

# State of the Disability Sector Report 2025

Without structural adjustment, the NDIS risks losing the very providers it depends on – those who champion quality, dignity, choice, and inclusion every day. This includes providers who will be critical to the successful delivery of supports that sit outside of the NDIS, for example for children, families and people with psychosocial disability as these programs evolve.



**Quality providers  
remain the  
sector's strongest  
asset amid rising  
pressures.**



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# The state of play

The 2025 State of the Disability Sector Report reflects another year marked by financial pressure, policy uncertainty, and operational challenges across Australia's disability services landscape. It also underscores the continuing resilience and adaptability of quality disability service providers.

Without structural adjustment, the NDIS risks losing the very providers it depends on, those who champion quality, dignity, choice, and inclusion every day. This includes providers who will be critical to the successful delivery of supports that sit outside of the NDIS — for example for children, families and people with psychosocial disability — as these programs evolve.

2025 has revealed, once again, that quality providers are not passive market actors; they are community builders, advocates, and enablers of opportunity. They have shouldered losses to protect participants, worked to improve their own productivity, innovated to maintain connection, and collaborated to keep essential supports available.

What the sector needs now is genuine market stewardship from governments — real, transparent, and grounded in mutual respect. Sustainable and independent pricing, smarter and consistent regulation, alongside temporary and targeted support to ensure

the providers we want to deliver disability supports into the future can remain in the market today.

While the road ahead will not be easy, the strength and solidarity of the quality provider market and its ongoing commitment to people with disability remain its greatest asset.

## Financial pressures and unfunded supports

Survey results show the sector is under significant strain. Nearly half of providers reported a financial loss in 2024–25, while others broke even or managed only small surpluses. Eighty-one per cent of respondents delivering NDIS supports report that they cannot continue to provide services at current prices. This is not an abstract figure. It represents fewer local services, staff redundancies, reduced innovation, and growing risk for participants who depend on quality providers for continuity of support.

A defining feature of this year's report is the ongoing burden of unfunded supports. Seventy-seven per cent of organisations delivered unfunded services last year, at an average cost of almost \$500,000 per provider. Essential activities such as support coordination, crisis response, and navigation across systems like child protection,



education, health and mental health, housing and justice remain vital but are not recognised in the current pricing model, compelling providers to cover these costs without reimbursement.

Examples from member organisations highlight this reality. Providers supported communities during natural disasters, such as Cyclone Alfred, without funding available to cover these costs. Others bridged gaps for participants with underfunded or expired plans, sustaining supports until new approvals were processed. These tasks have become embedded — but not funded — in routine service delivery.

## **Keeping the system afloat at their own expense**

When factored together, financial losses and unfunded supports paint a stark picture of a sector that is cross-subsidising government programs to sustain participant outcomes at the expense of their own financial sustainability. This quiet, uncompensated labour has become structural. It keeps the system afloat, but at the expense of the very providers the NDIS and disability ecosystem depends on.

## Quality and safeguarding amid pricing failure

Providers continue to meet obligations under the NDIS Quality and Safeguarding Framework even as compliance costs outstrip available funding. The framework remains essential for accountability and participant safety, but it only applies to some parts of the sector. Registered providers face audit requirements and higher costs while receiving the same pricing as unregistered organisations. This puts safeguards at risk and affects the consistency of supports.

Still, quality providers continue to demonstrate leadership and commitment. They invest in training new staff, embed participant voice in governance, and pursue continuous improvement even under tightening and unsustainable budgets. Their actions embody the values the NDIS was built to uphold: human rights, choice, control, and inclusion. But these values cannot thrive in a market that undervalues quality itself.

## Adaptation and collaboration

Providers are responding to challenges by seeking efficiencies and innovation. More than 90 per cent report efforts to become more efficient through digital transformation, streamlining management, and better use of data. Many have invested in technology to improve rostering, workforce pathways, and participant engagement.

In rural and remote areas, collaboration through shared infrastructure and co-location remains vital. These strategies foster resilience but cannot substitute for sustainable funding. Increasingly, boards must balance financial viability against organisational purpose and mission, a choice becoming more difficult.

## Navigating strained relationships: a call for market stewardship

Relationships between providers and the NDIA remain strained. Eighty-one per cent of respondents feel the NDIA is not working well with providers, and 92 per cent cite policy uncertainty. Providers report limited opportunities for consultation and a lack of transparency, impacting their strategic planning capability.

Payment delays, sudden rule changes and other operational difficulties compound these concerns. The sector identifies these issues as systemic, requiring a shift from transaction-based compliance to genuine market stewardship. Meaningful engagement must include ongoing two-way dialogue.

## Employment services: inclusion through opportunity

Employment remains one of the most powerful levers for inclusion, yet the disability employment ecosystem remains under strain. Eighty-two per cent of supported employment providers reported a worsening financial outlook, and only 16 per cent expressed optimism for participants with high support needs.

The transition to Inclusive Employment Australia brings offers modest optimism when compared to the current DES model. Though concerns remain, with half of respondents either unsure that the right incentives or greater equity have been built into the new funding structure.

**This report is both a reflection and a call to action. NDS will continue to lead this charge — amplifying the voice of quality providers, shaping reform and advocating for a disability support system that is inclusive, sustainable, and responsive to the needs of people with disability and the organisations that support them.**



## The state of the operating environment

The 2025 National Disability Services State of the Disability Sector annual survey was conducted by the Centre for Disability Research and Policy at the University of Sydney.

Usable responses were received from 290 organisations, a lower response rate than the last few years, perhaps reflecting the struggles faced by the sector, with many ongoing changes occurring and little certainty in the operating environment.

This year's State of the Disability Sector survey captured insights from a diverse

cross-section of providers across Australia. Respondents included organisations of varying sizes, service types, and geographic locations — ranging from metropolitan hubs to remote communities. The survey reflects perspectives from both registered and unregistered providers, including those delivering core supports, employment services, and specialist supports. A summary of respondent demographics is provided in Appendix One, supporting a robust and representative snapshot of sector conditions in 2025.

### Disability sector operating conditions

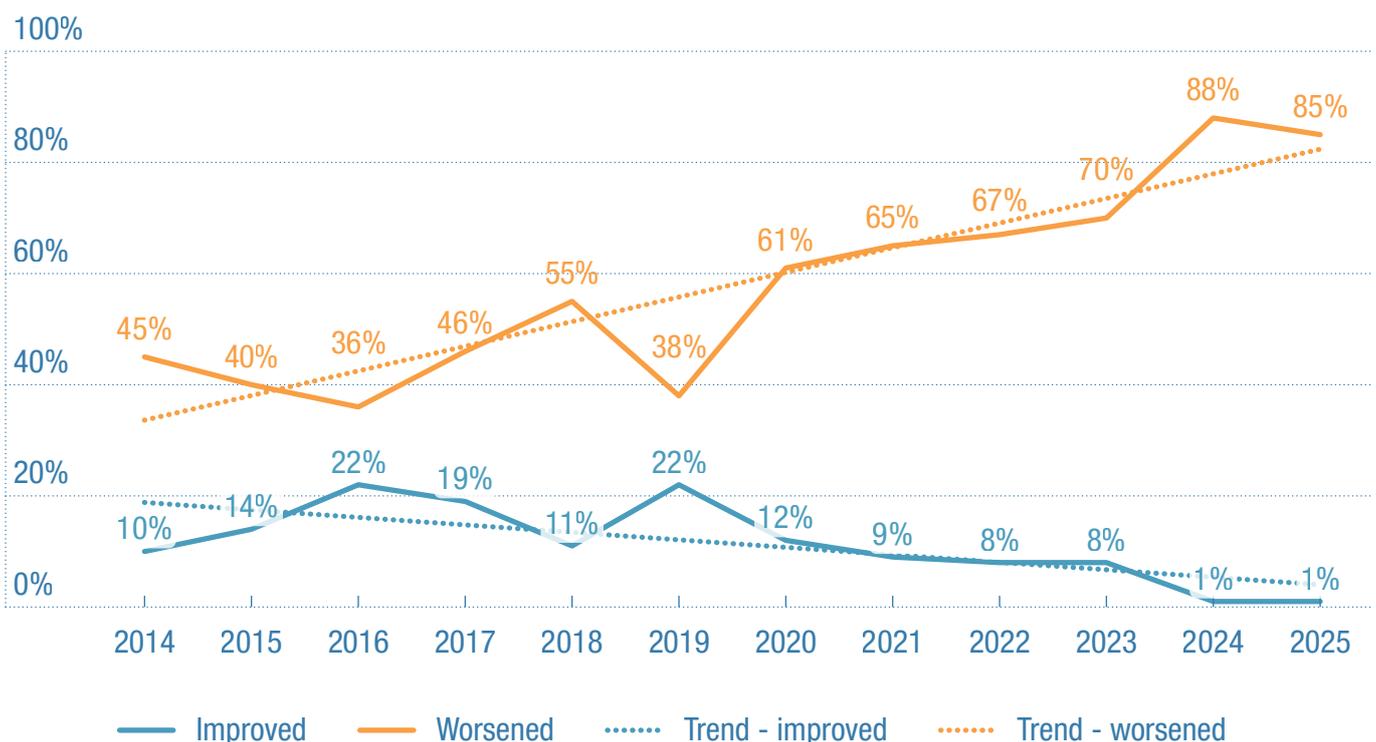
Disability sector operating conditions remain in crisis, with 85 per cent of respondents indicating that conditions in the non-government disability sector worsened, and only one per cent reporting improvement. Although this represents a slight easing from the record 88 per cent reporting worsening conditions in 2024, it nevertheless reflects an overwhelmingly negative sentiment across the sector. By contrast, views on the wider Australian economy were less severe: 58 per cent of respondents believed conditions had worsened, compared with 73 per cent in 2024, while nine per cent indicated an improvement. Trendlines included on Figure 1 and Figure 2 show the persistence of negative sentiment in both areas over the past decade. This is particularly pronounced in the non-government disability sector.

We asked respondents for further comments about the operating environment, disability sector, or actions by the Commonwealth or their state government’s support of disability services in the last 12 months. In these free-text responses, respondents popularly expressed their concerns about pricing and funding-related issues, an operating environment that is complicated and changing with little lead in time and challenges in operating in rural and remote contexts:

“A central issue continues to be the disconnect between the expectations placed on providers by the NDIS and the NDIS Commission, and their own ability to uphold those standards. This imbalance has created a complex and often inconsistent operating environment.”

#### WA small for-profit

**Figure 1** Operating conditions in the non-government disability sector



“We have an obligation to ensure the viability and sustainability of our organisation. However, we have a responsibility and commitment to ensure participants, families and staff feel secure in their future. The lack of clear direction of what the future map looks like creates a greater uncertainty which we need to invest in creating certainty for all we support.”

**QLD large not-for-profit**

“The changes are sudden. Collaboration is not done in the correct way.”

**VIC small for-profit**

“Delivering services in remote areas and supporting priority groups with complex needs present further challenges.”

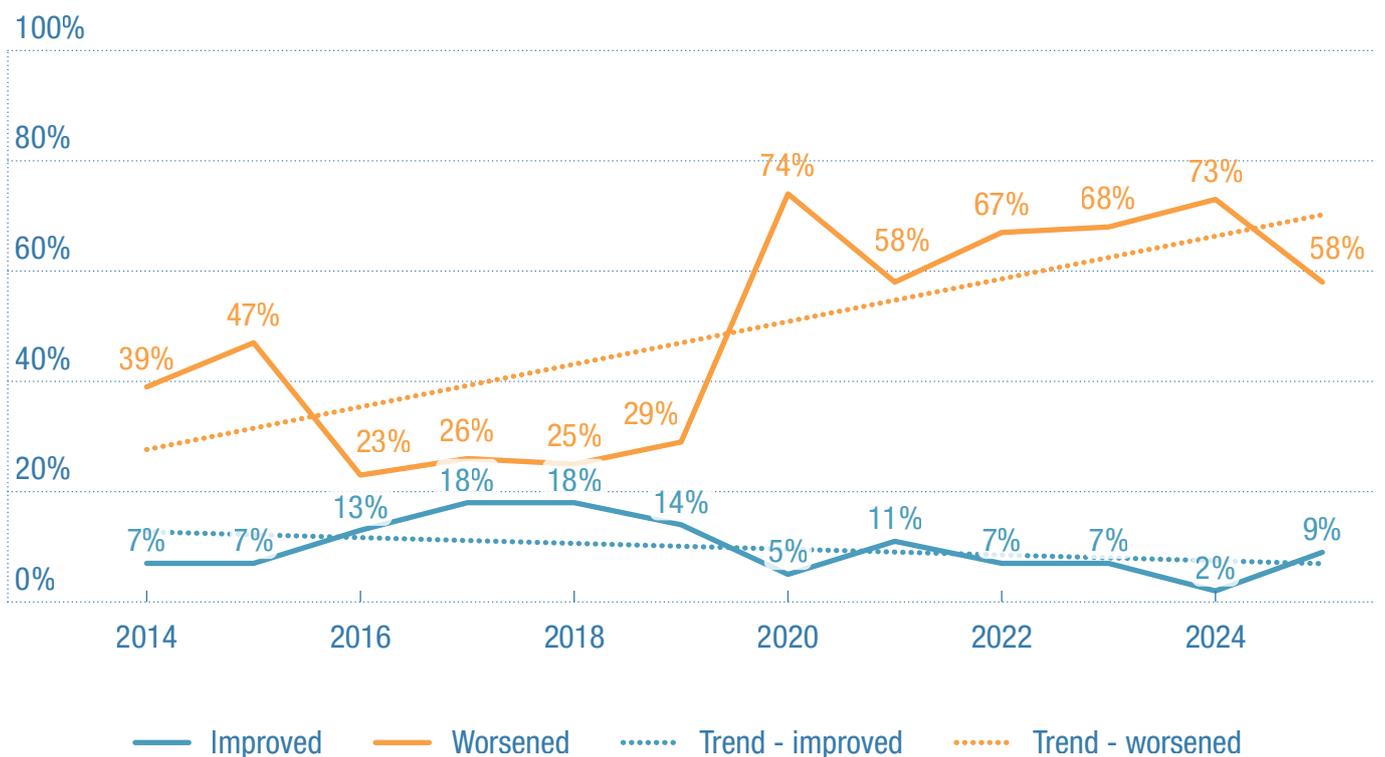
**QLD medium not-for-profit**

**NDIS operating environment**

Perspectives of the NDIS operating environment remained negative across multiple dimensions. An overwhelming 92 per cent of respondents saw the policy environment as uncertain. Only 26 per cent believed NDIS policy reforms are heading in the right direction, while confidence in institutions was low, with just four per cent agreeing that the NDIA is working well with providers and only 17 per cent supporting the role of the NDIS Quality and Safeguards Commission. Confidence in the NDIS Quality and Safeguarding Framework is also weak, with 28 per cent believing it supports the quality of services and outcomes.

Dissatisfaction with NDIS systems and processes was near-universal, with only three per cent considering them to be working

**Figure 2** Operating conditions in the wider Australian economy



well. Three in five respondents reported that there are too many unnecessary rules and regulations to follow.

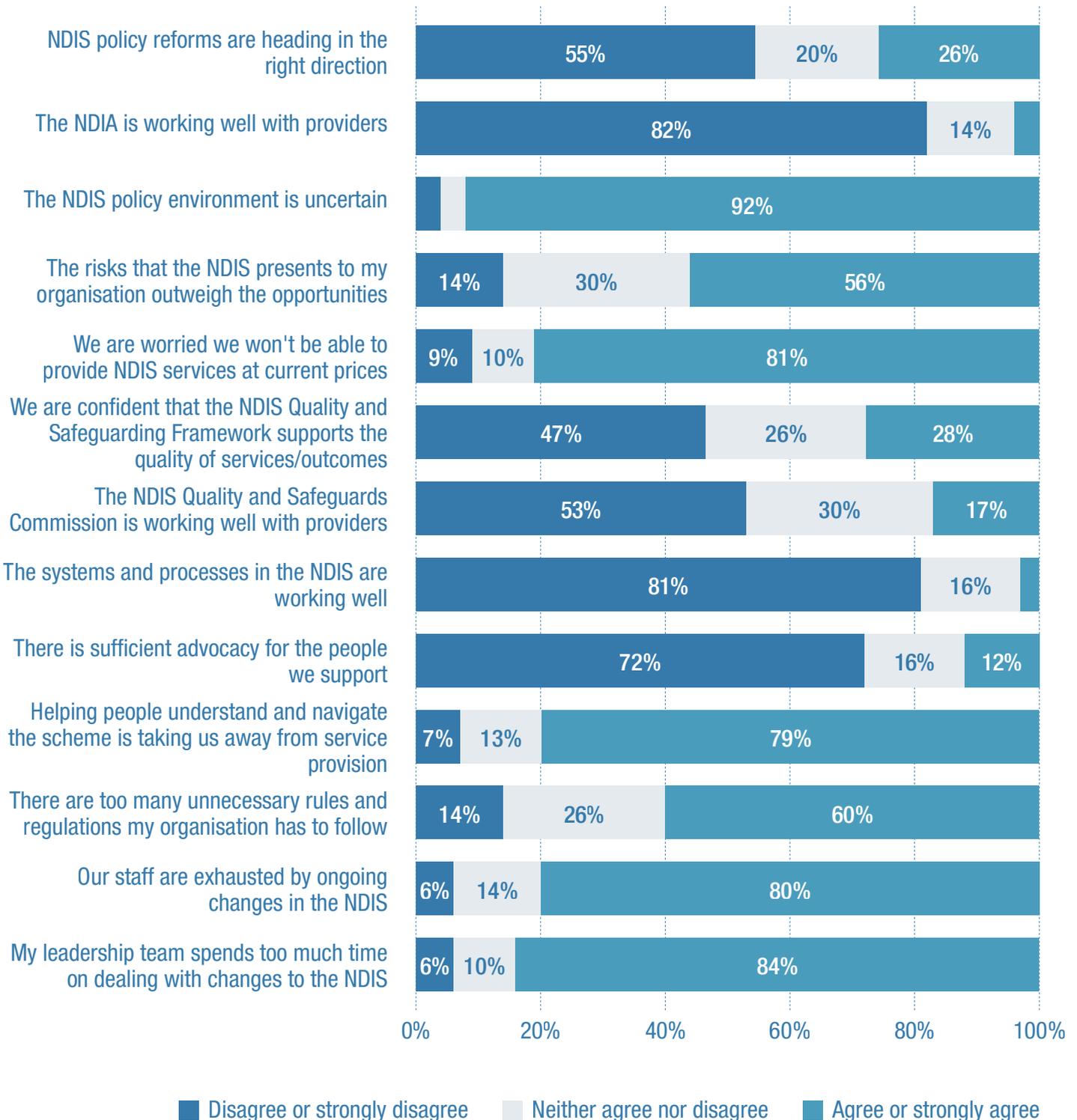
Concerns about sustainability were widespread, with 81 per cent of respondents worried about being able to provide services at current prices and 56 per cent believing that the risks the NDIS presents outweigh the opportunities. Operational pressures are also pronounced: 84 per cent reported their leadership team spent too much time dealing with NDIS changes, 80 per cent said their staff were exhausted by ongoing changes, and 79 per cent felt that helping people understand and navigate the scheme was taking them away from service provision. Finally, 72 per cent believed there is insufficient advocacy for the people they support.

Trends over time demonstrate that the situation continues to deteriorate. Disagreement that NDIS policy reforms are heading in the right direction has continued to rise in the recent years — from 20 per cent in 2022, to 26 per cent in 2023, 49 per cent in 2024, and now reaching 55 per cent in 2025. Moreover, disagreement with the statement “The NDIA is working well with providers” began rising from 2021, culminating in a sharp increase to 84 per cent in 2024. In 2025, the figure eased slightly to 82 per cent but remained exceptionally high compared with earlier years.

