The financial pressures for NDIS providers

$1.3m+
added cost

Payroll pressure

The Fair Work Commission's 2025 SCHADS Award decision raised minimum wages by **3.5%**. Alongside the increase to **12% superannuation**, and new state-based Portable Long Service Leave levies (1.35-1.85%), total payroll costs are compounding faster than NDIA price indexation.

Example: A **$30/hour** support worker now costs **$44/hour** once wage rises, **12%** super, levies, and **25%** casual loading are applied - while NDIA caps often cover only **~$37 per participant hour.**

What this means for a $10m provider

$436k - $477k added annually

- Base payroll (81.5% ratio) = $8,150,000
- SCHADS Wage rise (3.5%) = $285,250
- Super rise (0.5% to 12%) = $40,750
- Levy (1.35-1.85%) = $110,025 - $150,775

Total = $436k - $477k extra per year

Margin impact: For a $10m provider with -3.5% sector average margin, this can wipe out their operating margin.

What this means for a $30m provider

$1.3m - $1.5m added annually

- Base payroll = $24,450,000
- SCHADS Wage rise (3.5%) = $855,750
- Super rise (0.5% to 12%) = $122,250
- Levy (1.35-1.85%) = $330,075 - $452,325

Total = $1.3m - $1.5m extra per year

Margin impact: This equates to a 4-5 percentage point swing in operating margin that can flip a break-even provider into deficit.

$600k+
delayed annually

Claims rework risk

The NDIA rejects roughly **2-3% of claims** for pricing or data entry errors. Each must be corrected and resubmitted, while integrity reviews can delay payments for **60+ days** - tying up cash flow, consuming finance capacity, and tightening working capital.

Example: A modest **2-3% claim rejection rate** can delay **$15k-$75k** of revenue each month and require **30-75 hours** of finance rework - often without reimbursement or additional funding.

What this means for a $10m provider

$200k+ delayed annually

- 2%-3% rejection = 65-100 claims per month
- 65-100 x $250 = $15k-$25k delayed per month
- Annual impact = $200k-$300k delayed revenue
- Integrity reviews (median 60 days) = can freeze a full payroll cycle of cash.

Cash flow impact: Even short-term claim holds can create one month's payroll exposure and force greater reliance on overdrafts or reserves - without any change in revenue.

What this means for a $30m provider

$600k - $900k delayed annually

- 2%-3% rejection = 200-300 claims per month
- 200-300 x $250 = $50k-$75k delayed per month
- Annual impact = $600k-$900k delayed revenue
- Integrity reviews (60+ days) = multiple payroll cycles unfunded

Cash flow impact: Persistent claim delays can tie up to two payroll cycles of cash, reduce liquidity, and stretch the finance team with constant rework and reconciliations.

3x
more audits

Audit & Compliance pressure

In Q1 2025, the NDIS Commission completed **6,841 audits and enforcement activities** - more than **triple the previous year.** Mid-term, certification, and spot audits now occur more frequently, consuming finance and quality team capacity and increasing compliance risk.

Example: A typical mid-term or certification audit costs **$10k-$25k** once external audit fees and internal staff time are included - not counting potential clawbacks or sanctions if evidence of gaps are found.

What this means for a $10m provider

$25k+ per audit event

- **External auditor fees =** $5k-$15k per audit
- **Internal labour =** 100-200 hrs x $50/hr = $5k-$10k
- **Total cost per audit =** $10k-$25k
- **Two audits per year** = $20k-$50k annual cost
- **1% clawback exposure** = $100k exposure

Operational impact: Audits can absorb several weeks of staff time each year and trigger unplanned cash outflows or clawbacks if evidence is incomplete.

What this means for a $30m provider

$150k+ annual compliance cost

- **Larger scope =** 3-4 audits per year
- **External auditor fees =** $15k-$25k per audit
- **Internal prep time** = 200-300 hrs x $50/hr = $10k-$15k
- **Total cost per audit =** $25k-$40k → $75k-$160k per year
- **1% clawback exposure =** $300k

Operational impact: Audits can absorb over a month of cumulative finance effort annually and temporarily disrupt month-end and compliance workflows.

5-10%
added to payroll

Workforce pressure

Workforce shortages are pushing providers to rely more on casual and overtime staff. Casual turnover now averages **~26%** (vs **16% for permanent roles**), and **25% casual loadings** plus SCHADS penalties for broken shifts and sleepovers, quickly drive payroll drift. Even small mix changes can add **5-10% to payroll.**

Example: Increasing the casual workforce from 15% to 25% on a $20m payroll lifts total payroll costs by **~$1.4m-$1.6m annually**, before factoring in recruitment or overtime costs.

What this means for a $10m provider

~$600k+ increase in annual payroll costs

- **Base payroll:** $8.15m (81.5% staff cost ratio)
- **20% of workforce casual:** $1.63m x 25% loading = $408k extra cost
- **SCHADS penalty drift (2-3%) =** $160k-$245k

Total = ~$570k-$650k annual increase in payroll costs

Workforce impact: Greater reliance on casuals or overtime can add 5-7% to total payroll, often absorbing the entire annual NDIA price increase.

What this means for a $30m provider

~$1.7m-$1.9m+ increase in annual payroll costs

- **Base payroll:** $24.45m (81.5% staff cost ratio)
- **20% of workforce casual:** $4.89m x 25% loading = $1.22m extra cost
- **SCHADS penalty drift (2-3%) =** $490k-$735k

Total = ~$1.7m-$1.9m annual increase in payroll costs

Workforce impact: Shifts in workforce mix or turnover can raise payroll by 5-10%, leading to sustained budget overruns unless managed through integrated rostering, payroll, and cost tracking.

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Sources: Fair Work Commission, Annual Wage Review 2025; Fair Work Commission, Pay and Allowances in the SCHADS Award; Fair Work Ombudsman, Casual Employees; NDIA, Pricing Arrangements and Price Limits 2025; NDIA, Sector Summary Report; NDIS Commission, Media Release: NDIS Commission ramps up compliance action, May 2025; NDIS Commission, Compliance & Enforcement Policy 2025; National Disability Services (NDS), Industry Wage Commentary 2025; National Disability Services (NDS), Workforce Census Report 2024