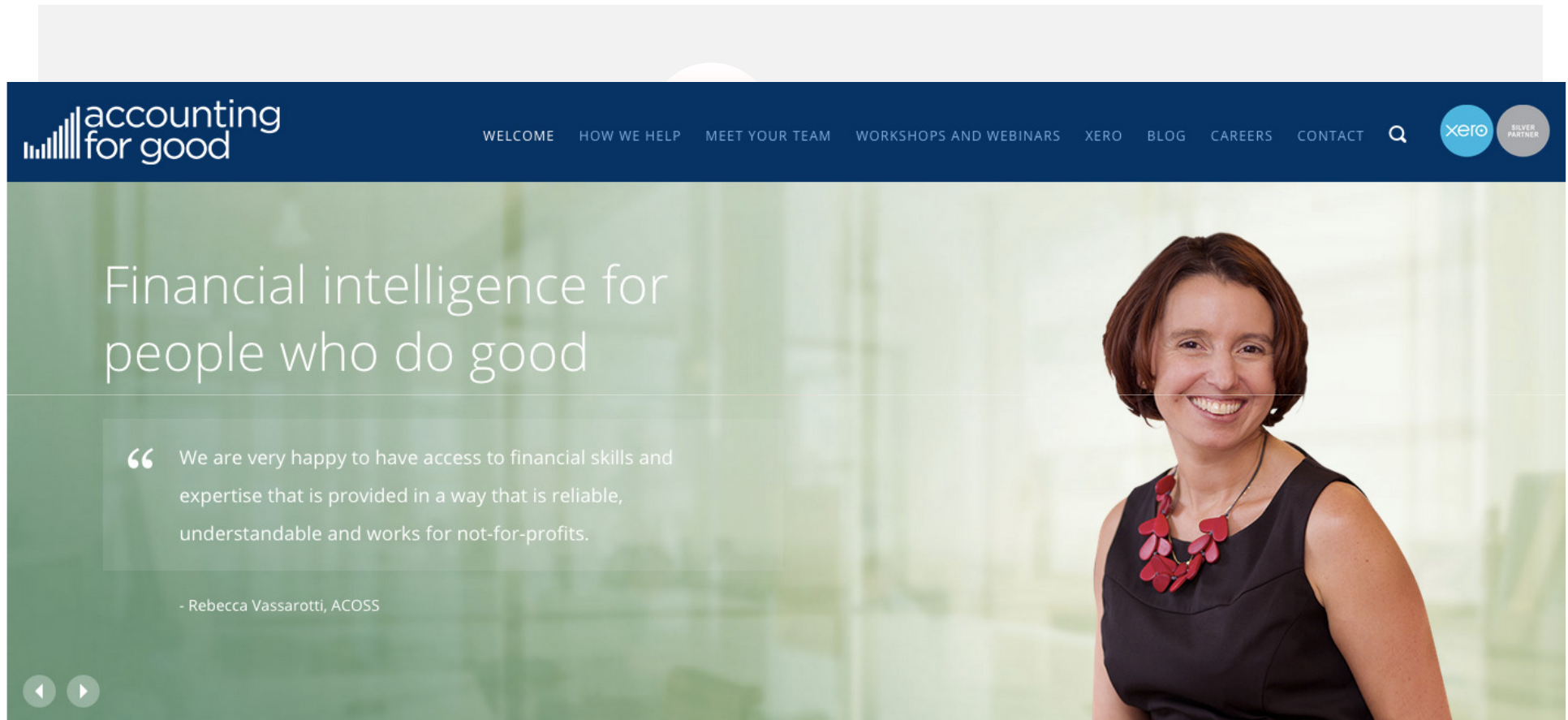
A still life photograph showing several red and yellow apples, a single onion, and a sprig of greenery with small blue berries, all resting on a light-colored wooden surface. The text 'Know your apples: A beginner's guide to unit costing' is overlaid in white, bold, sans-serif font.

# Know your apples: A beginner's guide to unit costing

# About us



# Beginners Guide to Unit Costing

- 1 Why?
- 2 What is it?
- 3 Developing unit costs.
- 4 Resources and tools.



