30 September 2019

In response to an article published in The Australian today and media and public interest in NDIS expenditure on individual contracts with a value of $100,000 or more, we have re-published information relating to Senate Order 13 for Entity Contracts. This information was first published on 31 August 2019.

The information provided in the Senate Order 13 has to be considered in the context of significant growth in the NDIS. Growth in NDIS expenditure has gone from close to $1.1 billion in 2015-2016 to $11.9 billion in 2018-2019. It is therefore not surprising that temporary staffing and recruitment support account for almost half of the NDIS contractor expenditure as we build a workforce to deliver the services of a rapidly growing NDIS. The number of people with disability benefitting from the NDIS has grown by over 100,000 (62%) in the past year to close to 300,000 participants as at 30 June 2019, up from 183,965 participants at 30 June 2018.

The move to an external call centre, which now averages over 90,000 calls a month, achieved significant cost savings of 23% in 2018-19.  The move from a service originally provided by the Department of Human Services to an external call centre means that this expenditure is now included in the response to Senate Order 13.  The FY17/18 figure ($2.1 million) reflects the fact that the call centre was transitioning to the new model.  There is no figure recorded in FY16/17 as the contract for the new call centre was not yet in place and this service was provided by the Department of Human Services. In addition to achieving a significant cost saving, this change has dramatically improved call centre performance, consistency and quality of experience. Both abandoned call rates and average speed of answer have significantly reduced since the transition to the new call centre.  The average rate of abandoned calls is now 1.3%.

Higher legal costs ($0.8million in FY 16/17, $2.1 million in FY17/18 and $13.6 million FY18/19)) reflect highly specialised work for a finite period associated with three royal commissions and the introduction of the Administrative Appeals Tribunal Applications and Decisions Division, which includes a triage and early resolutions branch.

Expenditure on consultancies between FY27/18 ($38.5 million) and FY 18/19 ($35.4million) have remained consistent.
The table in The Australian press article represents the aggregate value of contracts over multiple and a varying number of years. It is not the spend in any one year.

The procurement of all NDIA contracts are made according to the Commonwealth Procurement Rules issued by the Department of Finance.

# Senate Order 13

Senate Order 13 requires that, twice a year, Commonwealth entities publish details of individual contracts with a value of $100,000 or more.

For the period 1 July 2018 to 30 June 2019, the National Disability Insurance Agency (NDIA) identified 1,856 individual contracts that met the requirement of the Senate Order 13.

The Senate Order 13 requires that the commitment amount for each individual contract can cover multiple years, with a high degree of unevenness in the period covered. For instance, it might be one, two or more years, with significant variability in the start and end dates. On its own, information in such a format does not provide insight on a specific period, nor is it additive because of the various timeframes that are covered.

The information provided in the Senate Order 13 has to be considered in the context of significant growth in the NDIS - growth in NDIS expenditure has gone from close to $1.1 billion in 2015-2016 to $11.9 billion in 2018-2019.

Notably, the number of people with disability benefitting from the NDIS has grown by over 100,000 (62%) in the past year to close to 300,000 participants as at 30 June 2019, up from 183,965 participants at 30 June 2018.

Around 500,000 Australians are expected to benefit from the NDIS over the next five years. Close to 100,000 people are now receiving disability supports for the first time. This has been achieved through a strong focus on delivering an improved experience for participants, with satisfaction rates most recently standing at 90 per cent.

As detailed in the NDIA Portfolio Budget Statements, the Agency’s operational costs are within budget, as they have been every financial year since the Scheme’s inception.

Senate Order For Entity Contracts Listing Relating to the period 1 July 2018 – 30 June 2019 (PDF 770KB)

## Transparency

To provide greater insight and transparency, the NDIA provides details on the consideration paid for each contract in the current period, as well as the commitment for each contract over multiple years, as required by the Senate Order 13.

Because the consideration paid amount is only for contracts over $100,000, the Senate Order 13 contractual amounts differ from the NDIA’s financial statements, both overall and by classification category.

Table 1 below provides additional information on the Senate Order 13. It aggregates the individual contracts, providing not just the overall amount paid for contracts over $100,000,

but also the amounts paid in each category. For comparison purposes, the Table provides information for each of the past three financial years.

