

SUBMISSION

**Illawarra Disability Alliance Submission to the Joint Standing
Committee on the National Disability Insurance Scheme**

**Inquiry into the Integrity of the National Disability Insurance
Scheme**

April 2026

Illawarra Disability Alliance – Joint Standing Committee
on the National Disability Insurance Scheme

Illawarra Disability Alliance Submission to the

Joint Standing Committee on the National Disability Insurance Scheme

Inquiry into the Integrity of the National Disability Insurance Scheme

About the Illawarra Disability Alliance

The Illawarra Disability Alliance (IDA) is a group of NDIS registered, not-for-profit disability service providers working together to deliver better outcomes for people with a disability in the Illawarra and Shoalhaven regions of New South Wales. Our members collectively support thousands of NDIS participants across the region, delivering diverse services across the lifespan from Support Coordination to Therapy to SIL and SDA services.

IDA members are registered providers who comply with the NDIS Practice Standards, undergo rigorous auditing, and are committed to upholding the rights, safety and wellbeing of the people they support.

This submission draws on direct consultation with IDA members and reflects the lived operational experience of quality, registered NFP providers in our region.

Executive Summary

IDA members welcome this inquiry and the opportunity to place on the public record the significant, systemic challenges threatening the integrity of the NDIS and the sustainability of quality, registered providers. We make the following key observations:

- Non-compliance, fraud and sharp practices in the NDIS are driven primarily by structural and regulatory design failures, not by individual provider misconduct within the registered sector.
- The persistent and deliberate under-regulation of unregistered providers has created a two-tiered market in which ethical, registered NFPs are disadvantaged, financially stressed and, increasingly, exiting the sector.
- Successive government policies have been misdirected — targeting and burdening registered providers rather than effectively addressing non-compliance in the unregistered market.
- Regulatory enforcement by both the NDIA and the NDIS Quality and Safeguards Commission (NDIS QSC) is inadequate, slow and largely unresponsive to reports lodged by registered providers in relation to issues in the unregistered market.
- The impacts of non-compliance fall disproportionately on NDIS participants and their families, particularly those who are most vulnerable or have least capacity to self-advocate.
- Urgent legislative and structural reforms are needed to restore scheme integrity, protect participants and ensure the long-term sustainability of quality disability supports.

Illawarra Disability Alliance – Joint Standing Committee
on the National Disability Insurance Scheme

Term of Reference 1: The Nature and Extent of Non-Compliance, including Fraud and Sharp Practices

1.1 Unregistered providers operating outside regulatory frameworks

IDA members consistently observe unregistered providers delivering supports without any accountability to the NDIS Practice Standards. In one reported case related to compliance with behaviour support standards, when a registered IDA member advised of inability to provide services to a participant due to the family wishing to implement prohibited practices, the family immediately replaced all services with unregistered providers who were, almost certainly, implementing unauthorised and unsafe practices as per the family expectations. Despite multiple reports to the NDIA and the NDIS QSC over several years, no action was taken.

This case illustrates a broader pattern: the ease with which families and participants can circumvent regulatory safeguards by shifting to the unregistered market, and the complete absence of effective enforcement to prevent it. This is a regulatory design failure, *not a market failure*.

1.2 Sharp practices by SDA and other providers optimising revenue over participant welfare

IDA members have identified a pattern of sharp practices in the Specialist Disability Accommodation (SDA) sector, where providers prioritise financial optimisation over genuine participant choice and compatibility. Reported practices include:

- SDA providers moving participants between properties based on funding optimisation rather than participant need or preference.
- SDA providers restricting participants' ability to choose their preferred SIL provider, including pressuring or preventing participants from exercising choice to expedite occupancy with a more financially advantageous arrangement.
- SDA providers using their control of the residential environment to influence service delivery decisions in ways that serve their financial interests rather than participants' rights.

Despite practices being reported repeatedly to the NDIS QSC, IDA members report no response, and no action observed. The impact on participants choice and control and the high dollar value of SDA payments makes this a particularly important area for the Commission to focus compliance and enforcement activity.

