how the Recent and Proposed Reforms will impact the underlying drivers of Scheme expenses. The assumptions which include an allowance for the Recent and Proposed Reforms are the number of new entrants to the Scheme and growth in average payments. If the implementation of Recent and Proposed Reforms is delayed, or if the reforms do not have the effects assumed, then Scheme expenses are likely to be higher than the June 2024 projections, possibly materially.

The mitigation strategies in the Corporate Plan which address the risk to Agency and Scheme transformation include working collaboratively with Scheme stakeholders to prepare for significant changes and addressing agreed reform priorities through co-design and engagement, robust project and change management and adaption of strategies.

Additionally, as mentioned under Strategic Risk 4 above, the Agency's mitigation strategy includes closely working with the disability community to implement measures that moderate growth, improve participant outcomes, and ensure the sustainability of the NDIS. Through this close collaboration, other opportunities to moderate future growth will be identified.

8.5. Modelling Risks

The decisions made in relation to the Scheme's ongoing operations and financial sustainability partly rely on the modelling provided to decision makers. NDIS payment processes are still evolving and there is a limited history available for setting assumptions, as well as some limitations in the data available for analysis.

Modelling imperfections exist, where certain factors impacting the Scheme are not reflected or are only indirectly captured in the projections. These factors are not explicitly allowed for in the structure of the modelling or the assumptions used. Examples include increases in plan utilisation with increased duration in the Scheme, the level of fraud and/or non-compliance within the Scheme, and the impacts of government policy or legislative changes to the Scheme's operations.

These limitations give rise to model specification risk, which is the risk that the model is not an accurate representation of reality. The dynamically changing nature of the NDIS means that the actual outcomes of the Scheme may vary from the projections. Model specification risk is discussed in Section 6.2 and is explicitly included in the stochastic analysis presented in that section.

8.6. Business continuity and Risk management system

The Agency is committed to ensuring that participant supports, provider services, and other critical business functions are maintained or quickly restored in the event of a significant outage, incident or crisis event. The Agency has established business continuity management plans, maintained through regular review and scenario analysis, to ensure the rapid resumption of participant and provider services and critical business activities in emergency situations.

The NDIA's integrated risk management system provides a single platform for capturing and managing operational, strategic and regulatory risks, audit recommendations, incidents and business continuity plans. The system gives accountable executives a consolidated view of the risks and controls within their business and the broader NDIA and underpins quarterly risk reporting to the NDIA Board.

8.7. Assessment of the Risk Management Framework

While the Agency's tools, processes and procedures are commensurate with an entity of this size and level of maturity, they will continue to evolve with the Scheme. Future advancement in risk maturity will focus on further embedding positive risk behaviours and culture within the Agency, continuing to improve the integration and digitisation of its risk ecosystem to enhance risk-based decision making and consistency (particularly around access and plan budgets), better governance and implementation of policy changes, and proactive management of financial sustainability risks.

Managing strategic and operational risks to remain at an acceptable level is fundamental to the success and longevity of the Scheme. While strategies to mitigate these risks are articulated in current risk reporting, it will be important to monitor the effectiveness of these strategies in real time to ensure that they are having the desired impact and to make the necessary adjustments to ensure they remain within acceptable tolerances.

The risk management processes of the Agency and the Scheme have been considered and, based on the information available, it is assessed that they are operating effectively to support the financial sustainability of the Scheme.

Section 9. Recommendations

9.1. Progress since previous review

There were eleven recommendations provided by the Scheme Actuary in the 2022-23 AFSR. These recommendations largely related to work that sits outside of business-as-usual activities, such as extra investigations to better understand aspects of Scheme performance or related to specific items that were already part of the Corporate Plan. Overall, there has been excellent progress with respect to these recommendations, with most embedded as part of business-as-usual activities.

This section provides an update on the progress that the Agency has made during the last twelve months with respect to each of the recommendations.

Recommendation 1 - Participant and family/carer outcomes

The NDIA should seek to redesign its outcomes framework to include broader system and community outcomes, as well as more objective measures of some participant and family/carer outcomes that are currently self-reported.

The redesign should include appropriate co-design and engagement to ensure that measurement of Scheme outcomes and effectiveness is trusted and ultimately owned by participants, their families and carers and the sector more broadly.

The redesigned outcomes framework will enable a broader view of Scheme benefits and a better understanding of how these benefits can be maximised.

Progress Update

The outcomes framework continues to be developed with an emphasis on co-design and engagement to ensure that the measurement of Scheme outcomes is trusted and ultimately owned by participants, their families and carers and the sector more broadly.

There has been a key focus on several areas during the last twelve months including desktop research of existing frameworks and benchmarking sources, review of existing outcomes framework questions, investigation of PLIDA data, internal/government stakeholder consultation and further refinement of the work plan.

Detail on the activities relating to the outcomes framework and key results are set out in Sections 7.1 to 7.6.

Recommendation 2 - Additional growth in participant plan budgets

The Agency should seek to understand the emerging impact of the introduction of lifecycle funding and better planning processes within the Budget initiatives, on changes to participant plan budgets, the type of and use of supports, and proportion of plan budget used. This will help the Agency understand the effectiveness of these Budget initiatives.

Progress Update

As part of the 2023-24 Budget initiatives, specialised teams within the Agency have been established, working with specific cohorts of participants to establish reasonable and necessary plans aligned with expected ranges and to utilise plans appropriately.

Further analysis has been performed with design now underway on how to extend the budget management approach to broader service delivery. Data continues to show that over-utilisation trends continue to relate to hours/rates utilised exceeding approved amounts, utilisation outside of plan intent, and supports claimed that are not approved in the plan. The Agency is developing resources to support participants to better understand and utilise their plans.

Recommendation 3 - Participants with autism in the Scheme

The Agency should continue to better understand the drivers of the increasing prevalence of autism, specifically the increased rate of female participants entering the Scheme with autism, and higher than expected number of new entrants with autism aged 15 and above. This work will help gain insights, and lead to better informed decisions about older children and adult participants with autism, including expectations of future numbers of new entrants with autism.

Progress Update

The Agency continues to analyse trends in participants accessing the Scheme with autism and developmental delay by age group and gender, to inform future new entrant assumptions used in the Scheme projections. The Agency is also working on a comprehensive analysis of disability prevalence in Australia and access to the NDIS using PLIDA data to leverage population level data sources.

Recommendation 4 - Participants with complex/high support needs

The Agency should continue to better understand the drivers/reasons for participants with complex/ high support needs to move into different types of living arrangements. Specifically, to understand the pathways and pace which participants move into Supported Independent Living, (SIL) and other Home and Living (H&L) arrangements. This will help the Agency make better decisions and has the potential to provide innovative solutions for participants with complex/ high support needs.

Progress Update

Work is underway to support an Agency H&L Roadmap, which details policy and process improvements that are anticipated to result in more effective uses of H&L funding and savings for the Scheme over the medium and long term. Some initiatives are intended to be incremental improvements to existing processes over the short-term (such as better-quality evidence for existing decision making) while others are focused on major reforms that may take years to fully realise their impacts.

The assessment and budgeting reforms that establish a new planning framework is a significant initiative from the roadmap and will be a means to consistently apply a new set of policies for setting H&L related funding based on a new set of needs assessments. The successful implementation of new approaches to H&L budget setting will rely on a range of initiatives in the H&L roadmap aimed at improving the availability of alternative

support models to SIL and improving how participants are supported via Assistive Technology, Home Modifications, Special Disability Accommodation and mainstream housing alternatives.

The Agency is undertaking various deep dives into high-cost participants to understand different policy options for levels of support equivalent to a 1:1 SIL level. This work will help better understand the cost drivers and needs characteristics of participant cohorts that have SIL-equivalent levels of Core Daily Activities funding. The analysis will flag cohorts of participants more likely to be good candidates for exploring SIL alternatives, as well as help understand participants with high levels of Core Daily Activities who do not have a SIL arrangement and how their in-home needs are being met. This work will help to understand the current state and inform intermediate reforms as part of the H&L roadmap, as well as assess the impact of the assessment and budgeting reforms on longer term Scheme costs.

Recommendation 5 - Participants with psychosocial disability in the Scheme

The Agency should seek to better understand the reasons why individuals with a psychosocial disability may not approach the Scheme or may not meet the eligibility criteria when applying for access to the Scheme. This will also inform estimates of longer-term rates of new entrants with a psychosocial disability to the Scheme.

Progress Update

Work is underway on a file review of persons assessed as ineligible for the Scheme. The purpose of this exercise is to garner information on factors impacting access not met decisions and subsequent access met decisions. This includes consideration of the person's evidence of disabilities and of treatment, of any constraints and barriers to accessing treatment or obtaining evidence, and of the supports provided in making an access request, as well as information on Agency processing.

Pursuant to the NDIS Review recommendation, the Agency is preparing a new policy paper on the early intervention pathway. The workplan includes key deliverables and timing and is supported by research into the evidence base that informs the initiative.

Further NDIS Review recommendations include establishing an integrated complex care coordination approach with public mental health systems for participants with complex needs and that all Australian governments should prioritise supports for people with psychosocial disability as part of general Foundational Supports. The implementation of these recommendations will impact the longer-term rates of new entrants with a psychosocial disability to the Scheme, and the expected amounts of NDIS support in the future.

Recommendation 6 - Budget initiatives

The Agency should develop and embed a framework and governance structure to effectively monitor the implementation of the Budget initiatives, and to measure and report on the overall effectiveness of the Budget initiatives. This will help the Agency make informed decisions, in a timely manner, to optimise the success of the Budget initiatives on improving the effectiveness and sustainability of the Scheme.

Progress Update

Scheme reform has now been incorporated into a single program. This is critical given the complementary effort in operations, legislation and NDIS Review recommendations, and the need to understand the compounding impact, sequencing and effort of reform activity. The consolidated program operates under a single reform governance model, enabling consistent reporting and oversight of interdependencies.

Scheme reform deliverables are mapped on a single source of truth for consistent scoping, effective and efficient resource allocation, and identifying change impacts. The Scheme projections reported in this AFSR make allowance for Recent and Proposed Reforms which are in line with the Scheme Reform program.

Recommendation 7 – Long-term Scheme projections and maturity

The Agency should undertake investigations into the Scheme participation rates implied by the AFSR model and develop a better understanding of the long-term trajectory of the proportions of the Australian population who are supported by the NDIS. The scope of the investigation should also include Scheme expenses as a proportion of national GDP, the level at which the proportion stabilises and the point in time when it stabilises, depending on the assumptions underlying longer-term projections of the Scheme.

Progress Update

Long-term normal inflation and additional growth assumptions were considered as part of the assumptions setting process for the June 2024 projections. These assumptions feed into the Lifetime Cost modelling of Scheme participants that estimates long-term Scheme costs as a proportion of GDP, as set out in Section 5:8. The incorporation of various Scheme reforms into the modelling were a significant factor in producing projections of the Scheme to reflect its long-term trajectory.

Recommendation 8 - Compliance and Fraud

Further investment should be made to enable the Agency to actively detect and address behaviours that are non-compliant and/ or fraudulent. This will help participants more effectively utilise their funding to meet their needs, potentially improving better outcomes. Reducing fraudulent behaviours also helps improve the sustainability of the Scheme.

Progress Update

There has been considerable investment over the last twelve months which has led to substantial improvement in several areas in the ability of the Agency to actively detect and address behaviours that are non-compliant and/or fraudulent.

Through the Fraud Fusion Taskforce, the NDIA is continuing to work closely with the NDIS Quality and Safeguards Commission, Australian Criminal Intelligence Commission, Australian Federal Police, Australian Tax Office, and other Commonwealth partners to take action against individuals and businesses exploiting the NDIS.

The Crackdown on Fraud initiative was announced in February 2024. This investment will boost fraud-detecting IT systems to better protect participant funds and build Scheme integrity.

Recommendation 9 - Information systems and Scheme data

Further investments should be made in the Agency's data assets and the quality of data collected including longer-term development of the EDW post national roll-out of the new PACE platform. This will enable more effective tracking of operational processes, monitoring of Scheme experience across participants, providers, the Agency, enabling consistency of decision making to address effectiveness of processes and longer-term sustainability of the Scheme.

Progress Update

The national roll-out of PACE is to be the primary focus of the EDW, including improvements to the comprehensiveness and quality of data sets being provided to various stakeholders. The Crackdown on Fraud (CDoF) program and the creation of a new Data Lake will further enhance the Agency's data assets. Further development and improvement to the Agency's data capabilities in the longer-term are still in the planning phase.

Further focus is needed in this area and an updated recommendation is set out in Section 9.2.

Recommendation 10 - Participant data

With the planned national roll-out of PACE, the Agency should seek to implement a control-cycle, to improve the quality and type of participant data collected on the participant CRM system. This will enable a deeper analysis and understanding of drivers of participant needs over their lifetime, leading to improved insights and decision making, and reduce uncertainty in setting assumptions for Scheme projections.

Progress Update

Planning is underway for implementing an improved Agency data governance approach to the quality and type of participant data collected by implementing a control-cycle approach. Specific examples of the types of data that could be collected include change in circumstance, change in level of function, secondary disability, informal supports, and living arrangements.

Further focus is needed in this area and an updated recommendation is set out in Section 9.2.

Recommendation 11 - Investment Effectiveness Program

The NDIA should continue work on measuring the impact of funding on participant outcomes through the Investment Effectiveness Program, to better support the Agency's and other stakeholders' understanding of the link between funding and participant outcomes, and its impact on the long-term effectiveness of the Scheme.

Progress Update

The Investment Effectiveness Program (IEP) continues to be a key focus for the NDIA, with considerable analysis performed over the last twelve months to improve the understanding of the connection between supports and outcomes including the completion of a pilot.

Following on from the completion of the pilot study, the IEP will continue to explore the relationship between participant payments and outcomes under the NDIS. The Agency will incorporate Scheme data with administrative data sets from other government departments to better improve the accuracy of data modelling and build a stronger foundation of participant circumstances and needs. Building on the results of the pilot, the IEP will continue to expand and evolve.

Detail on the activities of the IEP is set out in Section 7.7.

9.2. Recommendations from this review

Section 9.1 provides an update on the eleven recommendations made in the 2022-23 AFSR. For most of these recommendations, activity to address these recommendations is now embedded within the Agency, and work continues as part of business-as-usual activities.

There are two recommendations in this year's report that represent areas called out as needing specific focus. These are set out as follows:

Data Quality and Availability

Once the new PACE platform is fully implemented and integrated with other NDIS data in the EDW, the Agency will be able to conduct deeper investigations to better understand participant support needs over their lifecycle (i.e. - the type of supports and how support needs change over time, as well as the volume and frequency of supports), and help the NDIA better manage Scheme expenses.

It is important the integrity of Scheme data in the EDW continues to be maintained during this period of national roll-out of PACE. This requires data across two participant CRM systems to be integrated with other operational business systems, to support legislated reporting, business operational reporting, analytical, deep dive analysis, and ad-hoc reporting services. Reporting on Scheme expenses, participants and outcomes, is imperative to the operation and sustainability of the Scheme.

The EDW environment, including the integrity and quality of data, governance processes and data ownership, and efficiency of the platform for end-users, needs to continually evolve and improve over time. With increased focus on the effectiveness and sustainability of the Scheme, the accuracy and integrity of data used to make decisions and undertake analyses for the Agency to respond to requests for information in a timely manner, needs to uphold this higher level of scrutiny.

