



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

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

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#### **NDIS Scheme Integrity and Non-Compliance**

##### **1. Nature and Extent of Non-Compliance, Including Fraud and Sharp Practices**

Non-compliance within the National Disability Insurance Scheme (NDIS) spans a spectrum from administrative errors to deliberate fraud and exploitative (“sharp”) practices. These include:

- Fraudulent billing and claims: Charging for services not delivered, inflating hours, duplicate invoicing, and misuse of participant funds.
- Over-servicing and unnecessary supports: Providers encouraging excessive or inappropriate services to maximise revenue rather than meet participant needs.
- Price manipulation: Charging at or above price caps without delivering commensurate quality or value.
- Unregistered and unregulated providers: Operating outside oversight frameworks, particularly in markets such as the Northern Territory. NT does not necessarily have thin markets but does have a glut of unregistered and noncompliant services that contribute to the impact of ‘sharp practices in the community’.

- Coercive or misleading conduct: Pressuring participants into service agreements, restricting choice and control, or misrepresenting service offerings.
- Conflict of interest: Particularly where support coordination, plan management, and service delivery are not appropriately separated.

In the Northern Territory context, these risks are compounded by geographic isolation, workforce shortages, cultural and language barriers, and limited quality provider competition. These factors increase vulnerability to exploitation and reduce visibility of non-compliant practices.

While precise quantification remains challenging due to underreporting and data limitations, available audits and reviews suggest that non-compliance represents a material and systemic risk, rather than isolated incidents.

## **2. Impacts on NDIS Participants and Their Families**

Non-compliance has significant and often compounding impacts:

- Financial harm: Depletion of participant plans reduces access to essential supports and services.
- Reduced quality of care: Participants may receive substandard, inappropriate, or inconsistent services.
- Loss of trust and confidence: Participants and families may disengage from the scheme or feel unsafe navigating it.
- Psychological distress: Experiences of exploitation, neglect, or coercion can exacerbate existing vulnerabilities.
- Inequitable outcomes: Those with lower advocacy capacity, including people in remote Aboriginal communities, are disproportionately affected.
- Administrative burden on families: Increased need to monitor providers, resolve disputes, and manage complaints. In many cases the capacity to act or monitor is limited, leaving a more vulnerable cohort.

In the NT, these impacts are often intensified due to limited quality alternative providers, meaning participants may feel compelled to remain with underperforming or non-compliant services.

## **3. Effectiveness and Adequacy of Government Policies**

Successive reforms have aimed to improve scheme integrity, including:

- Expansion of compliance and audit functions
- Introduction of the NDIS Quality and Safeguards Commission
- Price caps and payment controls
- Data-matching and fraud detection initiatives
- Limited moves toward provider registration and tighter oversight

While these measures represent important progress, several gaps remain:

- Reactive rather than preventative: The enforcement framework is structurally deficient, operating almost entirely after harm has been done and offering no genuine preventative safeguards beyond a chronically under-resourced advocacy services in the Northern Territory. The NDIS and the NDIS Quality and Safeguards Commission have demonstrably failed to deter poor conduct, effectively enabling service providers to deliver substandard services and engage in exploitative practices without sufficient accountability.
- Limited reach in thin markets: Oversight mechanisms are significantly undermined where genuine choice of quality providers is limited. In many locations, this has resulted in a proliferation of substandard, unregistered, and unregulated services an issue clearly evidenced in *Submission: Curbing Sharp Practices in the Northern Territory's NDIS Market* (November 2025).
- Participant burden: Current safeguards rely heavily on participants identifying and reporting issues, with little real education, engagement or support to report issues. The local and regional NDIS and the NDIS Quality and Safeguards agencies do not consult with local advocacy agencies to understand the complexities within the regions and often miss opportunities to jointly provide information and support to communities experiencing issues in safeguarding and service provision. The responsibility for managing these issues has previously been put firmly at the feet of the participant, which again demonstrates a lack of understanding of the stakeholder needs and capacity to engage these systems without additional support.
- Workforce and capability constraints: Insufficient local workforce that have regular access to the service communities impacts capacity and reduces both service quality and regulatory visibility in the NT. This means that there is clearly no regulatory visibility in the NT, as practices have not been impacted or curbed. Workforce impacts also include untrained staff such as Support Coordinators that do not understand their role, the concept of choice and control, or dignity of risk. This compounds the risk in relation to sharp practices. There is also a lack of training as it pertains to record management and recording of client needs and activities of support staff. It appears that the lack of oversight also impacts on the quality of services provided by untrained staff.
- Cultural appropriateness: Policies do not consistently account for the needs of Aboriginal and remote communities. Meeting this mandate requires genuine, sustained engagement with the communities affected; however, there has been little evidence of thoughtful or meaningful consultation with Aboriginal and remote communities to understand their service and information needs. Both agencies have been largely silent on this issue. Current responses are piecemeal and reflect a fundamental misunderstanding of those needs. Initiatives such as translating pamphlets or newsletters into local languages are inadequate and misdirected, failing to engage with the deeper structural and cultural barriers to access. The NDIS is a complex policy framework grounded in concepts that do not readily align with cultural understandings in many Aboriginal and remote communities. Simplistic information products do not address this disconnect. What is required is a holistic, community-led dialogue about what the NDIS is, how services should be delivered, and how individuals can seek support or redress when services do not meet their expectations. Without this, policy settings will continue to fall short of their intended outcomes.