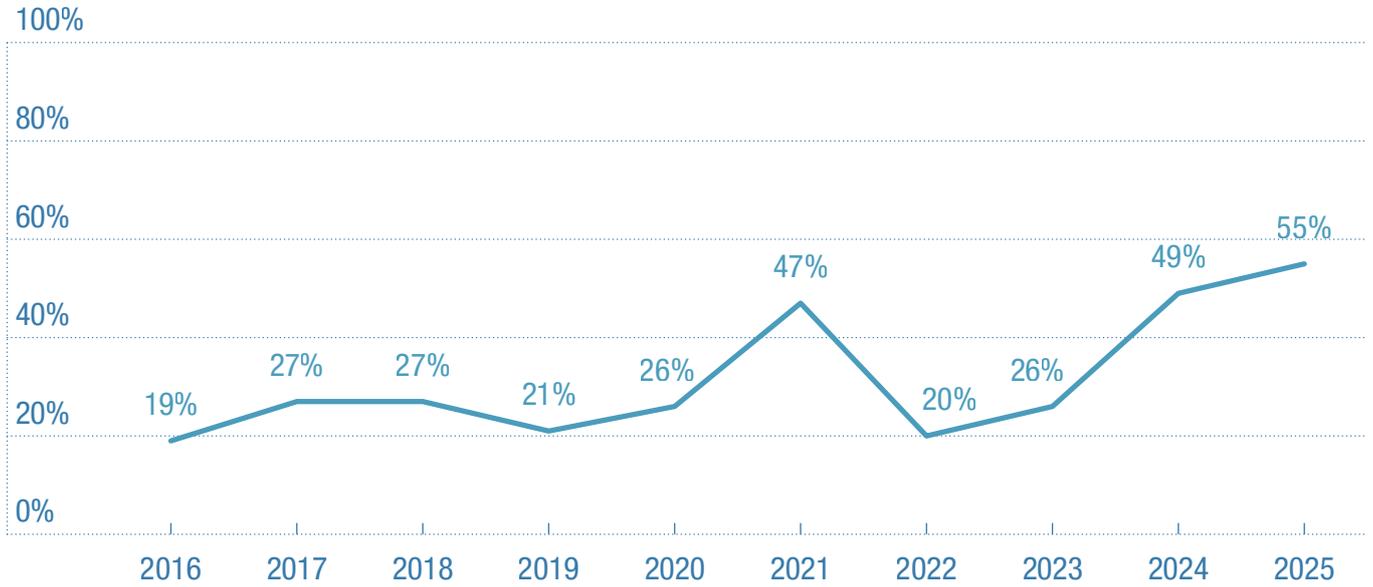
## Concerns about sustainability were widespread



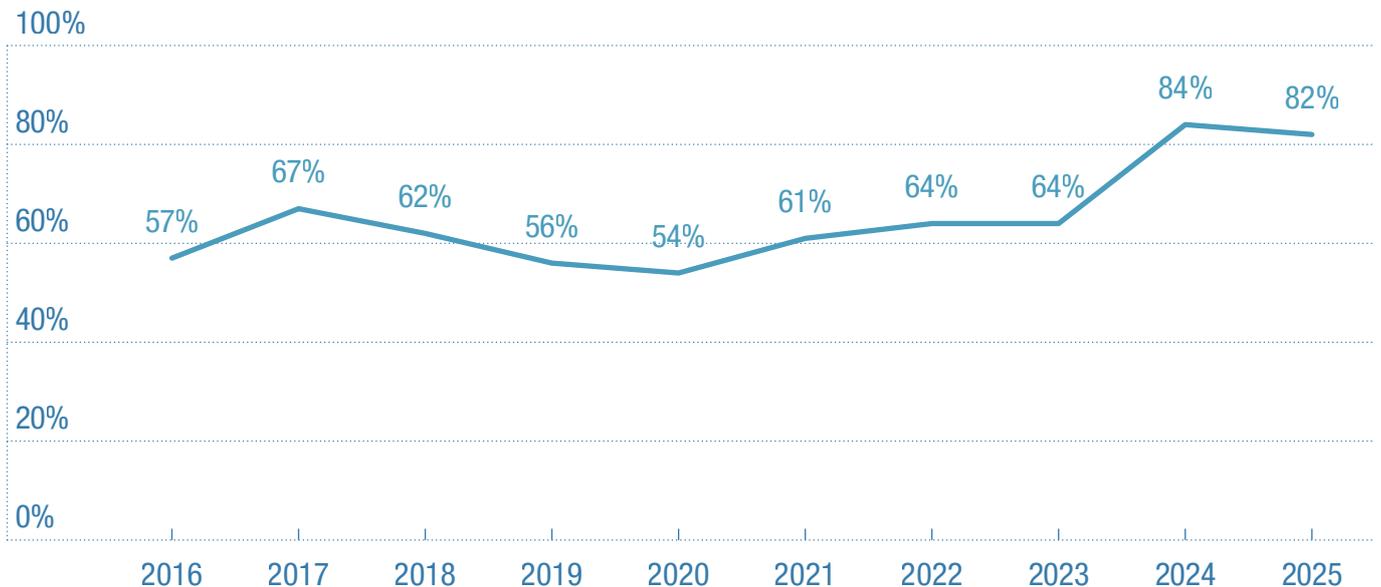
**Figure 3** The NDIS operating environment



**Figure 4** NDIS policy reforms are heading in the right direction; disagree or strongly disagree



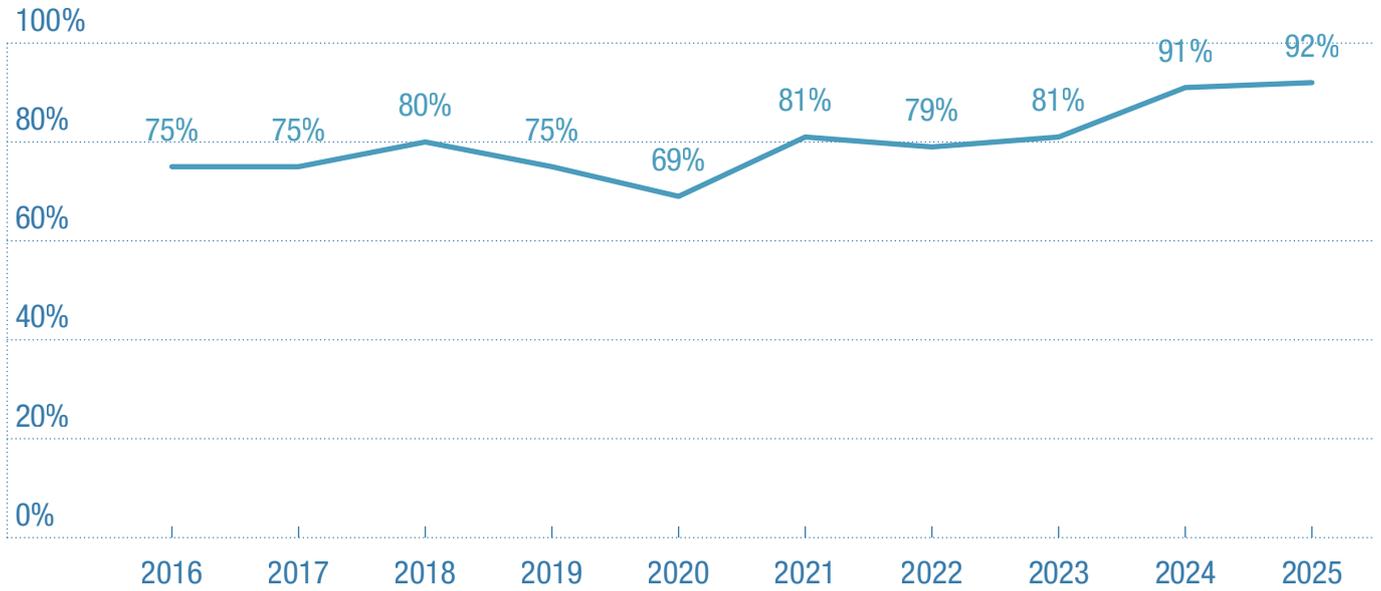
**Figure 5** The NDIA is working well with providers; disagree or strongly disagree



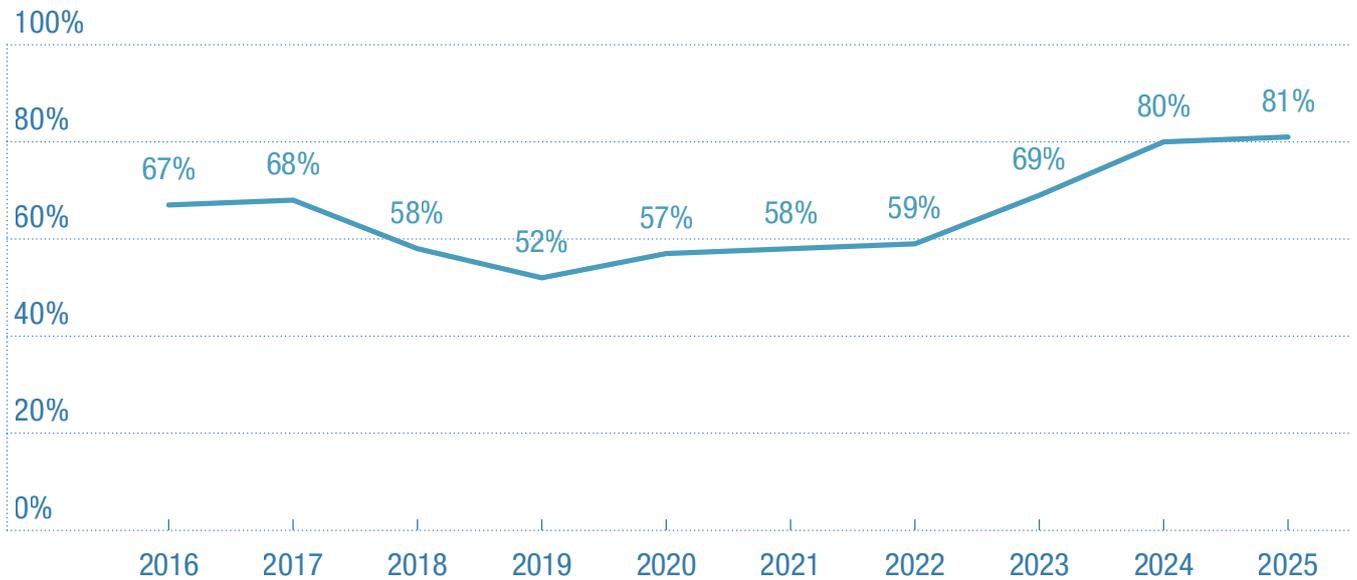
Agreement that “The NDIS policy environment is uncertain” has remained consistently high over the past decade, climbing to 91 per cent in 2024 and reaching 92 per cent in 2025. Concern about being

unable to provide NDIS services at current prices rose to 69 per cent in 2023 and climbed further to 80 per cent in 2024 and 81 per cent in 2025, reflecting a substantial escalation in financial pressure in the sector.

**Figure 6** The NDIS policy environment is uncertain; agree or strongly agree



**Figure 7** We are worried we won't be able to provide NDIS services at current prices; agree and strongly agree



In relation to the operating environment and recommendations from the Independent Review of the NDIS and the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability, respondents were asked which policy reforms should be prioritised and why these should be prioritised. Respondents frequently called for reform involving mandatory provider registration to protect vulnerable people and to ensure the accountability of service providers. Pricing reforms recognising registered providers and the risk to participants of poorly priced services were also prioritised:

“Reforms should prioritise strengthening provider registration to ensure high-quality, safe, and accountable service delivery.”

**VIC small for-profit**

“Independent pricing — the under-pricing of services is a risk to providers and participants.”

**VIC medium not-for-profit**

“Reforming NDIS pricing to better reflect the true cost of service delivery, particularly for high-intensity supports.”

**QLD medium not-for-profit**

Respondents often recognised that all policy reforms are important and as such should be equally prioritised to protect NDIS participants. Several also called for system and process reforms to address overly complex systems and to reduce administrative burdens on NDIS service providers:

“I think they are all important. Protection for NDIS participants should always be prioritised.”

**QLD small for-profit**

“Many people with disability and their families struggle to navigate the complexity of the NDIS.”

**VIC small not-for-profit**

“Reduced administrative burden on providers.”

**QLD small for-profit**

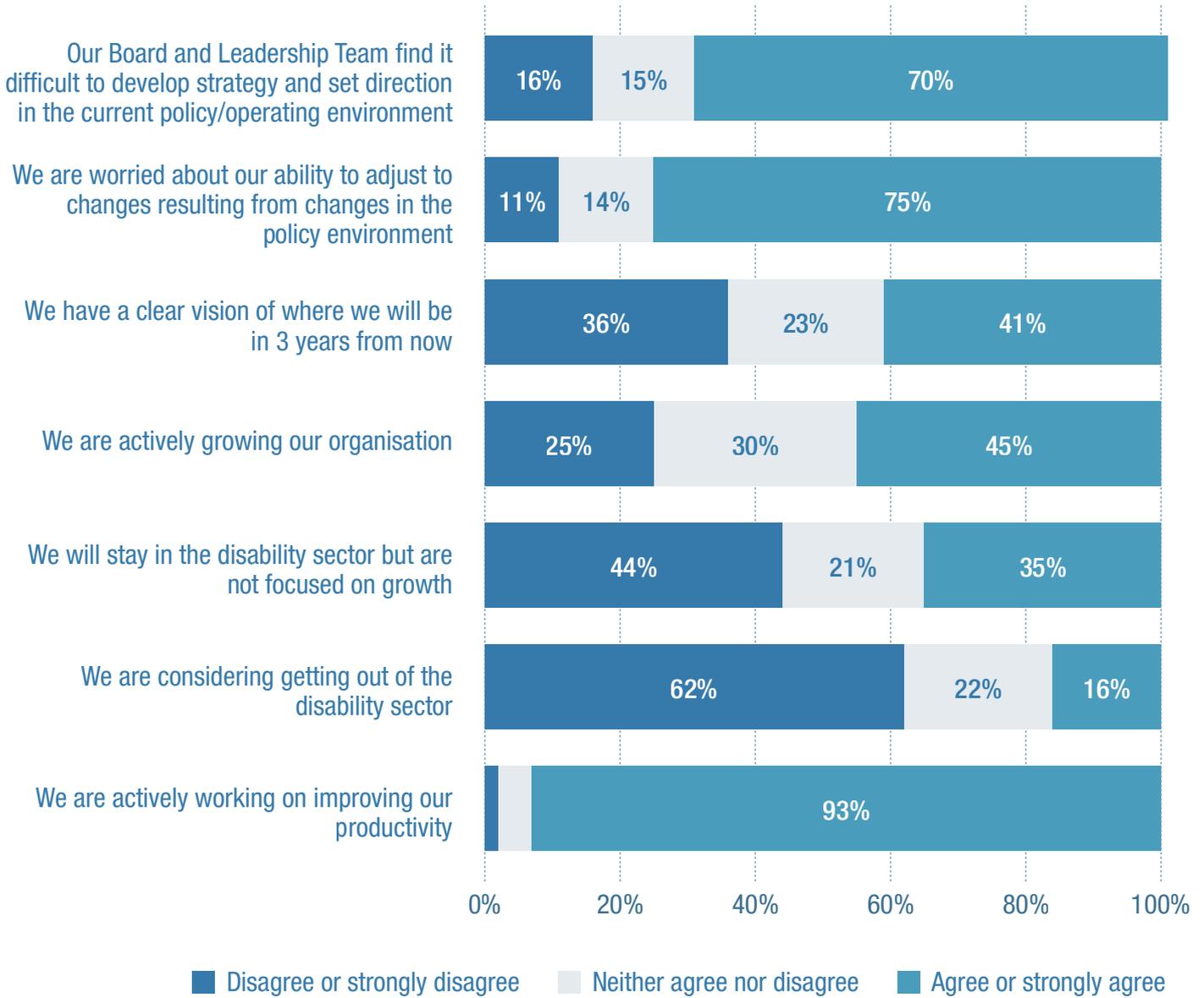
## Organisation strategy and improvement

Organisations continue to focus on improvement. Similar to 2024, 93 per cent of organisations are actively working on improving productivity. Reflecting uncertainty in the sector, fewer organisations are actively growing their organisation (45 per cent compared to 51 per cent in 2024, and 63 per cent in both 2023 and 2022). Only four in ten organisations (41 per cent) reported that they have a clear vision of where they will be in three years. This declined from 45 per cent in 2024, 58 per cent in 2023 and 64 per cent in 2022.

Three quarters of respondents were worried about their ability to adjust to changes in the policy environment, up slightly from 2024. Around 70 per cent reported their board and leadership team found it difficult to develop strategy and set direction in the current policy and operating environment, again a small increase from the previous year.

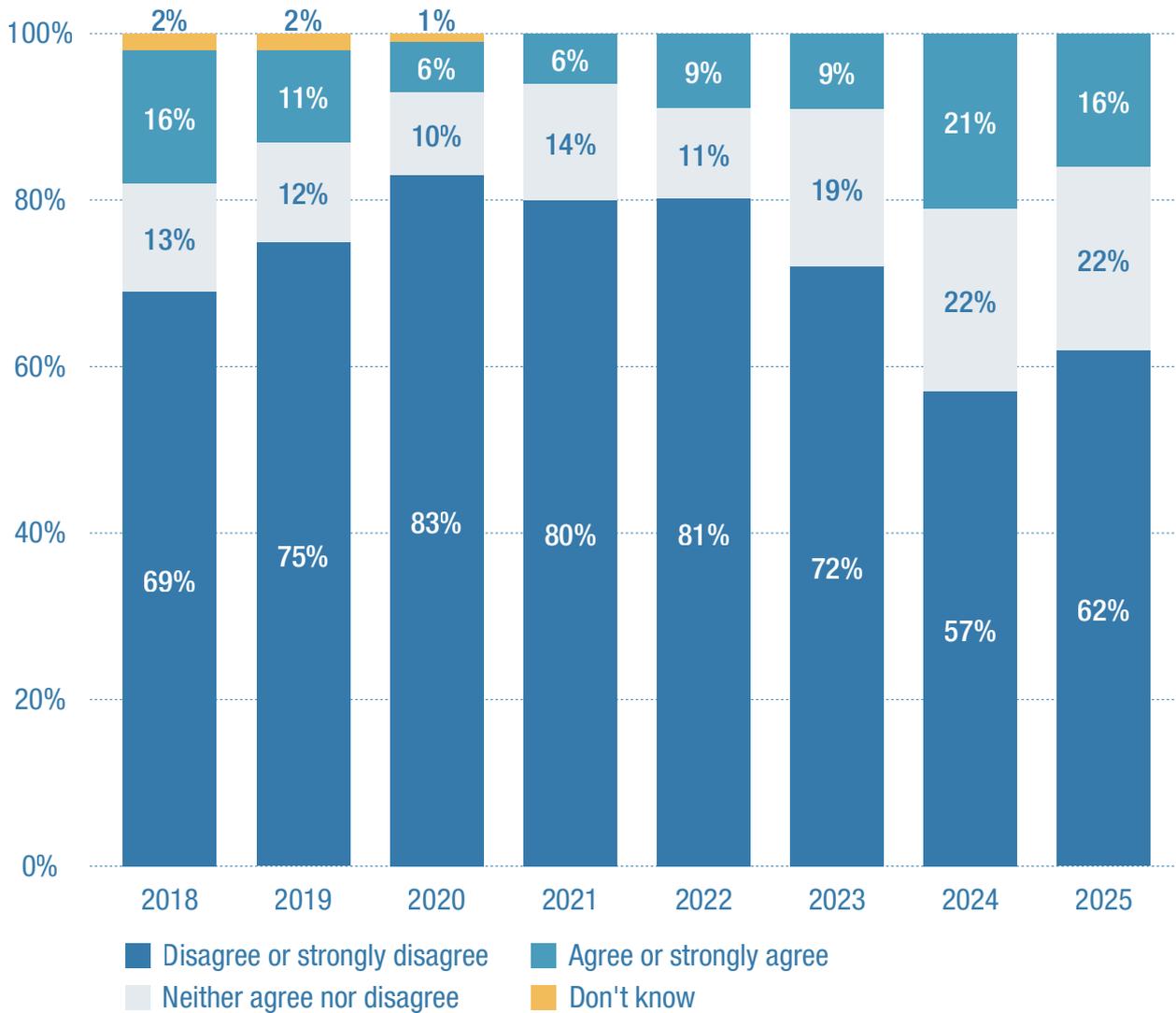
Thirty-five per cent of respondents plan to stay in the disability sector but not focus on growing their organisation — a significant increase from 27 per cent in 2024. On a slightly more positive note, a smaller proportion of organisations reported that they were considering leaving the disability sector entirely (16 per cent in 2025 compared with 21 per cent in 2024, but up from only nine per cent in 2023 and 2022).

**Figure 8** Organisational strategy



**Thirty-five per cent of respondents plan to stay in the disability sector but not focus on growing their organisation**

**Figure 9** We are considering getting out of the disability sector



Of the 123 organisations who reported that they were “actively growing [their] organisation”, 90 per cent reported that they were doing this through increasing their client base. Other common strategies included increasing the range of services offered (50 per cent) and increasing their workforce. Thirty-seven per cent reported “opening more service locations” and 35 per cent reported broadening operations to include sectors beyond disability. These proportions are relatively consistent with proportions reported in 2024.

Among open-text responses about why organisations had chosen not to actively grow their organisation, respondents tended to indicate that it was not financially viable or the risks were too high to do so:

“NDIS services cost us money so cannot be grown.”

**SA large not-for-profit**

“At present, we do not see a viable economy of scale within the NDIS sector, and increasing service delivery in this area would likely result in heightened financial exposure.”

**ACT large not-for-profit**

“The environment is too unstable. The risk is too high.”

**VIC small for-profit**

“We are deeply concerned about profitability and sustainability due to unclear policy landscape.”

**NSW small not-for-profit**

“Frequent policy changes, funding limitations, and systemic challenges—such as unclear NDIS processes and workforce shortages make strategic expansion risky and unsustainable at this time.”

**WA small for-profit**

Several respondents reported that “bigger does not necessarily mean better”:

“We don’t want to grow too much anyway as want to maintain culture and quality.”

**WA small not-for-profit**

“Our current size seems to be in the right level to be able to provide service and have a small surplus.”

**SA medium not-for-profit**

In response to questions about improving business capability, 60 per cent of organisations reported working on market research, strategies and planning, up significantly from 28 per cent in 2024. Nearly half (49 per cent) were focusing on costing and pricing, while 44 per cent were working on customer engagement, a significant rise from 23 per cent last year.

Over a third (37 per cent) were improving information, communications and technology, a significant increase from 30 per cent in 2024, and 33 per cent were working on improving data reporting and use. Just under a quarter (23 per cent) were improving records management, a significant increase from 12 per cent last year, while 26 per cent were focusing on developing and implementing strategic plans and business planning.

Smaller numbers were focusing on other areas: 22 per cent were working on assistance with innovation, including using research evidence to develop quality services, 18 per cent were focusing on having a qualified workforce, eight per cent were working on disability inclusion practices within their organisation, and four per cent were developing an emergency management plan.

Among the free-text responses about business capability areas that organisations need to improve most in the next 12 months, several respondents reported on their need for technological improvements, efficient and sustainable use of resources, and marketing efforts:

“Incorporating AI.”

**SA large not-for-profit**

“Sustainable and client focused service models.”

**WA not-for-profit**

“Marketing.”

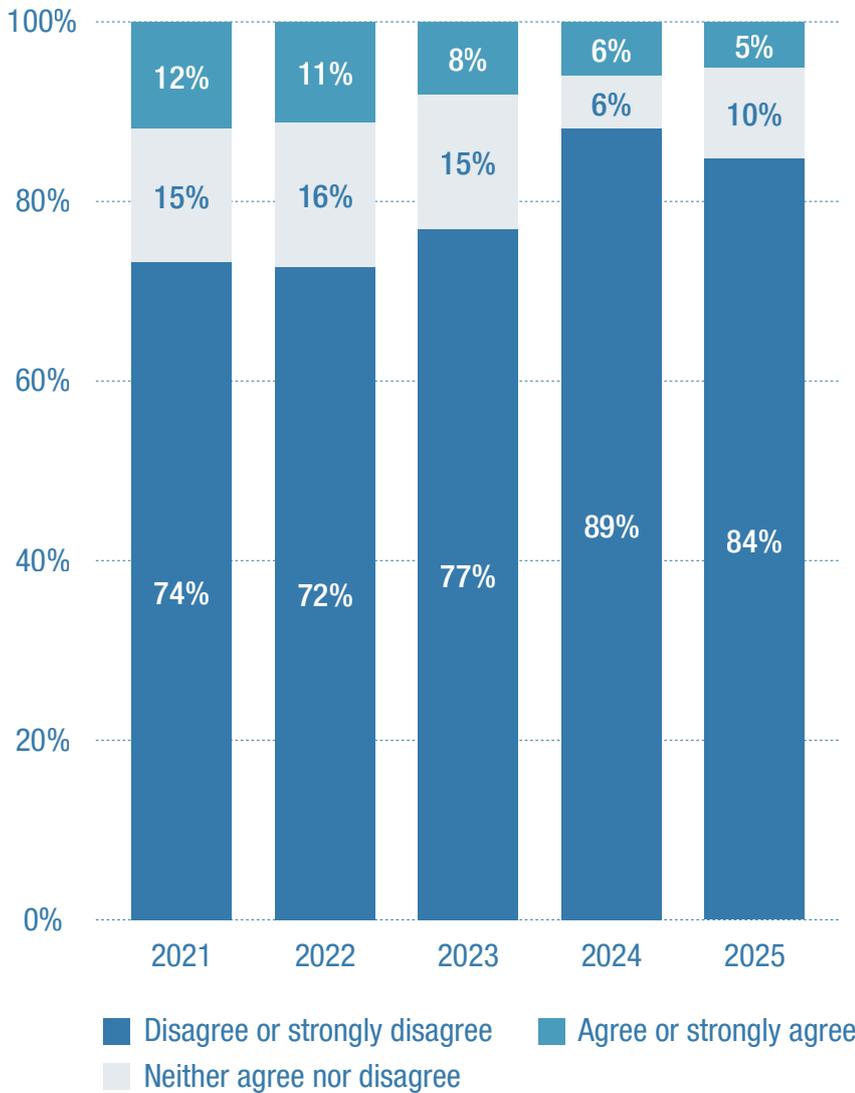
**QLD small not-for-profit**

## Access to data and research

Respondents indicated that they continued to lack access to the sufficient, timely, and easily accessible data that they needed to plan services (59 per cent, up one per cent from last year). Similarly, 56 per cent of respondents indicated that they lacked the research evidence they needed to offer services that adhered to best practices (down three per cent from last year).

