NDIS Provider Outlook Report 2025

Six critical considerations for survival, strategy & success in a shifting sector

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Intro

It's 2025, and the NDIS sector is at a crossroads

The National Disability Insurance Scheme (NDIS) is undergoing one of the most significant transformations since its inception. Providers are facing mounting financial pressures, increasing regulatory demands, workforce shortages, and operational challenges—all while striving to deliver high-quality services to participants.

According to the NDS State of the Disability Sector Report 2024, half of all NDIS providers operated at a loss in 2023—24, and 21% are considering amalgamating or exiting the sector entirely—more than double the previous year's figure. These pressures have the potential to disrupt the essential services relied upon by more than 100,000 Australians.

Yet, the sector is not standing still. Providers continue to show remarkable resilience in this climate of uncertainty. Many are already finding new ways to strengthen financial sustainability, streamline compliance, optimise their workforce, embrace technology, safeguard service quality, and scale sustainably.

What's inside:

This report explores six key focus areas defining the landscape for NDIS providers in 2025—from the lens of current challenges, through to strategic opportunities and actionable solutions.

1. Financial sustainability & viability
2. Regulatory & compliance demands
3. Workforce pressures & productivity
4. Service quality & participant outcomes
5. Technology & data utilisation
6. Sustainable growth & scaling

More than just a state-of-the-sector analysis, this is your practical guide for action.

Through expert insights, industry data, and real-world strategies, this report provides clear, forward-thinking solutions to help providers move past survival—toward strength, stability, and sustainable success in 2025 and beyond.

This report wouldn't exist without you...

This report brings together authentic voices from across the NDIS sector—experts with diverse roles and experiences who understand its challenges firsthand. A huge thank you to our knowledgeable contributors, whose insights will help shape the future of NDIS providers in 2025. This report would not have been possible without:

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Rachel Riley, Co-Founder & Chief Commercial Officer, Drova

Siobhain Simpson, Audit Partner, StewartBrown

Behind the insights

This report is built on a foundation of real-world insights, combining industry research with first-hand perspectives. Drova conducted an exclusive survey of attendees at the recent NDS Executive Leaders Conference in Adelaide, with key findings integrated throughout this report.

Alongside our own data, we reference valuable research from the NDS and StewartBrown, as well as literature from Dr. Alan Hough and Dr. Jane McEwen—each offering critical perspectives on the sector. For those looking for a deeper understanding, we highly recommend exploring these sources to gain a comprehensive view of the challenges and opportunities shaping the NDIS landscape.

NDS State of the Disability Sector Report

StewartBrown Disability Services Financial Benchmarking Report

Building Quality and Safeguarding into Disability Service Provision (2024)

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Current context

A sector under pressure: The reality for NDIS providers today

The NDIS was designed to empower participants and improve service quality, but for many providers, the day-to-day reality looks very different.

76%
of providers said that navigating the system is taking time away from actual service provision (NDS State of the Disability Sector Report 2024)

63%
feel buried under unnecessary regulations, making the system more about paperwork than people

82%
of leadership teams say they spend too much time managing policy changes, while 80% of staff report exhaustion from constant reforms.

Ongoing policy shifts, compliance demands, and funding constraints are creating operational (and financial) fatigue across the sector. Providers are spending less time on participant outcomes and more time on red tape—and they're struggling to keep up.

The introduction of the NDIS was a groundbreaking moment in Australian disability services. Over the past decade, it has transformed the way people access supports, funding has increased, and more people than ever are receiving services. But with rapid expansion has come significant structural and financial pressures.

Below, Michael Perusco, CEO of National Disability Services, reflects on the scheme's evolution and the urgent need for provider sustainability.

NDIS growing pains: From systemic reform to individualised care

By Michael Perusco, CEO, NDS

With the introduction of the NDIS over the last decade, there's been a dramatic shift in the landscape for disability services. Gone are the days of block funding paid in advance. We've moved to a model where individual funding is the norm. This has brought more funding into the sector and, crucially, more people are receiving support than ever before, including people accessing services for the first time. In that sense the NDIS truly is a groundbreaking and world-leading scheme. Providers have needed to grow and evolve and invest in more sophisticated processes and systems. Many have gone through this transformation and others are going through it now, demonstrating the ability of longstanding providers to adapt and evolve to the new operating environment.