The type and quality of participant data collected is vital to building a robust evidence base, to monitor and track participant experience as it emerges, to analyse any emerging trends and outliers, and to conduct deep dives to investigate causes/reasons to explain patterns seen in the data. Such an evidence base is central to the management of the NDIS, providing an objective basis for the Agency to make informed decisions about policy design, and how best to support participants and ultimately drive optimal outcomes for participants, whilst managing the sustainability of the Scheme.

There is now an opportunity to implement a new Agency process, referred to as a "control cycle". This would include identifying new participant data items and building a case for capturing new data, through to implementing/ enabling capture of participant data, and ultimately using new data to deepen analysis and understanding of key drivers of participant pathways across their lifecycle in the Scheme.

Recommendation 1 Data Quality

The success of the Scheme is dependent on the availability and quality of the data and information collected. Further investments should be made in the Agency's data assets and the quality of data collected including continued development of the EDW as PACE continues to roll-out and become embedded. This will enable more effective tracking of operational processes, monitoring of Scheme experience (across participants, providers, and the Agency) leading to consistency of decision-making to address the effectiveness of processes, and hence longer-term sustainability of the Scheme.

The Agency should continue to examine available data to understand the key risks to the financial sustainability of the Scheme and improve the quality and type of participant data collected. This will enable a deeper analysis and understanding of the drivers of participant needs over their lifetime, leading to improved insights and decision making, and reduce uncertainty in setting assumptions for the Scheme projections.

Projections Model Roadmap

The NDIS Review recommended that "...the Scheme Actuary should also develop different forecasting models, including for specific cohorts to improve the accuracy of the NDIS projections". The continual development of projection models allows for the integration of innovative techniques, such as statistical and demographic modelling to enhance the accuracy and flexibility of the projections.

Moreover, the development of an additional projection model such as the Microsimulation Model (discussed in Section 3.5 of this report) can enhance stakeholder confidence by cross verifying the results, thereby reducing the risks of relying on a single model. This approach also helps minimise model specification error and ensures that the projections remain robust.

Recommendation 2 Projections Model Roadmap

Consistent with the recommendations from the NDIS review, the Agency should develop a projections model roadmap to define the different forecasting models used to project Scheme participants and expenses, including for specific cohorts. This will improve the reliability, robustness and usefulness of the Scheme projections.

End of report, beginning of Appendices

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Appendix A Comparison to previous review – detailed tables

Scheme expenses

Table A1. Projection of Scheme expenses ($m cash basis) – compared to the previous review

Projected scheme expenses	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
June 2024 projections						
0-64 years	41,681	44,649	47,166	50,338	78,227	*183,834*
65+ years	4,761	5,677	6,554	7,519	13,640	*24,510*
Total Scheme expenses	***46,442***	***50,326***	***53,720***	***57,856***	***91,867***	***208,343***
June 2023 projections						
0-64 years	41,228	44,645	48,026	51,897	84,768	***185,795***
65+ years	4,647	5,594	6,584	7,639	14,589	***24,464***
Total Scheme expenses	***45,875***	***50,239***	***54,609***	***59,536***	***99,357***	***210,260***
Difference 0-64 years	453	4	-860	-1,559	-6,541	***-1,962***
Difference 65+ years	113	83	-30	-121	-949	***45***
Total difference	***567***	***87***	***-890***	***-1,680***	***-7,490***	***-1,916***
% Difference 0-64 years	1.1%	0.0%	-1.8%	-3.0%	-7.7%	***-1.1%***
% Difference 65+ years	2.4%	1.5%	-0.5%	-1.6%	-6.5%	***0.2%***
Total % difference	***1.2%***	***0.2%***	***-1.6%***	***-2.8%***	***-7.5%***	***-0.9%***

End of table

Table A2. Projection of Scheme expenses ($m accrual basis) – compared to the previous review

Projected scheme expenses	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
June 2024 projections						
0-64 years	42,059	45,057	47,597	50,799	78,950	185,511
65+ years	4,806	5,732	6,617	7,592	13,772	24,747
Total Scheme expenses	46,865	50,789	54,215	58,390	92,722	210,258
June 2023 projections						
0-64 years	41,678	45,133	48,553	52,468	85,722	187,832
65+ years	4,698	5,655	6,655	7,722	14,747	24,729
Total Scheme expenses	46,376	50,788	55,207	60,190	100,469	212,561
Difference 0-64 years	381	-77	-955	-1,670	-6,772	-2,321
Difference 65+ years	109	77	-37	-130	-974	18
Total difference	489	0	-993	-1,800	-7,746	-2,303
% Difference 0-64 years	0.9%	-0.2%	-2.0%	-3.2%	-7.9%	-1.2%
% Difference 65+ years	2.3%	1.4%	-0.6%	-1.7%	-6.6%	0.1%
Total % difference	1.1%	0.0%	-1.8%	-3.0%	-7.7%	-1.1%

End of table

Scheme expenses by participants with SIL and without SIL

Table A3. Projection of Scheme expenses by SIL status ($m cash basis) – compared to previous review

Projected Scheme expenses	2024-25	2025-26	2026-27	2027-28	2033-34	*Total 2024-28*
June 2024 projections SIL	16,121	17,785	19,004	20,448	31,965	*73,358*
June 2024 projections Non SIL	30,321	32,541	34,715	37,409	59,902	*134,985*
Total Scheme expenses	***46,442***	***50,326***	***53,720***	***57,856***	***91,867***	***208,343***
June 2023 projections SIL	16,375	18,216	19,816	21,515	35,213	*75,922*
June 2023 projections Non SIL	29,500	32,023	34,793	38,021	64,144	*134,338*
Total Scheme expenses	***45,875***	***50,239***	***54,609***	***59,536***	***99,357***	***210,260***
Difference SIL	-254	-431	-812	-1,067	-3,248	*-2,564*
Difference Non SIL	820	518	-78	-613	-4,242	*647*
Total difference	***567***	***87***	***-890***	***-1,680***	***-7,490***	***-1,916***
% Difference SIL	-1.5%	-2.4%	-4.1%	-5.0%	-9.2%	*-3.4%*
% Difference Non SIL	2.8%	1.6%	-0.2%	-1.6%	-6.6%	*0.5%*
Total % difference	***1.2%***	***0.2%***	***-1.6%***	***-2.8%***	***-7.5%***	***-0.9%***

End of table

Scheme expenses by disability group

Table A4. Projection of Scheme expenses by disability group ($m cash basis) – compared to previous review

Projected scheme expenses	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
June 2024 projections						
Autism	9,870	11,456	13,134	15,138	32,287	**49,599**
Intellectual disability	12,219	12,916	13,498	14,292	20,179	**52,924**
Other neurological	3,661	3,851	3,965	4,109	5,145	**15,586**
Psychosocial disability	5,901	6,324	6,731	7,219	10,778	**26,174**
Other	14,790	15,778	16,392	17,098	23,477	**64,059**
Total Scheme expenses	**46,442**	**50,326**	**53,720**	**57,856**	**91,867**	**208,343**
June 2023 projections						
Autism	10,089	11,777	13,584	15,646	34,430	**51,095**
Intellectual disability	12,310	13,230	14,113	15,112	22,548	**54,765**
Other neurological	3,409	3,603	3,759	3,925	5,080	**14,697**
Psychosocial disability	5,691	6,171	6,700	7,276	11,492	**25,839**
Other	14,376	15,457	16,453	17,577	25,806	**63,864**
Total Scheme expenses	**45,875**	**50,239**	**54,609**	**59,536**	**99,357**	**210,260**
Difference						
Autism	-218	-321	-450	-507	-2,144	**-1,496**
Intellectual disability	-91	-314	-616	-820	-2,368	**-1,841**
Other neurological	252	248	206	184	65	**890**
Psychosocial disability	210	153	31	-58	-714	**336**
Other	414	321	-61	-479	-2,329	**195**
Total difference	**567**	**87**	**-890**	**-1,680**	**-7,490**	**-1,916**
% Difference						
Autism	-2%	-3%	-3%	-3%	-6%	**-3%**
Intellectual disability	-1%	-2%	-4%	-5%	-11%	**-3%**
Other neurological	7%	7%	5%	5%	1%	**6%**
Psychosocial disability	4%	2%	0%	-1%	-6%	**1%**
Other	3%	2%	0%	-3%	-9%	**0%**
Total % difference	**1%**	**0%**	**-2%**	**-3%**	**-8%**	**-1%**

End of table

Scheme expenses by support categories

Table A5. Projection of Scheme expenses by support category ($m cash basis) – compared to previous review

Projected scheme expenses	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
June 2024 projections						
Daily activities	24,529	26,987	28,884	31,121	49,332	***111,521***
Social community civic	11,013	12,288	13,404	14,719	25,810	***51,424***
Transport	993	1,058	1,122	1,209	1,788	***4,381***
Consumables	735	760	779	813	1,076	***3,089***
Capital	1,018	1,045	1,063	1,102	1,408	***4,228***
Capacity building	8,154	8,187	8,468	8,892	12,453	***33,700***
Total Scheme expenses	***46,442***	***50,326***	***53,720***	***57,856***	***91,867***	***208,343***
June 2023 projections						
Daily activities	25,221	28,004	30,426	33,129	54,964	***116,780***
Social community civic	10,144	11,392	12,565	13,923	25,533	***48,024***
Transport	1,110	1,219	1,326	1,444	2,275	***5,099***
Consumables	739	787	833	883	1,249	***3,243***
Capital	1,212	1,282	1,339	1,409	1,898	***5,243***
Capacity building	7,449	7,555	8,119	8,748	13,439	***31,871***
Total Scheme expenses	***45,875***	***50,239***	***54,609***	***59,536***	***99,357***	***210,260***
Difference						
Daily activities	-692	-1,017	-1,542	-2,008	-5,632	***-5,259***
Social community civic	869	896	838	796	278	***3,400***
Transport	-117	-161	-205	-235	-486	***-718***
Consumables	-4	-27	-53	-70	-173	***-154***
Capital	-195	-236	-277	-307	-490	***-1,015***
Capacity building	705	632	349	144	-986	***1,829***
Total difference	***567***	***87***	***-890***	***-1,680***	***-7,490***	***-1,916***
% Difference						
Daily activities	-3%	-4%	-5%	-6%	-10%	***-5%***
Social community civic	9%	8%	7%	6%	1%	***7%***
Transport	-11%	-13%	-15%	-16%	-21%	***-14%***
Consumables	0%	-3%	-6%	-8%	-14%	***-5%***
Capital	-16%	-18%	-21%	-22%	-26%	***-19%***
Capacity building	9%	8%	4%	2%	-7%	***6%***
Total % difference	***1%***	***0%***	***-2%***	***-3%***	***-8%***	***-1%***

End of table

Scheme expenses as proportion of Gross Domestic Product (GDP)

Total Scheme expenses (accrual basis) are estimated to represent 1.70% of GDP in 2024-25, increasing to 1.84% in 2027-28 and 2.16% in 2033-34. For ages 0 to 64, this is 1.53% of GDP in 2024-25, 1.60% of GDP in 2027-28 and 1.84% of GDP in 2033-34. Scheme expenses as a proportion of GDP are projected to be lower than the previous review (Figure A1 and A2).

Figure A1. Comparison of Scheme expenses (accrual basis) as a proportion of GDP – all ages

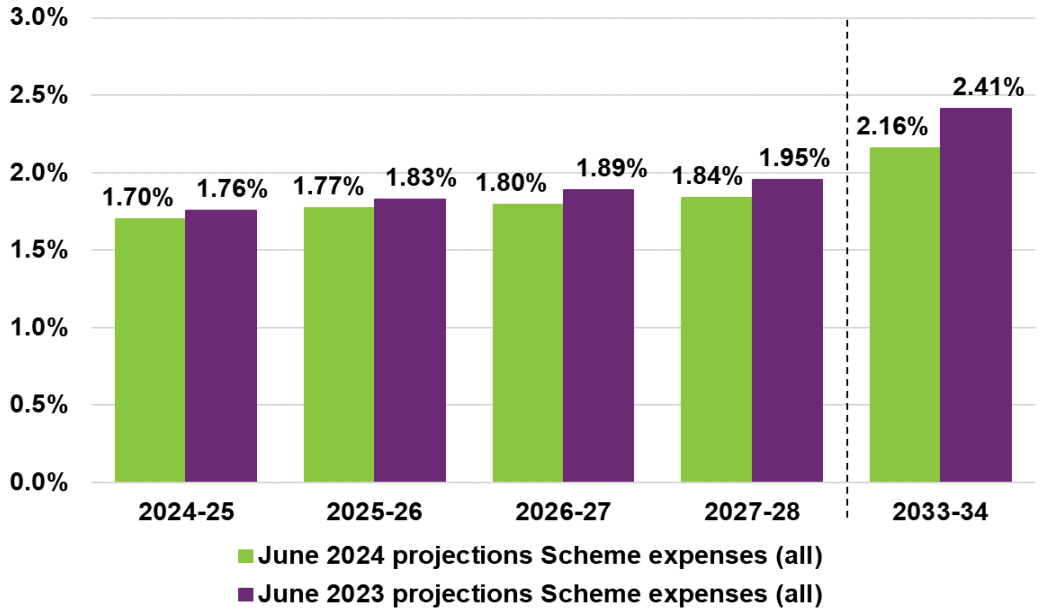

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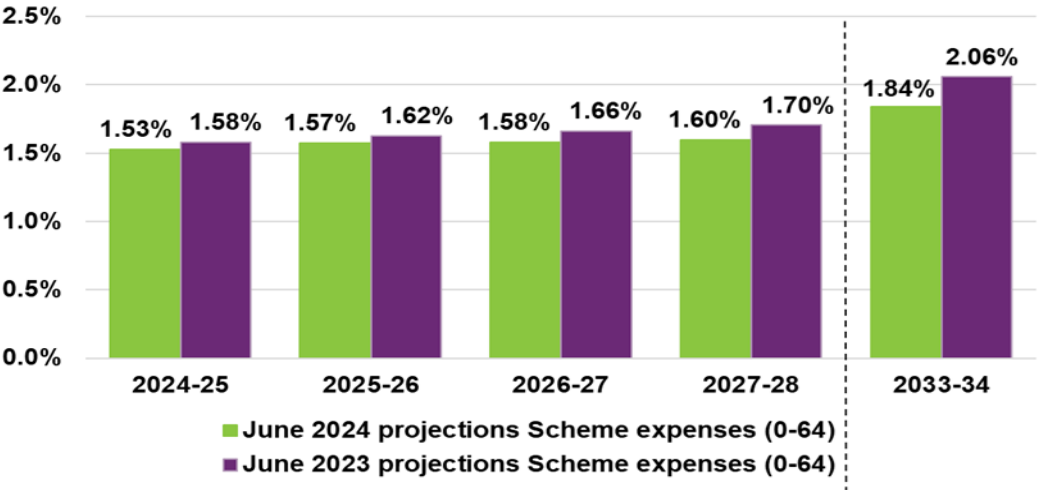
Figure A2 Comparison of Scheme expenses (accrual basis) as a proportion of GDP –ages 0 to 64



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Appendix B Reconciliation to previous review

Projected participant numbers at 30 June 2025 are estimated to be around 6,800 higher than at the previous review. This is mainly driven by the higher expected number of new entrants joining the Scheme. At 30 June 2028, projected participant numbers are expected to be around 15,000 lower than at the previous review. This is mainly due to changes in long term new entrant assumptions.

