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### **Scheme costs**

- The cost for the full scheme in 2018-19 in the proposal (\$18.8 billion in 2018-19 dollars) is lower than the cost for the full scheme estimated by the AGA in his review of the Productivity Commission's (PC) report (\$22.0 billion in 2018-19 dollars).
- Both the estimated costs of care and support packages and administration are lower than the AGA has estimated.

### *Care and support*

- In 2018-19, the proposal assumes the cost of the average care and support package to be \$39,564 per eligible person per year compared to \$44,719 as estimated by the AGA.
- This is largely driven by the assumed growth rate of care and support packages – 2.5 per cent, compared to around 4 per cent as assumed by the AGA (without SaCS).
  - This lower growth rate ignores the effects of the Community Services (SaCS) Decision which significantly increase wages growth over the transition period. This was one the reasons that the AGA estimate of full scheme costs was higher than the PC's estimate.
  - Indexation of 2.5 per cent may be appropriate once the SACs decision has been implemented.

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*Administration*

- The proposal has the total administration costs at 7.7 per cent of the care and support costs in 2018-19. The AGA considers that a reasonable steady state assumption for administration costs in a scheme like the NDIS would be around 9 per cent, with a higher percentage during the transition phase.
- The total administration costs are only 60 per cent of the AGA's estimation for administration (\$1.3 billion per year in 2018-19 dollars compared to \$2.2 billion in 2018-19 dollars).
  - Although the Productivity Commission estimated administration costs to be \$1.1 billion in 2018-19, this was in 2011-12 dollars.
- Administration as described includes agency running costs, ICT, regional offices, assessment costs, Local Area Coordinators (LACs), Tier 2 costs, sector development and dispute resolution. The Commonwealth's position is to share the costs of Tier 2 and LACs, but fund 100 per cent of Agency administration costs.