One of the most profound changes with the NDIS is the individualised nature of the scheme. Instead of dealing with a government funder, providers have service agreements directly with individuals, giving people with disability greater choice and control. This shift means that we all — participants, providers and the government — have had to rethink our approach.

The shift to the NDIS has not been without its challenges. Workforce shortages are significant and they're not going away anytime soon. The rapid growth of unregistered providers and sole traders means that the government has limited oversight of the scheme. At the same time, as the NDIS came online, a range of previously state-based services were phased out, leaving the NDIS as the "only lifeboat in the ocean" for many people with disability. The scheme has grown faster than anyone expected, prompting urgent reforms to control funding and develop alternative support structures outside the NDIS.

I don't think there's any debate that the NDIS needs to be sustainable for it to continue to deliver vital supports for so many Australians. But equally, a sustainable NDIS requires sustainable, quality providers — and we can no longer take that for granted. Our own State of the Sector report and numerous benchmarking studies show that most providers are facing serious financial challenges. Many of these are providers with deep expertise, who invest in their workforce, with decades of experience in their local communities. If we lose these providers, it will be devastating for the sustainability of the NDIS and the people who rely on those quality services.

An evolving policy & regulatory landscape

The past year has seen a wave of reforms aimed at addressing systemic issues—but these changes have also added complexity for providers.

The Independent Review of the NDIS proposed 26 recommendations and 139 actions, driving major reform discussions.

Australia's Disability Strategy 2021—2031 is being reviewed to align national policy with the evolving needs of participants and providers.

The NDIS Provider and Worker Registration Taskforce is developing new entry standards for providers, with stricter regulations expected.

In addition, 2024 has seen significant new legislation and compliance measures:

The National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Act 2024 introduced stricter budget controls, temporary funded support lists, and early intervention pathways.

More aggressive compliance enforcement has resulted in $1.6 million in fines and thousands of civil actions against providers.

NDIS funding reductions and workforce regulation changes are top concerns among providers, with 70% citing funding cuts as their biggest worry.

While these reforms aim to improve accountability and service quality, providers fear they will add financial and operational strain, making it even harder to deliver sustainable, high-quality care.

Which upcoming NDIS reforms are you most concerned about?

70% Funding reductions

60% Workforce standards

25% Financial reporting measures

25% Restrictive practices

20% Participant safeguarding

NDIS Regulatory Compliance 101: Meeting standards & staying ahead of change

By Kieran Seed, Head of Content, LexisNexis Regulatory Compliance

Each NDIS provider must diligently adhere to the NDIS framework to remain compliant participants in the scheme. This includes compliance with the NDIS Code of Conduct, legislation, and the Workforce Capability Framework, which are essential for ensuring the safety and quality of services provided to participants. Providers must also meet critical worker screening requirements and operate within the NDIS Pricing Arrangements and Pricing Limits.

Understanding the intricacies of participants' plans, including funding management and the role of nominees, is crucial. Providers must ensure that their services align with the "reasonable and necessary supports" outlined in participants' plans, which cover areas such as education, employment, and health. The NDIS Quality and Safeguards Commission plays a pivotal role in ensuring that providers meet the standards necessary to deliver high-quality and safe supports.

Providers must also navigate a broader regulatory landscape that includes compliance with the Australian Consumer Law (ACL), charities legislation, and accounting standards. These regulations ensure fair treatment of consumers, financial transparency, and accountability. Providers must also be aware of the requirements for specialist disability accommodation (SDA) and the additional practice standards and registration conditions that apply.

Compliance officers must ensure that their organisations are well-equipped to meet these diverse regulatory requirements, safeguarding both their operations and the interests of the participants they serve.

Recent regulatory changes and anticipated developments in 2025-26 highlight the dynamic nature of the compliance landscape for NDIS providers. The introduction of new NDIS laws in October 2024, which redefine NDIS supports and impose stricter guidelines on funding usage, requires providers to stay informed and adaptable. These changes are part of a broader effort to realign the NDIS with its original intent and improve the participant experience.