Table B1. Change in projected participant numbers compared to previous review at 30 June

Change in projected participant numbers	2025	2026	2027	2028
June 2023 projections	**714,805**	**754,022**	**792,200**	**831,415**
a) Experience between June 2023 and June 2024	-12,804	-12,919	-12,716	-12,219
b) Change in assumptions relating to participants leaving the Scheme[161]	10,310	16,305	17,918	16,867
c) Change in long term new entrant assumptions	3,467	-2,506	-15,808	-27,156
d) Change in short term new entrant assumptions	5,805	8,956	8,329	7,481
June 2024 projections	***721,584***	***763,858***	***789,922***	***816,389***
Total movement from June 2023 projections to June 2024 projections	**+6,779 (+0.9%)**	**+9,836 (+1.3%)**	**-2,277 (-0.3%)**	**-15,026 (-1.8%)**

End of table

For 2024-25, Scheme expenses are projected to be 1.1% higher than the previous review. This is mainly attributable to the additional growth assumptions and change to average payment assumptions. Scheme expenses are projected to be lower than the previous review from 2026-27.

It is assumed that Recent and Proposed Reforms will deliver total Scheme expenditure consistent with that included in the 2024-25 Budget in the medium term. Scheme expenditure before allowance for Recent and Proposed Reforms has not been projected beyond 2027-28.

[161] This includes impact of the change in assumptions due to participants transitioning into SIL. The impact of the SIL transition assumption on the overall number of projected participants in the Scheme is very minor as it primarily changes the distribution of participants with and without SIL supports as opposed to changing total participant numbers.

Table B2. Change in projected Scheme expenses ($m accrual basis) compared to previous review

Change in projected Scheme expenses	2024-25	2025-26	2026-27	2027-28	Total 2024-28
June 2023 projections	**46,376**	**50,788**	**55,207**	**60,190**	**212,561**
a) Experience between June 2023 and June 2024	-429	-603	-655	-687	-2,374
b) Change in assumptions relating to participants leaving the Scheme	+95	+207	+345	+456	+1,104
c) Change in long term new entrant assumptions	+29	+108	+216	+343	+696
d) Change in short term new entrant assumptions	+40	+135	+209	+233	+617
e) Change in assumptions relating to participants transitioning into SIL	+69	+189	+279	+360	+898
f) Change to average payment assumptions	+871	+973	+931	+928	+3,703
g) Changes to normal inflation based on 2023-24 Annual Pricing Review	+25	+23	+23	+24	+95
h) Other impact of changes to normal inflation	-11	+15	+122	+246	+373
i) Changes to additional growth assumptions	+1,471	+2,598	+3,561	+4,214	+11,844
j) Impact of Recent and Proposed Reforms	-1,670	-3,647	-6,025	-7,917	-19,259
June 2024 projections	***46,865***	***50,789***	***54,215***	***58,390***	***210,258***
Total movement from June 2023 projections to June 2024 projections	**+489 (+1.1%)**	**+0 (+0.0%)**	**-993 (-1.8%)**	**-1,800 (-3.0%)**	**-2,303 (-1.1%)**

End of table

Appendix C State and Territory breakdown

The projection model projects participant numbers and support costs at a Scheme level. A separate model is used to allocate projected Scheme participant numbers and Scheme expenses by State and Territory. The resulting Scheme participant numbers and Scheme expenses by jurisdiction are shown in Tables C1 and C2.

Scheme participant numbers by jurisdiction

Table C1. Projected participant numbers by jurisdiction 30 June

Participant numbers	2025	2026	2027	2028	2034
NSW	213,379	224,273	228,999	233,666	290,632
VIC	194,785	206,912	214,448	222,466	282,720
QLD	156,022	165,944	173,265	180,650	226,008
SA	61,156	64,207	65,857	66,900	80,143
WA	61,944	65,952	69,547	73,634	94,118
TAS	15,254	16,192	16,872	17,394	20,551
ACT	11,515	11,755	11,631	11,833	14,951
NT	7,453	8,548	9,230	9,771	12,744
OT	76	76	75	74	78
Total	***721,584***	***763,858***	***789,922***	***816,389***	***1,021,947***

End of table

Scheme expenses by jurisdiction

Table C2. Projected Scheme expenses by jurisdiction ($m)

Scheme expenses (accrual basis)	2025	2026	2027	2028	2033-34
NSW	14,442	15,572	16,448	17,436	27,251
VIC	11,738	12,801	13,791	14,976	24,375
QLD	10,011	10,845	11,676	12,776	20,653
SA	3,968	4,248	4,463	4,707	7,081
WA	4,088	4,439	4,751	5,193	8,255
TAS	1,160	1,254	1,333	1,420	2,062
ACT	719	764	781	807	1,234
NT	735	861	968	1,070	1,805
OT	5	4	4	5	6
Total	***46,865***	***50,789***	***54,215***	***58,390***	***92,722***

End of table

Participation rates by jurisdiction

Participation rates refer to the proportion of the Australian population that have a disability and are accessing Scheme supports. Table C3 shows the projected participation rates by jurisdiction for people aged 0 to 64 years. Participation rates are projected to increase significantly over the short and medium to long term, across all states and territories. Participation rates are comparatively lower in WA and the ACT and highest in SA.

Table C3. Projected participation rates by jurisdiction at 30 June

Participation rate (%)	2025	2026	2027	2028	2034
NSW	2.9%	3.0%	3.1%	3.1%	3.6%
VIC	3.2%	3.4%	3.5%	3.5%	4.2%
QLD	3.2%	3.4%	3.5%	3.6%	4.3%
SA	3.9%	4.0%	4.1%	4.1%	4.9%
WA	2.4%	2.6%	2.7%	2.8%	3.5%
TAS	3.2%	3.4%	3.5%	3.6%	4.2%
ACT	2.7%	2.7%	2.6%	2.6%	3.1%
NT	3.1%	3.5%	3.7%	3.9%	4.8%
OT	0.1%	0.0%	0.0%	0.0%	0.0%
Total	**3.1%**	**3.2%**	**3.3%**	**3.3%**	**3.9%**

End of table

Appendix D Scheme experience - participation rates

Participation rates refer to the proportion of the general population that have a disability and are participants of the NDIS. Observed participation rates are different to the proportion of the general population who identifies as having a disability, often referred to as disability prevalence. However, it is informative to compare NDIS participation with disability prevalence, as reported in the Survey of Disability, Ageing and Carers (SDAC) conducted by the Australian Bureau of Statistics (ABS).

Participation rates by gender

Scheme participation rates for males and females differ considerably at younger ages. At the peak, at age 6, the participation rate for males (13.6%) is more than double that of females (6.1%), noting that for participants aged below 18, the largest cohorts of Scheme participants are those with primary disability types of autism and developmental delay.

Figure D1. Proportion of Australian male population in the Scheme

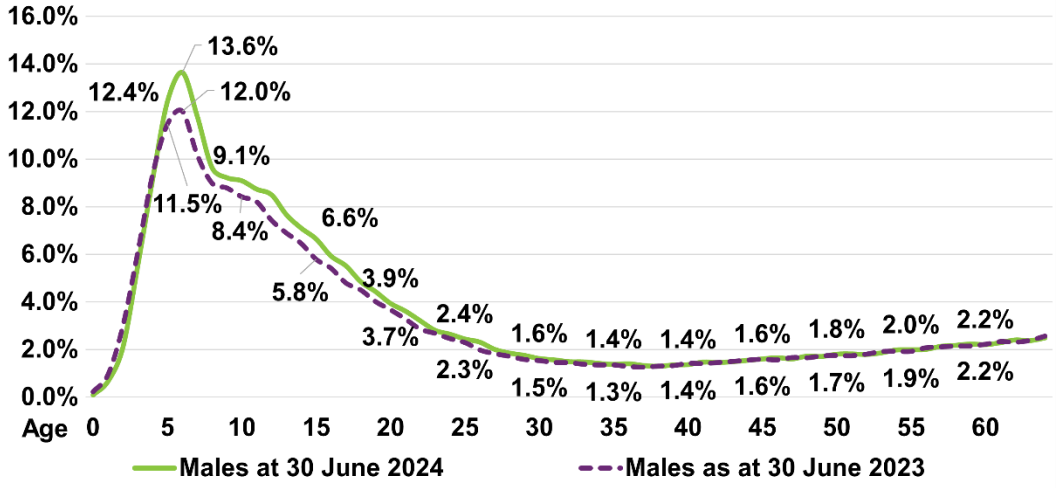

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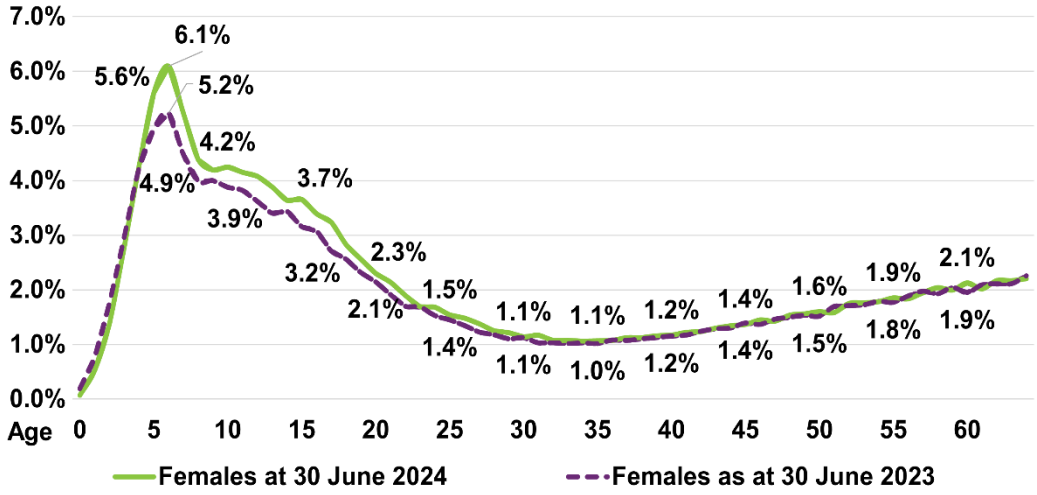
Figure D2. Proportion of Australian female population in the Scheme



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2022 ABS Survey of Disability, Ageing and Carers

Initial results from the 2022 Survey of Disability Ageing and Carers (SDAC) were released on 4 July 2024 and the previous survey was conducted in 2018. The results can be used to measure disability prevalence in the general population, according to the definitions of disability used in the survey.[162]

Figure D3 compares disability prevalence rates from the 2022 SDAC to those from the 2018 SDAC and also the NDIS participation rates at 30 June 2024. The disability prevalence rates based on the SDAC shown here represent the proportion of the

Australian population with a severe or profound core activity limitation[163]. This is considered the most comparable definition to the NDIS population, though does not align directly to NDIS eligibility and therefore is subject to limitations.

Based on the SDAC, in 2022, 5.1% of the population aged 0 to 64 had a profound or severe core activity limitation compared to 3.5% in 2018. This compares to the NDIS participation rate of 3.0% at 30 June 2024.

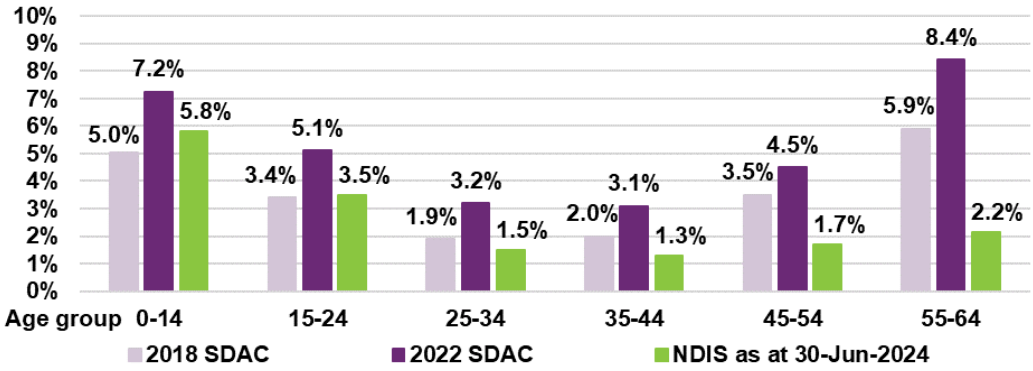
The disability prevalence rates based on the 2022 SDAC are notably higher across all age groups compared with the rates based on the 2018 SDAC and the NDIS participation rates. The Australian Bureau of Statistics cites several factors that could have resulted in this increase, including a growing awareness of disability, increase in prevalence of some long-term health conditions, and an ageing population. The 2022

[162] https://www.abs.gov.au/statistics/health/disability/disability-ageing-and-carers-australia-summary-findings/latest-release#disability

[163] People with profound disability, as defined by the SDAC, are people who have the greatest need for help. This means they are unable to do at least one core activity, or always need help with at least one core activity. Core activities include moving around, self-care and communication. People with severe disability sometimes need help with at least one core activity.

SDAC was also offered online for the first time and 41% of households in the sample population opted to complete the questionnaire online, which may have influenced the shift in disability prevalence rates.[164].

Figure D3. Comparison of participation rates between the 2018 SDAC, 2022 SDAC and NDIS at 30 June 2024



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Historically, the SDAC has provided a benchmark for estimating prevalence of disability in Australia and the potential NDIS population. However, there are limitations to comparing SDAC prevalence rates with the expected prevalence of NDIS participants. As the Scheme has matured and the expected number of people with previously unmet need for disability support has reduced, greater reliance has been placed on NDIS experience to project new entrants to the Scheme in the long-term. The SDAC remains a valuable source of information to understand the broader prevalence of disability in Australia.

Participation rates projected to increase

Participation rates refer to the proportion of the general population that have a disability and are accessing Scheme supports. Figure D4 shows the implied participation rates for people aged 0 to 64 years. The chart shows that the participation rate is projected to increase significantly between 30 June 2024 (2.8% participation rate) and 30 June 2029 (3.4% participation rate). Over the 5-year period between 30 June 2029 and 30 June 2034, the participation rate is expected to increase to 3.8% These participation rates imply that about 1 in 35 people in Australia aged between 0 and 64 years was a participant in the NDIS at 30 June 2024, and by 30 June 2034 this will increase to about 1 in 26 people.

[164] https://www.abs.gov.au/methodologies/disability-ageing-and-carers-australia-summary-findings-methodology/2022#about-this-survey.