Illawarra Disability Alliance – Joint Standing Committee
on the National Disability Insurance Scheme

1.3 Providers capturing funding through premature or improper service agreements

A practice widely observed by IDA member support coordinators and plan managers involves providers soliciting and securing signed service agreements from participants or families without transparent disclosure that insufficient funding exists or that another provider already holds a claim on that funding. This locks participants' plans and creates significant administrative burden for support coordinators and plan managers tasked with resolving the resulting disputes. While recent rule changes seek to address this, enforcement remains weak and the practice continues.

1.4 Inadequate worker screening and slow regulatory response to worker misconduct.

IDA members have identified weaknesses in the NDIS Worker Screening Check system, including:

- The NDIS QS Commission has not disclosed the criteria used to determine whether a worker is approved to work in the scheme. IDA member organisations that continue to conduct independent police checks have identified workers with criminal convictions — examples provided included firearms offences — who have been approved through the NDIS Worker Screening process.
- Response times for placing interim bars on workers facing serious criminal charges are dangerously slow. One IDA member reported being notified by the NSW Office of the Children's Guardian within 8 hours of charges being laid, while notification from the NDIS Commission took 8 weeks for a separate matter — and, in a more recent case, had still not been received at the time of this submission.
- Where charges relate to offences against adults rather than children, the Office of the Children's Guardian has no jurisdiction, meaning the NDIS Commission is the sole safeguarding mechanism — and one that has demonstrably failed to act in a timely manner.
- When an interim bar is placed, providers receive no information about the nature of the charges, making it impossible to conduct their own meaningful risk assessments.

These failures collectively create material risk of serious harm to NDIS participants.

Term of Reference 2: The Impacts of Non-Compliance on NDIS Participants and Their Families

2.1 Unsafe service environments and unprotected participants

Where unregistered providers operate without oversight, NDIS participants — including those with complex support needs, behaviour support plans, and significant vulnerabilities — are exposed to unauthorised and unsafe practices. Registered providers who identify and report these risks are frequently unable to intervene effectively due to the absence of regulatory enforcement. Participants are left in harm's way while the system fails to act.

2.2 Loss of choice, control, and access to quality supports

A key impact of sharp practices and the overall complexity of the scheme - particularly in the SDA/SIL space or where participants are unable to access competent support coordination services - is the effective removal of genuine choice and control from participants. In SIL/SDA participants may be moved between services, locked into inappropriate or poor quality arrangements, or denied access to providers of their choosing. This is directly contrary to the NDIS's foundational principles.

Participants who lack strong advocates or the capacity to navigate complex systems themselves are disproportionately disadvantaged. IDA members observe a 'haves and have-nots' dynamic in which those with the knowledge, literacy and resources to advocate effectively within the scheme may achieve good outcomes, while others — including people from culturally and linguistically diverse (CALD) backgrounds, those with complex communication needs, and people without strong informal support networks — receive significantly inferior support.

2.3 Plans depleted by non-compliant practices, leaving participants without supports

IDA member support coordinators and plan managers regularly encounter participants whose plan funding has been exhausted due to improper service agreements or fraudulent billing, leaving participants without access to services they urgently need. In some cases, participants have approached registered providers seeking support only to discover their plan holds no remaining funds. This causes direct harm, distress, and in some cases, crisis.

Illawarra Disability Alliance – Joint Standing Committee
on the National Disability Insurance Scheme

2.4 Burnout among the registered workforce and risk to future service capacity

The combined effect of inadequate pricing, excessive administrative compliance burden, and operating in a market distorted by non-compliant actors has produced a workforce and organisational crisis among registered NFP providers.

IDA members report unsustainable workloads, significant psychological and psychosocial harm to workers, and increasing difficulty attracting and retaining qualified staff. This is not merely a provider concern — it represents a systemic threat to participants' future access to quality, experienced disability workers and organisations. As quality providers continue to atrophy and reduce their capability, and intake participants are at increasing risk as they are forced to turn to the unregistered / unregulated marketplace.

Providers are regularly required to undertake substantial unremunerated work to protect participants and navigate system failures — in one recent example, a support coordinator IDA member spent more than 30 hours over a weekend without any funding source, resolving a situation created by an unregistered provider's failures. Participants without these dedicated staff to support them will be falling through the cracks with increasing frequency.