# Why?



## Introduction to the NDIS for providers

The National Disability Insurance Scheme (NDIS) is the new way of providing individualised support for people with disability, their families and carers. Key points for providers are:

- People with disability choose the providers they work with
- So far 17,300 people are benefitting from the NDIS across seven trial sites with over \$950 million invested in services and equipment
- Roll out of the NDIS in new areas starts from 1 July 2016
- Over 460,000 Australians with disability will enter the NDIS in coming years
- There are growth opportunities for providers who respond to this new demand
- Resources and tools will be available to help providers adjust to the new market environment.





# Mainstream interface: Housing and independent living

**Supports the NDIS will  
fund in relation to  
housing and  
independent living**

## **Supports funded by the Scheme**

The Scheme will assist all participants to live independently. This includes:

- supports that build people's capacity to live independently in the community, such as living skills training, money and household management, social and communication skills and behavioural management
- home modifications to the participant's own home or a private rental property
- support with personal care, such as assistance with showering or dressing
- domestic assistance around the home where the participant is unable to undertake these tasks due to their disability, such as assistance with cleaning and laundry.

## Person-centred / individual funding:

- Removes certainty of demand.
- Prescribes price.
- Forces providers to be clear about the services offered.
- Impacts working capital.

= You need to know your apples (numbers).

## Providers

Introduction to the  
NDIS for providers

Information for new  
providers

Registering as a  
provider

Doing business online

Transitioning existing  
providers to the NDIA

## Pricing and payment

### Price guide 2015

Introduction

# VIC NSW TAS QLD price guide


This Guide provides details of the types of supports participants can purchase with their NDIS funding.

## Support categories

The table below shows the names of support categories that may appear in a participant's plan. Participants who are managing their own funds can use the support category number shown in the table below when claiming in the NDIS Participant Portal. For details of the types of supports, prices and item numbers for supports under each support category, refer to the relevant list.

**NOTE** 9/2/16: The title of this Guide has been updated to include Queensland. No other changes to the Guide have been made.

## Downloads:

 [VIC NSW TAS QLD price guide \(PDF\) \[249.29 KB\]](#)

• [Listen to PDF](#)


 [VIC NSW TAS QLD price guide \(CSV\) \[107.99 KB\]](#)

## Published Date:

12 August 2015

## Assistive technology price guide

### Downloads:

 [Assistive technology price guide \(DOCX\) \[163.32 KB\]](#)

### Published Date:

13 August 2015

### NDIA Price Guide for Assistive Technology

**Version release date:** [01/08/15](#)

For any further queries, please contact the Provider Management team at [provider.support@ndis.gov.au](mailto:provider.support@ndis.gov.au) 

### Contents

[Introduction](#)

[Features of the NDIA Price Guides \(effective 1 August 2015\)](#)

[Categories of supports](#)

[Table 1 - NDIA Support Category aligned to Support Purpose and Outcome](#)

[NDIA Price Guide for Assistive Technology](#)

[Definition of terms](#)