Figure D4. Implied participation rates for people aged 0 to 64 years

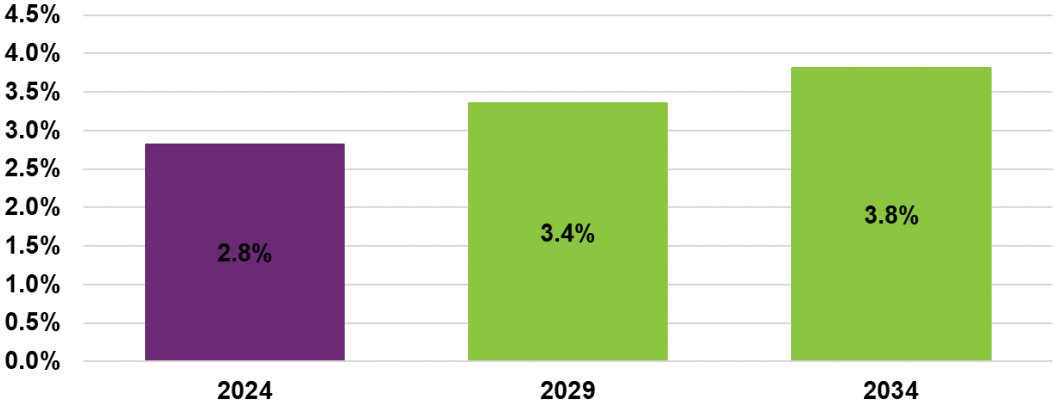

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Figure D5 shows the implied participation rates for major disability groups at this review, for people aged 0 to 64 years. This chart highlights that the main driver of the increase in participation rate is autism, partially offset by the decrease in the rate for developmental delay.

Participants with autism increases from a participation rate of 1.1% at 30 June 2024 to 1.7% at 30 June 2029 and to a participation rate of 2.2% at 30 June. These participation rates imply that about 1 in 93 people in Australia aged between 0 and 64 years was a participant of the NDIS with a primary disability of autism at 30 June 2024, and by 30 June 2034 this will increase to about 1 in 45 people.

Participants with developmental delay decreases from a participation rate of 0.4% at 30 June 2024 to 0.23% at 30 June 2029, and to a participation rate of 0.17% at 30 June 2034.

Figure D5. Implied participation rates for major disability groups for people aged 0 to 64 years, at 30 June

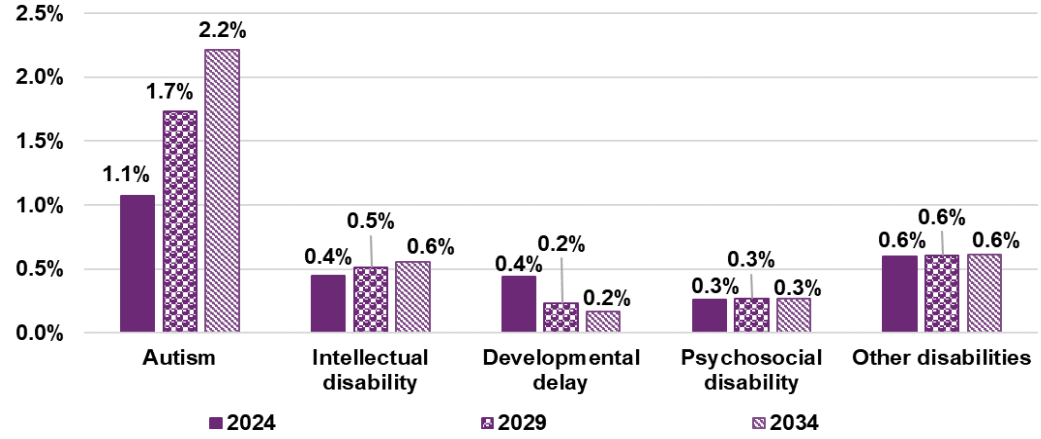

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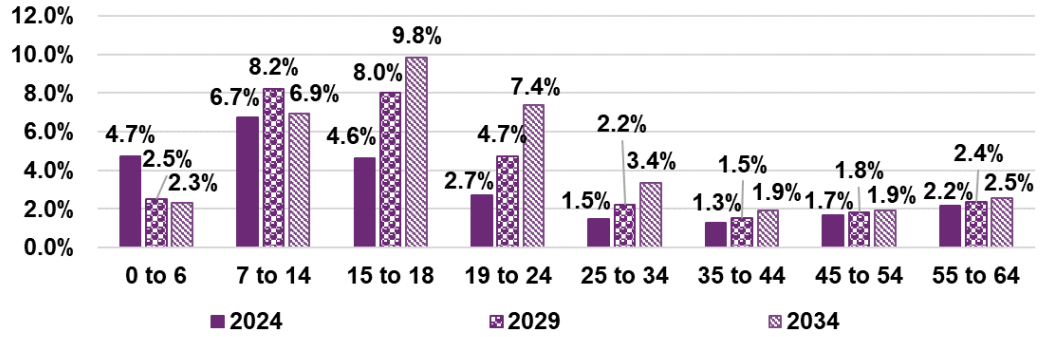
Figure D6 shows the implied participation rates by age band at this review, for people aged 0 to 64 years. This chart highlights the main driver of the increase in participation rate between 30 June 2024 and 30 June 2034 are participants between the ages of 15 and 24. These participation rates imply 1 in 37 people in Australia aged between 19 and

24 years was a participant of the NDIS at 30 June 2024. By 30 June 2034 this will become approximately 1 in 14 people.

Figure D6. Implied participation rates for all disability types by age band, at 30 June



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Appendix E Scheme experience – payments

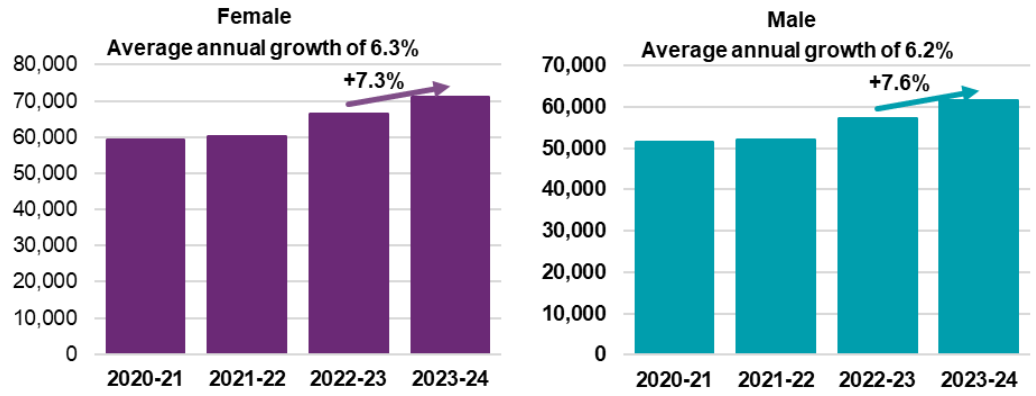
Further breakdowns of payments by other characteristics

Average annualised payments by other characteristics show a broadly consistent trend.

Average annualised payments by gender

Figure E1 shows average annualised payments for female participants are 15.5% higher than for male participants[165], and that average annual growth of 7.3% and 7.6% for females and males respectively, has been relatively higher than the average over the past 3 year.

Figure E1. Average annualised payments ($) for female and male participants



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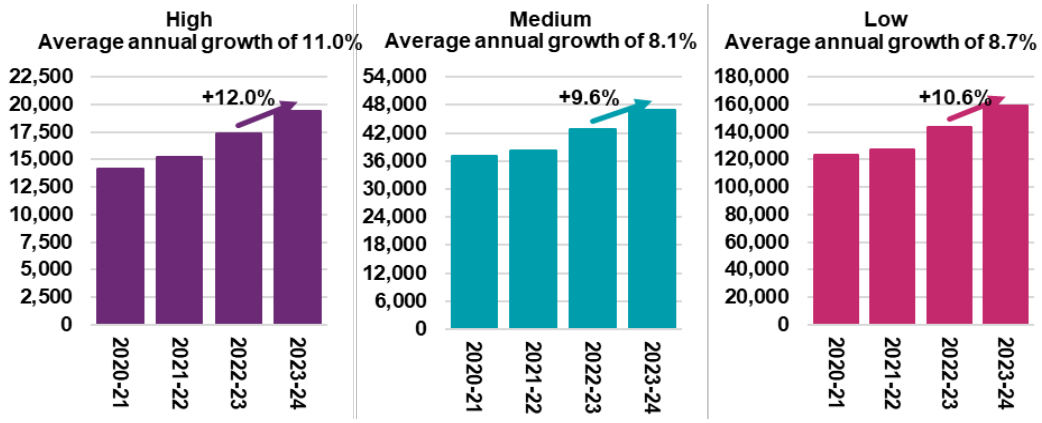
Average annualised payments by level of function

Figure E2 shows that average annualised payments in 2023-24 have increased by 12% for participants with a high level of function, 9.6% for participants with a medium level of function, and 10.6% for participants with a low level of function. This is comparatively higher than the average annual growth rate over the past three years of 11%, 8.1% and 8.7% for participants with high, medium and low level of functioning respectively.

[165] In the last 3 years, about 61% of participants were male

Figure E2. Average annualised payments ($) for participants with high, medium, and low levels of function



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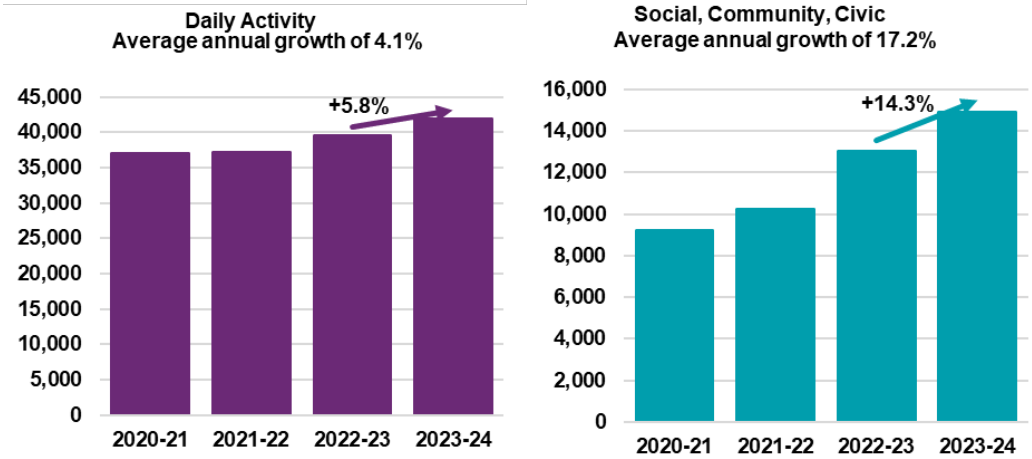
Average annualised payments by support category

Participant payments are distributed mainly across Daily Activities[166] and Social Community Civic support categories, 64.5% and 23% respectively. Figure E3 shows average annualised payments in 2023-24 increased by 5.8% for Daily Activities and 14.3% for Social Community Civic. This was 1.7% higher and 2.9% lower respectively for Daily Activities payments and Social Community Civic payments than the average annual growth rate over the past three years.

Figure E3. Average annualised payments ($) for participants accessing Daily Activities and Social Community Civic support categories



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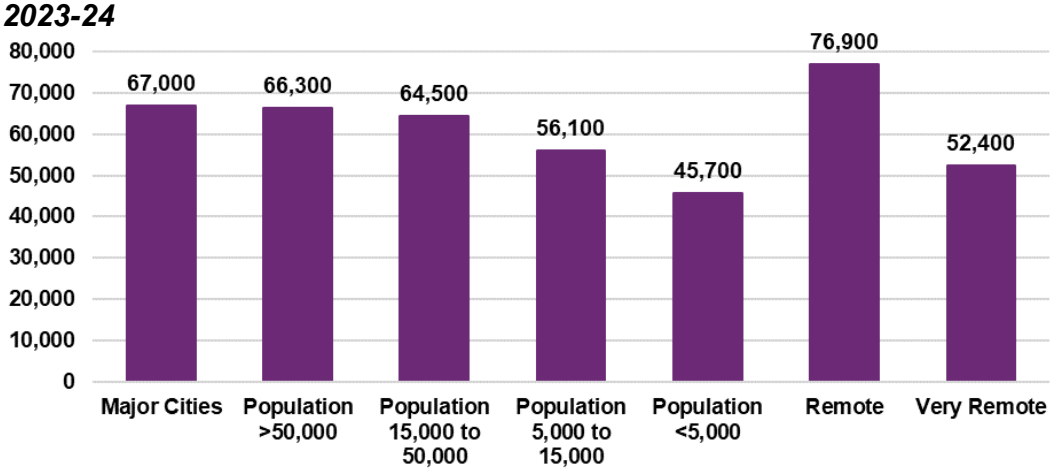
Average annualised payments by participants' remoteness

Figure E4 shows average annualised payments of $67,000 in 2023-24, for participants in the Scheme living in major cities. Comparatively, average annualised payments for participants identifying as living in remote communities was $76,900, ranging from 15% to 68% higher than average payments for participants living in non-remote areas.

[166] This includes both Daily Activities and CB Daily Activities.

Figure E4. Average annualised payments ($) of participants by remoteness for 2023-24



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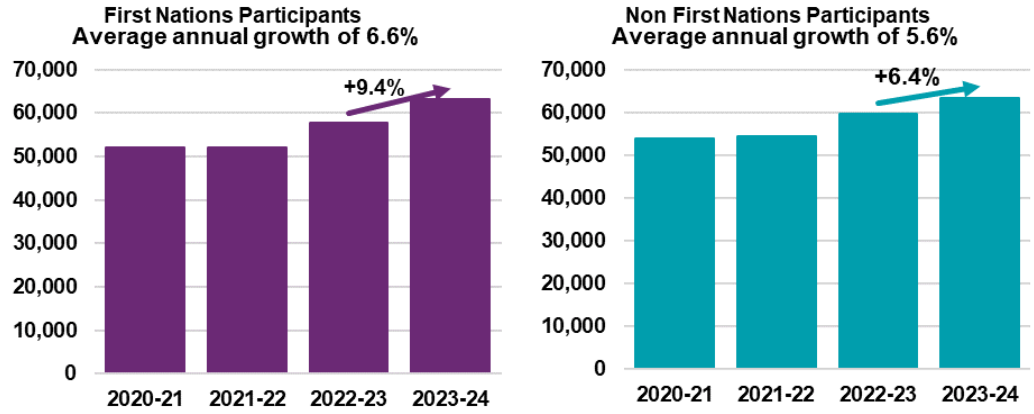
Average annualised payments for First Nations people

8% of participants in the Scheme identify as First Nations people. Figure E5 shows average annualised payments of $63,100 and $63,500 in 2023-24, for participants in the Scheme identifying as First Nations and non-First Nations people respectively. The average annual growth in payments since the previous review, of 9.4% and 6.4% for First Nations and non-First Nations people respectively, increased by 2.8% and 1.8% more than the average rate of growth per annum over the past three years.

Figure E5. Average annualised payments ($) of participants identifying as First Nations people



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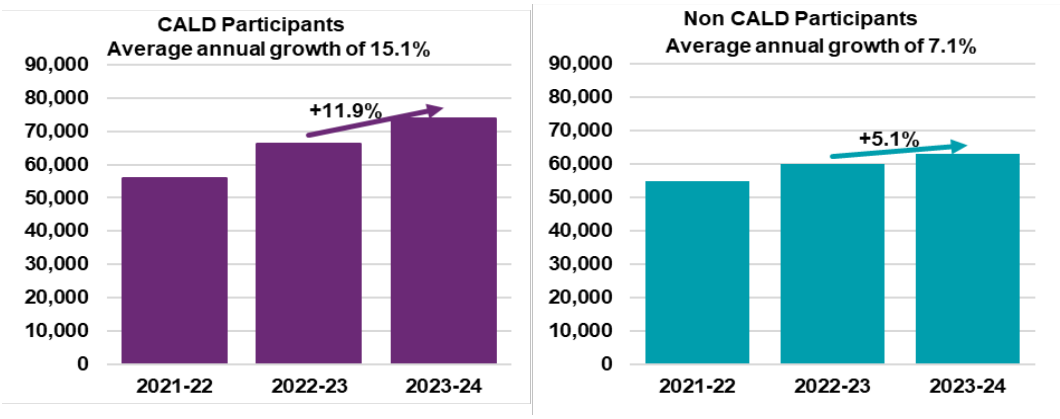
Average annualised payments for participants identified as Culturally and Linguistically Diverse (CALD)

9% of participants in the Scheme identify as Culturally and Linguistically Diverse (CALD) people. Figure E6 shows average annualised payments of $74,000 and $63,000 in 2023-24, for participants in the Scheme identifying as CALD and non-CALD respectively. The average annual growth in payments since the previous review, of 11.9% and 5.1% for CALD and non-CALD participants respectively, is lower than the average rate of growth per annum of 15.1% and 7.1% over the past two years.