Encouragingly, there was a five per cent decrease in organisations who disagreed that NDIS pricing and regulations are barriers to providing innovative services that respond to participant needs. Across the five-year period, disagreement has consistently remained high, peaking at 89 per cent in 2024 before dropping slightly to 84 per cent this year.

**Figure 10** Taken together, NDIS pricing and regulation are conducive to providing innovative services that respond to participant needs

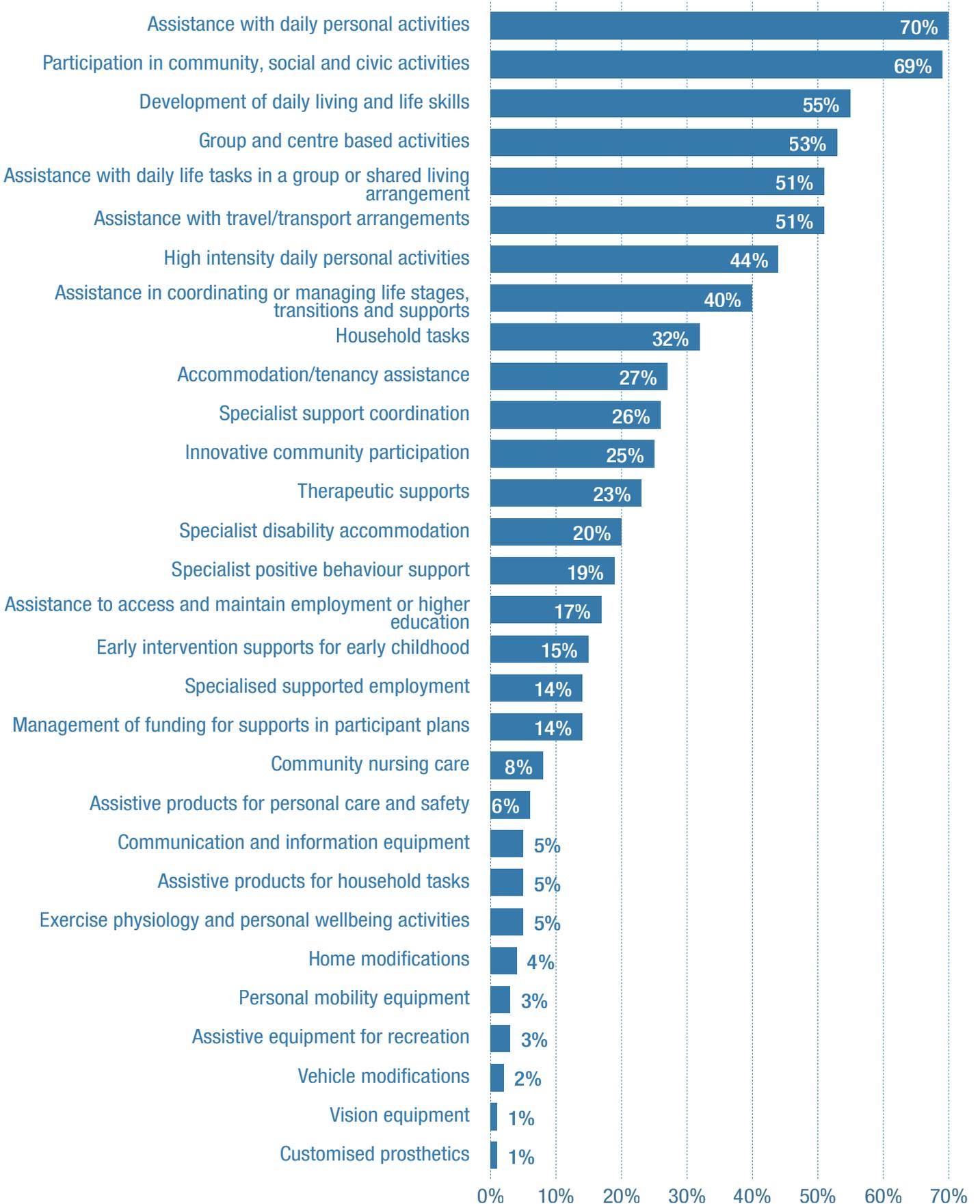


### NDIS services

The most common NDIS services provided by respondents included assistance with daily personal activities (70 per cent), participation in community, social and civic activities (69 per cent), development of daily living and life skills (55 per cent), and group and centre-based activities

(53 per cent). Notably, there has been a significant decline in provision of specialist support coordination, dropping from 52 per cent in 2024 to 26 per cent in 2025. More information on services that were provided can be found in Figure 11 below.

**Figure 11** NDIS services provided





In terms of accommodation assistance, 134 respondents provided responses. Of these, 90 per cent provided Supported Independent Living (SIL) supports and 63 per cent provided short-term accommodation supports. Only a smaller proportion of respondents (27 per cent) provided medium-term accommodation supports or individualised living options.

This year we examined net changes in service provision. A net change in service provision refers to the difference between the number of providers who reported “We provided more” and those who reported “We provided less” for each service. A positive net change means more providers increased hours than decreased, while a negative value indicates the opposite.

In 2025, the largest positive net change in hours of service delivery was seen in participation in community, social and civic activities, with 85 providers increasing hours and 38 decreasing, resulting in a net increase of 47 providers. Group and centre-based activities followed, with a net increase of

25 providers (56 more, 31 less), and daily personal activities recorded a net increase of 21 (66 more, 45 less). Other notable increases were in development of daily living and life skills (+20) and assistance with daily life tasks in a group or shared living arrangement (+17).

Conversely, some services saw negative net changes. For example, community nursing care had a net reduction of three providers (four more, seven less), and assistive products for household tasks recorded a reduction of two (two more, four less).

Respondents anticipated increasing the delivery of several services next year with planned net growth across multiple areas. According to the data (subtracting respondents who plan to stop or reduce provision of a particular service from those who plan to start), we anticipate seeing larger increases in the provision of participation in community, social and civic activities, daily personal activities, development of daily living and life skills, group and centre based activities, and assistance

with daily life tasks in a group or shared living arrangement. Smaller but still notable increases are expected in high intensity daily personal activities, innovative community participation, assistance with travel/transport arrangements, assistance in coordinating or managing life stages, transitions and supports and assistance to access and maintain employment or higher education.

Only 37 respondents (13 per cent) plan to provide a new NDIS funded service, with no clear standout. The most commonly reported new service is community nursing care, with six organisations planning to begin providing these services.

We asked respondents to share the main reasons their organisation would be adding these services (noted above). Respondents frequently reported about a need to align with clients’ needs and goals along with business plans and objectives:

“Demand and alignment with people’s goals.”

**VIC large not-for-profit**

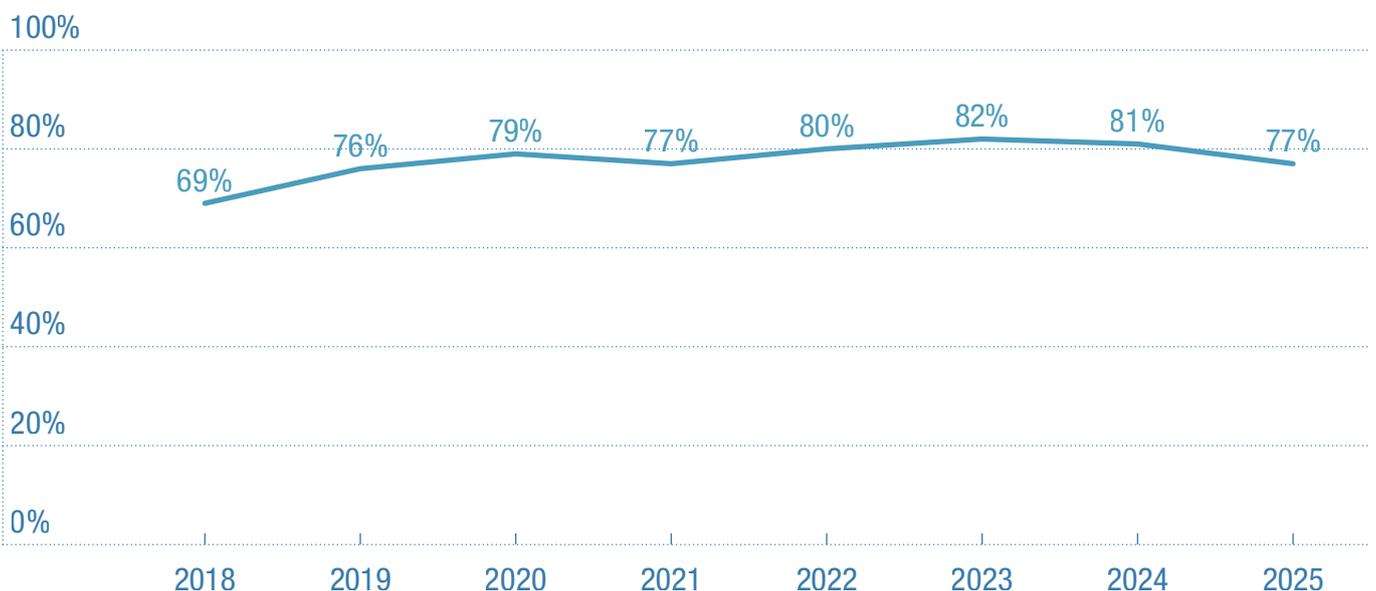
“We believe there is high demand and it complements our business model.”

**NSW large not-for-profit**

### Inability to provide services

Seventy-seven per cent of respondents indicated that they received requests for services that they could not provide, down slightly from 81 per cent the previous year. Reasons for not being able to provide services included the client’s plan not covering the requested service (73 per cent), not having capacity (57 per cent), not offering the services (47 per cent), client needs being too complex (41 per cent), client difficulty accessing a service due to distance and transportation (27 per cent), and the client living too far away for home-based services (due to travel time) (25 per cent).

**Figure 12** Over the last 12 months, we have received requests for disability services that we have not been able to provide



Of those organisations who reported capacity issues, key responses included not having enough staff (81 per cent), not having appropriately qualified staff (41 per cent), lacking access to financial capital (to improve or expand services) (43 per cent), and lacking organisational capacity (37 per cent). Respondents were asked to provide reasons for occasions where they had turned away clients. Respondents popularly reported experiencing inadequate and inflexible NDIS funding. This was followed by client needs not matching with the services offered and staff shortages:

“Inadequate and inflexible NDIS funding - many participant plans do not reflect the true cost of care.”

**NSW medium not-for-profit**

“Funding exhausted by other provider, well before plan end-date.”

**VIC large not-for-profit**

“Client required nursing staff and medication.”

**VIC medium for-profit**

“Participants wanted a specific age/gender and we did not have the staffing available at that time to meet this need.”

**SA small for-profit**

We asked respondents to provide any examples where they had collaborated with other providers to solve service access problems for individual clients. Many respondents shared collaboration examples where they did not have the capacity to meet client needs and collaborating to support clients with complex needs. Providers also report collaborating to share resources and information:

“We regularly refer to other providers where we cannot meet a person’s needs/wants.”

**NSW medium not-for-profit**

“We [collaborate] on almost a daily basis for clients with complex needs.”

**TAS medium for-profit**

“We have worked with others to share ideas and knowledge about complex participants.”

**NSW large not-for-profit**

“I’ve collaborated with other providers by sharing documentation, resources, and updates to ensure consistent and coordinated support for participants.”

**VIC very small**

We also asked about the barriers that impacted their ability to collaborate with other organisations. Respondents frequently reported competition among providers funding gaps and time and resources as barriers to collaboration:

“Customer poaching is a significant issue that restricts a business willingness to collaborate.”

**SA medium not-for-profit**

“Barriers to collaboration with other organisations often relate to funding constraints.”

**QLD small for-profit**

“This is unfunded time for providers.”

**VIC medium not-for-profit**

We asked respondents what allowed them to better collaborate with other organisations. Respondents often reported personal and trusting relationships, local networking groups, funding, and shared interests and goals in supporting clients and several raised leadership and networking opportunities:

“Good relationships with customer, family, and support coordinator.”

**WA large not-for-profit**

“Shared commitment to participant wellbeing.”

**QLD very small**

Several respondents raised leadership and events as facilitators to collaboration:

“Leadership. In our local area, CEOs are coming together to identify opportunities for collaboration.”

**VIC medium not-for-profit**

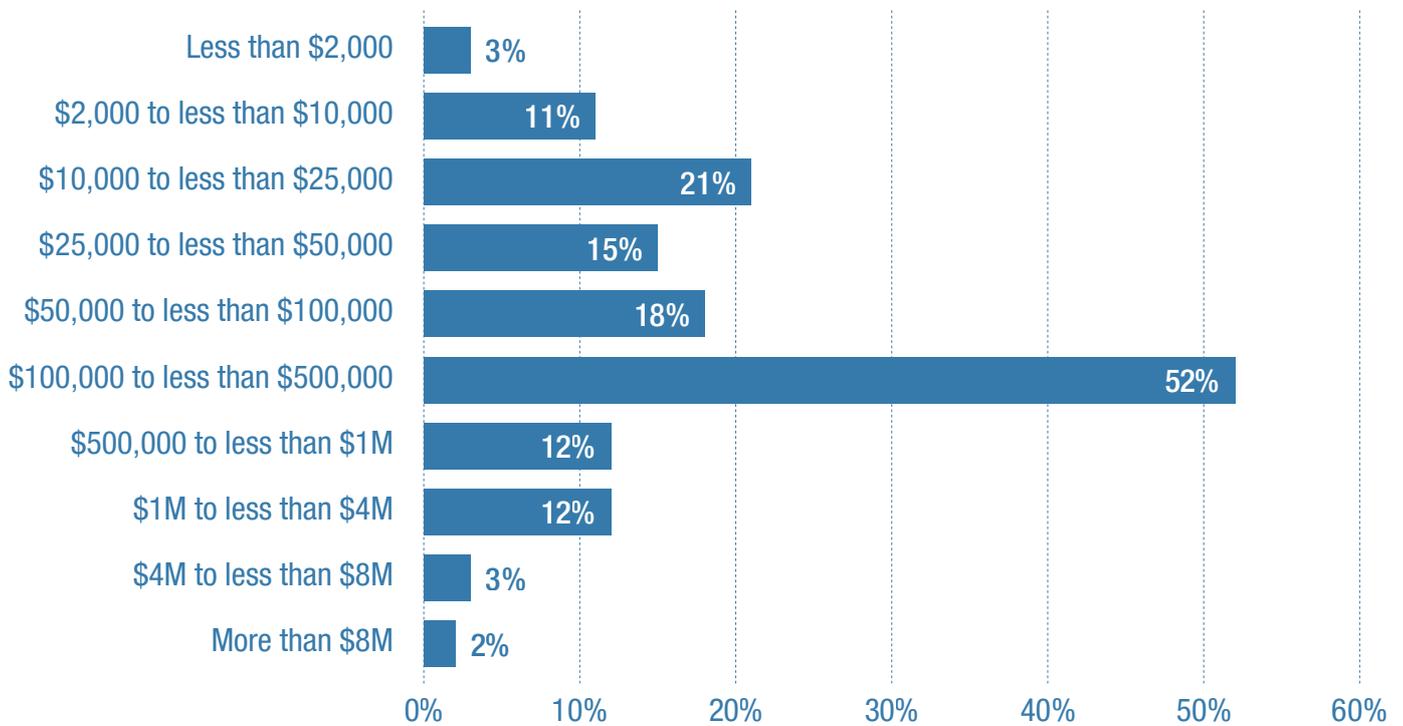
“Networking events are crucial where people can share problems and solutions.”

**SA large not-for-profit**

**Unfunded services**

This year we asked providers to indicate whether they had provided unfunded services to their clients. Of the 199 organisations who responded, 77 per cent indicated that they had provided unfunded services. One hundred and forty-nine organisations provided an estimate of the cost of unfunded services. These estimates ranged from \$560 to \$10,000,000. In total, organisations estimated that they spent a total of \$69,179,791 on unfunded services, an average of over \$460,000 per organisation.

**Figure 13** Number of organisations reporting amount of expenditure related to unfunded services



Respondents who provided unfunded services to their clients over the last 12 months were asked about the nature of their unfunded services.

## The nature of unfunded services provided by respondents

- Continuing supports for clients with unfunded plans
- Coordinating supports for participants
- Underfunded SIL
- Travel costs
- Supporting participants to navigate the NDIS and other systems
- Connection to community activities
- Responding to crisis and emergency

## The many faces of unfunded support

Providers continue to deliver essential supports that fall outside funded plans, ensuring participants don't lose vital assistance. These unfunded efforts range from crisis response and travel costs to helping participants navigate complex systems and stay connected to their communities.

“Continuity of supports for participants who had inadequate funding for their support needs.”

**TAS medium for-profit**

“Participants plans did not align with their needs, so we continued to provide supports once plans had been fully utilised.”

**NT medium not-for-profit**

“Predominantly in support coordination.”

**VIC large not-for-profit**

“SIL services when plans were under funded or exhausted.”

**NSW large not-for-profit**

“Travel time, vehicle costs.”

**VIC small for-profit**

“System navigation, educating participants and families about how the NDIS works.”

**QLD very small (Organisation structure not stated)**

“Emergency responses.”

**VIC small not-for-profit**

“Social connection and inclusion activities.”

**QLD medium not-for-profit**

Respondents were asked why these services needed to be provided without funding.

## Reasons for providing unfunded supports

- Funding gaps in participant plans
- NDIS administrative and regulatory issues
- NDIS planning gaps and errors
- NDIS pricing framework issues

“No or insufficient funding for support.”

**WA small for-profit**

“NDIS is too slow with responding to urgent need.”

**NSW medium not-for-profit**

“Planning errors and missing indexation.”

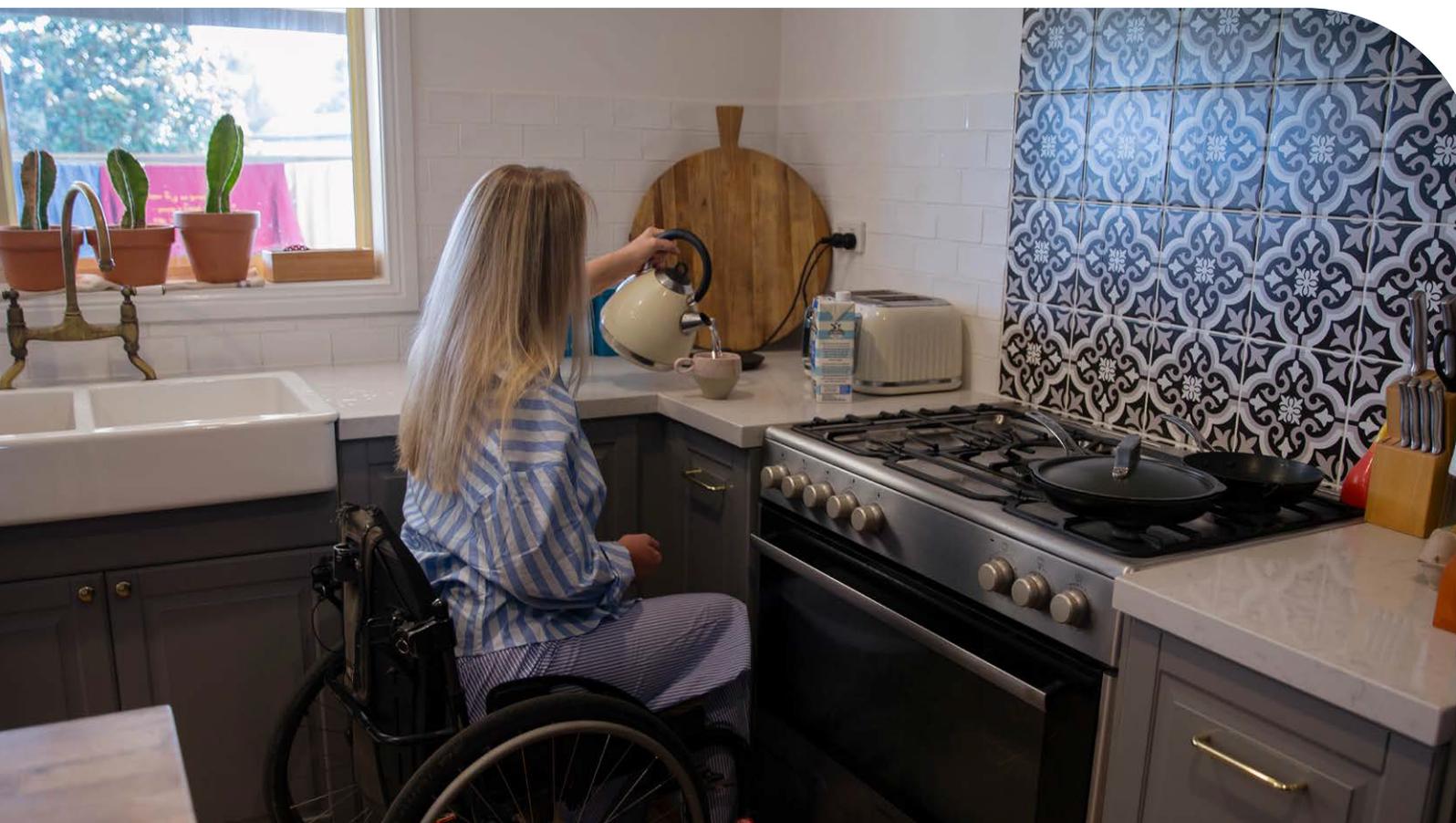
**WA large for-profit**

“These services are unfunded not because they are optional or unimportant, but because the current NDIS pricing framework is narrowly focused on billable hours tied to specific line items.”