Providers must ensure that they are prepared to remain continuously compliant amidst the evolving regulatory landscape. Horizon scanning of regulatory developments overseas, such as monitoring the implementation of the European Accessibility Act, can support with forward planning for potential future regulatory shifts.

From reform to reality: The big NDIS changes coming in 2025

By Michael Perusco, CEO, NDS

People often describe the disability sector as being "reform-rich". It's also uncertain, with the sector still waiting for government's response to the 2023 NDIS Review. In the midst of this uncertainty, there are some big-ticket items coming up in 2025 that providers will need to keep a close eye on.

The NDIS Review recommended major changes to how governments fund and deliver services to people with disability, particularly those outside the NDIS. Called "foundational supports", these are meant to build on mainstream services and provide both general and targeted supports for people with disability. They were originally expected to come in on 1 July 2025. A large-scale rollout seems unlikely now, given the slow progress of the Commonwealth and state and territory governments reaching an agreement.

For providers, this means more uncertainty in how and when supports will move from the NDIS into foundational supports and how this could affect their business model.

We expect the changes led by the Quality and Safety Commission will ramp up. Outcomes from consultations on the mandatory registration of SIL, support coordination and platform providers are due soon, and we expect new legislation to strengthen the regulatory powers of the Commission, with increased penalties.

The Commission is also looking to separate the provision of SIL and SDA, although the mechanism is still unclear. Providers will need to stay on top of changing regulatory requirements, making sure their quality systems are up to date.

Passed in August 2024, the NDIS Amendment (Getting the NDIS Back on Track No 1) Bill 2024 issued in a raft of changes to support rules, planning and budgeting. Government is working out how to implement the changes. For example, as part of the new budget-setting process for participants, the NDIA has approached the market to identify appropriate tools to assess participant's' support needs. Providers tell us that getting planning and budgeting right is the key to good quality supports that meet participants' needs.

The financial reality: Shrinking margins, rising costs, and no safety net

The numbers speak for themselves:

55.7%

of providers operated at total financial loss in 2023–24 — up from the previous year of 51.4% (StewartBrown)

The NDIS pricing model isn't keeping up—while core supports saw a

3.19% price increase

in 2024, this only covered wage rises, leaving providers to absorb inflation, insurance costs, and compliance expenses

The phase-out of the Temporary Transformation Payment (TTP) has also removed a critical financial buffer, exposing providers to rising costs with no fallback.

SCHADS Award wage increases, inflation, and growing administrative costs have pushed many providers to the edge.

The result? A funding model that no longer aligns with the actual cost of service delivery—leaving providers in a high-risk financial position.

Compliance crackdowns: Increased audits & tighter funding controls

With Ian Niccol, Partner, KPT Restructuring

The government's focus has shifted from expanding the NDIS to tightening compliance and cutting back spending.

"When the NDIS first started, there was an opportunity for providers to make money. If you were in the sector, you had a good chance," says Ian. However, as government spending skyrocketed, authorities began tightening the screws. "Now, the government realises how much they've spent, and they're pulling back."

As the NDIS has matured, regulators have shifted their focus from funding expansion to enforcing compliance. A rise in publicly exposed fraud cases has fueled increased scrutiny across the board, with legitimate providers also caught in the net of tougher regulations.

"The most recent case I was involved in was a listed entity," he says. "They had their claims and payments suspended. Completely paused."

For providers, this has meant a drastic change in cash flow. "Ordinarily, you'd put a claim in, and a week later, you'd get paid. But now, with a manual review process, they go through everything line by line. If you're paying wages and contractors, you simply don't have the cash flow to wait that long."

Whistleblowers have also played a role in these suspensions. "The NDIA might pause payments because a whistleblower has come forward saying, 'I haven't been paid the right award rate.'" A common example involves Supported Independent Living (SIL). "If you're staying at home with someone, you get paid a certain rate. But if you take them to the doctor or a community event, it's a different rate. Employees started saying, 'I'm not getting paid correctly.'" For providers already operating on small margins, these discrepancies can be catastrophic.

