



EXECUTIVE MINUTE

On

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT No.497

Commonwealth Financial Statements 2021–22

General Comment

In January 2023, the Joint Committee of Public Accounts and Audit (JCPAA) commenced an inquiry into Commonwealth Financial Statements 2021–22, based on Auditor-General Report No. 8 of 2022–23: Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022.

The National Disability Insurance Agency (NDIA) welcomes the JCPAA Report 497, which included 6 recommendations, of which Recommendation 2 is applicable to the NDIA.

The Australian Government has established an independent review of the National Disability Insurance Scheme (NDIS) (the Review). The Review has examined the design, operations and sustainability of the NDIS covering issues outlined in the full-Scheme bilateral agreements between the Commonwealth and jurisdictions. It also examined ways to build a more responsive, supportive and sustainable market and workforce.

The NDIA looks forward to the findings of the Review and working towards implementing the recommendations, where appropriate, to ensure the sustainability of the Scheme so future generations receive the benefit of the NDIS.

Response to recommendation

Recommendation No: 2

The Committee recommends that the NDIA provide an update to the Committee within 6 months of the tabling of this report on any gaps between its projected and actual costs for the 2022-23 financial year and how this has compared with previous years since the start of the NDIS.

Summary of response: Agreed

Supporting rationale:

The Annual Financial Sustainability Report (AFSR) provides an assessment of the financial sustainability of the NDIS and is required under the *National Disability Insurance Scheme Act 2013* (NDIS Act) (Section 180B).

The NDIA projects the estimated annual cost of the NDIS for future financial years, as documented in the AFSR, based on data to the end of the financial year. An

experience-based projection model continues to be used to project total Scheme expenses reported in the AFSR. As with previous AFSRs, the June 2023 projections documented in the 2022-23 AFSR were based on projecting average payments made for supports for 2,052 participant cohorts. The average payments for each cohort are then multiplied by projected participant numbers and summed across all cohorts to arrive at the total projected Scheme expenses.

As per the 2021-22 AFSR, the projected total Scheme expenses on an accrual basis were \$34.0 billion for the 2022-23 financial year. The actual expenditure for the 2022-23 financial year was \$35.1 billion.

The below table shows the projected and actual expenditure of the NDIS for participant expenses on an accrual basis since 2014-15. Projected expenditure is the first projection year result from the previous AFSR. The first AFSR was produced at the end of the first year of the Scheme and therefore there is no projection produced by the Agency in relation to 2013-14.

| Financial Year | Projection Document | Projected Expenditure (\$ million) | Actual Expenditure (\$ million) | Actual less Projected (\$ million) | % Difference |
|----------------|---------------------------|------------------------------------|---------------------------------|------------------------------------|--------------|
| 2014-15 | 2013-14 AFSR | 440 | 451 | 11 | 2.5% |
| 2015-16 | 2014-15 AFSR | 953 | 801 | -153 | -16.0% |
| 2016-17 | 2015-16 AFSR | 2,872 | 2,243 | -629 | -21.9% |
| 2017-18 | 2016-17 AFSR | 8,022 | 5,418 | -2,604 | -32.5% |
| 2018-19 | 2017-18 AFSR ¹ | 9,534 | 10,460 | 926 | 9.7% |
| 2019-20 | 2018-19 AFSR | 16,749 | 17,589 | 840 | 5.0% |
| 2020-21 | 2019-20 AFSR | 22,280 | 23,328 | 1,048 | 4.7% |
| 2021-22 | 2020-21 AFSR | 29,223 | 28,631 | -592 | -2.0% |
| 2022-23 | 2021-22 AFSR | 33,976 | 35,066 | 1,090 | 3.2% |

Yours sincerely



Rebecca Falkingham
 Chief Executive Officer
 National Disability Insurance Agency

01 December 2023

¹ Projections have been adjusted from a cash basis to an accrual basis using accrual factors from the 30 June 2019 AFSR