**VIC small for-profit**

“Poor NDIS pricing design that does not consider the cost of quality services that are safe.”

**VIC large not-for-profit**

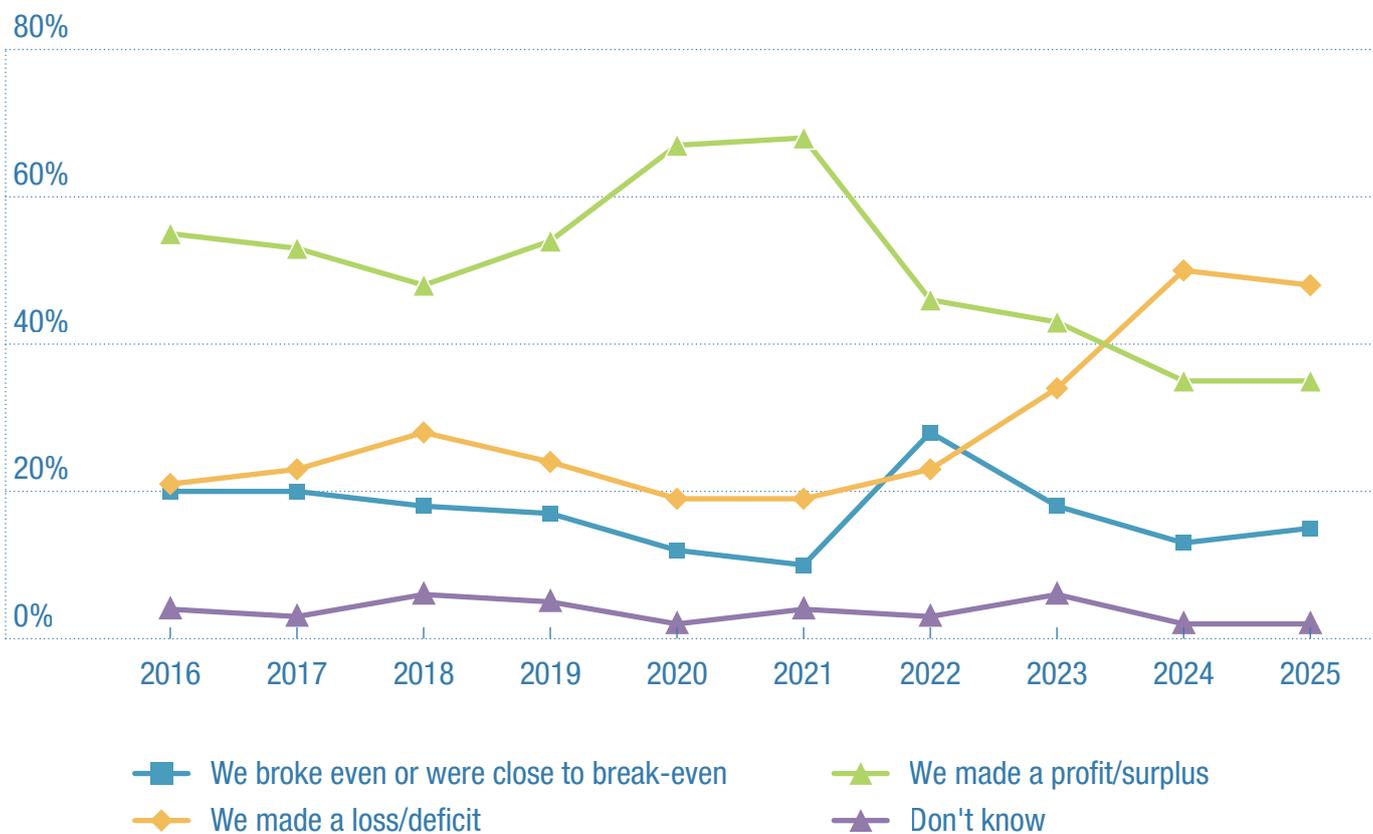


### Financial results and predictions

The financial situation for the disability sector remains troublesome. For the second year in a row, the proportion of organisations reporting a loss or deficit was higher than those reporting a profit or surplus. In the 2024–25 financial year, 48 per cent of organisations reported a loss or deficit (down from 50 per cent in 2023–2024). Those breaking even rose from 13 per cent to 15 per cent. Meanwhile, 35 per cent of organisations reported a profit or surplus in 2024–25, the same proportion as the previous year.

After relative stability up to 2019 with approximately half of organisations reporting a profit or surplus, the sector saw profitability peak in the 2020–21 and 2021–22 periods (buoyed by COVID-related job keeper payments) with over two in three organisations reporting a profit or surplus. Following 2022, the sector has seen a substantial downward trend with the proportion of organisations reporting a profit or surplus declining and a concurrent increase in the proportion of organisations reporting a loss or deficit.

**Figure 14** Profits and loss over time

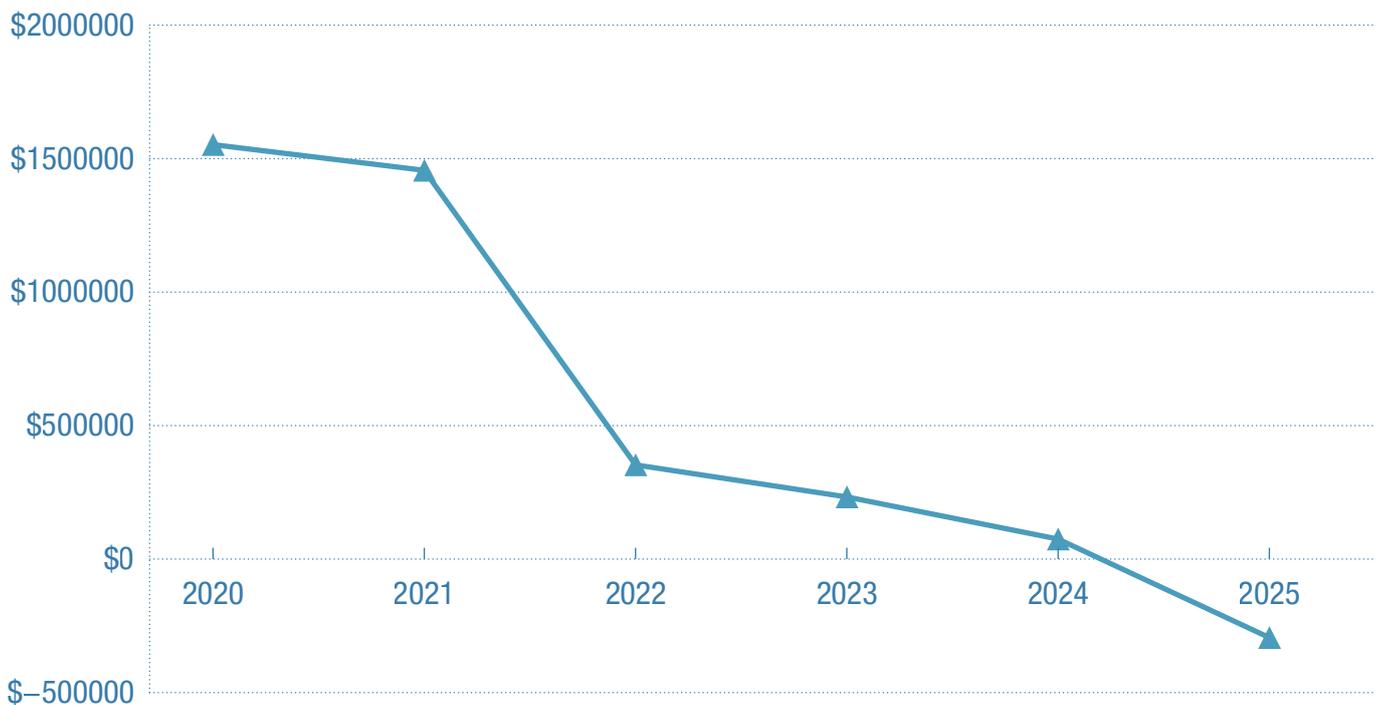


Respondents reported on the size of profit (surplus) or loss (deficit) as a percentage of overall revenue. This was used to estimate the overall “average profit or loss” for organisations across the sector. When considering these figures, it should be noted that the method used for estimating profit or loss was conservative, so profits will be consistently overestimated, and losses will

be consistently underestimated. This means that the average “profits” for 2020 to 2024 will overstate the average profit and the loss for 2025 will understate the loss.

As can be seen there has been a steady decline in terms of financial performance over time, with the average result for 2025 dropping into a loss for the first time.

**Figure 15** Average profit or loss for organisations over time

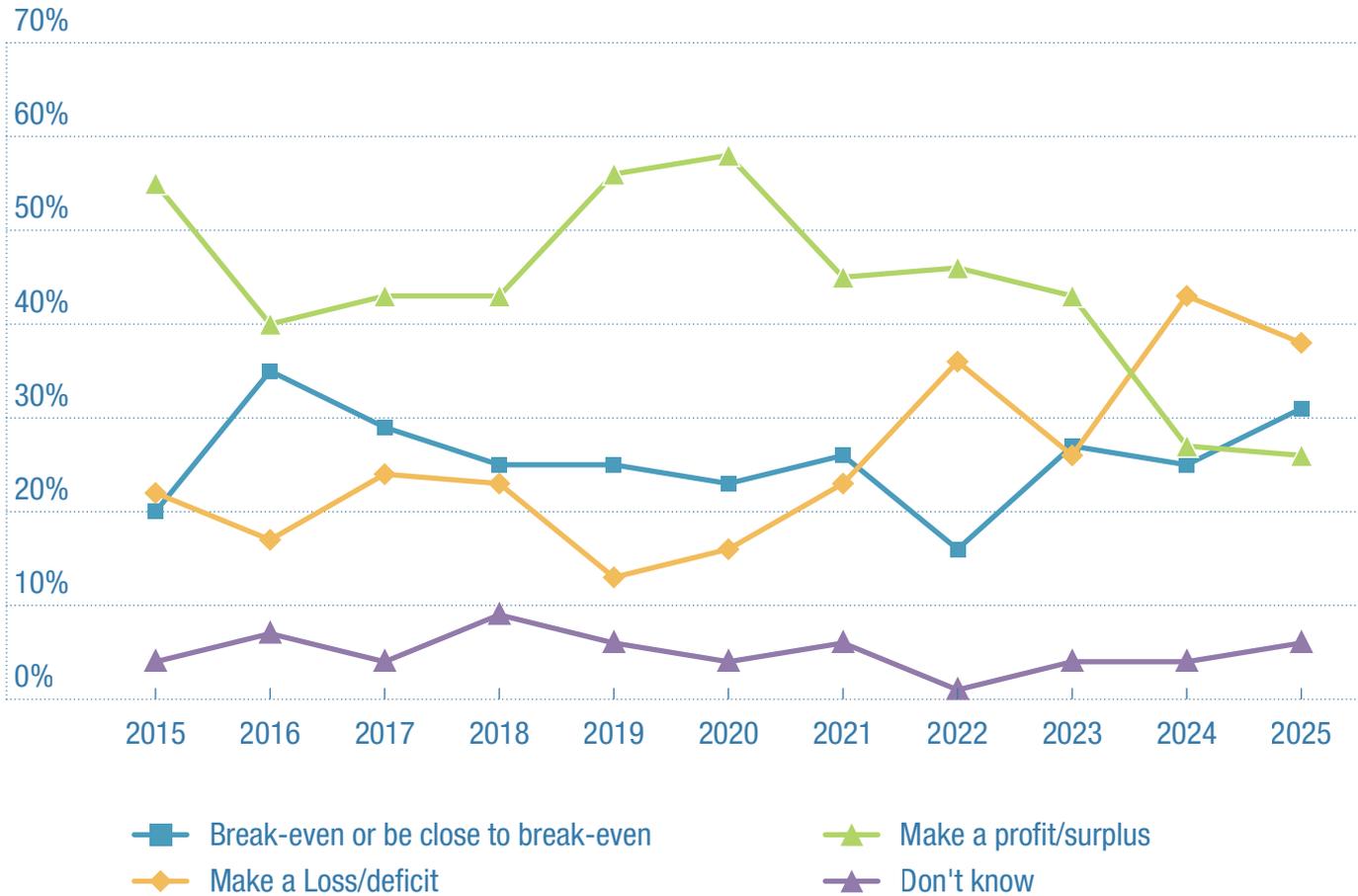


When this is combined with the average estimate of over \$460,000 of unfunded services delivered by each organisation, it highlights that unfunded services may be the direct driver of losses in the sector. If unfunded service delivery was actually funded, then each organisation would return a surplus of approximately \$160,000.

Organisations are more hopeful for 2025–26: only 38 per cent anticipate a loss in

the 2025–26 financial year, down from an actual 48 per cent in 2024–25. However, this optimism is not flowing into profit expectations. Instead, many expect to break even — 31 per cent anticipate breaking even in 2025–26 versus the 15 per cent who actually broke even in 2024–25. Profit expectations have softened: 26 per cent expect a surplus in 2025–26, compared with an actual 35 per cent in 2024–25.

**Figure 16** Predictions of profit and loss over time



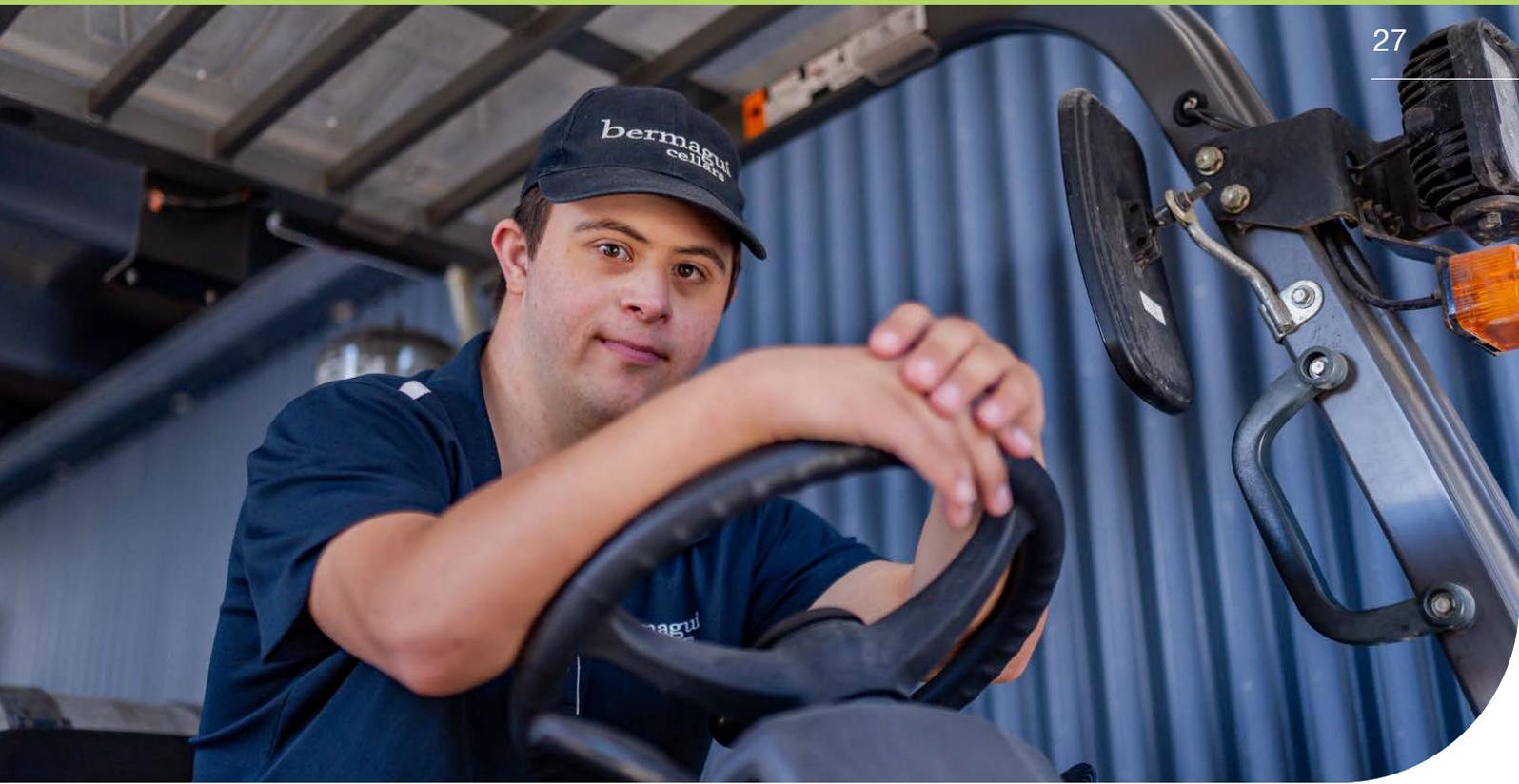
In terms of differences between different organisation types and geographic locations, there were large differences in financial performance between for-profit and not-for-profit organisations and those established before and after the introduction of the NDIS. Not-for-profit organisations and those established before 2014 were significantly more likely to report a loss for 2024–2025 and predict a loss for 2025–2026. Additionally, larger organisations were also more likely to report a loss for 2024–2025 and predict a loss for 2025–2026. This was particularly true for organisations with a turnover of greater than \$20 million.

There were no significant differences between organisations operating in different states and territories or in relation to those offering services in metropolitan, rural or remote areas.

In narrative responses about organisation financial results such as profit or loss (surplus or deficit) and/or changes in net assets, respondents frequently raised concerns about unsustainable financial losses and a challenging financial environment:

“Overheads are eating through profits and trying to remain registered and compliant is a full-time job in itself.”

**TAS very small (sole trader)**



“It is getting harder and harder to provide services in this space because of government policy, pricing and regulation.”

**QLD very small not-for-profit**

“Extremely challenging financial environment for the past few years has seen a deterioration of net assets to retain high service levels.”

**VIC large not-for-profit**

Respondents often reported concerns about their longer-term viability, profit attained from non-NDIS sources, experiencing cost increases, and moving to a lean financial structure to survive:

“The organisation has made the decision that if we are not, at the very least, achieving break even by the end of June 2027, we will stop delivering NDIS services.”

**SA medium not-for-profit**

“It is important for us to build non-NDIS services to maintain the financial viability of our organisation.”

**QLD large not-for-profit**

“Increasing charges for insurance and auditing affect operating costs.”

**VIC very small for-profit**

“Pay increases and operating costs increasing year on year with no change to NDIS therapy rate.”

**NSW small not-for-profit**

“We are moving to a leaner structure and have to find efficiencies that won't impact quality.”

**WA large not-for-profit**

“Our organisation operates with a lean financial model.”

**QLD medium not-for-profit**

A small minority of respondents reported being in a sound financial position:

“We invest a lot of energy and finance into efficiencies to ensure we maintain a positive balance.”

**QLD medium for-profit**

“The data over the last two years suggests we are trending back towards profitability.”

**SA small not-for-profit**



## The state of quality and safeguarding

### The Quality and Safeguarding Framework

Opinions of the NDIS Quality and Safeguarding Framework have declined slightly this year compared with 2024, although none of the changes are statistically significant.

The largest decrease was related to opinions of the NDIS Code of Conduct. Last year 74 per cent of respondents believed it led to good outcomes, while this year that dropped to 69 per cent. A similar decrease was seen for the NDIS induction modules, down seven per cent from 68 per cent to 61 per cent.

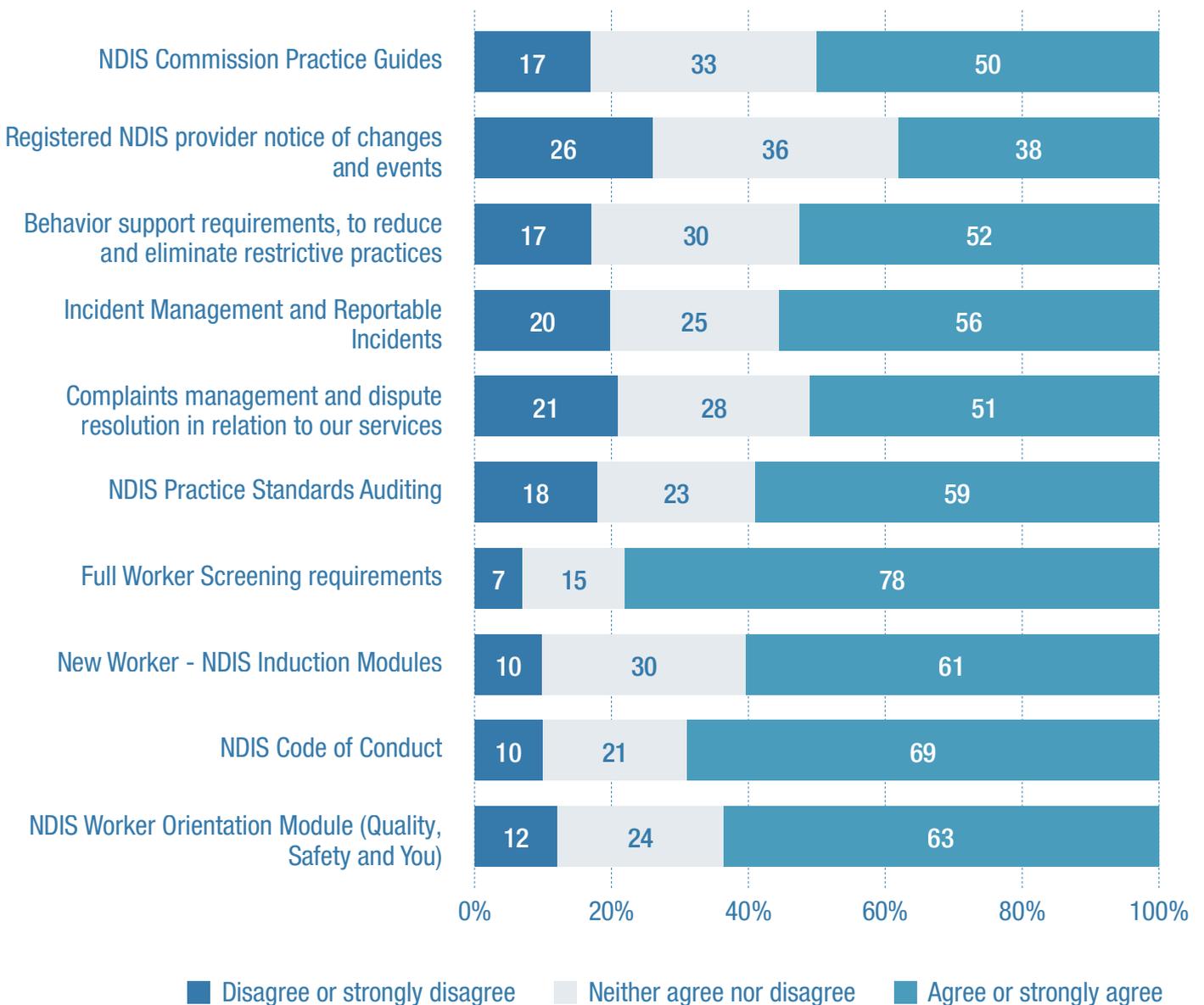
Attitudes towards NDIS practice standards auditing also softened, falling three per cent to 59 per cent of respondents agreeing it leads to good outcomes for participants.