The ‘dodgy providers’ narrative

The Australian government has leaned heavily into a public narrative about ‘dodgy providers’ as a justification for increased scrutiny and funding cuts.

Most providers are compliant, ethical, and operating on thin margins—yet they are being burdened with higher costs, more audits, and frozen payments, often at the expense of service delivery quality. The fraud narrative is being used to justify funding reductions, but these cuts are impacting all providers, not just bad actors. And as a result, the participants they serve.

As financial and regulatory pressures mount, the challenge for providers is no longer just about keeping up with change—it’s about finding ways to use it to their advantage. To regain control, build resilience, and adapt to the evolving landscape.

Ultimately, beyond audits, funding models, and political narratives, the NDIS is, at its core, about people.

And these policies impact real lives of the people in most need.

Participant perspective: Is the NDIS staying true to its intentions?

By Tomas Rowlandson, Board Director, Interaction Disability Services

The NDIS was envisioned as a landmark social justice initiative on par with Medicare, the age pension, and universal superannuation. However, it has become a point of political contention, with debates about financial sustainability and cost often overshadowing its primary purpose: enabling people with disabilities to fully participate in society on an equal basis with others.

As both a NDIS participant and an autistic emerging social worker, the evolving NDIS landscape affects me on multiple levels—personally and professionally. Decisions around funding, service provision, and policy reform directly impact my ability to access essential supports, contribute meaningfully to society, and pursue a fulfilling career in the disability sector.

Despite claims of valuing co-design, the Albanese government has struggled to meaningfully engage with the disability community. This disconnect was highlighted when critical NDIS reform legislation stalled in parliament, ultimately passing only with crossbench support. The reform process reveals an inherent ableism: who is deemed "deserving" of support, and why?

Is the NDIS being framed as economic reform rather than genuine disability support reform? While the focus remains on workforce participation, reducing hospital system pressure, and improving long-term outcomes, there is far less emphasis on promoting the rights, autonomy, and inclusion of people with disabilities.

For example, students with disabilities are only referenced four times throughout the 38-page Better and Fairer Schools Agreement 2025-2034.

Service providers play a vital role in bridging this gap, ensuring that supports remain person-centred, and rights driven. However, we must confront a critical question: is an uncapped, individualised funding model the best approach? Research shows that fully rights-based, needs-driven systems pose financial sustainability challenges, especially amid rising costs. If the goal is equitable access for all participants, how do we balance sustainability with high-quality, impactful support?

With state governments set to take responsibility for foundational supports moving forward, could this be an opportunity to reconsider our approach? Perhaps a lifespan approach towards disability support, where individuals receive the right resources from birth through early adulthood, could offer a more consistent and meaningful pathway. Such an approach would allow people to shape their own lives, exercise choice, and fully engage in their communities at all stages of their life.

By shifting from a disjointed, reactive system to an integrated, developmentally informed approach, the government can ensure that especially children receive timely, appropriate, and sustained support, not just for isolated needs, but for their whole-of-life development and participation in society.

03

Overcoming challenges

Unpacking 2025's biggest challenges (And why you should pay attention)

NDIS providers are navigating one of the most challenging periods since the scheme's inception. Financial strain, compliance pressures, workforce shortages, and ongoing policy changes are making it increasingly difficult to sustain high-quality services.

To better understand the key challenges, we asked NDIS providers to identify their biggest concerns for 2025. The results reflect the realities of the sector.

What do you see as the biggest challenge for NDIS providers in 2025?

70% Financial sustainability

50% Adapting to regulatory, risk and compliance changes

50% Staff engagement, recruiting and retention

45% Operational efficiency & effectiveness

30% Meeting participant needs & expectations

In this section, we examine six critical pressure points that must be addressed for long-term sustainability.

1. Financial viability & sustainability: The fight to stay afloat

For many providers, financial sustainability is no longer just a challenge—it's a crisis. Operating margins have plummeted, with four consecutive years of financial decline leaving many providers struggling to survive.