There is a lack of trust evident in the behaviour of NDIS staff who are requiring increasing levels of assessment and re-assessment in relation to decisions that were previously made more efficiently, this again increases complexity, leading to protracted decision making, legitimate cases being deigned ineligible, and pushing more cases to arbitration. This results in fatigue and distress for participants, many of whom do not have the resources or capacity to pursue their rights.

Term of Reference 3: The Effectiveness and Adequacy of Successive Government Policies

3.1 Compliance policy has been consistently misdirected toward registered providers

The dominant policy approach to scheme integrity over the life of the NDIS has been to increase compliance obligations, verification requirements and audit activity directed at registered providers. This is the very sector that is most accountable, most scrutinised, and most committed to best practice. This has imposed enormous administrative costs, diverted resources from direct participant support, and contributed to the financial unsustainability of registered NFP organisations.

Critically, this approach has failed to address non-compliance where it is most prevalent and most harmful — in the unregistered market. IDA members observe that regulatory attention and enforcement resources have been systematically misdirected.

Illawarra Disability Alliance – Joint Standing Committee
on the National Disability Insurance Scheme

3.2 The NDIS QSC has failed to act on reports from registered providers

IDA members have, collectively, lodged dozens of reports to the NDIS QSC about unregistered providers engaging in unlawful, unsafe or unethical practices. In the overwhelming majority of cases, providers receive no substantive response. There is no feedback mechanism, no accountability to the reporting provider, and no visible enforcement action.

This failure undermines the Commission's core function and creates a perverse incentive: registered providers who identify and report wrongdoing receive no assistance, while non-compliant actors continue to operate with impunity.

3.3 The reputational damage to the sector from the policy and media narrative

The persistent public and political framing of NDIS integrity as primarily a problem of provider fraud has caused serious and unjust reputational damage to the registered NFP disability sector. IDA members — people who have dedicated their careers to this sector — report experiencing social stigma and public judgement, being tarred with the same brush as the bad actors that legitimate providers actively report and work to exclude.

This framing is both factually inaccurate and deeply harmful. It obscures the government's own responsibility for scheme design failures and has contributed to a crisis of confidence that is driving experienced, ethical providers toward exit. The Federal Minister's comments about "the social licence" of the NDIS being under threat are accurate — but that threat is primarily created by the government's structural policy failures, not by the conduct of registered NFP providers.

3.4 Funding periods reform has created significant additional administrative burden

While IDA members understand the rationale for introducing funding periods to address plan exhaustion caused by fraudulent or premature drawdown, the current implementation has imposed disproportionate administrative burden on registered providers and participants alike. In practice, funding periods frequently results in situations where participants cannot access necessary therapeutic assessments, equipment changes, or allied health supports because funds are locked or depleted in ways that were not intended.

IDA members report cases where participants are required to forgo therapy in order to save funding for a mandatory clinical assessment — for instance, a mealtime management plan for a participant at risk of aspiration. This is a direct, measurable harm to participants that flows from an inflexible policy instrument.

Illawarra Disability Alliance – Joint Standing Committee
on the National Disability Insurance Scheme

3.5 Concern about timing of the implementation of the new NDIS planning framework

At a time when providers are under significant pressure and providers and participants alike are grappling with the complexity of the scheme, there is great concern and a general lack of confidence in the capability to implement further major reform in terms of the new NDIS planning framework.

While the goal of making planning clearer, more person centred, transparent, and flexible are things that IDA members are in support of, with the significant administrative burden currently on providers and participants, this planning framework implementation will add to that complexity, with a need to operate parallel systems and support participants through the process.

IDA members feel that the priority for government at this time needs to be registration and regulation of the market rather than a change to the planning process.