Complaints management and dispute resolution dropped by six per cent to 51 per cent, and incident management and reportable incidents fell by five per cent to 56 per cent. There was no change in opinions of behaviour support requirements (to reduce and eliminate restrictive practices), with 52 per cent still agreeing that they led to positive outcomes for participants.

The NDIS worker orientation module (Quality, Safety and You) declined modestly from 67 per cent to 63 per cent, while full worker screening requirements, although still high, dropped from 81 per cent to 78 per cent. Notably, both NDIS Commission practice guidelines and registered NDIS provider

notice of changes and events improved this year. The practice guides rose from 45 per cent to 50 per cent and notice of changes and events increased from 30 per cent to 38 per cent, though both remain relatively low in perceived positive outcomes.

**Figure 17** Quality and Safeguarding Framework



Across open comments concerning the NDIS Quality and Safeguarding Framework, respondents popularly described the framework and its reporting requirements as onerous, unclear and ineffective:

“The current compliance and audit processes are overly complex, resource-intensive, and often lack nuance in recognising the size, risk profile, and operating context of providers.”

**QLD medium not-for-profit**

“The amount of time spent by the team and senior leadership on restrictive practices and reportable incidents is significant.”

**NSW large not-for-profit**

Many respondents expressed their concerns about the NDIS Quality and Safeguarding Framework only applying to registered providers:

“Unregistered providers are not held to the same rigorous standards yet continue to deliver services funded by the NDIS.”

**QLD small for-profit**

“While the NDIS Quality and Safeguarding Framework provides a solid foundation for accountability and continuous improvement among registered providers, it is increasingly evident that the same regulatory expectations are not consistently applied to unregistered providers.”

**NSW large not-for-profit**

Several respondents indicated that the framework is undermined by current pricing structures:

“Additional compliance burden without adequate pricing increase does not lead to better outcomes for participants.”

**VIC large not-for-profit**

“We are committed to meeting our obligations but getting the same price as self managers and unregistered providers HURTS as they are not required to make the investments that we do and that is leading to unsustainable losses.”

**WA large not-for-profit**

“As a sole trader registered with the scheme to provide support coordination, it’s difficult to find and save funds for the audits, this is made much more difficult due to the seven-year price freeze.”

**WA very small**

In contrast, several respondents described the framework in terms of being comprehensive, effective and important:

“The NDIS Quality and Safeguarding Framework provides essential guidance to ensure services are safe, person-centred, and uphold the rights and dignity of people with disability.”

**VIC small not-for-profit**

“I believe that the upcoming changes regarding mandatory registration and complaints management are heading in the right direction.”

**NSW medium not-for-profit**



## Spotlight on quality

This year we asked respondents for further detail on quality. We wanted to better understand how organisations define and measure quality service delivery, how they facilitate quality service delivery, and what barriers they experience in providing quality service delivery.

### Defining quality service delivery

We asked respondents how their organisation defines quality provision of services to clients.

### How organisations define quality provision of services to clients

- Strength-based, person-centred and outcome-oriented services
- Service alignment with policy goals
- Highly trained and qualified staff
- Open communication and collaboration with clients and their supports
- Continuous improvement

“Not about you without you - we are strong proponents of choice, control and transparency in all our services.”

**WA medium not-for-profit**

“By compliance with legislative and safeguarding standards.”

**NSW large not-for-profit**

“Well-trained staff who can respond to clients’ needs...”

**SA large not-for-profit**

“Collaboration with clients, guardians and stakeholders a focus.”

**SA medium for-profit**

“Based on continual improvement register and feedback.”

**VIC small not-for-profit**

“Quality service provision means delivering person-centred, responsive, and ethical support that empowers people with disability to live with dignity, autonomy, and inclusion.”

**WA small for-profit**

## Measuring quality service delivery

We asked respondents how their organisation measures quality provision of services to clients.

### Organisational measurements of quality provision of services to clients

- Formal feedback channels (for example, surveys and interviews)
- Informal channels (for example, check ins)
- Audits and reviews
- Quality control systems

“Surveys, customer engagement staff who interview customers and families.”

**SA large not-for-profit**

“Client check-ins, regular worker check-ins.”

**QLD very small for-profit**

“Complaints and incidents and the quality management system.”

**VIC medium not-for-profit**

## Facilitating quality service delivery

We asked respondents how their organisation facilitates the delivery of quality services.

### What organisations do to facilitate the delivery of quality services

- Invest in staff training and education
- Regular monitoring of service quality
- Recognise the importance of communication and collaboration
- Conduct person-centred planning
- Follow standards, guidelines and values
- Foster a culture of compassion, improvement and excellence
- Recognise the importance of strong and visible leadership
- Invest in technology
- Value lived experience of disability

“We invest in ongoing staff training.”

**QLD very small not-for-profit**

“We systematically monitor service quality through feedback, audits, and incident review, and use this information for continuous improvement.”

**VIC large not-for-profit**

“Always strive to provide a great service, listening to our participants.”

**NSW very small not-for-profit**

“Place person-centred and high-quality services at the heart of everything we do.”

**ACT large not-for-profit**

“Facilitates the delivery of quality services through a strategic, values-driven framework that aligns with the NDIS Practice Standards.”

**WA medium not-for-profit**

“Fostering a culture of excellence throughout our teams.”

**ACT large not-for-profit**

“Site visits by Board and management regularly.”

**NSW large not-for-profit**

“Try to invest in practice leadership and tech solutions to support efficiencies and data collection.”

**VIC large not-for-profit**

“Hire local people that the participants trust and have connection and common lived experience.”

**NT medium not-for-profit**

**Quality services rely on feedback, monitoring, leadership and continuous improvement.**

**Barriers to quality service delivery**

We asked respondents about barriers that limit their ability to deliver quality services.

**Barriers experienced by organisations to the delivery of quality services**

- Funding and pricing constraints
- A general lack of resource availability
- Workforce shortages
- System and policy related challenges
- Administrative burdens
- Travel and distance related

“The NDIS pricing is inadequate - we cross subsidise all the Q and S work to ensure we operate above the NDIS standards.”

**WA large not-for-profit**

“Funding limitations can also restrict access to resources.”

**VIC very small not-for-profit**

“Our ability to deliver high-quality services is limited by workforce shortages.”

**QLD medium not-for-profit**

“Challenges in navigating the NDIS system.”

**TAS medium for-profit**

“Administrative and compliance burden - significant time and resources are required to meet regulatory, reporting, and audit requirements which can divert focus from frontline care.”

**QLD small for-profit**

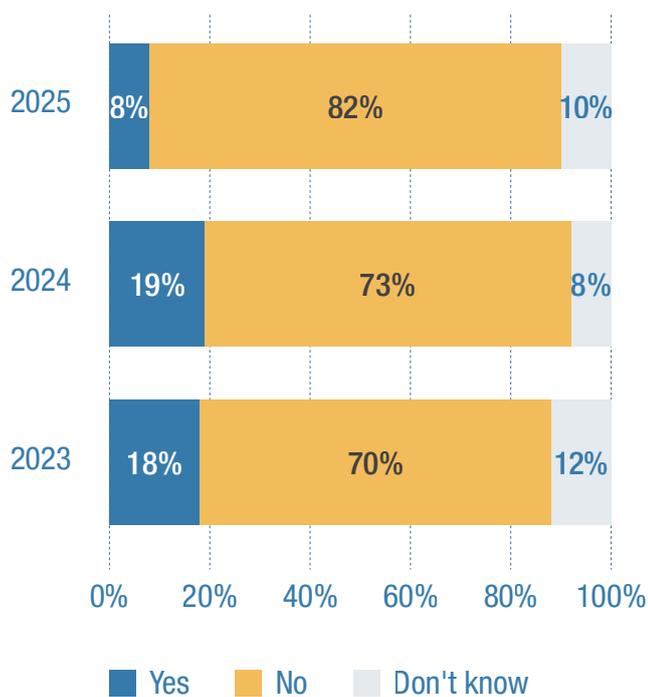
“Recent NDIS changes in relation to travel has significantly impacted our ability to provide services in places that children live, learn and play.”

**NSW small not-for-profit**

## Registration

Two hundred and fifty registered providers answered questions about registration. This year, eight per cent of respondents who are registered providers are considering dropping their registration with the NDIS Commission, a decrease from 19 per cent last year, which is a statistically significant change. Of the 18 respondents who are not registered providers, 13 are considering becoming registered with the NDIS Commission and three are not, while two are unsure.

**Figure 18** Is your organisation considering dropping their registration with the NDIS Commission?



## Regulation

Respondents were asked how changes to the regulatory environment will affect their organisation. In response to this question, many respondents described the changes as burdensome and costly:

“Implementation of any new standards will take time, effort and cost to implement. All of which we are currently in short supply of.”

**NSW large not-for-profit**

“These changes will significantly increase compliance workload.”

**QLD medium not-for-profit**

In contrast, many respondents described the changes to the regulatory environment to be important, necessary and beneficial:

“We see these regulatory changes as a positive step toward ensuring greater consistency, safety, and accountability across the sector.”

**VIC very small not-for-profit**

“Changes to the regulatory environment, such as mandatory registration and new practice standards, will inevitably raise the bar for compliance.”

**VIC large not-for-profit**

Many respondents reported no expected impacts on their organisations:

“It will not impact us, but it will impact the industry that we work in.”

**QLD large not-for-profit**

“No change we are already registered.”

**WA large not-for-profit**

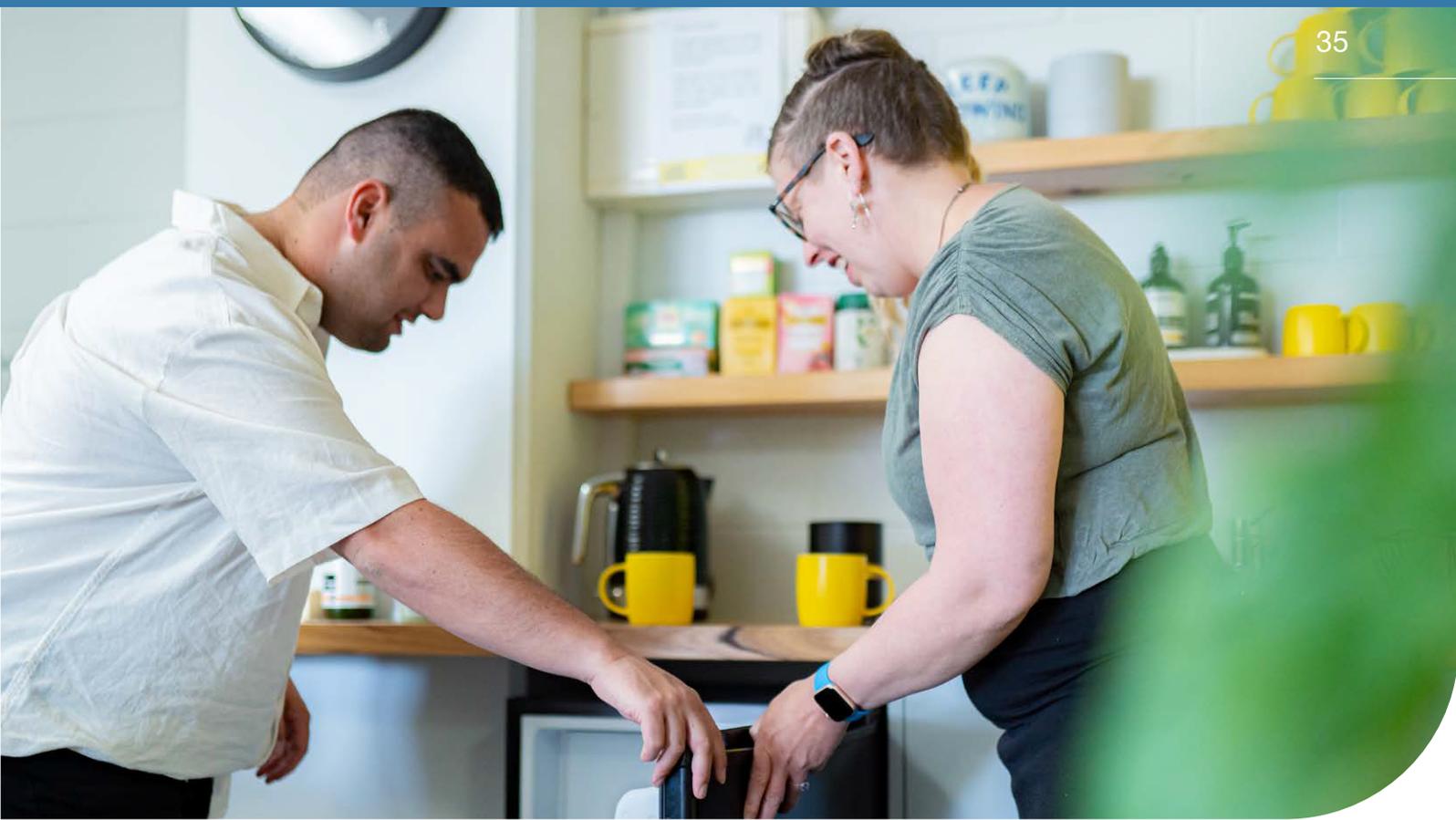
Several respondents reported uncertainty about the impacts on their organisations:

“Impact will depend on what the specific changes are.”

**NSW large not-for-profit**

“Unknown at this stage.”

**WA medium not-for-profit**



# The state of the workforce

## Recruitment

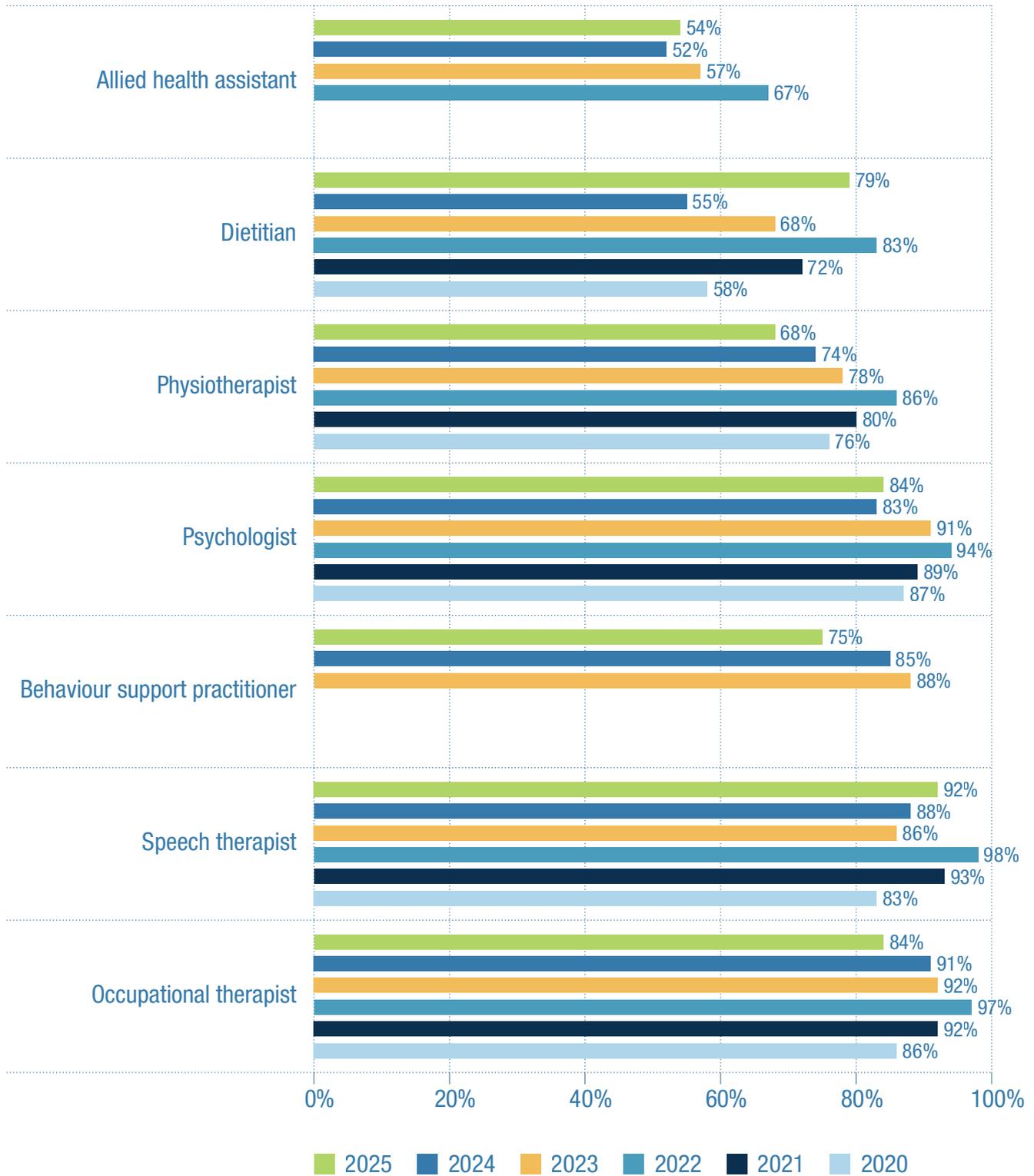
Recruitment continues to be difficult for organisations. The most difficult roles to recruit for included speech therapists, occupational therapists, psychologists, dietitians, and behaviour support practitioners. In comparison to results from last year, difficulties associated with recruiting occupational therapists eased significantly, but difficulties recruiting dietitians increased.

The roles easiest to recruit for included plan managers, marketing and business development, information technology roles, and finance and accounting roles. Trends in recruitment are presented in the four figures on the following page.

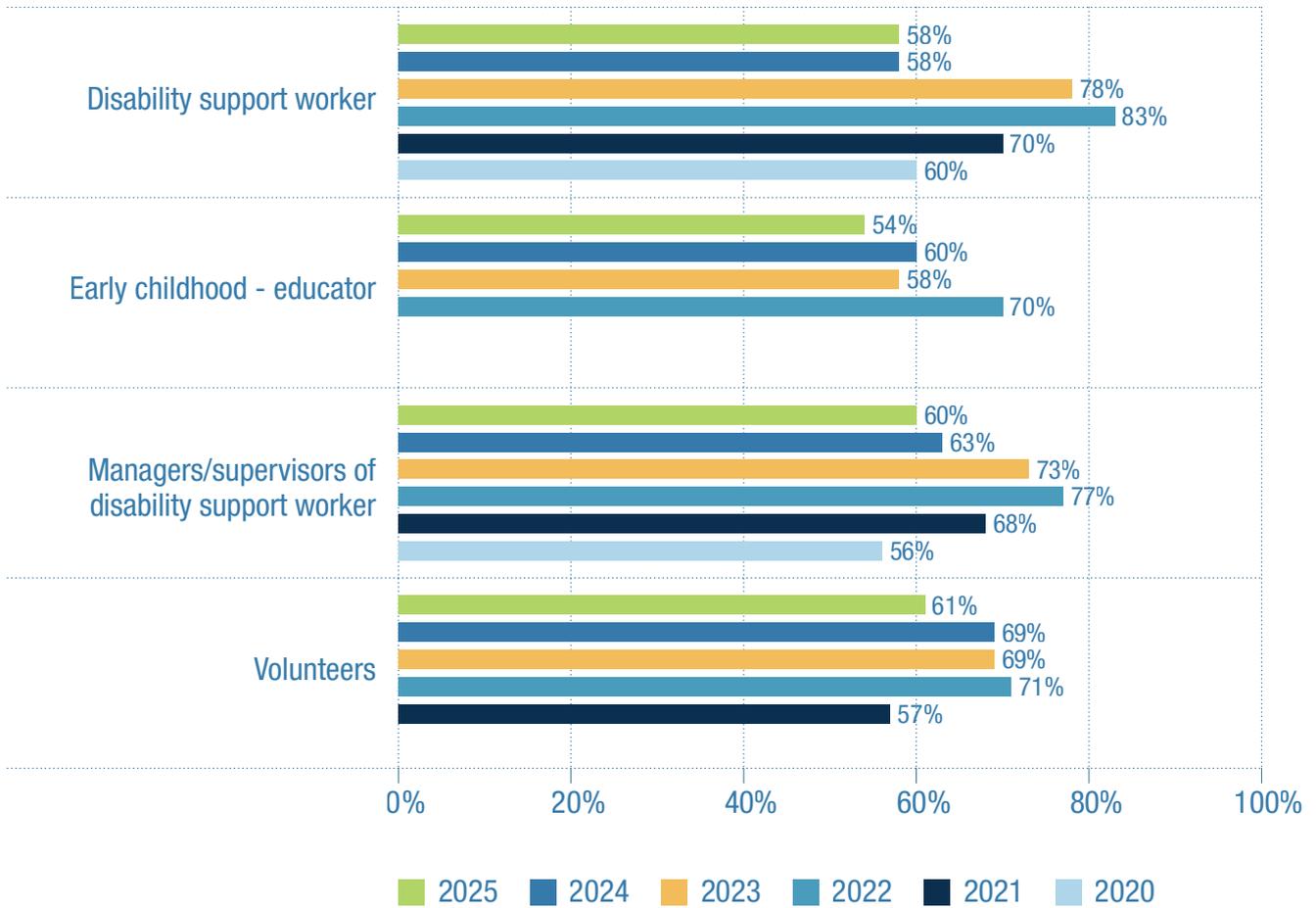
## Recruitment challenges and trends

Recruitment remains a significant challenge for organisations across the sector, with some specialist roles proving particularly difficult to fill. While positions such as plan managers and finance roles are generally easier to recruit for, demand for allied health professionals continues to strain staffing capacity.