Figure E6. Average annualised payments ($) of participants identifying as Culturally and Linguistically Diverse (CALD) people



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Average annualised payments by primary disability groups

Figure E7 shows average annual growth in payments, over the past three years, was highest for participants with a primary disability categorised as other neurological (14%), and lowest for participants with a primary disability of autism (4.7%). Average annual growth in payments since the previous review was 15.9% and 7.0% for participants with a primary disability categorised as other neurological and autism respectively.

This is consistent with the trends observed by age bands, where higher average payment growth was observed at older ages. Participants with a primary disability of autism tend to be younger on average, compared with participants with a primary disability categorised as other neurological.

Figure E7. Average annualised payments ($) by disability group

End of figure

Appendix F Scheme experience – plan budgets

Table F1 highlights the average annualised plan budgets by disability group, for the last four financial years.

Plan budgets have increased comparatively more across disability groups consisting of older participants and/or participants with lower reported levels of functioning, including participants with acquired brain injury, other neurological, stroke and psychosocial disabilities. Disability groups consisting of a majority of younger participants, including participants with autism and developmental delay, have experienced lower growth in plan budgets.

Table F1. Average annualised plan budget by disability group ($) at 30 June [167].

Disability group	2021	2022	2023	2024	Average annual growth	2023-24 growth
Acquired Brain Injury	145,300	148,200	172,500	188,900	9.1%	9.5%
Autism	39,700	39,100	42,400	45,900	4.9%	8.2%
Cerebral Palsy	145,800	148,100	166,600	181,400	7.5%	8.9%
Developmental delay	19,900	20,700	21,300	22,500	4.2%	5.6%
Hearing Impairment	15,200	15,000	16,000	17,200	4.2%	7.0%
Intellectual Disability	102,900	104,400	117,800	128,200	7.6%	8.9%
Multiple Sclerosis	106,300	108,000	120,200	129,600	6.8%	7.8%
Other	86,100	90,200	110,100	121,200	12.1%	10.1%
Other Neurological	129,700	136,100	160,200	177,100	11.0%	10.5%
Other Physical	74,900	77,600	87,200	94,600	8.1%	8.5%
Other Sensory/Speech	14,600	16,200	17,400	19,000	9.1%	9.1%
Psychosocial disability	77,400	80,600	95,100	105,100	10.7%	10.5%
Spinal Cord Injury	161,600	162,700	187,400	203,400	8.0%	8.5%
Stroke	126,600	134,800	161,900	179,500	12.3%	10.9%
Visual Impairment	41,400	43,600	50,300	55,500	10.2%	10.4%

End of table

Participants in most age groups have experienced an increase in average annualised plan budget in the last four financial years. Participants aged 55+ had the largest increase of an average of 9.4% per annum. The only exception is for participants aged 15 to 18, whose average annualised plan budget has dropped by 1.1% per annum.

[167] Figures are shown to the nearest hundred dollars.

Table F2. Average annualised plan budget by age group ($)[168]

Age Group	2021	2022	2023	2024	Average annual growth	2023-24 growth
0 to 6	24,400	24,800	25,400	26,100	2.2%	3.0%
7 to 14	24,500	24,300	25,900	27,700	4.1%	7.0%
15 to 18	49,700	45,700	47,800	48,100	-1.1%	0.7%
19 to 24	87,800	87,600	94,800	99,500	4.2%	4.9%
25 to 34	108,200	106,800	117,500	123,700	4.6%	5.2%
35 to 44	111,100	110,800	124,500	134,000	6.5%	7.6%
45 to 54	113,600	114,100	129,000	139,500	7.1%	8.1%
55 to 64	114,900	118,000	137,500	150,300	9.4%	9.3%
65+	113,900	118,800	134,600	149,000	9.4%	10.7%

End of table

[168] Figures are shown to the nearest hundred dollars.

Appendix G Analysis of mortality experience

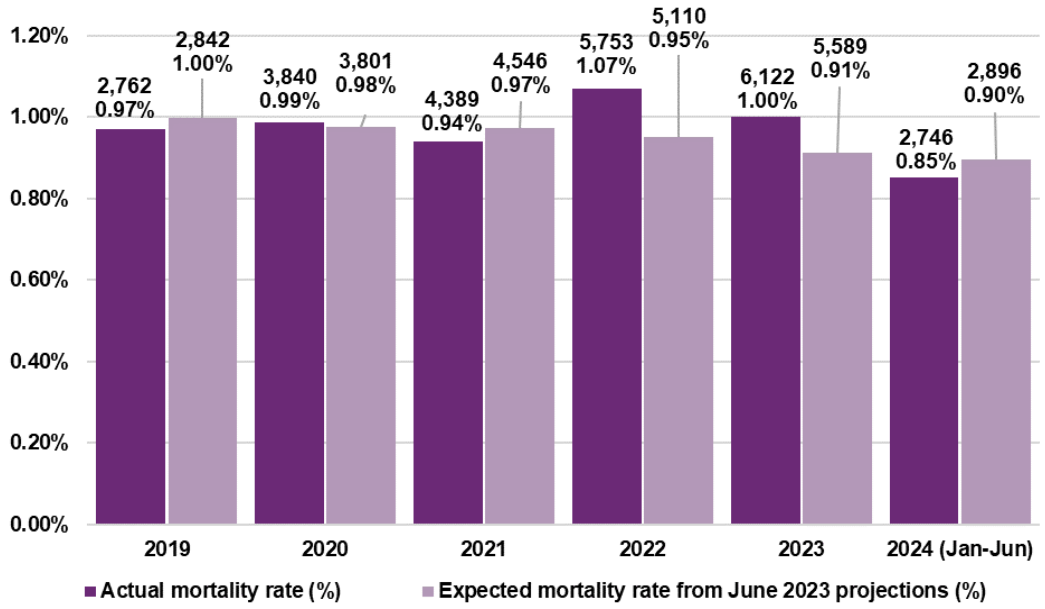
Scheme mortality experience over time

Figure G1 shows the annualised mortality rate (and number) of participants leaving the Scheme due to mortality in the calendar years 2019 to 2024[169]. This is compared to the expected mortality rates based on assumptions from the June 2023 projections and the participant mix in each period, noting that no changes were made to the mortality basis in this review and so the expected also reflects the assumptions from the June 2024 projections.

Scheme mortality experience has been volatile and averages at around 0.9% annually. Over time, the expected mortality rates have decreased due to changes in participant mix. This is largely driven by new entrants to the Scheme who are predominantly children and/ or higher functioning participants with lower mortality rates than existing cohorts.

Mortality experience in the 6 months to June 2024 is largely in the line with expectations, with 150 deaths less than expected, or a mortality rate 0.05% less than expected.

Figure G1. Actual vs expected mortality rates and number of participant deaths



End of figure

Scheme mortality over time, by primary disability group

Mortality experience varies widely according to disability group, noting that each disability has different participant mixes in terms of ages, gender and levels of function.

Actual mortality rates increased from 2020 to 2023, then decreased in 2024 in most disability groups. The observed trend in mortality rates is particularly evident amongst

[169] 2024 experience is based on the six months to 30 June 2024.

participants with acquired brain injury, psychosocial disability, spinal cord injury, stroke, other neurological disability and other disability.

Actual mortality experience in 2024 was varied:

- Participants with other neurological and other physical had lower rates of mortality than expected.
- Participants with spinal cord injury, stroke, other sensory and other disability had higher rates of mortality than expected, nearly fully offset by the higher-than-expected cohorts.
- Participants with the remaining disability types had the mortality rates broadly in line with expectations.

Table G1. Actual mortality rates by primary disability group

Disability Group	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
Acquired brain injury	2.08%	2.41%	2.57%	3.43%	3.67%	***2.89%***	2.93%
Autism	0.05%	0.05%	0.04%	0.06%	0.05%	***0.05%***	0.05%
Cerebral Palsy	0.83%	0.56%	0.81%	0.99%	1.05%	***0.88%***	0.86%
Developmental delay	0.29%	0.20%	0.10%	0.11%	0.06%	***0.04%***	0.09%
Hearing Impairment	0.20%	0.26%	0.28%	0.28%	0.24%	***0.27%***	0.26%
Intellectual Disability	0.77%	0.77%	0.76%	0.81%	0.78%	***0.73%***	0.77%
Multiple Sclerosis	1.26%	1.07%	1.18%	1.32%	1.56%	***1.33%***	1.30%
Psychosocial disability	1.13%	1.45%	1.23%	1.67%	1.59%	***1.48%***	1.46%
Spinal cord Injury	2.13%	1.99%	2.12%	2.81%	2.71%	***2.78%***	2.43%
Stroke	3.02%	3.17%	3.03%	3.90%	4.31%	***3.58%***	3.60%
Visual Impairment	1.17%	1.23%	1.15%	1.05%	1.24%	***1.26%***	1.18%
Other Neurological	5.15%	5.08%	4.79%	5.52%	5.38%	***4.60%***	5.14%
Other Physical	3.81%	4.26%	3.78%	3.93%	3.37%	***3.09%***	3.74%
Other sensory/speech	0.14%	0.25%	0.21%	0.19%	0.30%	***0.40%***	0.23%
Other	1.31%	2.30%	4.44%	5.46%	6.09%	***4.66%***	4.77%
Missing	0.00%	0.00%	0.00%	0.00%	0.00%	***0.93%***	0.13%
Total	**0.97%**	**0.99%**	**0.94%**	**1.07%**	**1.00%**	***0.85%***	**0.98%**

End of table

Table G2. Expected mortality rates by primary disability group

Disability Group	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
Acquired brain injury	2.61%	2.66%	2.71%	2.75%	2.79%	***2.84%***	2.73%
Autism	0.06%	0.05%	0.05%	0.06%	0.06%	***0.06%***	0.06%
Cerebral palsy	0.78%	0.76%	0.76%	0.77%	0.78%	***0.79%***	0.77%
Developmental delay	0.10%	0.10%	0.10%	0.10%	0.09%	***0.09%***	0.10%
Hearing impairment	0.26%	0.24%	0.25%	0.26%	0.27%	***0.28%***	0.26%
Intellectual disability	0.77%	0.77%	0.77%	0.78%	0.80%	***0.82%***	0.78%
Multiple sclerosis	1.32%	1.34%	1.36%	1.37%	1.40%	***1.44%***	1.37%
Psychosocial disability	1.27%	1.29%	1.32%	1.35%	1.38%	***1.41%***	1.34%
Spinal cord injury	1.83%	1.86%	1.89%	1.91%	1.94%	***1.97%***	1.90%
Stroke	2.88%	2.94%	3.01%	3.05%	3.10%	***3.17%***	3.04%
Visual impairment	1.04%	1.09%	1.16%	1.23%	1.30%	***1.36%***	1.20%
Other neurological	5.07%	5.17%	5.22%	5.22%	5.20%	***5.19%***	5.18%
Other physical	3.72%	3.82%	3.88%	3.89%	3.90%	***3.91%***	3.86%
Other sensory/speech	0.09%	0.10%	0.11%	0.13%	0.15%	***0.16%***	0.12%
Other	3.24%	3.41%	3.88%	4.17%	4.34%	***4.44%***	4.08%
Missing	0.05%	0.05%	0.05%	0.05%	0.06%	***0.07%***	0.05%
Total	**1.00%**	**0.98%**	**0.97%**	**0.95%**	**0.91%**	***0.90%***	**0.95%**

End of table

Table G3. Difference between actual and expected mortality rates by primary disability group

Disability Group	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
Acquired brain injury	-0.53%	-0.25%	-0.13%	+0.68%	+0.88%	***+0.05%***	+0.20%
Autism	-0.01%	-0.01%	-0.02%	-0.00%	-0.01%	***-0.01%***	-0.01%
Cerebral palsy	+0.05%	-0.20%	+0.04%	+0.22%	+0.27%	***+0.09%***	+0.08%
Developmental delay	+0.19%	+0.09%	-0.00%	+0.01%	-0.03%	***-0.05%***	-0.01%
Hearing impairment	-0.07%	+0.02%	+0.03%	+0.02%	-0.03%	***-0.01%***	-0.00%
Intellectual disability	-0.00%	+0.00%	-0.01%	+0.03%	-0.02%	***-0.09%***	-0.01%
Multiple sclerosis	-0.07%	-0.27%	-0.18%	-0.05%	+0.16%	***-0.10%***	-0.07%
Psychosocial disability	-0.13%	+0.16%	-0.08%	+0.33%	+0.21%	***+0.07%***	+0.12%
Spinal cord injury	+0.30%	+0.13%	+0.23%	+0.89%	+0.77%	***+0.82%***	+0.53%
Stroke	+0.14%	+0.22%	+0.02%	+0.84%	+1.21%	***+0.42%***	+0.56%
Visual impairment	+0.13%	+0.14%	-0.01%	-0.17%	-0.06%	***-0.10%***	-0.02%
Other neurological	+0.08%	-0.09%	-0.43%	+0.31%	+0.18%	***-0.59%***	-0.05%
Other physical	+0.09%	+0.43%	-0.10%	+0.03%	-0.53%	***-0.82%***	-0.13%
Other sensory/speech	+0.05%	+0.15%	+0.10%	+0.05%	+0.15%	***+0.24%***	+0.11%
Other	-1.94%	-1.11%	+0.56%	+1.29%	+1.75%	***+0.22%***	+0.70%
Missing	-0.05%	-0.05%	-0.05%	-0.05%	-0.06%	***+0.86%***	+0.07%
Total	**-0.03%**	**+0.01%**	**-0.03%**	**+0.12%**	**+0.09%**	***-0.05%***	**+0.03%**

End of table

Scheme mortality over time, by age group

Table G4, Table G5, and Table G6 suggest that:

- Mortality rates generally increase after age 6. In 2023, actual mortality rates were 0.06% for participants aged 7 to 14, increasing to 5.33% for participants over 65.
- Across all age groups, mortality rates have decreased in the last two years, with larger decreases observed for older age bands.
- For participants aged 34 and below, actual mortality experience was reasonably steady between calendar year 2020 and 2023, with a peak rate in 2022.
- For participants aged 35 and above, actual mortality experience has varied from year to year more than at younger ages. This may partially be explained by Covid related impacts which were noticeable at older ages in the general population

Actual mortality experience for the 6 months to 30 June 2024 was close to expectations for all age bands, except for ages over 65, noting it is the age band with the least number of participants and therefore subject to volatility.

