

NDIS Business Case

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The NDIS Business Case

- **Ground Up Price**
- **Price Components**
- **Key Challenges**
- **Actual Plan examples**
- **How to remain sustainable under the NDIS**
- **Registration requirements**

Ground Up Price



Surplus



Indirect Costs



Direct Labour Cost

Ground Up Price

5%

Surplus

9%

Indirect Costs

86%

Direct Labour Cost

The Components of Direct Costs

86%

Support Worker = Classification 2 Paypoint 3

Utilisation factor = 95% Billable Face to Face time

Span of Control = 1 Coord : 18 Support Workers

Leave, Superannuation, Workers Compensation etc

What's Included in Indirect Costs

9%

Executive/Management labour costs

Audit fees, bank fees, advertising, staff amenities etc

Head office facility costs

Source of 9% = Parallel markets

- **Community Health**
- **Aged Care**
- **Mental Health**

What is Not Included in the Price Calculation?

0%

- **For Access Community Supports**
 - **Program costs**
 - **Activity costs**
 - **Venue costs**
 - **Motor Vehicle Costs**

Key Challenges

- 1. Managing Workforce Cost**
 - a. Over Award Sensitivity
 - b. Utilisation Sensitivity
 - c. Casualisation
 - d. Support Ratios
- 2. Managing Indirect Costs**
 - a. Unit cost reduction

Sustainability under the NDIS

- 1. Economies of Scale – Unit cost reduction**
- 2. Better participation rates & ratios**
- 3. Maximise facility utilisation**
- 4. Improved skills base**
- 5. Stronger brand presence**
- 6. Fundraising opportunities**

Service Provider Registration

- **Need to Register with the NDIA**
 - Registration by support categories
 - Guide to Suitability details requirements re:
 - Qualifications
 - Approvals
 - Capacity
 - Experience
- **Impact of Flexible Supports**
 - Competition risk
 - Administration issues

Measure, Monitor, Manage

KPIs

- Average Support Worker Cost
- Utilisation
- Span of Control
- Participant to Support Worker ratios by Product
- Indirect Cost %



Measure, Monitor, Manage

**Next Step – Align Financial Information
to the NDIS Model**