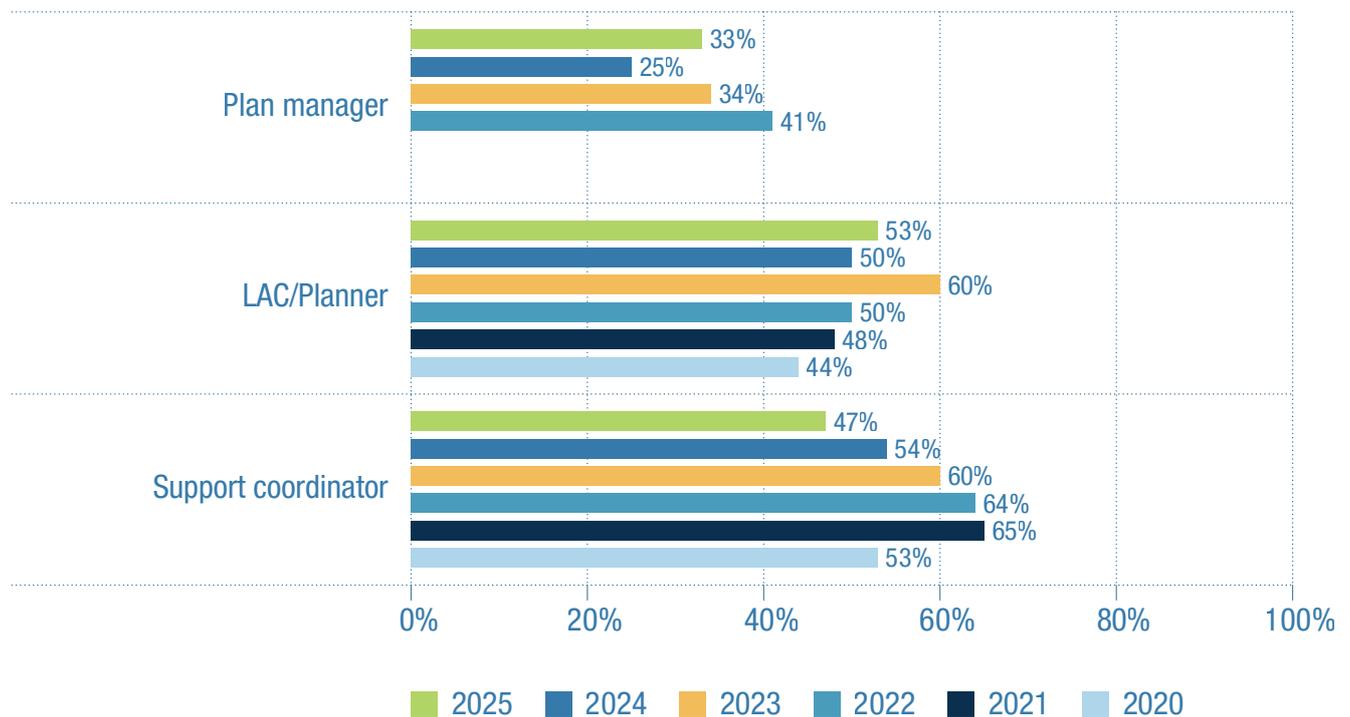
**Figure 19a** Trends in recruitment over time: allied health professionals



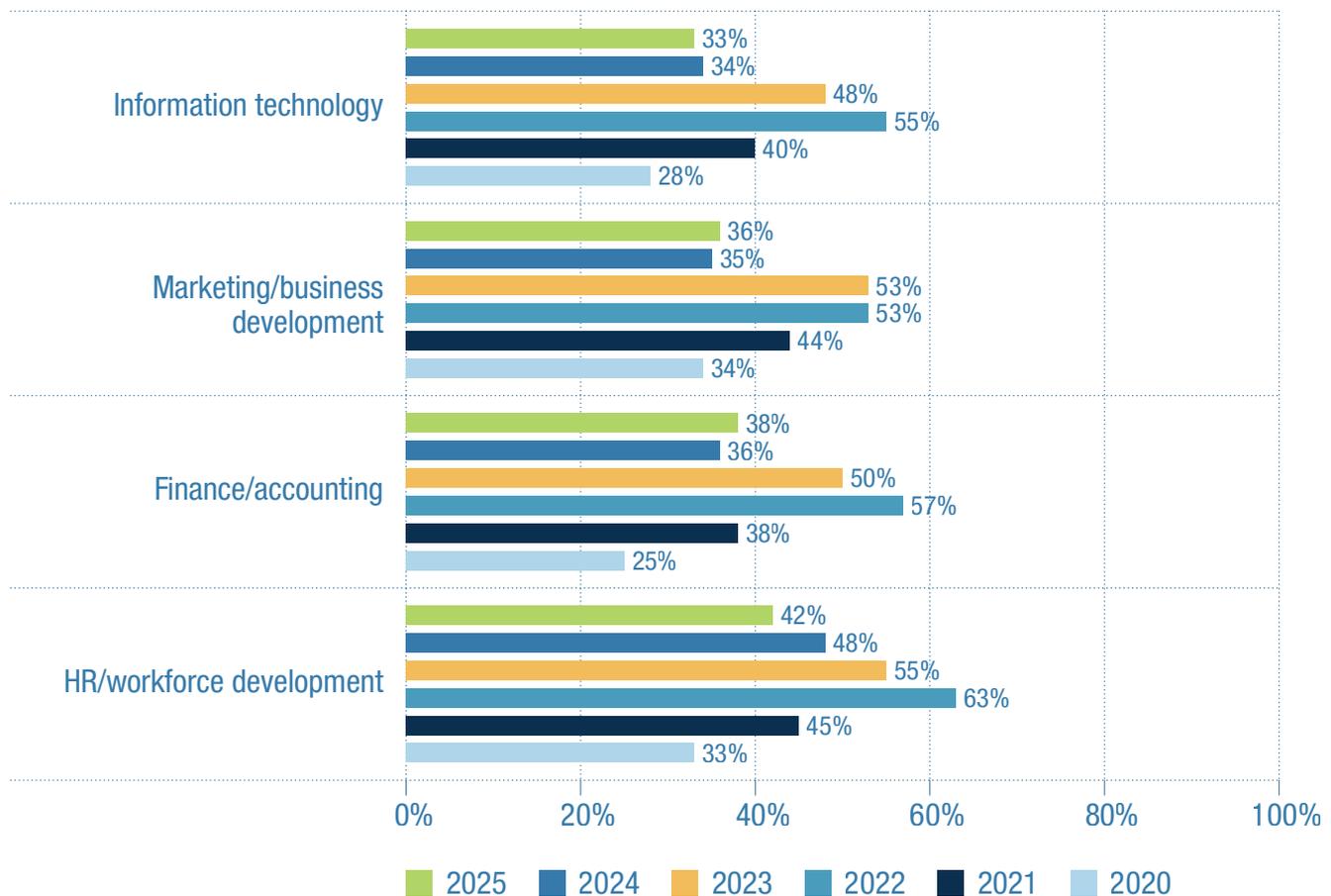
**Figure 19b** Trends in recruitment over time: front-line workforce



**Figure 19c** Trends in recruitment over time: intermediaries and planners



**Figure 19d** Trends in recruitment over time: administration and back office



Narrative responses about the key barriers faced in recruiting staff, along with the strategies used to facilitate recruitment are summarised below:

### Barriers to recruitment

- A lack of qualified or suitable staff
- Competition from other sectors
- Preference for casual contracts
- NDIS pricing limits
- Do not want shift work
- Administrative and compliance burdens
- Located in regional area
- Pay expectations
- Scarcity of accommodation
- Perceptions of safety risks
- Do not want stress or high workload

“We are increasingly finding it harder to recruit for management and leadership positions. These roles require a unique combination of regulatory knowledge, people leadership, financial and operational skills, and sector expertise.”

#### **VIC large not-for-profit**

“Regional staff recruitment is more difficult.”

#### **SA large not-for-profit**

“Cost of accommodation in regions ... out of range for support workers and junior allied health staff to move to these vacancies.”

#### **WA large not-for-profit**

“It is almost impossible to recruit support workers - and especially experienced support workers.”

#### **QLD medium not-for-profit**

“Salaries too low and competing with government (in the ACT).”

**ACT large not-for-profit**

“Therapists earn more money if they go out on their own or work for bigger companies with better perks so we can’t compete.”

**QLD small not-for-profit**

“NDIS pricing structures limit what we can offer in salaries.”

**VIC large not-for-profit**

“Attracting staff who are available to work rostered shifts spread over 24 hours per day, 365 days per year.”

**TAS medium not-for-profit**

“Salary expectations are generally much higher than the ability to pay.”

**TAS medium not-for-profit**

“Leaving the industry entirely due to burnout.”

**QLD small for-profit**

Open text responses to the key supports and enablers that services experienced in recruiting staff are summarised in the table below:

**Facilitators to recruitment**

- Reputation of organisation
- Training and professional development opportunities
- Word of mouth
- Flexible work arrangements
- Effective hiring processes
- Offering fair pay
- Organisational culture and values
- Relationships with universities and TAFE
- Other financial incentives (eg, salary sacrificing)

- Relationships with industry and personal networks

- Good marketing materials

“Opportunities for development and career pathways.”

**SA large not-for-profit**

“Our most successful recruitment strategies are recruiting by word of mouth.”

**NT medium not-for-profit**

“Offering part-time and flexible work arrangements has enabled us to attract a more diverse workforce.”

**VIC small not-for-profit**

“Building our HR team and HR systems.”

**VIC medium not-for-profit**

“An offer of reasonable remuneration for the role they have.”

**QLD very small for-profit**

“Our strong organisational culture.”

**VIC small not-for-profit**

“Relationships with local RTOs, TAFEs, and universities provide access to nursing and allied health students seeking industry experience.”

**QLD small for-profit**

“We get the best results where we can tap into personal networks of employees.”

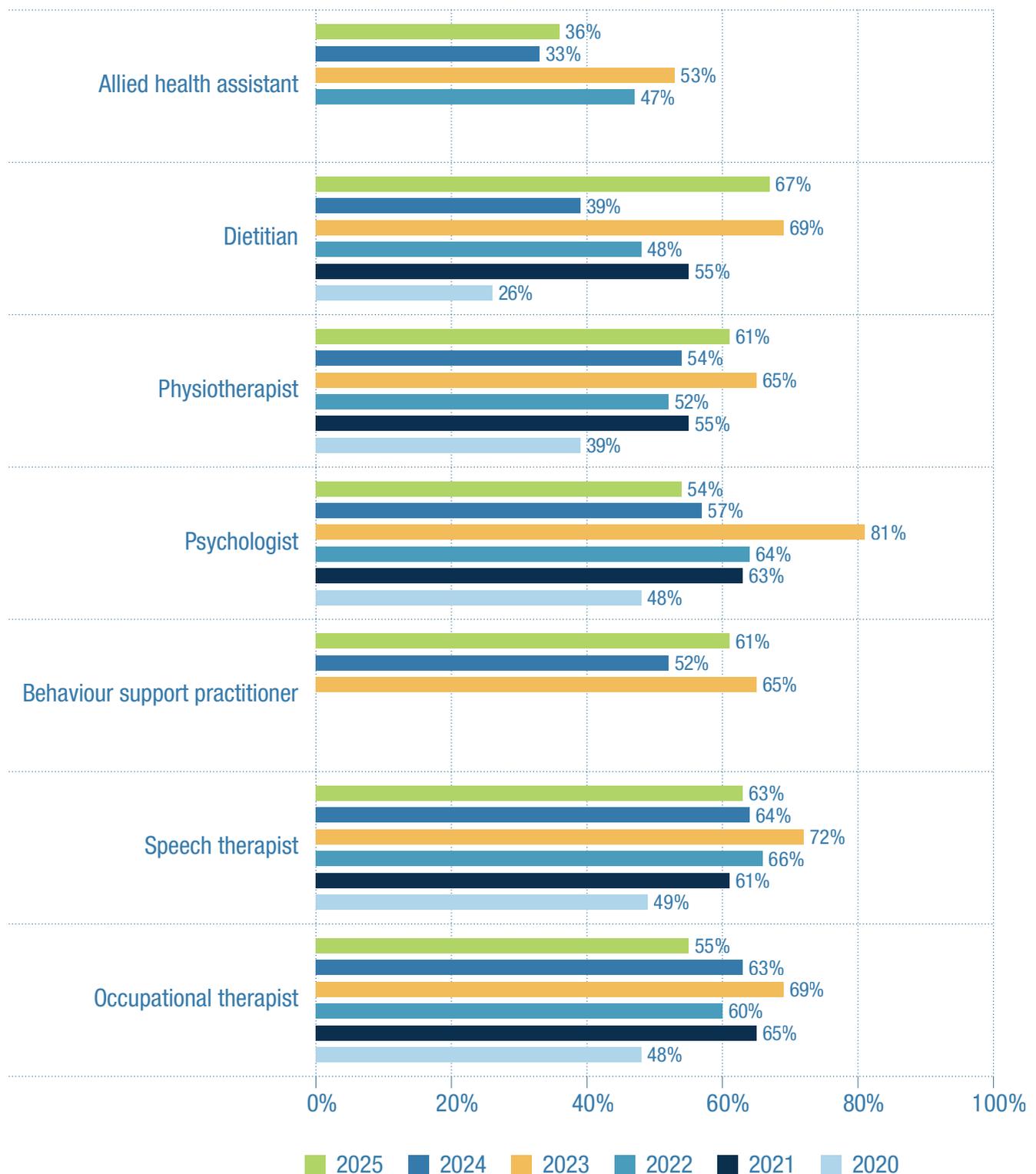
**SA medium not-for-profit**

## Retention

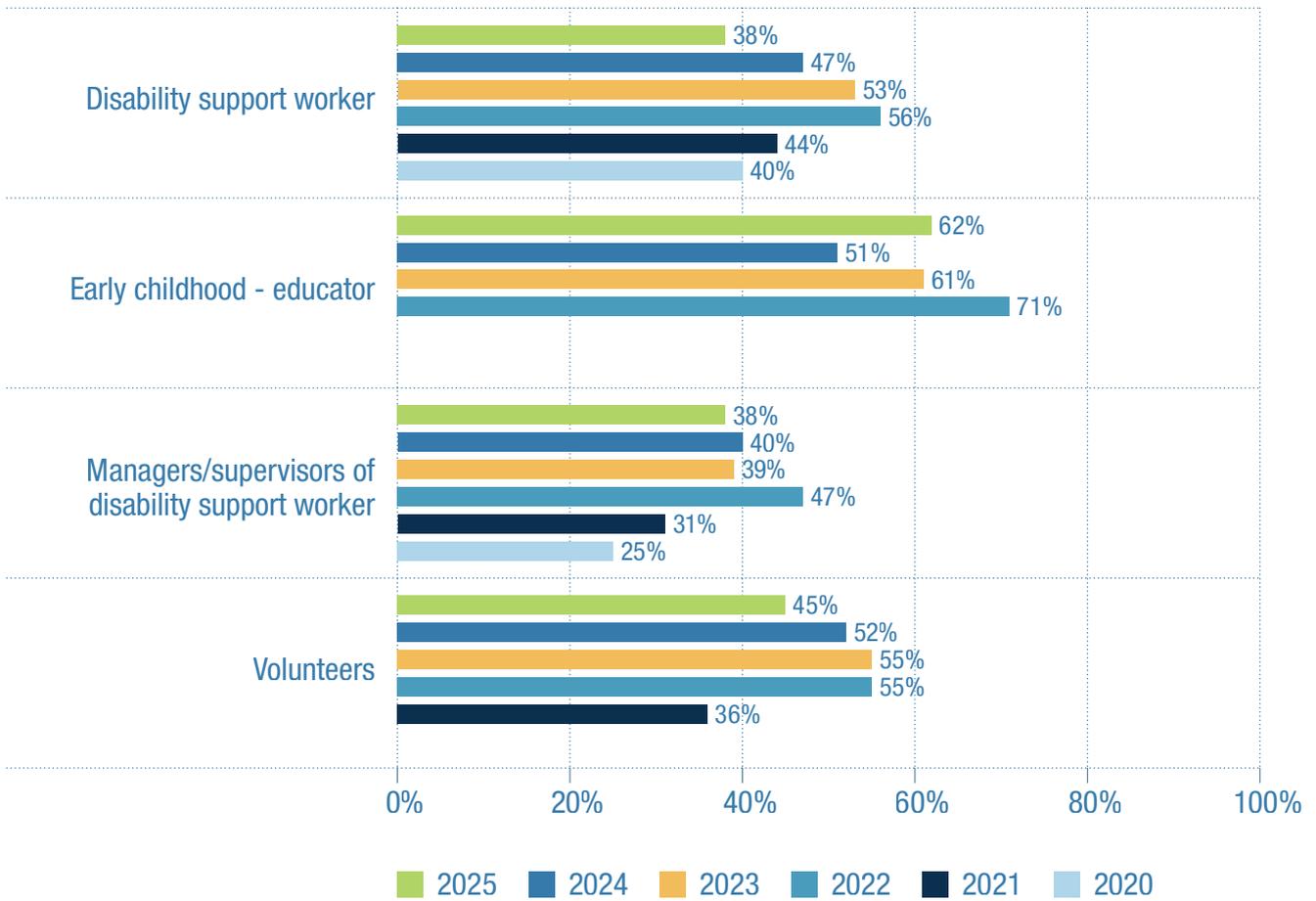
In terms of staff retention, LAC/planners, dietitians, speech therapists, early childhood educators, behaviour support practitioners, and physiotherapists were difficult to retain.

Plan managers, finance and accounting staff, marketing and business development staff and HR/workforce development staff were easiest to retain — but also easy to recruit.

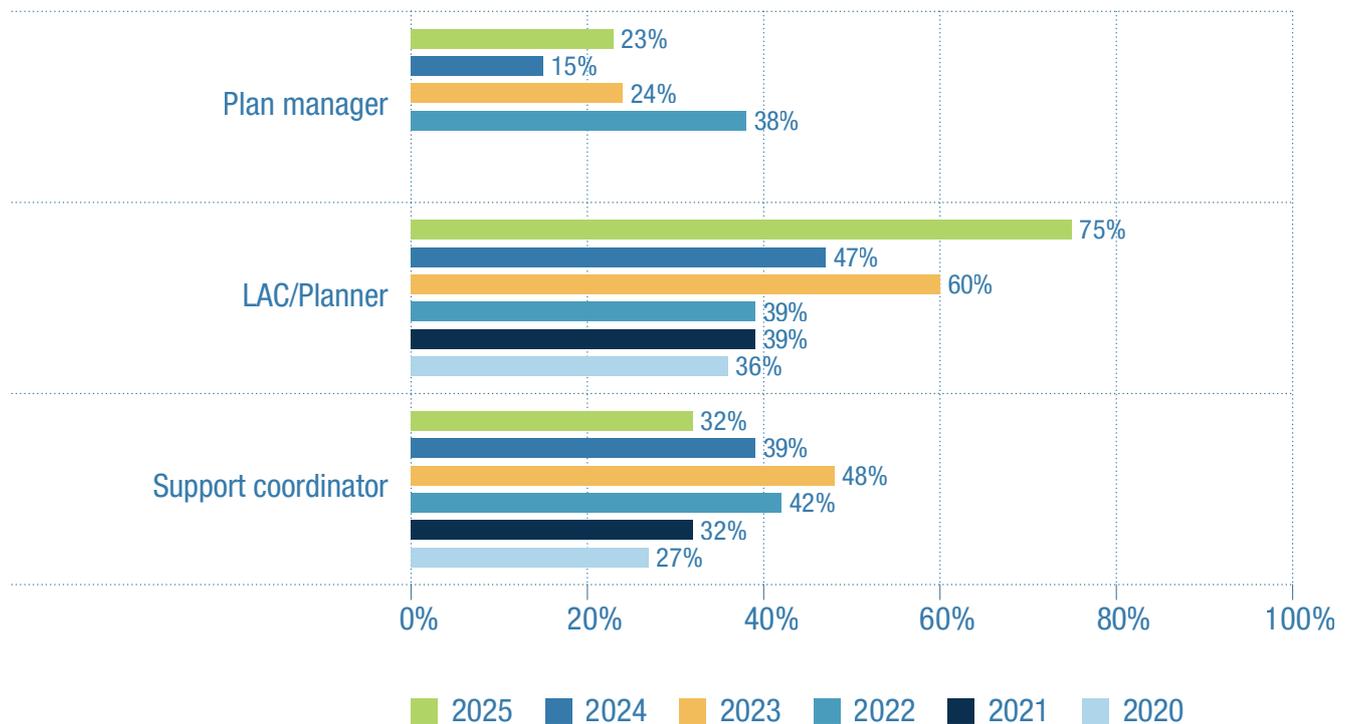
**Figure 20a** Trends in retention over time: allied health professionals



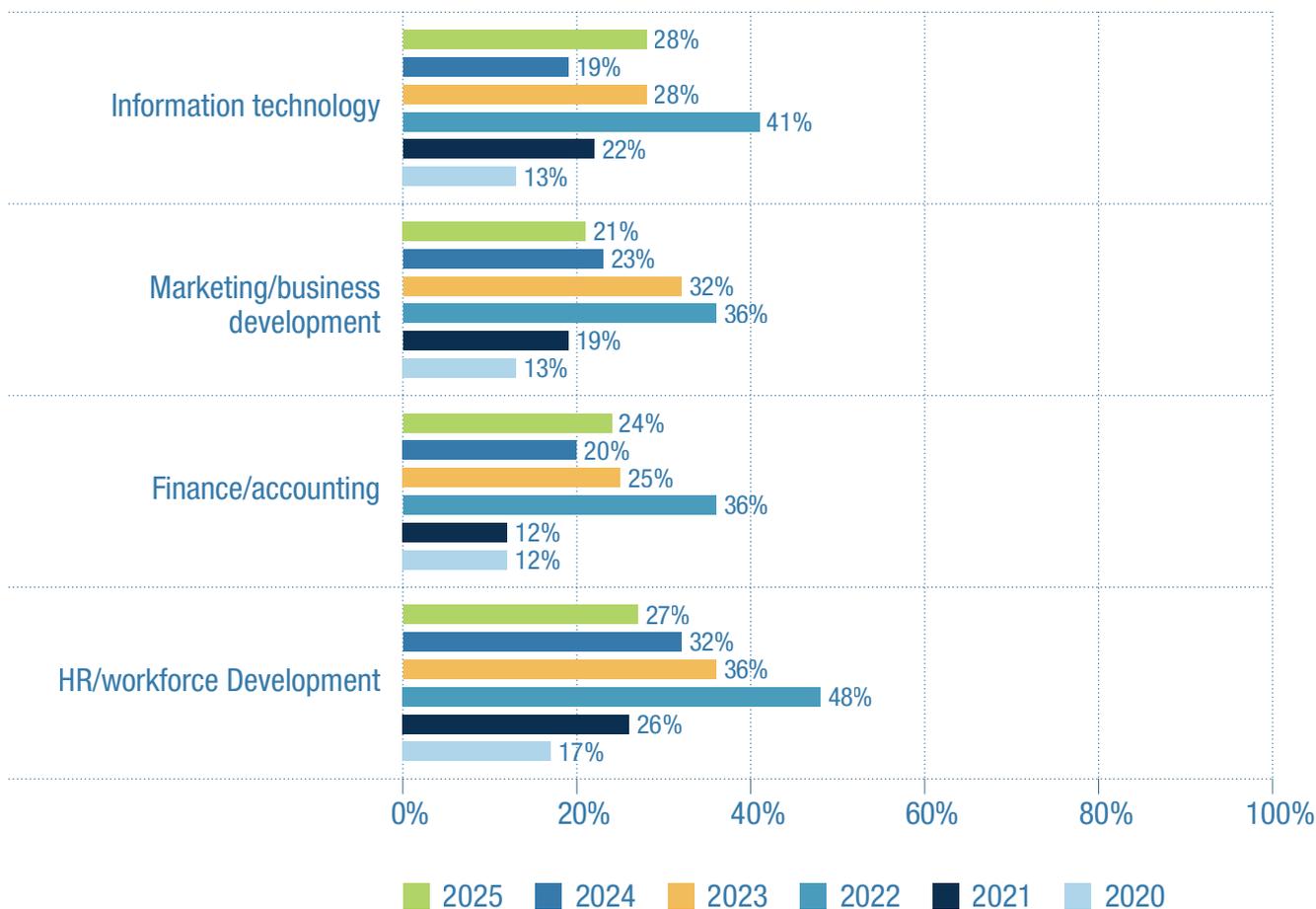
**Figure 20b** Trends in retention over time: front-line workforce



**Figure 20c** Trends in retention over time: intermediaries and planners



**Figure 20d** Trends in retention over time: administration and back office



Open text responses about the key challenges that organisations face in retaining staff are summarised below:

### Barriers to retention

- High job demands and staff burnout
- Competition and poaching staff
- Low pay rate
- Inconsistent work hours
- Lack of career pathway
- Bad fit with organisational culture
- Roles used to advance career opportunities elsewhere
- Staff training and development demands
- Staff safety issues

- Staff relocating to a new area
- Staff relocating to a new area
- Cost of living in a capital city
- Costs of being registered

“The emotional toll of high-intensity or crisis-driven work.”