Table G4. Actual mortality by calendar year and age group

Age group	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
0 to 6	0.16%	0.10%	0.09%	0.12%	0.10%	***0.06%***	0.10%
7 to 14	0.10%	0.05%	0.06%	0.06%	0.06%	***0.03%***	0.06%
15 to 18	0.17%	0.18%	0.14%	0.15%	0.11%	***0.12%***	0.14%
19 to 24	0.31%	0.21%	0.19%	0.23%	0.19%	***0.18%***	0.21%
25 to 34	0.51%	0.46%	0.47%	0.52%	0.45%	***0.37%***	0.47%
35 to 44	0.92%	0.94%	0.87%	1.06%	1.01%	***0.81%***	0.95%
45 to 54	1.75%	1.98%	1.80%	2.12%	2.00%	***1.70%***	1.92%
55 to 64	3.45%	3.82%	3.48%	3.90%	3.85%	***3.35%***	3.68%
65+	4.92%	4.45%	4.91%	5.58%	5.33%	***4.68%***	5.08%
Overall	**0.97%**	**0.99%**	**0.94%**	**1.07%**	**1.00%**	***0.85%***	**0.98%**

End of table

Table G5. Expected mortality by calendar year and age group

Age group	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
0 to 6	0.08%	0.08%	0.08%	0.08%	0.09%	***0.08%***	0.08%
7 to 14	0.08%	0.07%	0.07%	0.07%	0.07%	***0.07%***	0.07%
15 to 18	0.18%	0.16%	0.14%	0.13%	0.11%	***0.11%***	0.13%
19 to 24	0.27%	0.25%	0.24%	0.22%	0.20%	***0.19%***	0.23%
25 to 34	0.49%	0.47%	0.46%	0.44%	0.41%	***0.40%***	0.44%
35 to 44	0.96%	0.95%	0.93%	0.90%	0.87%	***0.86%***	0.91%
45 to 54	1.91%	1.89%	1.87%	1.83%	1.79%	***1.76%***	1.84%
55 to 64	3.65%	3.64%	3.59%	3.52%	3.44%	***3.38%***	3.53%
65+	4.97%	4.99%	5.03%	5.05%	5.06%	***5.08%***	5.04%
Overall	**1.00%**	**0.98%**	**0.97%**	**0.95%**	**0.91%**	***0.90%***	**0.95%**

End of table

Table G6. Difference between actual and expected mortality by calendar year and age group

Age group	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
0 to 6	+0.08%	+0.02%	+0.01%	+0.03%	+0.01%	-0.03%	+0.02%
7 to 14	+0.02%	-0.02%	-0.01%	-0.01%	-0.01%	-0.03%	-0.01%
15 to 18	-0.01%	+0.02%	-0.00%	+0.02%	-0.01%	+0.02%	+0.01%
19 to 24	+0.04%	-0.04%	-0.05%	+0.01%	-0.01%	-0.01%	-0.01%
25 to 34	+0.03%	-0.01%	+0.01%	+0.08%	+0.04%	-0.03%	+0.03%
35 to 44	-0.03%	-0.01%	-0.06%	+0.16%	+0.13%	-0.05%	+0.04%
45 to 54	-0.16%	+0.08%	-0.07%	+0.29%	+0.22%	-0.06%	+0.08%
55 to 64	-0.21%	+0.18%	-0.11%	+0.38%	+0.41%	-0.03%	+0.15%
65+	-0.05%	-0.54%	-0.12%	+0.53%	+0.27%	-0.40%	+0.04%
Overall	-0.03%	+0.01%	-0.03%	+0.12%	+0.09%	-0.05%	+0.03%

End of table

Scheme mortality over time, by gender

Contrary to experience in the general Australian population, the actual mortality rates of female participants are higher than those of male participants (1.10% compared to 0.94% in 2023). This is driven by a larger proportion of female participants being in participant groups with higher mortality (and often with lower levels of function), e.g., other neurological, intellectual disability, other physical, other, psychosocial disability and multiple sclerosis. Male mortality rates for other disability groups are generally higher than those for female.

The mortality rate for male participants decreased from 0.94% in 2023 to 0.80% in 2024, while the rate for females decreased from 1.10% to 0.94%. The mortality rate in the first half of 2024 was 4% to 7% lower than expected across female participants.

Note that the comparison of actual and expected experience also includes participants whose gender is “other”, however this is a relatively small group.

Table G7. Actual mortality by calendar year and gender

Gender	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
Female	1.04%	1.08%	1.06%	1.19%	1.10%	***0.94%***	1.08%
Male	0.93%	0.93%	0.87%	1.00%	0.94%	***0.80%***	0.92%
Other	0.90%	1.09%	0.67%	0.88%	0.77%	***0.75%***	0.83%
Total	**0.97%**	**0.99%**	**0.94%**	**1.07%**	**1.00%**	***0.85%***	**0.98%**

End of table

Table G8. Expected mortality by calendar year and gender

Gender	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
Female	1.09%	1.07%	1.07%	1.04%	1.00%	***0.98%***	1.04%
Male	0.95%	0.92%	0.92%	0.90%	0.87%	***0.85%***	0.90%
Other	0.76%	0.80%	0.82%	0.77%	0.70%	***0.69%***	0.75%
Total	**1.00%**	**0.98%**	**0.97%**	**0.95%**	**0.91%**	***0.90%***	**0.95%**

End of table

Table G9. Difference between actual and expected mortality by calendar year and gender

Gender	2019	2020	2021	2022	2023	2024 (Jan to Jun)	Overall (2019 to Jun 2024)
Female	-0.05%	+0.00%	-0.01%	+0.15%	+0.11%	***-0.04%***	+0.04%
Male	-0.02%	+0.01%	-0.05%	+0.10%	+0.08%	***-0.06%***	+0.02%
Other	+0.14%	+0.29%	-0.14%	+0.12%	+0.07%	***+0.05%***	+0.08%
Total	**-0.03%**	**+0.01%**	**-0.03%**	**+0.12%**	**+0.09%**	***-0.05%***	**+0.03%**

End of table

Appendix H Average payment assumption setting details

Average payment assumptions have been calculated separately for each of the 15 different support categories, with different types of Scheme expenses treated as follows:

- Payments to participants and providers are treated on a cash basis (when the cash is paid out by the Agency, regardless of when the support was provided).
- Payments relating to in-kind supports are treated on an accrual basis (when the service was provided to the participant).[170]
- Payments relating to Residential Aged Care (RAC) supports have been removed due to the infrequent occurrence of cross-billing payments which may distort the payment experience in each period. Expected payments relating to RAC are explicitly allowed for in the projection through a loading assumption.

The key components considered in setting payment assumptions are discussed in more detail in this appendix.

The most appropriate averaging period for payment experience

The selection of an averaging period must balance the need to reflect recent experience with minimising volatility of payment patterns by cohort and support category. The assumed averaging period is the three months to 30 April 2024[171]. By modelling the payments based on the three-month period, the projections align more closely to recent payment experience, which continues to increase over time, while still ensuring there is sufficient stability in payment patterns.

The rest-of-the-year inflation is then applied to ensure the final fitted average payments reflect the latest payment experience to 30 June 2024.

The average payment assumptions (i.e., those before allowance for inflation after 2023-24) are set with reference to payments on participants who have been in the Scheme for at least 12 months as of 1 February 2024. This recognises the time it takes for a new participant to navigate the Scheme.

Payments are annualised based on working days for participants not in Supported Independent Living arrangements (“participants without SIL”); and calendar days for participants with Supported Independent Living arrangements (“participants with SIL”).

[170] This approach was taken to remove any timing bias related to payments, given that there is a general lag between when supports are provided and when data is received from States/Territory and Commonwealth governments.
[171] By comparison, the June 2023 projections considered average annualised payments for the three months to 30 April 2023.

Impact of seasonality on the payment experience

Seasonality refers to fluctuations in payment levels over a period due to factors such as the number of business days, public holidays and provider claiming behaviour. By utilising a shorter period to inform average payment assumptions, the seasonality impact can result in either understatement or overstatement of payments. Hence, the average annualised payments assumptions are modified to allow for seasonality impacts resulting from the use of the three months to 30 April 2024 as the averaging period.

Table H1 shows the seasonality factors by support category. The overall assumed adjustment for seasonality is a 1.1% reduction for participants with SIL supports and a 2% reduction for participants without SIL supports.

Table H1: Assumed seasonality factors by support category

Support category	*Participants without SIL*	*Participant with SIL*
Core		
Daily activities	-2.4%	-1.1%
Social community civic	-2.3%	-0.8%
Consumables	0.0%	-1.7%
Transport	3.3%	3.3%
Capital		
Assistive technology	12.2%	4.4%
Home modifications	2.8%	-3.1%
Capacity Building		
CB daily activities	-3.5%	-1.7%
Support coordination	-0.9%	-1.6%
CB employment	-4.7%	0.0%
CB choice control	-1.7%	-0.6%
CB social community civic	-2.1%	0.0%
CB relationships	-5.9%	-5.0%
CB health wellbeing	-3.1%	3.2%
CB home living	-3.1%	0.0%
CB lifelong learning	-3.1%	0.0%
Total	***-2.0%***	***-1.1%***

End of table

First year participants

Participants in their first year in the Scheme are observed to have lower average payments, which is likely to arise from time taken to familiarise themselves with the Scheme and the process of accessing supports. For participants in their first year without SIL supports, average payments assumptions have been discounted by 35% (consistent with the previous review) relative to average payments for participants in the Scheme for at least 12 months,

while no reduction (consistent previous review) is assumed for first-year participants with SIL supports.

Removal of new entrant average payment discount (8.4%)

In June 2024 projections, a decision was made to remove the discount applied to average payment assumptions for future new participants entering the Scheme. This discount was first introduced in the June 2021 projections, and it was intended to capture the lower average payments from participants who took longer to enter the scheme, which is observed for phasing years 2016 to 2019, i.e. the earlier transitional phase of the Scheme.

With the Scheme maturing over time, as well as the more holistic approach on setting assumptions for the participants entering the Scheme, or leaving the Scheme for non-mortality reasons, as well as the growth in average payments, this discount is no longer needed because it's implicitly captured by all the other assumptions assumed in the model.

Younger People in Residential Aged Care

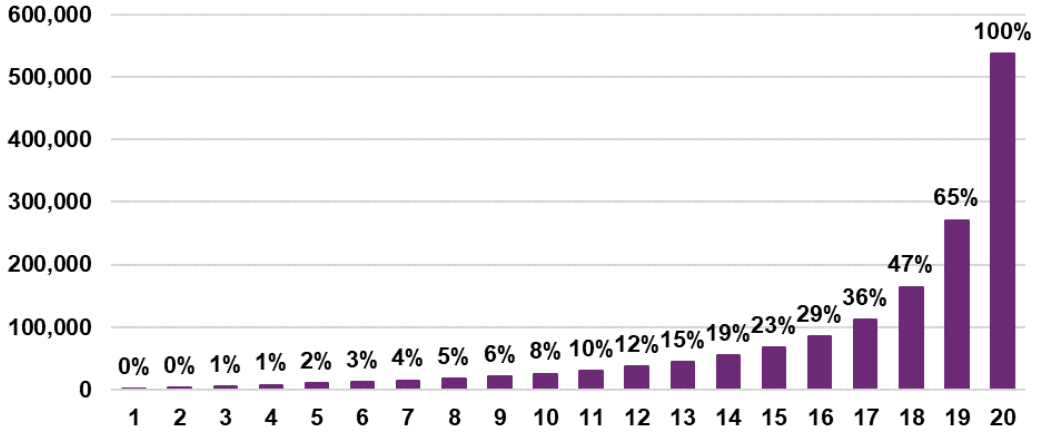
Supports for Younger People in Residential Aged Care (YPIRAC) are currently being met through the aged care system. These payments may be irregular. To avoid distortions in our modelling, payments relating to YPIRAC have been excluded from the payment experience and, hence, the resulting average payment assumptions. However, an explicit and separate allowance is made to reflect YPIRAC payments in our model.

The distribution of Scheme expenses are highly skewed

The Scheme supports participants with a diverse range of needs. Figure H1 shows that of the payments made to mature participants[172] over the 12 months to 30 June 2024, 53% of payments related to the top 10%[173] of participants when ranked by payment over the period. Conversely, the bottom 40%[174] of participants represent 5% of payments made. These results are similar to the previous review.

[172] Those participants who had been in the Scheme for at least one year as at 30 June 2023
[173] The top 10% is equivalent to ventiles 19 and 20.
[174] The bottom 40% is equivalent to ventiles 1 to 8.

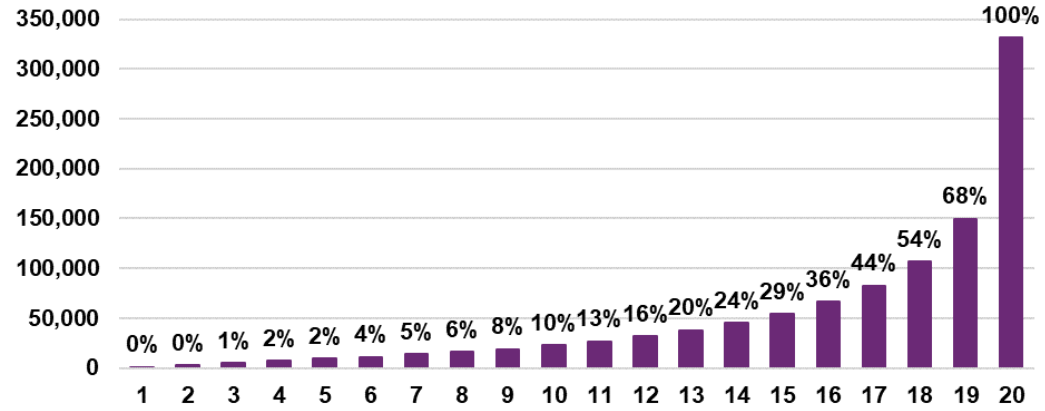
Figure H1. Average payment and cumulative percentage of Scheme expenses by ventiles (5% band)



End of figure

Figure H2 shows the distribution for participants without SIL support only, removing the impact of participants with SIL supports who have higher payments on average. The distribution is relatively unchanged with 46% and 6% of payments made in respect of the top 10% and bottom 40% of participants without SIL supports respectively.

Figure H2. Average payment and cumulative percentage of Scheme expenses by ventiles (5% band) – participants without SIL only



End of figure

Appendix I Plan budget projections

Table I1 shows that the disability groups with the highest projected total plan budgets are for those with intellectual disability, autism, psychosocial disability, other neurological, and acquired brain injury. These five groups are expected to account for about 75% of total plan budgets in 2024-25, increasing to over 80% by 2033-34. By 2027-28, plan budgets for participants with autism is expected to account for the majority of total plan budgets.

Table I1. Projected total plan budgets ($m) by disability group (2024-25 dollars)

Disability Group	2024-25	2025-26	2026-27	2027-28	2033-34
Autism	13,681	15,762	17,956	20,639	43,551
Intellectual disability	15,269	16,005	16,631	17,564	24,903
Other neurological	4,630	4,822	4,928	5,089	6,390
Psychosocial disability	7,774	8,233	8,685	9,264	13,722
Other	19,473	20,526	21,059	21,759	29,403
Total	**60,827**	**65,348**	**69,260**	**74,315**	**117,968**

End of table

Table I2 shows the projected plan budgets split by support categories. The distribution of plan budgets remains quite stable over the projection period for most support categories. The plan budgets are projected to increasing across all major support categories.