Liquidity is shrinking, and for the first time, many providers are in deficit—cutting services, delaying growth, or facing closure. The phase-out of the Temporary Transformation Payment (TTP) has removed a vital financial buffer, leaving many without the resources to absorb continued cost pressures. Wage increases, inflation, and compliance costs continue to outpace funding adjustments.

Without stronger cost control and efficiency measures, providers will face tough decisions about scaling back services, restructuring, or shutting down operations altogether.

Below, Michael Perusco, CEO of National Disability Services, outlines why the NDIS pricing model is failing quality providers and what must change.

Sustaining quality services: Why NDIS pricing needs to change

By Michael Perusco, CEO, NDS

NDS has hundreds of members in every state and territory. Everywhere we go, we hear about challenges to sustain an operating model within the NDIS framework. Being a registered provider and investing in quality services are not recognised in the way NDIS services are priced. They tell us they are eating into their cash reserves year on year and wonder how long that can continue before they'll have to close services.

As you can imagine, many providers are having really difficult conversations with their boards about their future, with their leadership teams about their workforce, and with their clients about what services they can receive.

The way forward from a reform perspective must include ways to improve value for money in Australia's investment in the NDIS by targeting existing funding towards quality services. Currently, over 90 per cent of organisations delivering NDIS services are not registered with the Quality and Safeguards Commission, and there is no difference in pricing that properly accounts for the costs associated with delivering a quality service.

We need tiered pricing that supports quality services without increasing budget costs for participants, pricing that is independent and fair, and universal registration for all providers that upholds high standards within a strong and proportionate regulatory system.

Financial sustainability for NDIS providers in a constrained pricing environment

By Siobhain Simpson, Audit Partner, StewartBrown

Based on our analysis of the data provided as part of our financial benchmark, which includes 74 providers representing $4.1 billion in total revenue and 34,700 NDIS participants, we conclude that the NDIS sector is under severe financial strain. For FY 2024, 67.1% of benchmarked providers reported operating losses, and more than half recorded total losses, highlighting the increasing financial pressures across the sector. Early indicators suggest FY 2025 will be even tougher, as rising costs, stagnant pricing adjustments, and the removal of temporary funding supports expose longstanding structural inefficiencies. Workforce structures are under particular pressure, now consuming 81.5% of total revenue. Balance sheet pressures are also mounting, with cash reserves down 17% and a 66.4% increase in realised gains from the disposal of assets. This suggests that providers may be leveraging long-held asset bases to cover operational shortfalls, a trend that raises concerns about long-term financial sustainability. The sector is reaching a financial breaking point, requiring providers to rethink service models and cost structures to avoid further deterioration.

The phasing out of the Temporary Transformation Payment (TTP) has left many providers financially exposed, revealing the true extent of operational losses. Originally designed to support investment in systems and long-term transformation, TTP instead appears to have been requisitioned to cover everyday operational shortfalls, potentially delaying the necessity for cost reform. With no further such price uplifts to cushion financial gaps, providers must now reckon with years of underfunded service delivery models. This shift has exposed underlying issues in the NDIS pricing model, demonstrating that many providers were only marginally viable even with TTP in place.

A significant challenge is presented by the Disability Support Worker Cost Model (DSWCM), which strictly dictates staffing parameters, supervision ratios, and corporate overhead allocations, leaving providers with a maximum 2% margin—if they adhere precisely to these constraints. The model assumes SCHADS Level 2.3 support workers, minimal higher-skilled staff, and a strictly limited allocation for supervisors and indirect activities. In reality, many providers require Level 3 or higher-qualified workers to meet participant needs, maintain supervisors above Level 4, and manage unavoidable indirect costs such as training, rostering, and compliance.

These deviations, while often necessary for quality service delivery, quickly erode profitability under the fixed NDIS price caps, leaving little room for financial sustainability.

2. Regulatory & compliance burdens: More rules, less clarity

For many providers, compliance has become a never-ending game of 'gotcha'. With tighter regulations, frequent audits, and escalating penalties, providers are spending more time on paperwork than participant care. 60% of respondents to our NDIS Provider Outlook Survey cited 'Regulatory changes' as likely to have the biggest impact on the sector in 2025.

