



National Disability Services Submission: Joint Standing Committee on the National Disability Insurance Scheme General Issues Inquiry

About National Disability Services

National Disability Services (NDS™) is Australia's peak body for disability service organisations, and Australia's biggest and most diverse network of disability service providers. Our valued members collectively operate several thousand services for more than 300,000 Australians with disability and employ a workforce of more than 100,000 people.

NDS is committed to a sustainable and diverse disability service sector, underpinned by the provision of high-quality, evidence-based practices and supports that strengthen, safeguard and provide greater choice for people with disability in Australia.

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1.0 Introduction

National Disability Services (NDS) welcomes the opportunity to provide this submission to the Joint Standing Committee on the National Disability Insurance Scheme (NDIS).

The NDIS has transformed the lives of people with disability, but the sustainability of the scheme is now at risk. Quality providers are struggling to remain viable. These are providers that are registered the NDIS Quality and Safeguards Commission (NDIS Commission) and support participants with the most complex support needs. They invest in workforce development, governance, safeguarding, and participant outcomes.

Without targeted intervention, there is a real risk that these providers will be replaced by lower-quality, unregistered providers, undermining the safety, choice, and wellbeing of participants.

NDS supports growth targets that maintain participant supports and access to quality, safe services. There are clear opportunities to improve value for money through stronger market stewardship and effective implementation of the *National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Act 2024*.

We welcome the Bill's focus on equity and sustainability, particularly the introduction of Support Needs Assessments and new framework plans, which hold promise for a fairer and more consistent Scheme. However, success depends on careful implementation, clear communication, transition planning, and investment in workforce capability. Additional protections are needed for participants with complex support needs, who risk being disproportionately impacted by reform. This group requires targeted investment and support throughout the transition. Disability representative and advocacy organisations play a vital role in safeguarding rights and supporting informed decision-making and urgently need increased and sustained funding.

This short submission supports NDS's appearance before the Committee and outlines the urgent need to protect and strengthen the market of quality providers in the NDIS. We intend to provide a more comprehensive submission drawing on 2025 State of the Disability Sector data once this is released in late November.

2.0 Scope of submission

This submission focuses on the critical role of market stewardship in ensuring a sustainable and high-quality disability services market. It highlights the costs borne by quality providers, the risks of market failure, and the policy levers needed to support a thriving ecosystem.

We call for urgent action to:

- **Provide a temporary loading to retain quality providers.**

- **Implement independent pricing based on real-world cost data.**
- **Introduce risk-proportionate regulation.**
- **Invest in foundational supports outside the NDIS.**

3.0 What do we mean by a quality provider

The disability services market has expanded rapidly, but not all providers are equal. Quality providers are those who consistently deliver safe, person-centred, and outcomes-focused supports that uphold the rights and wellbeing of people with disability. They:

- Prioritise participant safety, choice, and quality of life, including for those with high and complex support needs.
- Engage in co-design with participants and families and demonstrate a genuine commitment to human rights.
- Support independent advocacy and uphold a ‘speak up’ culture.
- Foster inclusive and culturally safe environments, responsive to local needs and thin-markets.
- Maintain strong governance, accountability, and continuous improvement practices.
- Invest in appropriate training and supervision, creating a skilled and supported workforce.
- Operate with efficient, values-driven business systems and meet all compliance and regulatory obligations.

These providers are essential to the sustainability of the NDIS. Yet they face increasing financial and operational pressures that threaten their viability.

3.0 The state of the quality provider market

Quality providers — those who prioritise participant safety, invest in workforce capability, and maintain strong governance — are being squeezed out by a one-size-fits-all pricing approach, excessive regulatory burden, and ongoing reform uncertainty.

Costs are not borne equally across the market. Registered providers carry the weight of compliance, safeguarding, and workforce development. Yet pricing does not reflect these investments.

NDS's State of the Disability Sector 2024 report also highlights a worsening financial and operational environment for quality providers:¹

- **Financial stress deepening:** 50 per cent of respondents reported a loss in 2023–24, compared to 34 per cent reporting a loss in 2022-23. This is a change of 16 per cent.
- **Market exit risk:** 21 per cent of providers are actively considering exiting the NDIS market due to unsustainable pricing and regulatory burden. This is more than double the response (9 per cent) in the previous year.
- **Deteriorating operating conditions:** 88 per cent, report that the operating environment has worsened, with increasing costs, workforce shortages, and administrative complexity.

Recent data from the Ability Roundtable shows:²

- **Quality, safeguarding and compliance:** 0.9 per cent (on average) of operating expenses as a proportion of direct costs.
- **Compliance burden:** 1.3 per cent of revenue spent on audit costs; 1.8 per cent of support worker, 2.9 per cent of allied health professional time and 9.4 per cent of frontline leader time spent on unbillable compliance tasks.
- **Technology investment:** 3.4 per cent of revenue on transformation and 2.4 per cent on ICT business-as-usual.