Table I2. Projected total plan budgets ($m) by support category (2024-25 dollars)

Support Category	2024-25	2025-26	2026-27	2027-28	2033-34
Daily activities	30,316	33,098	35,210	37,815	60,117
Social community civic	13,466	14,953	16,237	17,800	31,504
Transport	973	1,027	1,079	1,158	1,739
Consumables	1,053	1,088	1,110	1,155	1,536
Capital	1,394	1,420	1,433	1,480	1,883
Capacity building	13,625	13,763	14,192	14,907	21,190
Total	***60,827***	***65,348***	***69,260***	***74,315***	***117,968***

End of table

Appendix J Scenario analysis from previous AFSRs

This section summarises the results of projection scenarios considered in historic Annual Financial Sustainability Report projections since 2016-17. These scenarios assist in understanding the range of plausible projections based on reasonable alternative assumptions.

Note on terminology and term of projection

There have been several changes in terminology in recent AFSR compared with previous AFSRs. In this appendix, the original terminology has been used. In particular:

- Scheme expenses were previously referred to as ‘Total participant costs’.
- Participants leaving the Scheme were previously referred to as ‘non-mortality exits.
- Supported Independent Living (SIL) was previously referred to as Shared Supported Accommodation (SSA).
- Plan budgets were previously referred to as ‘Committed supports’.
- Additional growth was previously referred to as ‘Additional inflation’ or ‘Superimposed inflation’.

It is also important to recognise that the scenarios set out in this appendix include results out to the 2029-30 period. In this AFSR however, results are generally shown out to the 2033-34 period, and therefore are not directly comparable with the scenario results presented here.

Table J1. 2016-17 AFSR scenarios

Total participant costs $m	2019-20	2024-25	2029-30
2016-17 Baseline	**21,240**	**30,492**	**41,783**
Scenario 1a. Committed supports + utilisation of 85%	20,436	28,943	38,863
Scenario 1b. Committed supports + utilisation of 90%	21,638	30,645	41,149
Scenario 1c. Committed supports + utilisation of 100%	24,042	34,050	45,721
Scenario 2a. 1% p.a. superimposed inflation	21,756	32,762	47,095
Scenario 2b. 2% p.a. superimposed inflation	22,279	35,179	53,022
Scenario 2c. 10% p.a. superimposed inflation for 2 years	25,509	36,619	50,179
Scenario 2d. 5% p.a. superimposed inflation for 5 years	23,897	38,551	52,826
Scenario 3a. Increase incidence 0 to 18 by 15%	22,345	32,201	44,258
Scenario 3b. Reduce incidence 25+ by 5%	20,662	29,676	40,695
Scenario 3c. Combination of 3a. and 3b.	21,766	31,385	43,171
Scenario 4a. Halve non-mortality exits ages 0 to 64	21,240	31,315	44,041
Scenario 4b. Double non-mortality exits for ages 65+	21,237	30,434	41,532
Scenario 4c. Increase excess mortality by 50%	21,168	30,017	40,583
Scenario 4d. Reduce excess mortality by 50%	21,252	30,899	42,984
Scenario 5a. 5% of new incidence to highest LoF	21,240	31,154	43,486
Scenario 5b. 5% of starting population to highest LoF	25,216	35,449	47,576
Scenario 5c. Combination of 5a. and 5b.	25,216	36,112	49,279
Scenario 6a. Increase SSA Numbers by 10%	20,970	29,684	39,818
Scenario 6b. Increase SSA average cost by 25%	21,822	30,939	41,570
Scenario 6c. Combination of 6a. and 6b.	22,495	31,880	42,796
Scenario 7a. Remove age-based loadings for 65+	21,176	30,068	40,729
Scenario 10a. Exclude GI/MM from NIIS	21,240	30,492	41,783

End of table

Table J2. 2017-18 AFSR scenarios

Total participant costs $m	2019-20	2024-25	2029-30
2017-18 Baseline	**15,638**	**31,715**	**44,395**
1a Higher autism exits	15,453	30,171	40,485
1b Lower autism exits	15,676	32,099	45,579
2 Intellectual disability new incidence hump 17-22 yrs	15,638	32,008	46,518
3a Higher proportion of participants in SSA (SIL)	17,636	35,769	50,034
3b Lower proportion of participants in SSA (SIL)	15,405	31,197	43,556
3c SSA cost innovation	12,489	29,261	41,178
4a Increased number of adults	16,276	38,193	53,883
4b Decreased number of children	14,213	30,962	43,463
4c Increased new entrants	15,887	36,377	50,143
5a Committed supports and 100% utilisation	18,957	38,064	53,473
5b Committed supports and 75% utilisation	13,839	28,548	40,105
7a AAT and mainstream	18,123	37,118	51,450
7b AAT, mainstream and level of function movement	18,400	37,686	52,236
7c AAT access decisions	16,670	34,352	47,592
8a3% pa superimposed inflation for 10 years	15,676	35,882	55,465
8b 0% superimposed inflation	14,810	29,407	41,164

End of table

Table J3. 2018-19 AFSR scenarios

Total participant costs $m	2019-20	2024-25	2029-30
2018-19 Baseline	**16,327**	**30,820**	**43,723**
1a Additional cost of chronic health low range	19,333	34,760	48,886
1b Additional cost of chronic health mid-range	20,770	36,644	51,356
1c Additional cost of chronic health high range	22,404	38,785	54,162
2 Lower autism and higher psychosocial disability numbers	16,347	31,077	43,893
3 Intellectual disability new entrants hump for 17-22yrs	16,327	31,209	46,322
4a Higher proportion of participants in SIL over long-term	16,434	32,930	48,951
4b Long-term SIL reached over 20 years innovation	16,302	30,331	42,573
4c SIL cost	14,874	27,978	39,510
5 85%/100% utilisation rate for non-SIL/SIL respectively	19,380	34,844	49,343
6a Transport policy: Strict tightened eligibility	16,125	30,469	43,215
6b Transport policy: tightened eligibility &increased budget	16,454	31,041	44,043
6c Transport policy: tightened eligibility & bottom-up approach	18,800	35,115	49,941
7 Steady intake date at 30 June 2020	16,425	28,286	41,344
8a Additional 3% pa superimposed inflation from 2021	16,327	35,152	56,030
8b Additional 1% pa superimposed inflation from 2021	16,327	32,264	47,825

End of table

Table J4. 2019-20 AFSR scenarios

Total participant costs $m	2019-20	2024-25	2029-30
2019-20 Baseline		**34,109**	**51,304**
Scenario 1a. => Continuation of historical superimposed inflation		45,399	68,282
Scenario 1b. => Removal of 1% p.a. additional superimposed inflation		32,364	48,447
Scenario 1c. => Alternative normal inflation		33,332	46,735
Scenario 2a. => Higher proportion of participants in SIL over long-term		37,230	60,805
Scenario 2b. => Continuation of increasing SIL cost for 2 years		37,909	57,276
Scenario 2c. => SIL cost innovation		31,119	46,600
Scenario 3a. => 44,000 additional participants		37,955	56,268
Scenario 3b. => 60,000 additional participants		38,430	56,879
Scenario 3c. => 99,000 additional participants		39,287	57,982
Scenario 5a. => Steady Intake Date at 30 June 2021		33,207	50,180
Scenario 5b. => Higher intake levels sustained for 3 years		36,821	54,774

End of table

Table J5. 2020-21 AFSR scenarios

Total participant costs $m	2019-20	2024-25	2029-30
2020-21 Baseline		**41,373**	**59,284**
Cost increase scenarios			
Two additional years of high inflation		46,613	69,464
Higher long term new incidence assumptions		42,625	65,556
Lower non-mortality exit rates		41,861	61,939
Higher cost of new entrants		42,166	61,213
Higher SIL numbers (+500 p.a.)		41,955	60,978
Three extra years to reach steady state		42,091	60,865
Total of cost increase scenarios		***50,448***	***83,596***
Plausible high case (variance)		47,843	74,156
Cost reduction scenarios		41,373	59,284
One year less of high inflation		39,358	54,497
Lower long term new incidence assumptions		41,373	57,496
Lower general population growth		41,338	59,113
Lower SIL numbers (-200 p.a.)		41,140	58,607
Lower cost of new entrants		40,579	57,355
Total of cost decrease scenarios		***38,296***	***49,931***
Plausible low case (variance)		**38,970**	**53,159**

End of table

Table J6. June 2022 projections scenarios

Total participant costs $m	2019-20	2024-25	2029-30
2020-21 Baseline		**44,116**	**74,058**
1a Higher numbers of participants with SIL (+500 per annum)		44,595	75,952
1b Lower numbers of participants with SIL (-200 per annum)		43,924	73,301
2 Lower rate of participants leaving the Scheme		44,289	74,909
3a Higher assumptions regarding the number of new participants		44,968	77,627
3b Lower assumptions regarding the number of new participants		43,264	70,490
3c Higher assumptions regarding the number of new entrants with autism aged between 15 and 54		44,201	74,473
3d Three extra years to reach steady state		44,460	75,866
4a Lower payments for new entrants		43,503	71,902
4b Higher payments for new entrants		44,728	76,215
5a Lower additional inflation		42,962	69,054
5b Higher additional inflation		46,689	83,836

End of table

Table J7 June 2023 projections scenarios

Total participant costs $m	2019-20	2024-25	2029-30
2022-23 Baseline		**46,376**	**71,482**
1 Without the impact of Budget initiatives		49,062	81,487
2a Higher growth in the short-term (+1%)		47,264	74,333
2b Higher growth in the short and long term (+1%)		47,264	76,347
2c Lower growth in the short-term (-1%)		45,494	68,708
2d Lower growth in the short and long term (-1%)		45,494	66,901
3a Higher average payments for new entrants		46,626	72,975
3b Lower average payments for new entrants		46,221	70,561
4a Higher rate of new entrants aged 0 to 14 with developmental delay or autism		46,460	72,546
4b Higher rate of new entrants aged 15 and over with autism		46,416	72,776
4c Higher rate of new entrants aged 15 and over, excluding those with autism		46,617	73,159
4d Lower rate of new entrants aged 15 and over, excluding those with autism		46,141	69,857
5a Higher number of participants in SIL		46,540	72,442
5b Lower number of participants in SIL		46,310	71,097
6 Lower rate of participants leaving the Scheme		46,477	72,153

End of table

Appendix K Scenario analysis of participant numbers

The projections presented in Section 5 of this report represent the "baseline" estimate of Scheme population. This appendix shows the impact on participant numbers for the scenarios detailed in Section 6.1.

Number of new entrants to the Scheme

To reflect a reasonable range of new entrants in 2024-25, the following scenarios are presented:

- Greater number of new entrants in 2024-25, increased by 15%.
- Lower number of new entrants in 2024-25, reduced by 10%.

Table K1. Scenarios with higher and lower new entrants in 2024-25 – Projected participant numbers and variance to the June 2024 projections, at 30 June

Participant numbers	2025	2026	2027	2028	2034
Baseline: June 2024 projections	***721,584***	***763,858***	***789,922***	***816,389***	***1,021,947***
Scenario 1: Greater number of new entrants in 2024					
Total Participants	***733,390***	***775,552***	***801,119***	***826,991***	***1,030,688***
Variance to baseline	11,806	11,694	11,197	10,602	8,741
Variance to baseline (%)	1.6%	1.5%	1.4%	1.3%	0.9%
Scenario 2: Lower number of new entrants in 2024-25					
Total Participants	713,713	756,062	782,458	809,321	1,016,119
Variance to baseline	-7,871	-7,796	-7,464	-7,068	-5,827
Variance to baseline (%)	-1.1%	-1.0%	-0.9%	-0.9%	-0.6%

End of table

To broadly reflect the 90th percentile (higher scenario) and 10th percentile (lower scenario) from the Stochastic Model discussed in Section 6.2, the following scenarios are presented:

- Greater rate of new entrants, for all years, increased by 20%.
- Lower rate of new entrants, for all years, reduced by 20%.

Table K2. Scenarios with higher and lower new entrant rates – Projected participant numbers and variance to the June 2024 projections, at 30 June

Participant numbers	2025	2026	2027	2028	2034
Baseline: June 2024 projections	***721,584***	***763,858***	***789,922***	***816,389***	***1,021,947***
Scenario 3: Higher new entrant rates					
Total Participants	***735,027***	***789,056***	***824,831***	***860,803***	***1,122,689***
Variance to baseline	13,443	25,198	34,909	44,414	100,743
Variance to baseline (%)	1.9%	3.3%	4.4%	5.4%	9.9%
Scenario 4: Lower new entrant rates					
Total Participants	***708,141***	***738,660***	***755,014***	***771,974***	***921,204***
Variance to baseline	-13,443	-25,198	-34,909	-44,414	-100,743
Variance to baseline (%)	-1.9%	-3.3%	-4.4%	-5.4%	-9.9%

End of table

Rate of participants leaving the Scheme

This scenario assumes lower rates of participants leaving the Scheme in 2024-25 and 2025-26. The result is a higher number of participants for all future years.

Table K3. Scenarios with a lower rate of participants leaving the Scheme – Projected participant numbers and variance to the June 2024 projections, at 30 June

Participant numbers	2025	2026	2027	2028	2034
Baseline: June 2024 projections	***721,584***	***763,858***	***789,922***	***816,389***	***1,021,947***
Scenario: Lower rate of participants leaving the Scheme					
Total Participants	***724,680***	***767,407***	***792,863***	***818,916***	***1,023,833***
Variance to baseline	3,096	3,549	2,940	2,528	1,886
Variance to baseline (%)	0.4%	0.5%	0.4%	0.3%	0.2%

End of table

Scenarios with no change to projected participant numbers by comparison to the baseline projections have been excluded from this appendix. These scenarios are as follows:

- Higher growth in the short-term additional growth rates (+1%)
- Higher growth in the short- and long-term additional growth rates (+1%)
- Lower growth in the short-term additional growth rates (-1%)
- Lower growth in the short- and long-term additional growth rates (-1%)
- Higher number of participants with SIL arrangements
- Lower number of participants with SIL arrangements

Participant numbers projected using the MSM alternative projection model are included in Appendix M.