In late 2023, over $1.6 million in fines were issued as part of the NDIS Commission's compliance crackdown. Yet, 53% of providers say the NDIS Quality and Safeguarding Framework fails to support service quality, and 21% report their risk and compliance frameworks need urgent improvement (StewartBrown).

The government's 'dodgy providers' narrative has also fueled more aggressive enforcement, leading to:

- More audits and manual claims reviews, delaying provider payments.
- Increased scrutiny for all providers, regardless of past compliance history.
- Stronger entry barriers for new providers, reducing competition but limiting sector flexibility.

While strong governance is essential, compliance should enable quality service delivery—not hinder it.

Adapting to regulatory change: What's at stake for providers and participants

By Kieran Seed, Head of Content, LexisNexis Regulatory Compliance

Navigating the ever-evolving landscape of regulatory, risk, and compliance changes presents a formidable challenge for NDIS providers. The sheer volume of regulatory updates demands constant vigilance and adaptability, as providers must continuously align their operations with new standards.

This relentless pace of change can strain resources, requiring significant investments in training, technology, and process adjustments. The complexity of these regulations often spans multiple domains, including financial management, service delivery, information security, and participant rights, each carrying its own set of risks.

Providers must adeptly manage these diverse risks to maintain compliance and ensure the sustainability of their services. Failure to do so not only jeopardises their operational integrity but also exposes them to substantial financial penalties and reputational damage.

The consequences of non-compliance extend far beyond financial repercussions, impacting NDIS participants who rely on these services for their wellbeing and independence.

Fines and penalties can divert essential resources away from participant care, leading to reduced service quality and availability. Non-compliance can erode trust between providers and participants, undermining the very foundation of support and care. Participants may face disruptions in their care plans, delays in service delivery, or even loss of access to critical services.

It is hence incumbent on NDIS providers to not only keep pace with regulatory changes but to proactively embed compliance into their organisational culture, ensuring that the needs and rights of participants remain at the forefront of their mission.

The compliance divide: Why the NDIS needs a level playing field

With Cameron Hare, CEO, Claro Aged Care & Disability Services

While many registered providers are investing heavily in compliance, unregistered providers operate under different rules—and this, according to Claro CEO Cameron Hare, is one of the biggest challenges the sector faces.

"At the moment, it feels like there are two scorecards," he explains. "Registered providers are absorbing significant compliance costs—anywhere from 4% to 6% of their revenue—while unregistered providers can offer similar services without those same requirements."

This two-tiered system is creating a competitive imbalance, where some providers operate within strict regulatory frameworks while others bypass those same obligations. While participant choice and control remain key principles of the NDIS, Hare believes that mandatory registration for all providers is the only way to ensure a fair, high-quality system.

"There's no cost differential," he says. "A participant can choose an unregistered provider that isn't meeting compliance requirements, but funding rates remain the same. That's an unsustainable model."

With the NDIS Provider and Worker Registration Taskforce currently reviewing mandatory registration for SIL, support coordination, and platform providers, the sector may see significant changes in the coming years. For providers, staying ahead of these shifts in compliance expectations will be critical to long-term sustainability.

3. Maintaining service quality amid financial constraints

With 50% of providers operating at a financial loss and 81.5% of revenue now consumed by staffing costs, many are struggling to maintain service quality amid rising financial pressures.

Providers must balance rising participant expectations with shrinking margins and increasing compliance demands.

Key challenges include:

- Increased service demand without additional funding.
- Difficulty maintaining staffing levels while controlling costs.
- Struggles to invest in service innovation and participant support.

For many participants, funding gaps don't just reduce service options—they limit fundamental human freedoms.

Below, NDIS participant Tomas Rowlandson shares what this reality looks like firsthand.

An Ableist Australia Day Story

By Tomas Rowlandson, Board Director, Interaction Disability Services

It's Australia Day or, as Fidan from TikTok would say, "that is what it's called on the calendar." Putting aside colonisation for a moment, it's a public holiday, a long weekend when parents can almost taste the relief of school starting again, and politicians are gearing up for parliament.

It's meant to be a time to savour the last of the holidays with friends and family. But thanks to the absolute disaster that has been the NDIS over the past 12 months, my Australia Day looked very different.