Table 1: Consideration paid for individual contracts over $100,000 for FY17, FY18, FY19

| Expenditure Category (Consideration Paid) | 1 July 2018 - 30 June 2019 (m) | % spend | 1 July 2017 - 30 June 2018 (m) | % spend | 1 July 2016 - 30 June 2017 (m) | % spend |
|---|---|---|---|---|---|---|
| **Temporary staffing and/or recruitment support** | $148.9 | 49% | $51.3 | 28% | $16.9 | 17% |
| **Service Delivery (LAC or ECEI)** | $21.5 | 7% | $26.4 | 14% | $22.9 | 23% |
| **Call Centre** | $24.7 | 8% | $2.1 | 1% | | 0% |
| **Consultancies** | $35.4 | 12% | $38.5 | 21% | $34.2 | 35% |
| **Legal services** | $13.6 | 5% | $2.1 | 1% | $0.8 | 1% |
| **Training Development and Management** | $2.0 | 1% | $0.7 | 0% | $1.2 | 1% |
| **Translation and Interpreting services** | $1.3 | 0% | $0.2 | 0% | $0.0 | 0% |
| **Other** | $54.7 | 18% | $61.7 | 34% | $22.7 | 23% |
| **Total** | $302.2 | 100% | $183.0 | 100% | $98.7 | 100% |

The following should be noted in interpreting the Table above and in relation to the Senate Order 13 more generally:

- Total amount: Over the past three years, the total spend on contracts covered by the Senate Order 13 have increased three fold from $98.7 million in FY17 to $302.2 million in FY19, reflecting the rapidity of the roll-out of the Scheme. Over this period, the number of

participants who have benefited from the Scheme grew close to 10 fold from 30,281 to 298,816. At the same time, payments to participants increased by approximately 13 fold, and the Agency's total operating budget increased nearly 5 fold. In FY19, the Senate orders aggregate consideration paid of $302 million represented 20 percent of the Agency's total operating budget.

- Temporary staffing and/or recruitment services: In FY19, under the Senate Order 13 criteria, consideration of $148.9 million was paid for temporary staff and/or contractor services. Temporary and contract staff have been employed to support the dramatic surge in FY19 in the number of participants entering the Scheme. More specifically, in FY19, 117,307 participants entered the Scheme versus 85,559 in FY18 and 60,357 in FY17. In addition, the number of plan reviews undertaken in FY19 was 237,916, versus 128,932 in FY18 and 37,020 in FY17. This is a dramatic increase in the number of plans and plan reviews. The use of temporary and contract staff has assisted the Agency deal with the variability in the demands on the Agency during this period of rapid ramp up in the roll-out of the Scheme.
- Service Delivery (Local Area Coordination or Early Childhood Early Intervention Partners): In FY19, $21.5 million was spent through procurement contracts for LAC and ECEI providers. This represented expenditure on essential on-the-ground services for participants. However, the reduction in expenditure from FY18 to FY19 reflects changes in procurement practice, including moving some providers from providing services under contracts to employing them under grant arrangements. It does not constitute an overall reduction in spend on LAC and ECEI services. On the contrary, expenditure on service delivery partners has increased when grants are included. In other words, caution must be exercised in drawing conclusions based on a year on year comparison. This has flow-on implications for year on year aggregate comparisons.
- Contact centre: In FY19, consideration of $24.7 million was paid for the provision of contact centre services for participants and providers. Prior to FY18, the Department of Human Services provided contact centre services to the NDIA. The amount paid to the Department of Human Services for these services is not included in this table, thereby limiting the ability to make year on year comparisons, as well as understating the aggregate amount in prior years.
- Consultancies: In FY19, in line with the Senate Order 13, the NDIA paid $35.4 million to consultants for specific projects, including further work on specific aspects of the design of the participant pathway (EY); auditing services (Deloitte) and enterprise strategy support (EY). The NDIA's focus on reducing the use of consultants and increasing the capability of its own staff can be seen not just in the reduced annual spend over the past year, but also in the progressive year on year reduction in consultant spend as a proportion of the aggregate spend under the Senate Order 13.
- Legal services: In FY19, in line with the Senate Order 13, the NDIA legal spend was $13.6 million. The legal spend has increased over prior years, in large measure reflecting additional costs associated with preparing for various Royal Commissions, as well as

supporting participants in appeals to the AAT, in line with the NDIA's commitment to being a model litigant.
- Training development and management: In FY19, under the Senate Order 13, $2 million was spent on external providers to support staff training. This included work undertaken to support front line staff with the roll out of the pathways reform program and to improve the induction process for new staff joining the Agency.
- Translation and interpreting services: In FY19, $1.3 million was spent to help participants receive information in languages other than English, as well as for Auslan interpreting services.
- Other: The other category covers expenditure associated with other services, particularly property; leases and associated expenses; vehicles and insurance. This is essential infrastructure spending associated with the rapid roll-out of the NDIA across the nation, with the NDIA by the end of FY19 having in excess of 130 offices throughout Australia.

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