#### **4. Legislative and Other Reforms to Strengthen Scheme Integrity**

To enhance integrity and participant protection, the following reforms are recommended:

##### **A. Strengthen Oversight and Enforcement**

- Expand proactive auditing, including random and risk-based audits.
- Increase real-time monitoring of claims data to detect anomalies earlier.
- Enhance penalties and enforcement actions for serious or repeated breaches.
- Increase the accessibility to advocacy services across the NT and support them to engage in meaningful dialogue to identify local solutions to service provider issues.
- Review provider registration requirements and subsequent actions when interventions indicate possible sharp or unethical actions. It is essential to ensure that there are real consequences for those engaging in unethical or sharp practices.
- Investment in community education programs promoted by advocacy services that operate in the regions. This will support participants to identify service issues and complaints and be supported through the complaints process.

##### **B. Regulate the Entire Provider Market**

- Consider mandatory registration or minimum standards for all providers, including those currently unregistered.
- Introduce fit-and-proper-person tests and stronger entry requirements.
- Consider broader regulatory frameworks when a provider is being investigated or sanctioned to ensure that practices do not continue in the absence of the individual under investigation or sanction. Regulation must be much broader to ensure the ongoing safeguarding of participants.
- Strengthen regulatory processes to ensure that providers engaged in unethical or exploitative practices are effectively excluded from the system, including prohibiting individuals from re-entering the sector through “phoenixing” or the creation of shell companies.

##### **C. Improve Participant Safeguards**

- Provide reasonable access to independent advocacy services, particularly in remote, regional and culturally diverse communities.
- Allow advocacy services to enter provider premises to verify the wellbeing of participants still residing or accessing services by those providers that have identified ‘sharp practices’ or unethical engagement.
- Simplify and strengthen complaints mechanisms, ensuring accessibility and timely resolution. Remove the complexity between the engagement of the NDIS and the NDIS Quality and Safeguards Commission. The mandate needs to be much clearer and reporting of their activities transparent to the community.
- Increase transparency of provider performance, including public reporting.

## D. Address Structural Risks in the NT

- Invest in workforce development, including local and Aboriginal workforce pathways.
- Support market stewardship to ensure availability of quality providers in thin markets.
- Embed culturally appropriate safeguards and community-led oversight mechanisms.

The National Disability Insurance Scheme (NDIS) should be clearly framed as not a 'one-stop-shop', but rather as part of a broader ecosystem of supports. Its role is to fund reasonable and necessary supports for eligible participants not to replace mainstream services, community networks, or local knowledge.

In practice, this means shifting expectations in three important ways:

### 1. Actively engage with communities across the NT

Rather than assuming a uniform model will work, the NDIS should:

- Seek ongoing input from local leaders, service providers, and participants, particularly in remote and First Nations communities
- Adapt engagement approaches to reflect cultural, linguistic, and geographic diversity
- Work with community-controlled organisations and trusted intermediaries to co-design how services are delivered

### 2. Take advice on *how* to engage, not just *what* to deliver

Effective engagement in the Northern Territory requires more than consultation, it requires:

- Listening to community preferences about communication styles, decision-making processes, and timing
- Respecting existing community structures and authority
- Building long-term relationships rather than relying on transactional interactions

### 3. Strengthen coordination rather than duplication

The NDIS should prioritise partnerships with mainstream and local services to ensure participants experience a more seamless system, even though it is not a single-entry point.

In short, clarifying that the NDIS is one part of a wider support system and embedding genuine, locally informed engagement practices will lead to more effective and culturally appropriate outcomes across the NT.

## E. Clarify Roles and Reduce Conflicts of Interest

- Strengthen separation between support coordination, plan management, and service delivery. Ensure that there is a clear understanding of what sharp

practices, ethical engagement and choice and control constitute by establishing a transparent assessment process of staff employed in these roles

- Introduce clearer guidelines and enforcement around conflict-of-interest practices.

## **F. Enhance Data Sharing and System Integration**

- Improve inter-agency data sharing (e.g., between NDIA, Commission, and other regulators).
- Use analytics to identify systemic risks and target interventions.