Despite trying to be the good person Bill wanted me to be—cutting back my support use to avoid the dreaded "plan inflation" (one of the supposed reasons NDIS costs are spiralling out of control)—the stark truth is that even with reduced supports, my funds still ran out by mid-January.

So, the easiest option? A couple of muscle relaxants and sleeping through the long weekend—a highly cost-effective choice, given that I saved the Scheme from paying public holiday rates ($150 per hour), which would have totalled $900 for a support worker on Australia Day.

What could my Australia Day have looked like?

If I had funding, what could I have done?

Apparently, watching your mate's band perform at a local pub is an acceptable way to spend the day. But is that reasonable and necessary?

With all the political and media commentary on NDIS spending, I wonder: what value does society place on me going for a walk in the park? Why does having a support worker accompany me feel like it doesn't pass the pub test—even though it's recommended by my psychologist, OT, and dietitian? Why do I still feel like a fraud?

If I need assistance, how often is reasonable and necessary? Does it matter that my dietitian recommends I go three times a week?

Internalised ableism and the "reasonable and necessary" dilemma

This is where my internalised ableism kicks in: Why can't someone like me, an able-bodied person, simply walk out the door and go for a walk alone? That thought is quickly followed by: I'm not a non-verbal person in a wheelchair, so why should I need support?

The core issue is the inherently vague definition of "reasonable and necessary." While new legislation aims to clarify this, the reality is that classifying what is and isn't NDIS-approved has only made things murkier.

Take, for example, my ongoing work with my OT on task management. We've trialled various to-do list apps, and I've found TickTick works best—specifically, its user interface. The plan is for my support workers to use it too, which requires the paid version. But under the new legislation, subscriptions are classified as everyday expenses and are therefore excluded from NDIS funding.

But wait—there's a loophole! Enter replacement supports. If my OT completes yet another government form proving the app is essential, it might get funded. However, since this is a replacement, not an additional support, I'd have to lose funding for something else—completely defeating the purpose of using technology to manage my executive dysfunction.

The cost? Around $60 per year. But because it's a subscription, it's automatically excluded—thanks to Bill's assumption that we were all using taxpayer money to fund our Netflix and Disney+ subscriptions.

I guess it's back to using the Apple ecosystem to manage my tasks, though, according to the Apple Tasks app, I still haven't done the laundry since 3rd January 2019.

4. Operational & workforce challenges: Recruiting, retaining & managing staff

In the NDIS sector, as in all sectors, your workforce is your biggest asset—and your biggest expense. With 81.5% of revenue now going to staffing (up from 80.8% in FY23), every inefficient shift and unnecessary overtime hour is money lost. This increase is squeezing already thin margins, leaving little room for investment in service expansion or operational improvements.

According to the NDS report, 96% of providers are focusing on improving productivity, but many are still struggling with workforce gaps. 58% of providers are looking to expand their workforce, but hiring is becoming increasingly competitive.

Recruitment and retention challenges—high turnover, excessive overtime, increasing work health and safety obligations, and inefficiencies—are inflating costs.

Without better workforce planning and smarter resource allocation, providers will struggle to remain competitive while balancing cost control and service quality.

Understanding your workforce numbers, staff efficiency and benchmarking this to similar providers to understand where you are at and set targets to work towards is critical. The oversight from the Board and the CEO must bring these numbers into focus. Without the measures in plac and plans to address them, providers will continue to be reactive and fail to take the steps necessary to hit targets and bring the business to sustainability. Governance including key performance metrics is critical.

5. The digital transition & cyber risk: Lack of protection of and visibility over financial & operational data

Handling sensitive participant data makes NDIS providers a prime target for cyber threats.

Many providers still rely on outdated systems that increase risk on multiple fronts. While digital transformation is a key opportunity, many providers are unprepared for the security risks that come with technology adoption.

- Data privacy risks: Compliance with NDIS safeguarding policies and privacy laws requires strong cybersecurity measures, yet many providers lack clear protocols.
- Cybersecurity threats are increasing: Many lack the safeguarding measures needed to stay compliant and protected.
- Risk of compliance reporting breaches: Manual processes and outdated record-keeping systems increase the chance of reporting errors that can trigger regulatory penalties.