Appendix L Historical average participant payments by SIL type

Table L1. Previous AFSR projections – average participant payments without SIL - cash flow basis

Average participant payments ($)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
AFSR											
30 June 2024	0	0	0	0	0	0	***47,900***	49,300	51,400	53,700	56,300
2024-25 Budget	0	0	0	0	0	0	45,400	47,000	49,500	51,900	54,200
30 June 2023	0	0	0	0	0	***44,200***	45,000	46,000	47,500	49,400	51,400
31 December 2022	0	0	0	0	0	***43,300***	45,500	48,200	49,900	51,900	54,100
30 June 2022	0	0	0	0	***43,200***	***44,400***	47,700	51,000	52,900	55,000	57,400
30 June 2021	0	0	0	***42,200***	44,900	***46,800***	48,000	48,700	49,600	50,600	51,800
31 December 2020	0	0	0	41,200	42,600	***43,800***	45,100	46,300	47,600	49,000	50,400
30 June 2020	0	0	***34,700***	36,200	37,100	***38,300***	39,700	41,300	42,900	44,500	46,200
31 December 2019	0	***35,400***	36,200	37,100	38,100	***39,300***	40,700	42,200	43,800	45,400	47,100
30 June 2019	0	33,400	35,100	36,100	37,000	***37,700***	38,200	39,300	40,500	41,900	43,300
30 June 2018	***23,300***	29,300	32,300	34,100	35,600	***37,500***	38,700	40,000	41,400	42,900	44,500
Comparison with actuals											
Actual average participants payments	***27,100***	***34,100***	***38,600***	***39,500***	***42,700***	***44,900***	0	0	0	0	0
Actual average participant payments compared with AFSR ($)	***3,800***	***700***	***3,900***	***-2,800***	***-500***	***700***	0	0	0	0	0
Actual average participant payments compared with AFSR (% Actual)	***14.0%***	***2.1%***	***10.1%***	***-7.1%***	***-1.2%***	***1.6%***	0	0	0	0	0

End of table

Table L2. Previous AFSR projections – average participant payments with SIL - cash flow basis

Average participant payments ($)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
AFSR											
30 June 2024	0	0	0	0	0	0	***461,300***	491,200	517,500	545,400	573,600
2024-25 Budget	0	0	0	0	0	0	463,400	500,700	534,200	563,600	591,800
30 June 2023	0	0	0	0	0	***420,300***	447,400	470,800	491,200	515,400	540,700
31 December 2022	0	0	0	0	0	***403,200***	439,600	474,900	498,000	522,500	548,400
30 June 2022	0	0	0	0	***374,600***	***391,500***	426,900	461,300	483,900	507,800	533,100
30 June 2021	0	0	0	***343,000***	355,900	***368,800***	381,500	394,700	408,600	423,000	437,800
31 December 2020	0	0	0	340,000	354,300	***369,700***	379,900	393,400	408,000	423,000	438,400
30 June 2020	0	0	***319,200***	338,500	354,200	***370,500***	389,100	407,500	425,600	444,100	463,300
31 December 2019	0	***315,700***	336,600	357,100	379,400	***401,400***	417,900	435,200	453,100	471,900	491,400
30 June 2019	0	262,600	280,100	294,600	309,700	***325,500***	340,600	354,400	368,800	383,800	399,400
30 June 2018	**255,000**	273,400	288,800	301,800	314,000	***326,800***	340,200	354,100	368,700	384,000	400,000
Comparison with actuals											
Actual average participants payments	**249,600**	**304,400**	**325,500**	**343,900**	**392,800**	***417,400***	0	0	0	0	0
Actual average participant payments compared with AFSR	**-5,400**	**41,800**	**6,400**	**800**	**18,200**	***-3,000***	0	0	0	0	0
Actual average participant payments compared with AFSR (% Actual)	**-2.2%**	**13.7%**	**2.0%**	**0.2%**	**4.6%**	***-0.7%***	0	0	0	0	0

End of table

Appendix M Microsimulation model

Comparison of results and impact of key assumptions between existing projection model and microsimulation model

In a similar vein to the existing projections model, the microsimulation model (MSM) forecasts Scheme expenses by multiplying projected participant numbers by the estimated payment per participant. Details of the participant number and payment per participant projection components are provided below.

- Participant numbers are projected by modifying the existing participant numbers each quarter to account for the intake of new entrants into the Scheme, and the reduction due to mortality and participants leaving the Scheme. An explicit allowance is made for changes in participants primary disability group, and for participants transitioning into SIL arrangements. Additionally, the MSM also models change in participant level of function over time.
- Estimated payments per participant is adjusted each quarter for both normal inflation and additional growth.

The attributes[175] used in the participant and payments projections of the MSM remain broadly consistent with those used in the existing projection model. Furthermore, the assumptions and key judgements that underpin the MSM are broadly consistent with those used in the existing projection model for the more material assumptions[176].

As discussed earlier in Section 3.5, the MSM differs from the existing projection model in several key areas. As a result of these differences between the MSM compared to the existing projection model, as well as differences in the assumption setting process (although noting that the key judgements when setting the more material assumptions that underpin the MSM are largely consistent with those used in the existing projections model), the Scheme expenses generated by the MSM differ to those generated by the existing projection model.

Table M1 compares the projected Scheme expenses from the June 2024 MSM projections to the baseline June 2024 projections. The dollar allowance for the Recent and Proposed Reforms in the June 2024 MSM projections is the same as that used in the baseline June 2024 projections. Over the 2024-28 years, the Scheme expenses estimated by the June 2024 MSM projections are $321 million (or 0.2%) lower than those projected by the baseline June 2024 projections[177].

[175] Attributes modelled include age, gender, primary disability group, level of function, whether a participant is in Supported Independent Living arrangements, and duration in the Scheme.
[176] The assumptions where the judgements were broadly aligned were: new entrants, SIL transitions, average payments per participant, inflation and additional growth.
[177] The June 2024 MSM currently only has projections for the next 4 years, which is why the projected results for the 2033-24 year are not shown in any of the tables in this Appendix. There are plans to extend the projection period of the MSM in future iterations of the model.

Table M1. Comparison of projected Scheme expenses from the June 2024 MSM projections against the baseline June 2024 projections

Scheme expenses ($m)	2024-25	2025-26	2026-27	2027-28	2033-34	Total 2024-28
Baseline: June 2024 projections	46,865	50,789	54,215	58,390	92,722	210,258
June 2024 MSM projections	***46,111***	***50,740***	***54,614***	***58,726***	***No value***	***209,937***
Variance to baseline	-754	-49	146	335	***No value***	**-321**
Variance to baseline (%)	-1.6%	-0.1%	0.3%	0.6%	***No value***	**-0.2%**

End of table

Table M2 compares the projected number of participants from the June 2024 MSM projections to the baseline June 2024 projections. The number of participants in the Scheme estimated by the June 2024 MSM projections is lower than those estimated by the baseline June 2024 projections for all years ended 30 June from 2025 to 2028.

Table M2. Comparison of projected participants in the Scheme from the June 2024 MSM projections against the baseline June 2024 projections at 30 June

Number of participants a	2024	2025	2026	2027	2028	2034
Baseline: June 2024 projections	661,267	721,584	763,858	789,922	816,389	1,021,947
June 2024 MSM projections	***661,267***	***717,768***	***755,611***	***780,267***	***807,471***	*No value*
Variance to baseline	0	-3,816	-8,247	-9,655	-8,917	*No value*
Variance to baseline (%)	0.0%	-0.5%	-1.1%	-1.2%	-1.1%	*No value*

End of table

Table M3 compares the projected number of new entrants into the Scheme from the June 2024 MSM projections to the baseline June 2024 projections. The number of new entrants into the Scheme estimated by the June 2024 MSM projections is consistent with those estimated by the baseline June 2024 projections for all years from 2024-25 to 2027-28.

Table M3. Comparison of projected new entrants into the Scheme from the June 2024 MSM projections against the baseline June 2024 projections

Projected number of new entrants	2024-25	2025-26	2026-27	2027-28	2033-34
Baseline: June 2024 projections	78,707	64,263	51,883	53,496	57,101
June 2024 MSM projections	***78,802***	***64,313***	***52,020***	***53,565***	*No value*
Variance to baseline	95	51	137	69	*No value*
Variance to baseline (%)	0.1%	0.1%	0.3%	0.1%	*No value*

End of table

Table M4 compares the projected number of participants leaving the Scheme from the June 2024 MSM projections to the baseline June 2024 projections. The number of participants leaving the Scheme estimated by the June 2024 MSM projections is higher than those estimated by the baseline June 2024 projections for the 2024-25 and 2025-26 years. In the 2026-27 year, the number of participants leaving the Scheme estimated by the two projections is broadly in-line with each other, whilst in the 2027-28 year the trend is reversed with the baseline June 2024 projections estimating a higher number of participants leaving the Scheme.

Table M4. Comparison of projected number of participants leaving the Scheme from the June 2024 MSM projections against the baseline June 2024 projections

Projected number of participants leaving the Scheme	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2033-34**
Baseline: June 2024 projections	12,384	15,630	19,145	20,081	11,889
June 2024 MSM projections	***16,268***	***19,018***	***19,442***	***17,868***	*No value*
Variance to baseline	3,884	3,388	297	-2,214	No value
Variance to baseline (%)	31.4%	21.7%	1.5%	-11.0%	No value

End of table

Table M5 compares the projected number of participant deaths from the June 2024 MSM projections to the baseline June 2024 projections. The number of participant deaths estimated by the June 2024 MSM projections is higher than those estimated by the baseline June 2024 projections for all years from 2024-25 and 2027-28, with the variance to the June 2024 baseline projections increasing over time.

Table M5. Comparison of projected participant deaths from the June 2024 MSM projections against the baseline June 2024 projections

Projected number of participant deaths	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2033-34**
Baseline: June 2024 projections	6.005	6,359	6,673	6,948	8,724
June 2024 MSM projections	***6,672***	***7,452***	***7,922***	***8,493***	*No value*
Variance to baseline	667	1,093	1,249	1,545	No value
Variance to baseline (%)	11.1%	17.2%	18.7%	22.2%	No value

End of table

Table M6 compares the projected number of participants transitioning to SIL arrangements from the June 2024 MSM projections to the baseline June 2024 projections. The number of transitioning participants estimated by the June 2024 MSM projections is slightly lower than those estimated by the baseline June 2024 projections for the years from 2024-25 and 2026-27, with the trend then reversing in the 2027-28 year.

Table M6. Comparison of participants transitioning to SIL arrangements from the June 2024 MSM projections against the baseline June 2024 projections

Projected transitions to SIL	2024-25	2025-26	2026-27	2027-28	2033-34
Baseline: June 2024 projections	*3,644*	*3,248*	*2,770*	*2,847*	*3,547*
June 2024 MSM projections	***3,502***	***3,206***	***2,688***	***2,906***	***No value***
Variance to baseline	-142	-42	-82	59	No value
Variance to baseline (%)	-3.9%	-1.3%	-2.9%	2.1%	No value

End of table

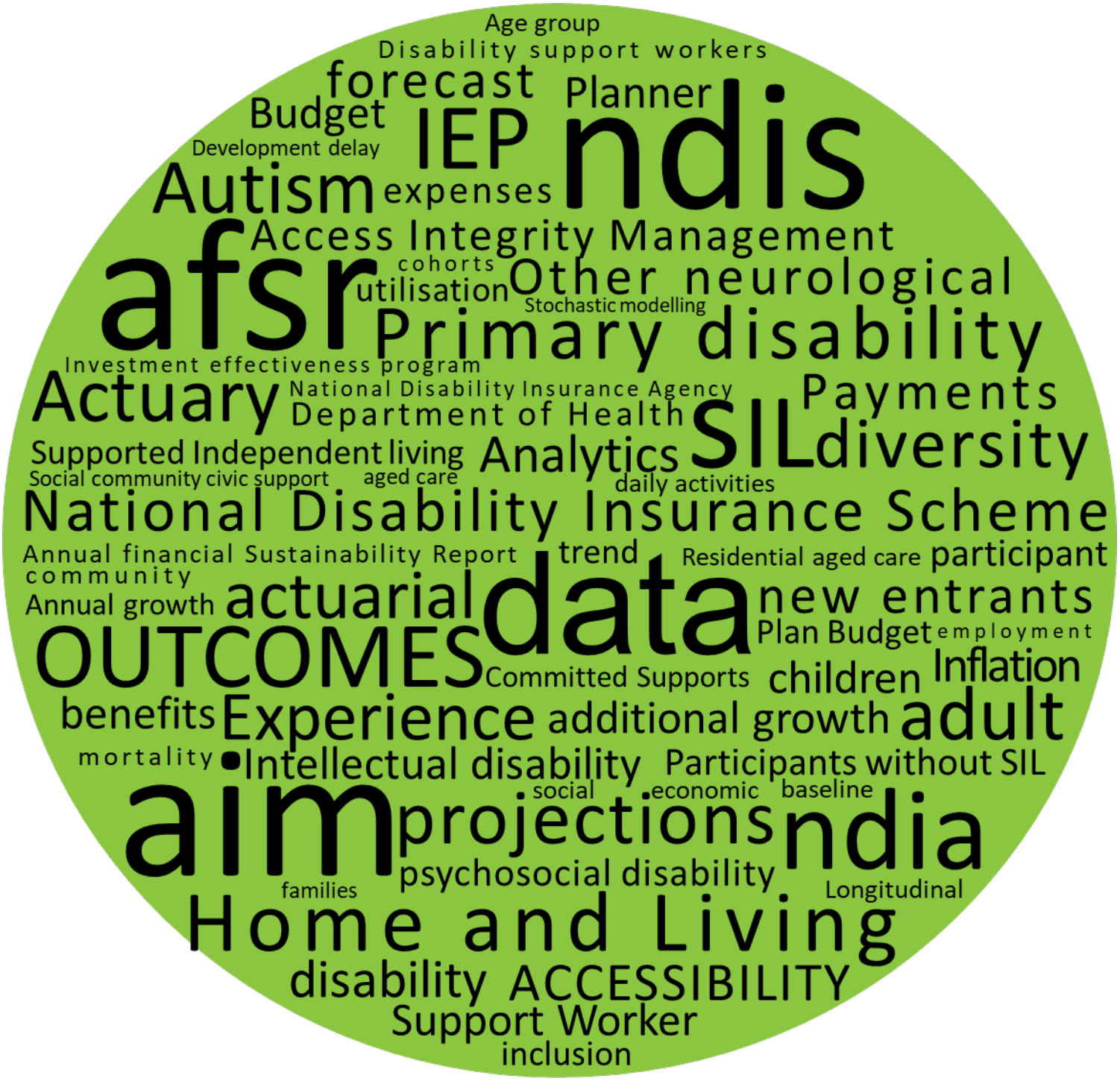
Table M7 compares the projected average payment amounts from the June 2024 MSM projections to the baseline June 2024 projections. The projected average payment amounts estimated by the June 2024 MSM projections is slightly lower than those estimated by the baseline June 2024 projections for the 2024-25 year, with the trend then reversing. Over the 2025-26 to 2027-28 years, the projected average payment amounts estimated by the June 2024 MSM projections is higher than those estimated by the baseline June 2024 projections, with the variance to the June 2024 baseline projections increasing over time.

Table M7. Comparison of average payment amounts from the June 2024 MSM projections against the baseline June 2024 projections

Projected average payment ($)	2024-25	2025-26	2026-27	2027-28	2033-34
Baseline: June 2024 projections	*67,780*	*68,382*	*69,784*	*72,701*	*92,380*
June 2024 MSM projections	***66,874***	***68,875***	***70,788***	***73,974***	***No value***
Variance to baseline	-906	493	1,004	1,273	No value
Variance to baseline (%)	-1.3%	0.7%	1.4%	1.8%	No value

End of table

End of Appendix


Age group
Disability support workers
forecast
Planner
Budget
IEP
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Development delay
Autism
expenses
Access Integrity Management
afsr
cohorts
utilisation
Other neurological
Stochastic modelling
Primary disability
Investment effectiveness program
Actuary
National Disability Insurance Agency
Payments
Department of Health
SIL
diversity
Supported Independent living
Analytics
Social community civic support
aged care
daily activities
National Disability Insurance Scheme
Annual financial Sustainability Report
trend
Residential aged care
participant
community
Annual growth
actuarial
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new entrants
Plan Budget
employment
OUTCOMES
Committed Supports
children
Inflation
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Experience
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disability
ACCESSIBILITY
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