## **Conclusion**

Non-compliance within the NDIS poses a significant risk to participant outcomes, scheme sustainability, and public confidence. While recent reforms have strengthened the integrity framework, further action is required particularly in the Northern Territory, to ensure safeguards are proactive, equitable, and responsive to local conditions. A balanced approach that combines stronger regulation, participant empowerment, and targeted market support will be essential to achieving a fair and effective scheme.

## **NT Context**

### **NT-Specific Evidence to Strengthen Submission**

#### **1. Nature and Extent of Non-Compliance (NT Context)**

Recent Northern Territory-specific compliance activity indicates that non-compliance is systemic and escalating, rather than isolated:

- Between September–December 2025, the NDIS Quality and Safeguards Commission:
  - Executed 8 investigative warrants
  - Conducted 50+ site visits across Darwin, Alice Springs, Tennant Creek and Katherine
- The NDIA has:
  - Assessed 1,000+ tip-offs relating to 145 NT providers over three years
  - Identified 20 providers for serious compliance action, including criminal investigation
- National fraud operations have flagged 2,500+ providers with high-risk or non-compliant claim patterns

Qualitative evidence from NT stakeholders highlights specific patterns:

- Use of inducements (cash, alcohol, cigarettes, food, phones) to recruit participants

- High-pressure sales tactics and participants signing agreements they do not understand
- Reports that participant plans are being “emptied in weeks” in some remote communities

Additionally, a recent NT case involves a NDIA employee allegedly facilitating ~\$5 million in fraudulent claims, highlighting risks of insider fraud and conflict of interest

These data points indicate that non-compliance in the NT includes:

- Organised and opportunistic fraud
- Market-entry exploitation by interstate providers
- Systemic misuse of participant vulnerability in remote settings

## **2. Impacts on Participants and Families (NT Evidence)**

Evidence from the NT demonstrates severe and immediate impacts:

- Rapid depletion of plans leaves participants without funds for essential supports
- Participants report being induced into switching providers without informed consent, undermining choice and control
- Remote Aboriginal communities are disproportionately targeted, due to:
  - Higher plan values (reflecting delivery costs)
  - Language, literacy, and cultural barriers

Service providers and advocates in the NT report:

- Increased financial exploitation
- Loss of services after funds are exhausted
- Reduced trust in the NDIS system

## **3. Structural Market Factors Unique to the NT**

NT-specific data highlights structural conditions that increase risk:

- Thin and uneven markets:
  - Some regions (e.g. Alice Springs) show significant undersupply of specialist disability accommodation (SDA)
  - Other markers that exist is the oversupply of NDIS providers in the Alice Springs region, with very few quality providers
  - Others (e.g. Darwin suburbs) show potential oversupply, indicating market imbalance
- Rapid provider influx:
  - Reports of providers entering from interstate markets (e.g. Melbourne, Sydney) targeting NT participants
- Limited regulatory visibility:
  - Only a small number of banning orders relative to 2,400+ providers operating in the NT market

These factors create:

- High participant vulnerability
- Reduced competition on quality
- Increased opportunity for exploitation

#### **4. Effectiveness of Current Enforcement (NT Evidence)**

While recent enforcement activity has increased, NT evidence suggests reactive and resource-intensive responses that produce outcomes of little impact on the current epidemic of sharp practices:

- Low levels of feedback from regulators on complaints means a reduced level of transparency and trust in processes and outcomes
- Targeted operations (warrants, site visits) show improved enforcement, but:
  - Occur after harm has already occurred
  - Are concentrated rather than continuous and do not consider any prospective ongoing harm to be experienced by participants still within those services.
  - There is little demonstrated commitment to safeguarding,

Stakeholders have raised concerns that:

- Complaints are not always acted on promptly
- Regulatory presence in remote areas remains inconsistent
- If a complaint is raised with the NDIS Quality and Safeguards and then escalated to the NDIS for urgent intervention, the Quality and Safeguards Commission do not follow up. There is a concern that safeguarding is not a priority or adequately considered in these transactions.

#### **Conclusion:**

The National Disability Insurance Scheme must be assessed in its entirety. As a policy platform, it can be seen as falling short of community expectations, reflecting significant limitations in its design and implementation.

Rather than demonstrating the flexibility required to respond effectively to the evolving needs of the disability sector, it has often struggled to adapt, leaving individuals and families navigating a complex and inconsistent system.

Of particular concern is the ongoing failure to provide adequate safeguards for some of the most vulnerable participants, evident in limited meaningful engagement with communities and service providers.

These shortcomings suggest not a lack of intent, but a gap between the scheme's ambitious objectives and its practical delivery.