Providers estimate **training and supervision costs** at up to 10 per cent of salary costs, with average annual costs of \$19,448 for entry-level workers and \$13,390 for supervisors.³

The Final Report of the Independent Pricing Committee (IPC) established by the National Disability Insurance Agency (NDIA) confirms the picture painted by this data.⁴ The report concluded that:

- NDIS pricing needs to move from a flat, one-price-fits-all structure to allow for the diverse supports that NDIS participants need.

¹ NDS State of the Disability Sector 2024 <https://nds.org.au/about/state-of-the-disability-sector-report>

² Please see: <https://www.abilityroundtable.org/post/submission-ihacpa-consultation-ndis-pricing-reform-opportunities> and <https://www.abilityroundtable.org/post/ndia-annual-price-review-submissions-core-supports-and-therapy-supports>

³ NDS gathered data from providers on average hours spent in training and supervision for the first 12 months and ongoing as part of NDS Workforce Skills Project <https://nds.org.au/resources/all-resources/nds-skills-bank-project> Data is unpublished.

⁴ Independent Pricing Committee Final Report 2024-25 <https://www.ndis.gov.au/providers/pricing-arrangements/making-pricing-decisions/independent-pricing-committee>

- Current pricing arrangements in the NDIS are reshaping the disability services market, favouring low-cost service models. This restructuring has been temporarily delayed by the financial reserves held by large and mid-tier providers. However, as these reserves diminish, these providers may be forced to either adopt lower-cost service models or exit the market altogether.
- Providers delivering more specialised supports — and who face higher overheads due to clinical governance, regulatory compliance, supervision, and investment in training and workforce development — are bearing a disproportionate share of market costs.
- Restrained growth in prices may be putting at risk the ongoing viability of some providers.

4.0 Market stewardship: A path forward

NDS supports a more assertive role for government in stewarding the NDIS market. To ensure the sustainability of the NDIS, effective market stewardship must:

- Partner with people with disability.
- Incentivise quality through pricing and regulation.
- Attract and retain a skilled workforce.
- Promote transparency, data sharing and innovation.
- Tailor solutions to local communities and thin markets.

We are encouraged by signals from the Department of Health, Disability and Ageing and the federal government's proactive stance on Thriving Kids. However, time is running out for quality providers.

5.0 Recommended Policy Levers

To protect and grow the market of quality providers, NDS recommends:

Temporary Loading

The significant pricing reform needed will take time. A time-limited and targeted temporary loading for quality providers is a necessary bridge to maintain capability while reforms are implemented.

This will:

- Prevent market failure and participant disruption.
- Retain specialist support capability.
- Ensure continuity of support for participants with high and complex needs.

Independent Pricing

The NDIA's dual role in the NDIS market presents a potential conflict of interest which hinders effective market stewardship. This conflict arises from the NDIA's dual responsibility:

1. Budget management: The NDIA sets the overall budget for the NDIS, aiming to ensure its long-term financial sustainability.
2. Market stewardship: The NDIA oversees the functioning of the NDIS market, aiming to foster competition, service quality and participant choice.

The Independent Review of the NDIS recommended transitioning pricing to an independent body – suggesting that the Independent Health and Aged Care Pricing Authority could take on this role.⁵ We urge government to establish an arm's-length pricing mechanism that reflects the true cost of quality service delivery. This should include:

- Real-world cost data.
- Incentives for workforce development and safeguarding.
- Recognition of complexity and regional variation.

Risk-Proportionate Regulation

There is a lack of whole of market oversight and transparency. Approximately 94 per cent (around 254, 000)⁶ of providers are unregistered with the NDIS Quality and Safeguards Commission (NDIS Commission). This reduces transparency and limits the system's ability to lift quality, track outcomes or manage risk.

Implementing a graduated registration process that balances quality assurance with administrative burden will support innovation, quality, and safeguarding. It will also reduce barriers for smaller providers and ease unnecessary regulatory burden across the sector.

Foundational Supports

Foundational supports are an important market lever to ensure the broader disability ecosystem is equipped to meet participant needs sustainably, reducing reliance on the NDIS and supporting service continuity in thin markets and underserved communities. However, to improve outcomes for people with disability the Commonwealth and State

⁵ Please see: Working Together to deliver the NDIS Independent Review into the NDIS Final Report: Recommendation 11.3 <https://www.ndisreview.gov.au/resources/reports/working-together-deliver-ndis/>

⁶ Please see: NDIS Quarterly Report to Disability Minister Q4 2024-25
<https://www.ndis.gov.au/publications/quarterly-reports>

and Territory governments must agree national strategy and intergovernmental responsibilities are to avoid fragmentations across systems.

6.0 Conclusion

The NDIS is at a crossroads. Without urgent action, the market will lose its most capable and committed providers. This submission outlines a practical path forward—one that protects participants, supports providers, and supports the long-term sustainability of the scheme.

NDS stands ready to work with government, the NDIA, and the NDIS Commission to implement these reforms and build a thriving, inclusive disability services market.

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