# What is unit costing?

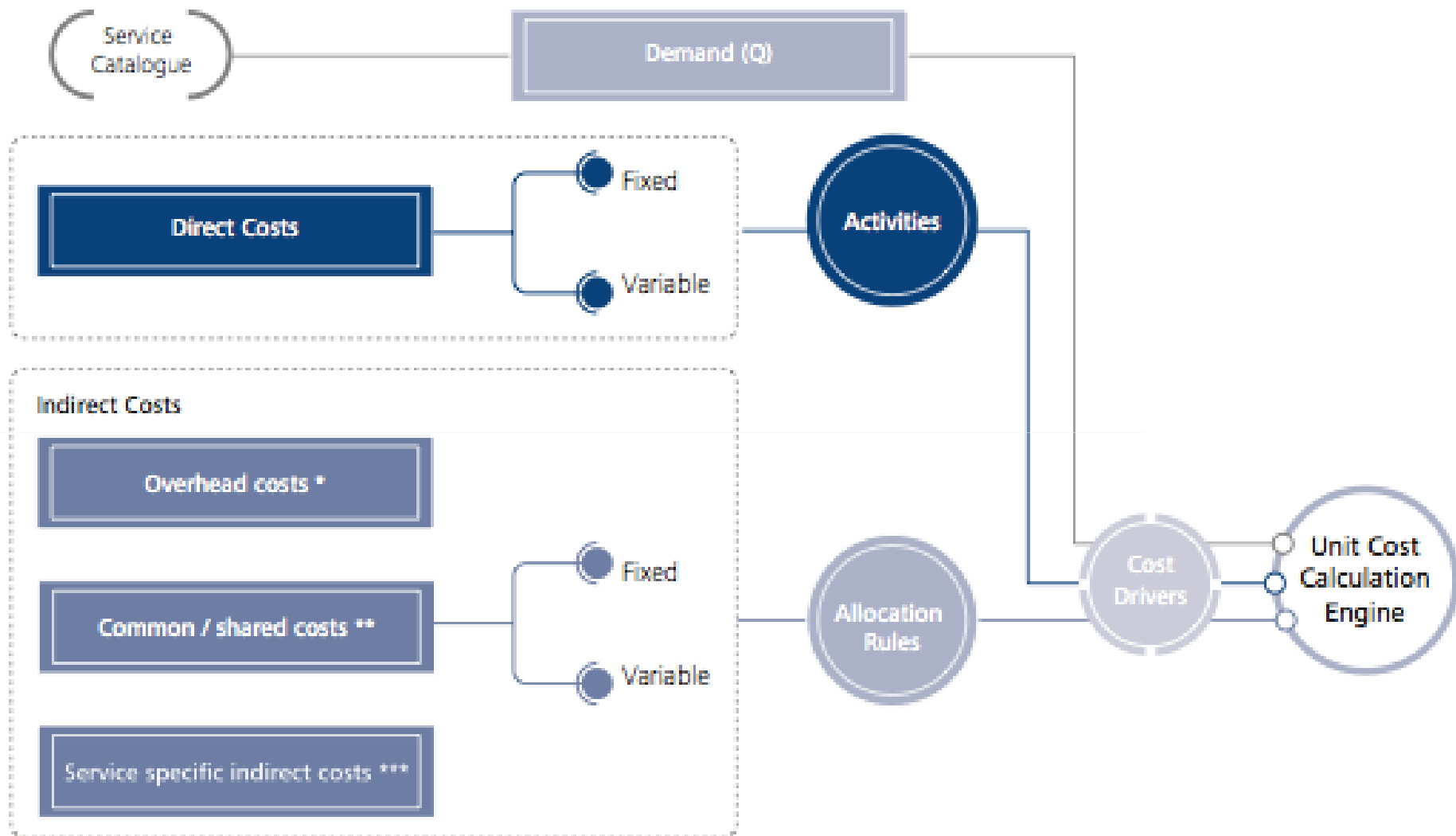
- An accounting exercise to calculate the full cost of providing a unit of service.
  - Identifies activities of the organisation.
  - Understands the organisation's service-delivery and overhead / corporate costs.
  - Allocates costs against activities / units of service.

# Developing unit costs

- Understand **direct** / **indirect** costs and **fixed** / **variable** costs.
- There are various (free) tools available to help undertake a unit costing exercise.
- You can use specialist software or a spreadsheet.
- The tool is less important than your thinking / knowledge.

# Developing unit costs

Cost type	Description	Example
Direct costs	Costs that are able to be directly linked or traced to providing a service	Direct staffing, travel costs and rent of a facility providing direct services such as a group home. The rent paid on a group home is a direct cost because it is directly related to the provision of the group home service.
Indirect costs	Costs that cannot be directly linked or traced to the providing of a service. Indirect costs can be classified into overhead costs, common/shared costs and service-specific indirect costs.	Head office rent, cleaning, utilities (electricity costs) and insurance costs. The total electricity costs cannot be entirely allocated to the provision of day care, as electricity is used for other activities conducted at the centre. The rent paid for a head office premises is an indirect cost as the premises are used to support operation of a number of group homes.
Fixed costs	Stable costs incurred in delivering services which do not vary based on client numbers or activity.	The rent paid for premises leased by an organisation is a fixed cost, as it does not change when one more unit of a service is delivered.
Variable costs	Costs that are directly linked to the client and activity levels and are fully variable as client activity/demand changes.	Utility expenses, such as electricity and water, are examples of variable costs that vary with the level of consumption of the utility.