Term of Reference 4: Legislative and Other Reforms Required to Strengthen Scheme Integrity

Recommendations

1. Mandate registration for all providers delivering NDIS-funded supports. The most fundamental reform required is the removal of the unregistered provider pathway for all support types. Where universal mandatory registration is not immediately achievable, it should be implemented immediately for all supports to participants with behaviour support plans, SDA/SIL supports, and all complex or high-intensity support categories. Transition timelines must be accompanied by genuine accountability mechanisms, not merely aspirational targets.
2. Introduce a federal NDIS Worker Screening framework with transparent criteria and rapid response obligations. The criteria used to determine suitability to work in the NDIS must be published and subject to independent scrutiny. The NDIS QSC must be required to notify employing organisations of charges and interim bars within 24 hours. The adequacy of NDIS Worker Screening as a standalone screening mechanism should be independently reviewed, and in the interim, registered providers should be encouraged and resourced to conduct concurrent police checks.

Illawarra Disability Alliance – Joint Standing Committee
on the National Disability Insurance Scheme

3. Significantly enhance the QSC's publicly accessible, real-time provider compliance register. This register should be highly publicised and the go to for NDIS participants, families, support coordinators and other providers to access a user-friendly, real-time portal that displays not only whether a provider is registered, but also their audit outcomes, any active conditions on their registration, compliance history, and endorsements for specific support types (such as endorsement for behaviour support). This is analogous to existing compliance registers in childcare and aged care and is a basic transparency requirement for a scheme of this scale.
4. Require the NDIS QSC to respond to all formal reports lodged by registered providers within a defined timeframe. The Commission must implement a mandatory response obligation for all formal reports lodged by registered providers. At minimum, this should include acknowledgement of receipt, an assessment outcome, and — where action is taken — feedback to the reporting provider. The current practice of non-response undermines the safeguarding function of the scheme.
5. Introduce a financial support mechanism or pricing supplement for registered NFP providers as a transition measure. The financial viability of the registered NFP sector is in crisis. IDA strongly advocates for a time-limited supplementary payment or pricing adjustment for registered providers to stabilise the sector during the transition to full mandatory registration. This must not be embedded in participant plans in a way that incentivises unregistered providers, but rather delivered as a direct sector support payment.
6. Reform funding period rules to allow greater flexibility for legitimate therapeutic and clinical support expenditure. Current funding period restrictions are causing direct harm to participants, particularly in relation to assessment-heavy support categories such as allied health and assistive technology. A review of funding period settings should be undertaken with a specific focus on unintended impacts on therapeutic supports, with appropriate flexibility introduced for defined support categories.
7. Invest in sector development, networking, and coordination infrastructure for registered NFP providers. The erosion of block funding and the move to fee-for-service has stripped out the 'glue' that enabled quality providers to collaborate, share learning, coordinate complex supports, and develop their workforce. Targeted investment in sector development infrastructure — networking, case conferencing, workforce training, and leadership development — is essential to the long-term sustainability of quality service delivery, particularly for participants with complex needs.

Illawarra Disability Alliance – Joint Standing Committee
on the National Disability Insurance Scheme

8. Strengthen cultural competency requirements and workforce support in the NDIS, including for CALD communities and newly arrived workers. Requirements for culturally competent practice should be embedded in the NDIS Practice Standards and auditing framework. Additional support and orientation should be made available to workers new to Australia who are entering the disability sector, to ensure they understand the social model of disability, participant rights, applicable legal standards, and the expectations of person-centred practice.

Conclusion

The Illawarra Disability Alliance calls on the Joint Standing Committee to reframe the public and policy narrative around NDIS integrity. The scheme's integrity is not primarily threatened by the registered NFP sector. It is threatened by regulatory design failures that have permitted a large, unaccountable, unregistered market to flourish, by an enforcement body that has been chronically under-resourced and misdirected, and by successive policy settings that have imposed disproportionate compliance burden on those providers who are already doing the right thing.

IDA members are not asking for special treatment. They are asking for a level playing field, effective enforcement against bad actors, and recognition that **the registered NFP sector is a critical national asset that is currently at grave risk.**

The reforms outlined in this submission would, if implemented, make a material difference to scheme integrity, participant safety, and the long-term viability of quality disability supports.

The IDA thanks the Committee for the opportunity to contribute to this inquiry and is available to provide further evidence or supplementary information as required.

Submitted by: Illawarra Disability Alliance (IDA)

Date: 23 April 2026

Contact: Edward Birt, Head of Policy & Advocacy, Community Industry Group

P: [REDACTED]

E: [REDACTED]