**QLD medium not-for-profit**

“Ability to maintain staff due to poaching by other organisations.”

**TAS medium not-for-profit**

“Competition from other sectors.”

**NSW large not-for-profit**

“I can’t pay my staff what they are worth.”

**WA very small not-for-profit**

“Constantly changing hours and rosters for support workers leads to dissatisfaction.”

**QLD large not-for-profit**

“They seek the wages they deserve but we cannot afford to provide this due to [price] limitations enforced by the NDIS.”

**VIC small for-profit**

“No real career structure for support workers.”

**WA large not-for-profit**

“Sometimes it’s the fit or it wasn’t what people expected.”

**SA large not-for-profit**

“We have had staff leave once they were able to access all our participant details and resources to transfer to their own NDIS company.”

**NT medium not-for-profit**

“Fatigue ... training.”

**VIC medium not-for-profit**

Open-text responses to the key supports and enablers that services experience in retaining staff are summarised below:

### Facilitators of retention

- Culture, values and reputation of an organisation
- Training and development
- Flexible work arrangements
- Support and staff wellbeing programs
- Competitive pay
- Regular staff engagement
- Rewards and recognition
- Consistent work availability
- Work-life balance
- Good supervision and communication
- Strong leadership

“Our strong organisational culture and values.”

**VIC large not-for-profit**

“Investment in training and development.”

**VIC small not-for-profit**

“Offering flexible work arrangements supports work-life balance.”

**QLD very small for-profit**

“The provision of a positive and supportive work environment.”

**SA medium not-for-profit**

“Competitive pay rate.”

**NSW small not-for-profit**

“Staff surveys, regular communication.”

**TAS medium not-for-profit**

“Ensure we check in regularly, hold regular team meetings.”

**VIC large not-for-profit**

“Regular acknowledgement of individual and team achievements, both formally and informally.”

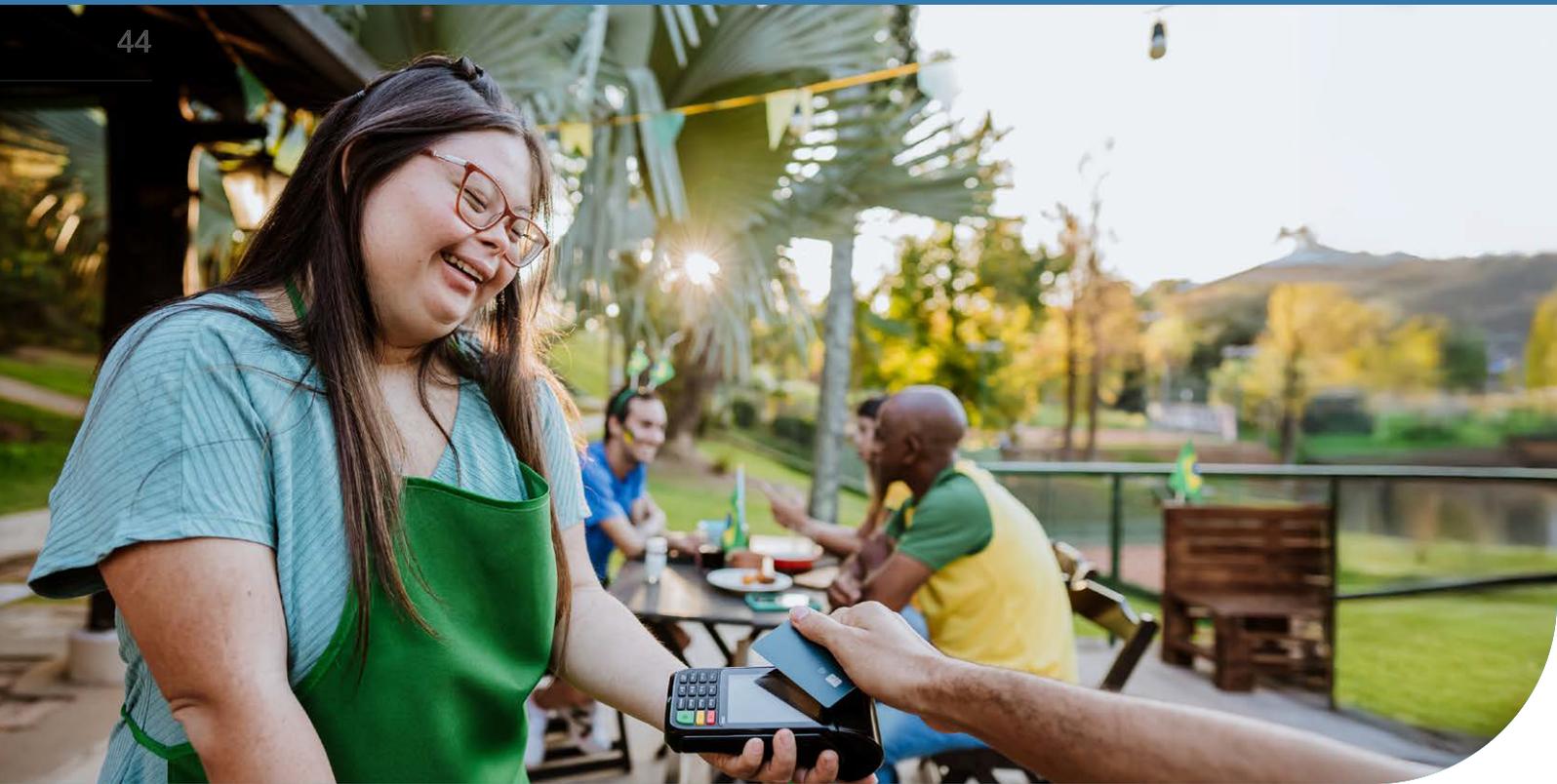
**QLD small for-profit**

“Future stability of hours.”

**QLD small not-for-profit**

“Great management helps enormously.”

**TAS medium not-for-profit**



## The state of disability employment

### Disability Employment Services (DES)

Fifteen respondents answered questions about Disability Employment Services (DES), which was a similar number to last year. Last year, policy reforms were on the horizon; however, this year they were not yet implemented. Therefore, our questions were slightly different this year, which means we cannot compare this year's data to that of last year. However, we were able to ask questions about respondent thoughts on the current DES model versus the proposed new DES model.

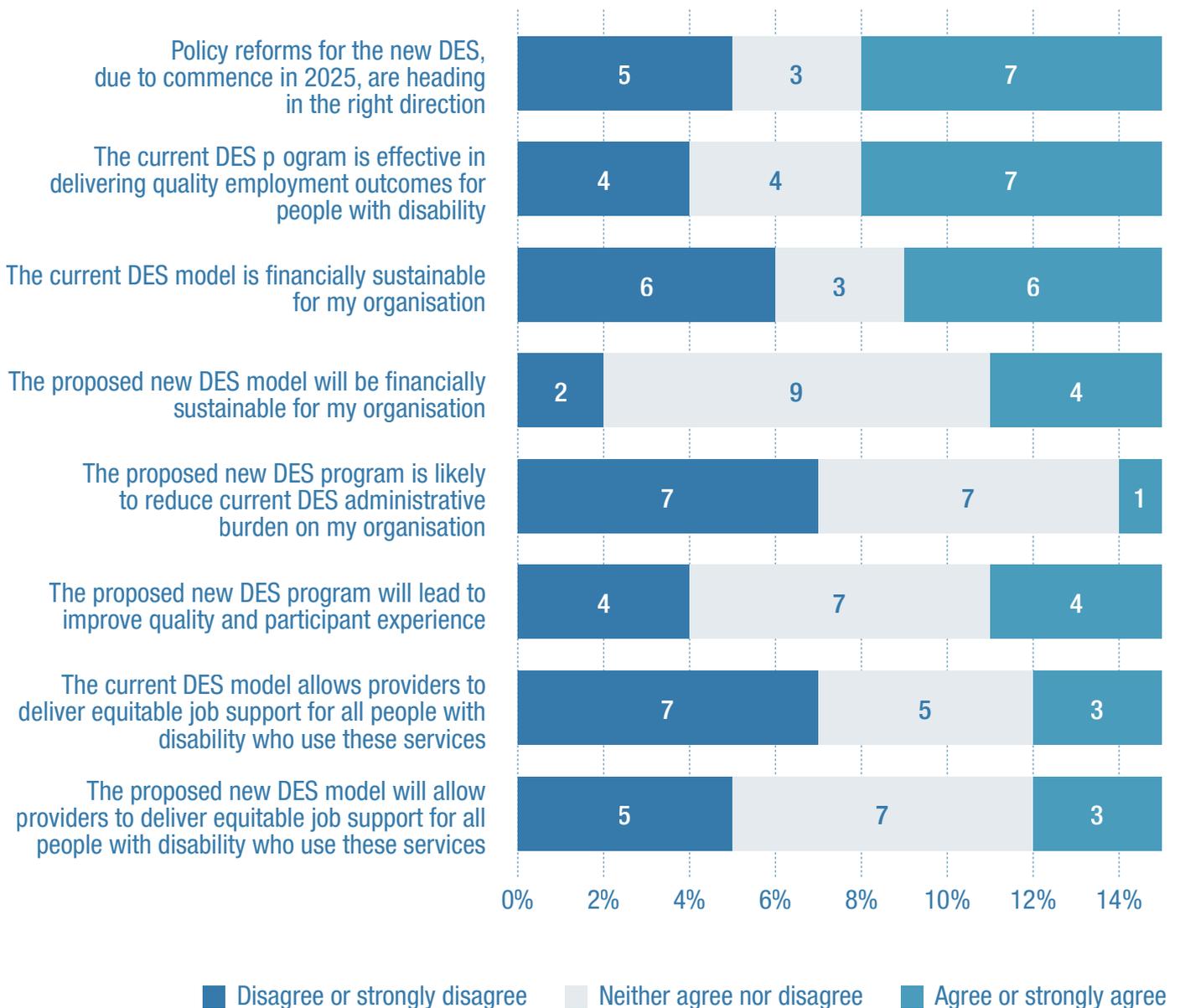
On policy direction, almost half (47 per cent, seven of 15) agreed that reforms are heading in the right direction, one-third disagreed (33 per cent, five of 15), and one-fifth (20 per cent, three of 15) were neutral. Views on the effectiveness of the current DES were similar:

47 per cent (seven of 15) agreed it delivers quality employment outcomes, while 27 per cent (four of 15) were neutral and another 27 per cent (four of 15) disagreed.

Thoughts on financial sustainability were mixed. For the current DES, responses were split evenly between agree (40 per cent, six of 15) and disagree (40 per cent, six of 15) that it is financially sustainable for their organisation. For the proposed model, most respondents reserved judgement: 60 per cent (nine of 15) were neutral, 27 per cent (four of 15) agreed, and 13 per cent (two of 15) disagreed.

On administrative burden, very few expected relief: only seven per cent (one of 15) believed the proposed DES will reduce current administrative load, while 47 per cent (seven of 15) disagreed and 47 per cent (seven of 15) were neutral.

**Figure 21** Opinions of the existing and new Disability Employment Services model



We asked respondents for their comments on the operating environment for DES providers. Respondents mentioned that the operating environment is contributing to administrative and financial burdens for DES providers:

“Compliance and evidence collection take too much time away from supporting participants.”

**NSW large not-for-profit**

“The department oversight creates huge duplication and administration, too new to know if it will change the experience of people with disability.”

**VIC large not-for-profit**

“Service fees will no longer be paid in advance, which is a huge financial burden put on providers who have to invest in setting up new infrastructure and employing staff.”

**NSW large not-for-profit**

“Time limited budgets interrupt continuity of care and increase admin time.”

**WA large for-profit**



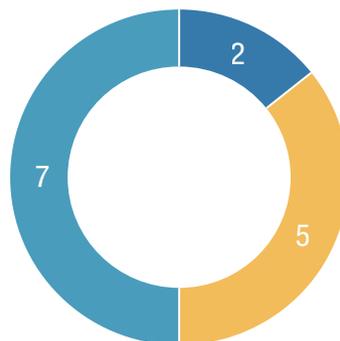
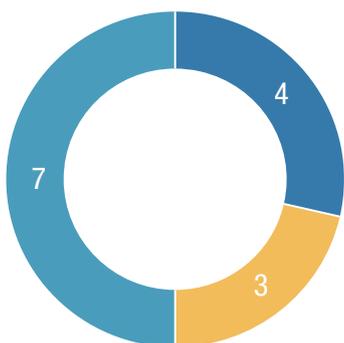
In relation to the proposed model for DES, there is some hope. While seven of 15 respondents (47 per cent) disagreed that the current model allows providers to deliver equitable job support, only five (33 per cent) disagreed with this statement in relation to the proposed new model. The majority of respondents were also neutral (seven of 15, 47 per cent) or in agreement (four of 15, 27 per cent) that the proposed new model would lead to improved quality and participant experiences.

While half of respondents either didn't know (or may have been reserving judgement) about the proposed new DES funding structure, four out of 14 felt that it was an improvement over the current model. However, this improvement might not be enough, because only two out of 14 felt like the right incentives were built into the new model, with five disagreeing and the remaining seven reporting "don't know".

**Figure 22** Respondents' responses to questions about the proposed model for DES

Do you think the proposed new DES funding structure is an improvement from the current model?

Are the right incentives built into the operation of the proposed new DES to assist a range of people with disability into employment?



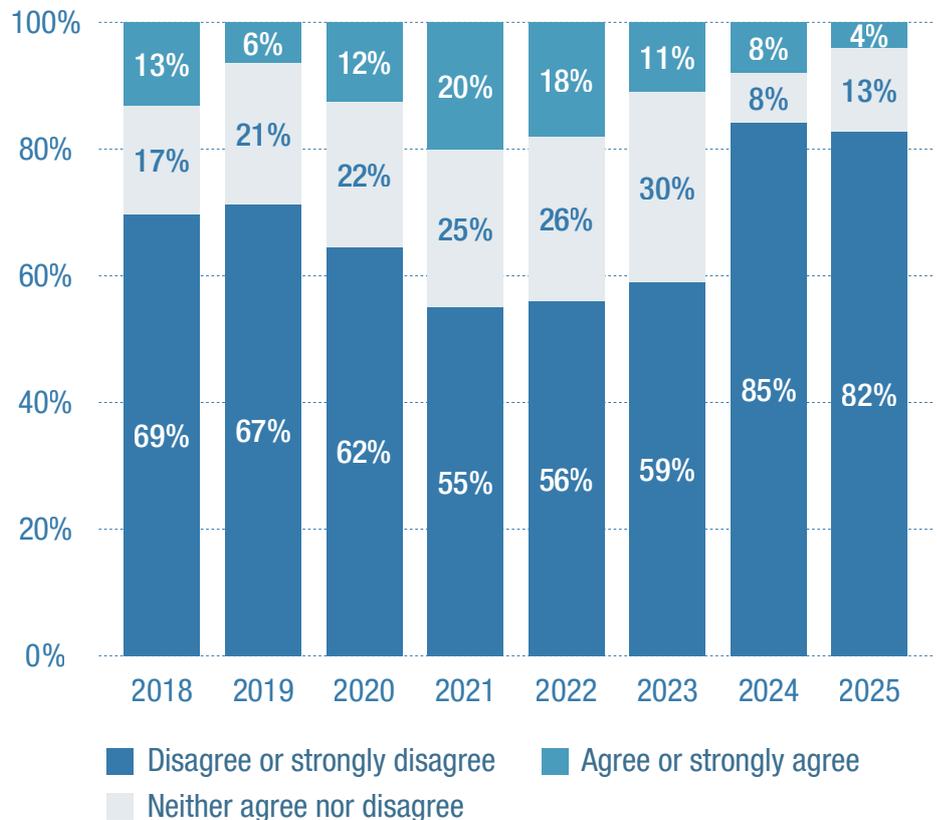
● Yes ● No ● Don't know

● Yes ● No ● Don't know

**Figure 23** Compared to 12 months ago, the current operating environment for supports in employment providers is more certain

### Supported employment services

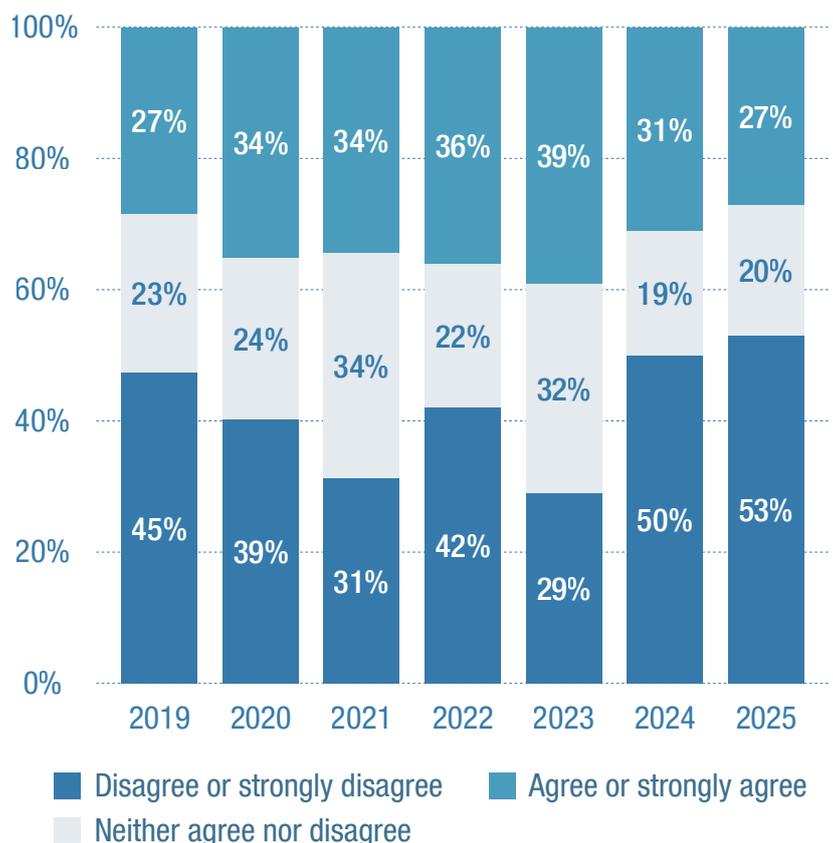
Forty-five organisations reported on the delivery of Supported Employment Services. Uncertainty remains entrenched: 82 per cent did not believe the operating environment is more certain, which was little change from 85 per cent in 2024.



**Figure 24** The transition to the NDIS has enhanced our capacity to provide employment opportunities

Views on the transition were also flat: 53 per cent did not believe the NDIS transition has enhanced their capacity to provide a broader range of employment opportunities, compared with 50 per cent last year.

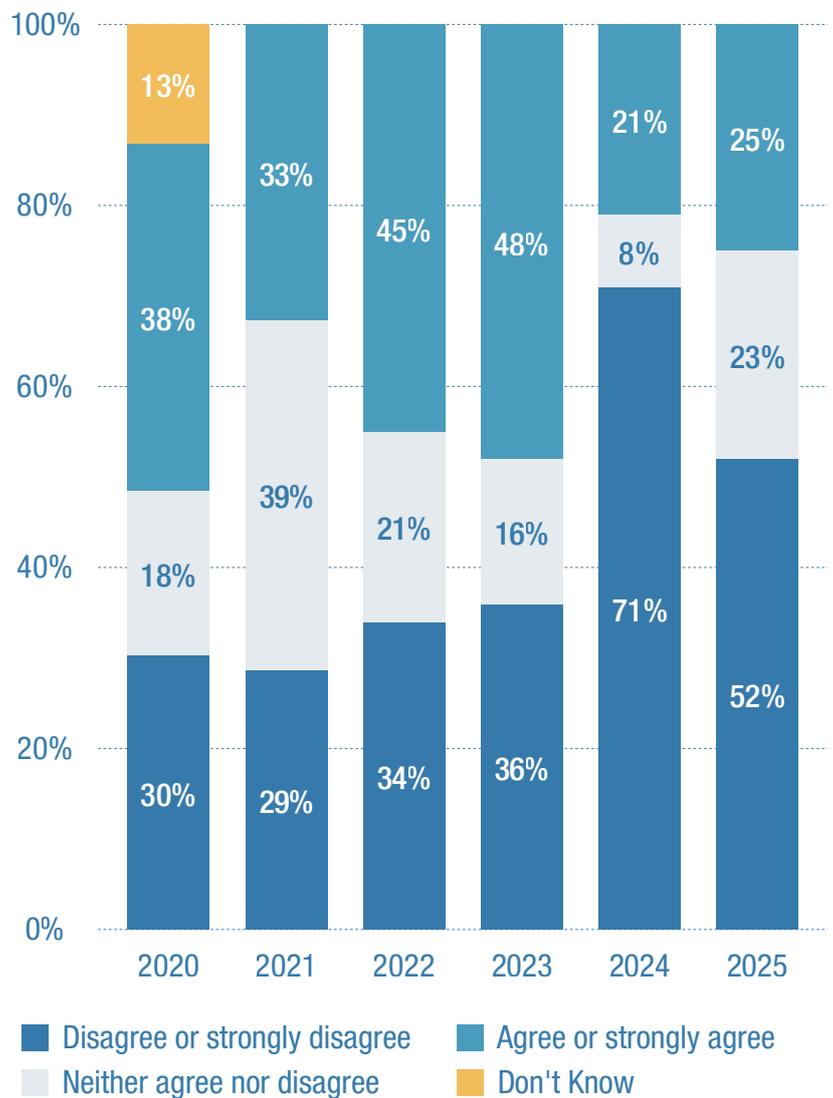
Pricing pressure has softened but not reversed (see Figure 25): 52 per cent reported they cannot provide the required support under current NDIS pricing, down from 71 per cent in 2024; this drop was driven mainly by neutrality, not positivity, with more respondents selecting “neither agree nor disagree” (eight per cent in 2024 compared to 23 per cent this year), while agreement rose only slightly (21 per cent to 25 per cent).