# Developing unit costs



What should be the focus of your organisation's costing method?

1

## DIRECT COSTS

The costs directly related to the delivery of the services

2

## OVERHEAD COSTS

Overhead costs and what activities drive these

### THESE ARE SUITABLE WHEN...

Organisations have a typical level of corporate overheads (as a % of revenue)

Organisations are small

Organisations have a high level of corporate overheads (as a % of revenue)

Organisations anticipate changes to demand that are likely to impact overhead costs



# Developing unit costs

Component	Cost	Direct / Indirect	Fixed / Variable
?	?	?	?
?	?	?	?
?	?	?	?
?	?	?	?
?	?	?	?

## Claimable Travel Calculator

Enter total number of kilometres travelled:

17

Not sure? Find out at [WhereIS](#) Claimable travel time:  
0.12 hours

### Note on calculator:

Claimable travel time is calculated using the following formula:  $(\text{Total kms} - 10\text{kms}) / 60$  This assumes that on average, travel speed is 60km/hour

Travel less than 10km is not claimable

## Home modifications

This cluster incorporates design and subsequent changes to the participant's home. Home modification design and construction includes installation of equipment or changes to building structures, fixture or fittings to enable participants to live as independently as possible or to live safely at home.

Support Items	Support Item Ref No.	Description	Price
stair climber directed by attendant for wheelchair	12 17 03 00	Portable tracked device which a wheelchair attaches to and then is tracked upstairs by attendant.	\$1.00
certification or approval of home modifications	19 001	Certifier independent of a builder who can advise on the compliance of plans with the necessary work undertaken.	\$1.00
consultation about home modification designs with builder	19 003	drawings or plans which allow agreement to be confirmed, e.g. modifications and for quotes to be obtained	\$1.00
elevator- home	18 30 03 00		\$1.00
fixed vertical lifting platform-home	18 30 05 00	platform attached to stairs or vertical drop which a wheelchair or scooter rides on	\$1.00
free standing vertical lifting platform- home	18 30 07 00	non enclosed lifting platform similar to a lift usually traversing smaller distances than an enclosed lift/ elevator	\$1.00
grab rails- internal supply and install	18 18 06 01		\$70.00

Support Items	Support Item Ref No.	Description	Price
home modifications- bathroom modification extensive structural work	18 18 00 02	Extensive structural bathroom changes. For example, removal of a bath or hobless-shower, electrical work, relocating plumbing, widening doorway, waterproofing or changes to the fit-out such as toilet, tap ware, basin, shower, rails paint and tiles.	\$13,000.00
home modifications- bathroom modification including combining bathroom and toilet or laundry.	18 18 00 03	Modifications to combine bathroom, toilet and laundry. Includes bath removal, hobless shower creation, plumbing relocation, electrical work, doorway changes, waterproofing and changes to bathroom fittings.	\$16,000.00
home modifications- bathroom modification minimal structural work	18 18 00 01	Moving a <u>bath tub</u> or enlarging a shower recess to improve access, or similar smaller work.	\$3,000.00
home modifications- kitchen adaption- no structural work	18 18 00 04	Modifications to a kitchen to enable a person with disability to access and use it.	\$3,000.00
home modifications- minor miscellaneous adjustments	18 18 00 05	Lower cost adaptations such as door adjustments, safety installations and bathroom fittings.	\$100.00
home modifications- minor step ramp modification supply & fit landings, risers & bilateral handrails	18 30 18 08		\$800.00
home modifications- minor step ramp modification supply and fit landings and risers	18 30 18 07		\$600.00

# Resources

NDS Industry Development Fund toolbox

<http://www.idfnsw.org.au/idf-toolbox>

Curtin / NDS Costing & Pricing Learning Program

<http://www.cplp.nds.org.au/>

ADHC unit costing tools

[http://www.adhc.nsw.gov.au/sp/sector\\_reform/financial\\_management/costing-your-services](http://www.adhc.nsw.gov.au/sp/sector_reform/financial_management/costing-your-services)

ADHC cashflow management tools

[http://www.adhc.nsw.gov.au/sp/sector\\_reform/financial\\_management/managing-your-cash-flow](http://www.adhc.nsw.gov.au/sp/sector_reform/financial_management/managing-your-cash-flow)



# INDUSTRY DEVELOPMENT FUND



Strategy

Corporate  
Governance

Clients &  
Market Focus

Financial  
Sustainability

People &  
Capability

Information &  
Knowledge

Quality &  
Improvement

YOU ARE HERE » NDIS ORGANISATIONAL READINESS TOOLKIT

## STRATEGY

[Sector Support Consultants](#)

[Social Impact Measurement  
Tool](#)

[NDIS Organisational  
Readiness Toolkit](#)

[Career Planning Capability  
Framework](#)

[NDS Productivity Tool](#)

[Organisation Transition Fund](#)

[A Call to Action : Exploring  
Cutting Edge Initiatives for](#)

## NDIS ORGANISATIONAL READINESS TOOLKIT

The NDIS Roadmap & Organisational Readiness Toolkit has been developed to help organisations to transition to the new market and maintain services that are viable and responsive, by helping them to understand and act to anticipate the opportunities and risks awaiting them.

This new version of the Toolkit replaces the previous version issued in March 2013 by the NSW Industry Development Fund known as the NSW Sector Roadmap and Readiness Toolkit. The new version includes the addition of key financial ratios, and organisations who completed the original version can access the ratios only within the online tool.

The online tool is available [here](#). Organisations wishing to access individual sections of the tool can do within the online version.



# Costing & Pricing Learning Program

FOR DISABILITY SERVICE PROVIDERS

**NDS** National  
Disability  
Services



Curtin University

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[LEARNING PROGRAM](#)

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[RESOURCES](#)

[F.A.Q.S](#)

[PARTNERS](#)

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## WELCOME TO THE COSTING & PRICING LEARNING PROGRAM

NDS and the Curtin University Not-for-profit Initiative have developed a practical learning program aimed at increasing costing and pricing skills for disability service providers across Australia.

The program builds knowledge and skills in costing and pricing for financial, operational and service delivery staff.

The learning materials are available in a number of formats to support different learning styles and levels of skill.

### About the Costing & Pricing Learning Program

- Learning objectives
- Who should participate
- Structure of program
- Benefits of participation



Service Portal

Quality



Funding and grants



Minimum Data Set

Sector Planning  
Framework

Monitoring

Sector reform



Financial Management



**Costing your  
services**

Managing your cash  
flow

Accessing investment  
and finance

The NSW Community  
Care Supports Program

Home > For service providers > Sector reform > Financial Management > Costing your services



## Costing your services

Under the NDIS, your revenue will be primarily earned through providing quality support services at competitive prices.

Knowing how to accurately calculate the cost of your services, and pricing them accordingly, will be a critical step to ensuring that your budgeted costs are recovered and your business is sustainable.

ADHC worked collaboratively with NGOs to deliver the Unit Costing Tool project, which has explored and addressed common issues reported by the NGO sector when considering the unit cost of their services.

There is no one size fits all approach to unit costing. These resources will help you to understand how best to apply unit costing to your business.

### Unit Costing Toolkit

- Start here for an [introductory guide \(PDF\)](#) to unit costing.
- Watch the [webcast](#) to find out about unit costing and why it's important for your business (11 mins).
- Explore an [example \(Excel\)](#) for step by step instructions to use a unit costing tool.
- Read through the [considerations \(PDF\)](#) involved in developing unit costs and moving towards a fully integrated costing solution.



## In conclusion...

- Know your apples:
  - Understand all the components of service activities and overhead / corporate costs.
  - Calculate the cost of each.
  - Determine unit cost for each service.
  - Compare to NDIA price guide.
  - Identify gaps and reduce.

# Thank You!