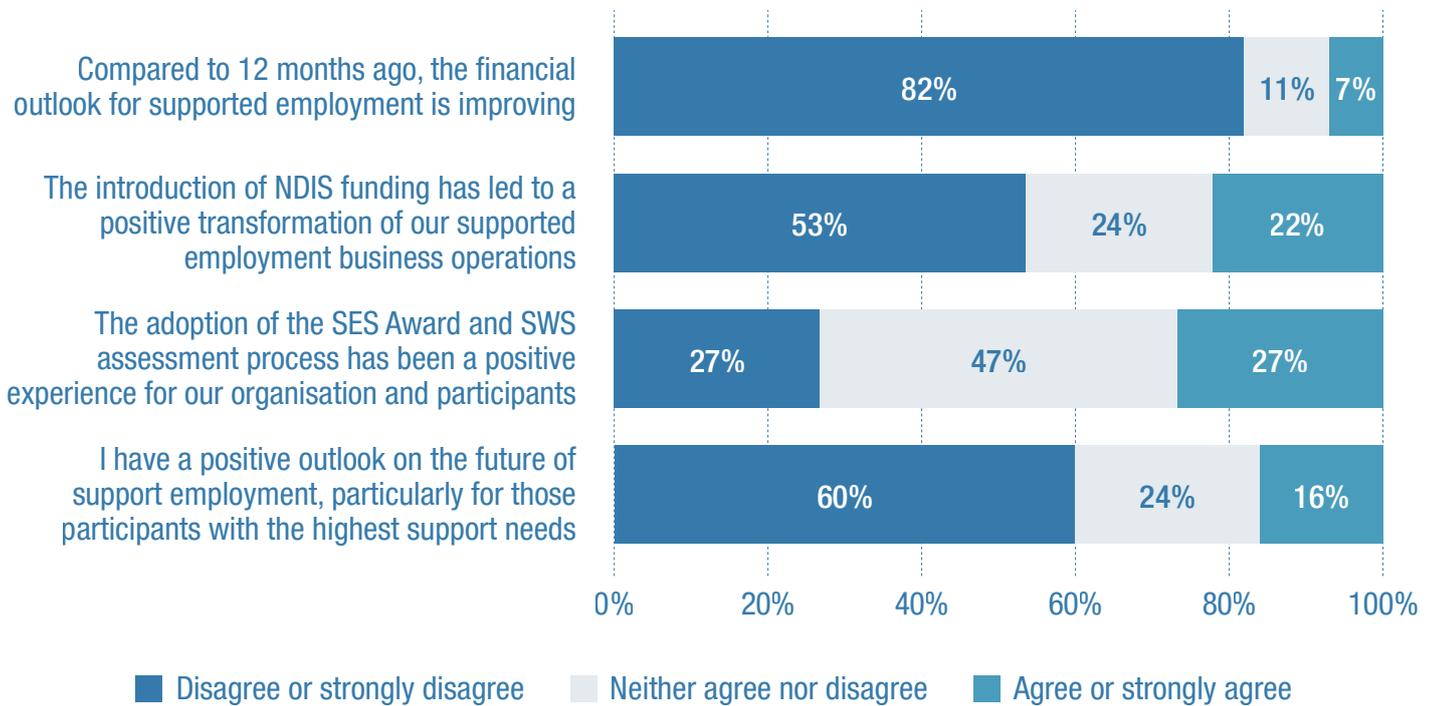


Four new questions were introduced this year, and the results (shown in Figure 26) point to persistent pessimism. Most providers rejected the idea that the financial outlook for supported employment is improving: 82 per cent disagreed and only seven per cent agreed. The claim that NDIS funding has positively transformed supported employment business operations was also not supported: 53 per cent disagreed and 22 per cent agreed. Views on the SES Award and Supported Wage System assessment process were mixed but largely non-committal: 47 per cent neither agreed nor disagreed that it has been a positive experience for their organisation and participants, with agreement and disagreement evenly split at 27 per cent. Only 16 per cent expressed a positive outlook on the future of supported employment for participants with the highest support needs, while 60 per cent disagreed.

**Figure 25** Our organisation can provide the support required for individuals under the NDIS pricing arrangements



**Figure 26** Attitudes towards Supported Employment Services



Respondents were asked to comment on the operating environment for providers of Supported Employment Services, some mentioning the operating environment as contributing to growing financial pressures and risks of closure. Several respondents described the operating environment as contributing to confusion and uncertainty for supported employment services providers:

“As wages rise, the gap between funding and actual cost continues to widen, placing significant financial pressure on providers.”

**NSW large not-for-profit**

“There is insufficient funding, and flexibility in funding, to allow providers to support the broader aspects of an employee’s needs as they arise.”

**VIC large not-for-profit**

“Supported employment is at real risk of extinction in the next five-10 years, removing a viable employment option for many people who would otherwise attend day services.”

**NSW medium not-for-profit**

“Not sure how the drive to provide minimum wage whilst also considering that open employment is the desired outcome will do anything except dismantle the provision of Supported Employment Services.”

**VIC medium not-for-profit**

“The potential for SES award increases and how that will interact with the DSP is also unclear - meaning it is almost impossible to “future proof” the organisation in that respect.”

**NSW small not-for-profit**

“The supported employment sector for ADE’s is very uncertain as we navigate yet further change for better outcomes for supported employees.”

**NT medium not-for-profit**

# Conclusion

Unfortunately, challenges in the sector continue to grow. Organisations continue to struggle in the current operating environment and have ongoing concerns about sustainability and pricing. Worryingly, 41 per cent of organisations do not have a clear vision of where they will be in three years, which could be attributed to the fact that nearly half of organisations made a loss last year, with an additional 15 per cent only breaking even. Just over one-third of organisations made a profit. This percentage is particularly concerning for the prospects of organisations who are desperately trying to maintain a successful business model in the current operating environment.

While approximately one-third of organisations report that they plan to stay in the sector, an increase from last year, they are not focusing on growth. Qualitative results provide further context by noting that organisations are unable to grow due to a lack of resources as well as sector uncertainty and instability.

Conversely, this year fewer organisations report that they are considering leaving the sector. However, given current context of organisations closing, such claims of remaining in the sector might be inaccurate due to response bias (for example, organisations planning to close may have not responded to the survey). Despite their struggles, organisations are trying to improve their business capability with an increasing focus on market research, strategy, and planning; customer engagement; information, communications and technology; and improving records management.

Finally, and perhaps most strikingly, responses to our questions about unfunded services were particularly illuminating. Seventy-seven per cent of respondents reported providing unfunded services amounting in total to \$69,179,791, or an average of \$460,000 per organisation. These numbers are particularly disturbing when taken together with the average financial loss for organisations this year, estimated at \$294,058. Clearly, the financial sustainability of the disability sector is increasingly at risk.

The state of the disability sector is currently bleak, and though this has been stated for a number of years, the longevity of organisations working to stay afloat in the current operating environment is increasingly at risk. This will be another important year for advocacy on the part of NDS, as the conditions that have been consistently seen as unsustainable for organisations continue to worsen. Recognising that the issues raised are well-established, there is still a possibility for positive policy changes. In addition to opportunities to build business capacity, facilitators for positive change exist across areas of employment recruitment and retention, collaboration with other organisations, NDIS pricing reforms, and the delivery of quality services.

# Appendix One

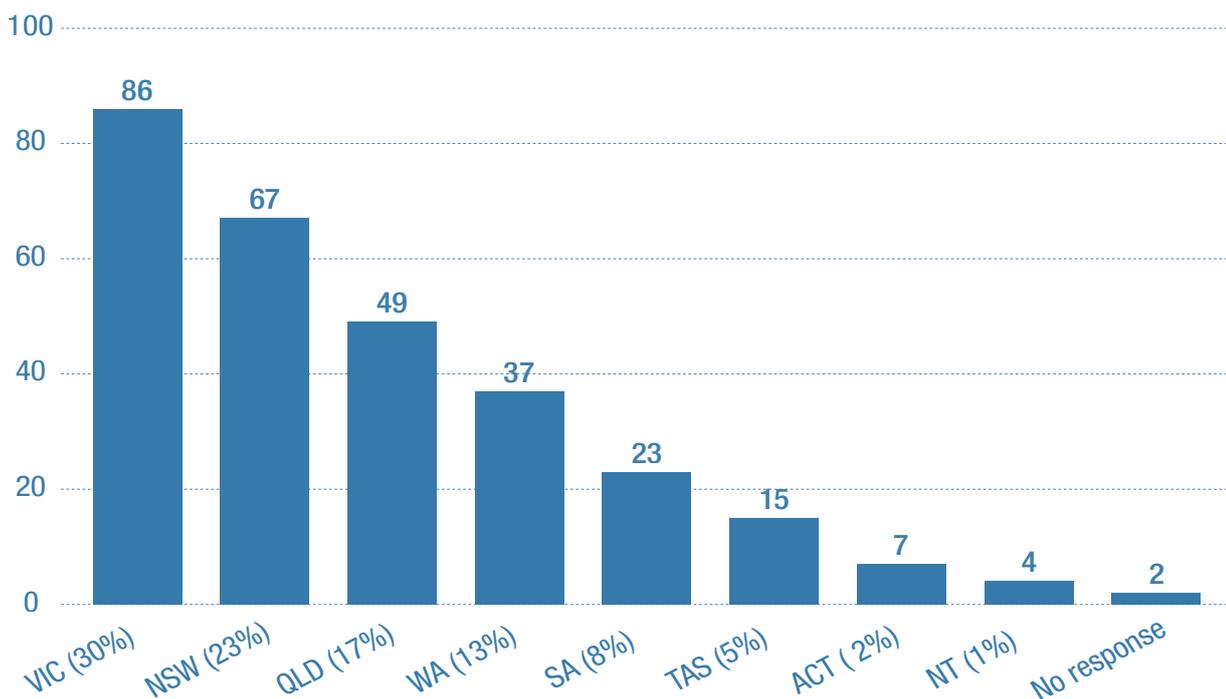
## Respondent demographics

Useable responses were received from 290 organisations.

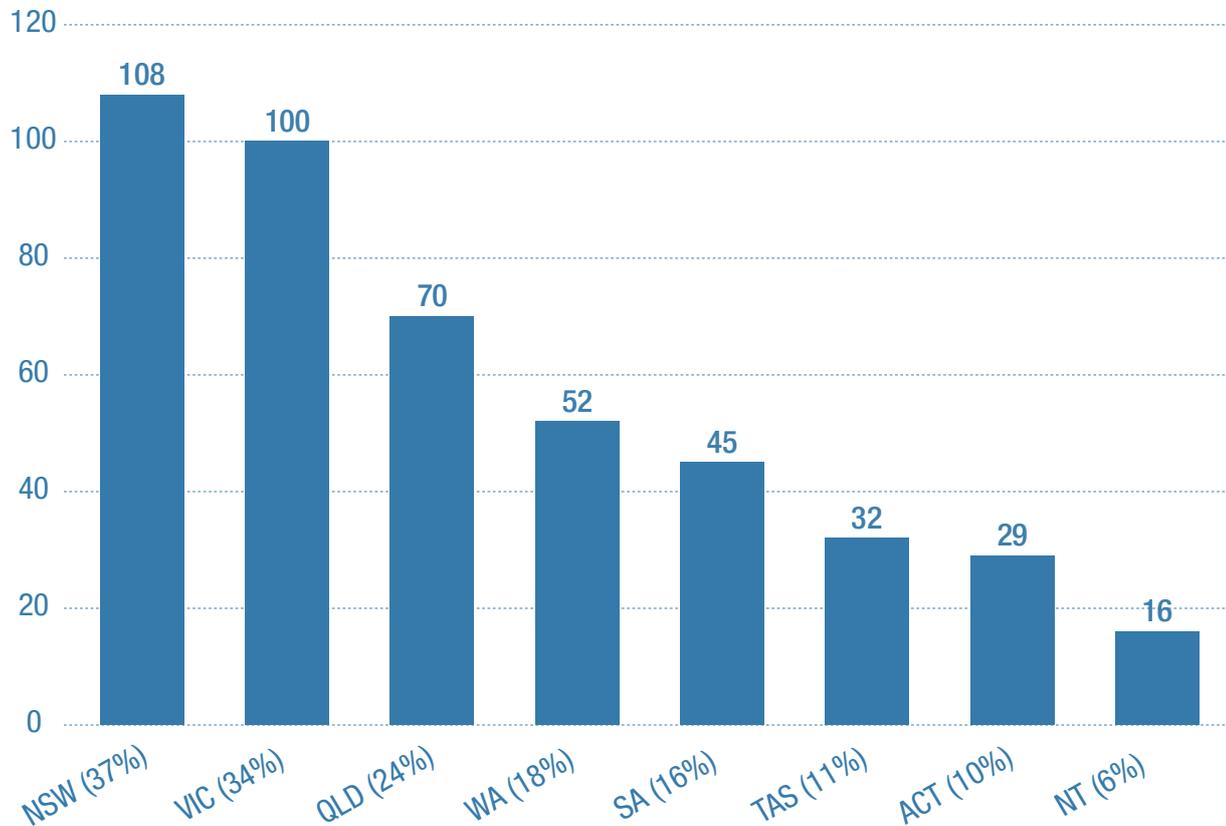
Organisations were based in Victoria (30 per cent), New South Wales (23 per cent), Queensland (17 per cent), Western Australia (13 per cent), South Australia (eight per cent), Tasmania (five per cent), Australian Capital Territory (two per cent), and Northern Territory (one per cent).

For further clarity on service provision, we also asked a more specific question about where responding organisations provide services. Organisations were able to indicate that they provided services in more than one state or territory. Organisations provided services in New South Wales (37 per cent), Victoria (34 per cent), Queensland (24 per cent), Western Australia (18 per cent), South Australia (16 per cent), Tasmania (11 per cent), Australian Capital Territory (10 per cent), and Northern Territory (six per cent). For jurisdiction-based analyses, smaller jurisdictions (South Australia, Australian Capital Territory, Tasmania and Northern Territory) were combined.

**Figure A1** Head office location



**Figure A2** Locations where services are provided



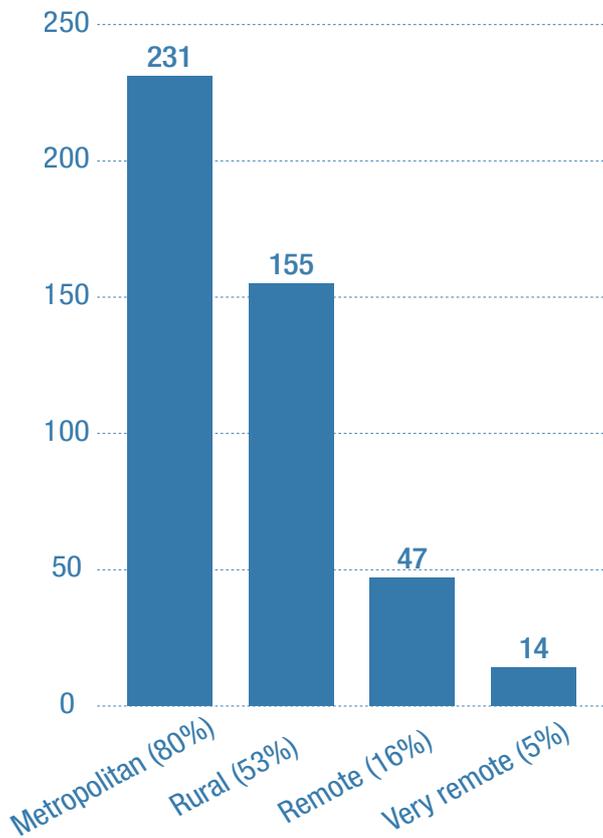
We also asked organisations about the regions where they provide services, noting that respondents may provide services across multiple regions. Eighty per cent provided services in metropolitan areas and regional centres (major cities and population centres greater than 50,000). Fifty-three per cent provided services in rural areas (large rural, medium and small rural towns), 16 per cent provided services in remote areas (remote communities), and five per cent provided services in very remote communities.

Respondents also indicated the estimated number of participants supported by their organisations in the various geographic areas. A total of 317,810 participants were identified, with 246,218 participants in metropolitan and regional centres, 69,292 in rural areas, 3279 in remote areas and 1022 in very remote areas.

Over half of responding organisations (53 per cent) were companies, while 38 per cent were incorporated associations, five per cent were sole traders, three per cent were trusts, and one per cent were partnerships. Seventy-seven per cent of responding organisations were not-for-profits, while 22 per cent were for-profits and one per cent were “other” types of organisations.

Thirty per cent were small organisations with less than 50 employees with medium organisations with between 50 and 199 employees comprising 34 per cent. Large organisations (between 200 and 999 employees) made up 29 per cent of respondents and four per cent of respondents were very large organisations with over 1,000 employees. Four per cent of organisations who reported on the number of employees were sole traders.

**Figure A3** Provider service areas

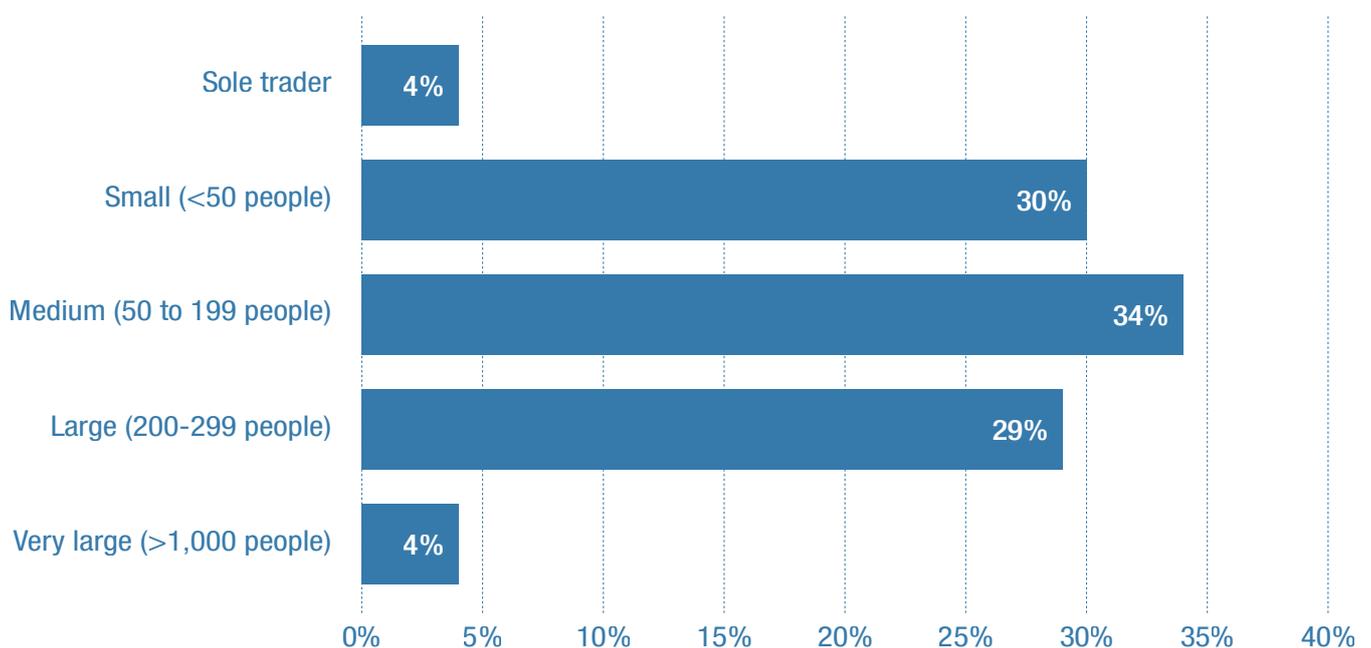


There was a wide spread of incomes. Fifteen per cent of organisations had very small incomes of less than 1 million dollars, with 24 per cent classed as small, operating between 1 million and 5 million, 32 per cent were medium (between 5 million and 20 million). Large organisations with incomes over 20 million comprised 29 per cent.

Ninety-seven per cent of respondents provided services under the NDIS. Ninety-one per cent were registered to provide services under the NDIS and were currently providing services, six per cent were not registered but provided services, one per cent were previously registered but have deregistered, two per cent were not registered and did not intend to register, and one responding organisation was not registered but intended to provide services under the NDIS. Twelve per cent of responding organisations provided Supported Employment Services, five per cent provided Disability Employment Services, and 18 per cent provided other services.

Most responding organisations were established between 1951 and 2000 (64 per cent), while six per cent were established between 2001 and 2013 (pre-NDIS legislation) and 25 per cent were established in or after 2014.

**Figure A4** Organisation headcount



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## **About National Disability Services**

National Disability Services is Australia's peak body for non-government disability service organisations. Collectively, NDS members operate several thousand services for 300,000 Australians with all types of disability.

## **Acknowledgements**

The survey and analysis for the NDS State of the Disability Sector report is conducted independently by the research team at the Centre for Disability Research and Policy at the University of Sydney, led by Associate Professor Shane Clifton.

Our thanks to all those providers who completed the survey.



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