Operational burdens have intensified with the rollout of PACE, the NDIA's digital transformation initiative. While designed to improve provider efficiency and participant autonomy, the lack of training, implementation support, and funding has left providers struggling with payment delays, administrative inefficiencies, and unfunded service risks.

Despite increased demand for timely, accessible NDIS data, 58% of providers report a lack of visibility into the information they need for service planning. Investments in technology, automation, and data-driven decision-making will be essential to unlocking operational efficiencies.

While technology investments might come with an upfront cost, failing to invest in digital transformation will make compliance even harder and the risk of data breaches higher.

> You can't make evidence-based decisions to combat fraud, reduce unnecessary administrative burdens on providers, or improve compliance, investigation, and enforcement when you're using antiquated systems."
>
> Louise Glanville, NDIS Commissioner, December 2024, NDS Executive Leaders Conference

6. Market consolidation & increased competition: To merge or not to merge?

With competition rising, larger providers are expanding while smaller ones struggle to stay afloat.

According to the NDS report, 26% of providers are considering mergers, but many lack the financial stability to scale with others successfully. Some are expanding services without fully assessing financial risks, leading to revenue drains instead of growth.

Many providers view growth and mergers as a solution to financial instability—but bigger doesn't always mean better. Scaling too quickly (and without first addressing internal inefficiencies) can create financial strain.

Expansion requires significant capital, and larger providers face stricter compliance scrutiny.

For smaller providers, staying independent means finding efficiencies—but for those looking to merge, it's a high-risk strategy that needs carefully considered execution.

Providers must ensure they are expanding for the right reasons—not just because of financial pressure. Growth without efficiency will only create more problems.

Addressing the urgency challenge in disability sector mergers

By Selina Gerner, Partner, McGrathNicol

The financial landscape for disability service providers has significantly changed since the introduction of the National Disability Insurance Scheme (NDIS). While the scheme has expanded funding opportunities, it has also placed immense operational and financial pressures on providers—particularly those struggling to transition from block funding models to consumer-directed care. Mergers and acquisitions are increasingly seen as a survival strategy, offering financial stability and operational scale to smaller or struggling organisations.

Creating a sense of urgency in not-for-profit (NFP) organisations is uniquely challenging, however, unlike for-profit businesses where shareholder value drives decision-making, NFPs tend to operate with a more cautious, mission-first approach. This dynamic can delay critical decisions and limit the options available to struggling providers. But when an organisation reaches a point where it can no longer pay wages, its negotiating power for the merger terms is severely diminished. Directors have a fiduciary duty to act early and explore potential partnerships or other alternatives before financial pressures become insurmountable.

Mergers in the NFP sector are far from straightforward, however. Many disability service providers are deeply embedded in their local communities, with boards and stakeholders reluctant to hand control over fundraising and governance to larger, non-local entities. For a merger to succeed, the incentives must be compelling, clearly aligned with the mission of all parties, and executed with precision.

Understanding the financial drivers

Many proposed mergers in the disability services sector stem from solvency concerns, financial underperformance, or looming regulatory liabilities. For boards and executives contemplating a merger, it is critical to undertake a rigorous due diligence process. Assessing accounting policies, valuation methodologies, contingent liabilities, and net debt items such as the accuracy of employee entitlement provisions, is essential to understanding the true financial health of a potential merger partner.

Beyond financials, leaders must diagnose the underlying reasons for poor financial performance. Common issues include inefficient participant claims processing, underutilisation of staff time, scheduling inefficiencies, housing vacancies that may impact financial viability, or cultural issues that undermine service delivery and employee retention.

Identifying underperformance is only the first step; a clear turnaround strategy is crucial. The board and executive team must fully understand and endorse this plan for effective execution post-merger.

Continued: Selina Gerner, Partner, McGrathNicol

Key risks in disability sector mergers

NFP mergers can carry substantial risks that require careful planning and oversight. Among the most critical considerations are:

- Capability for turnaround — Can your organisation realistically address the underperformance of a merger partner? If so, do you have the right executive team, systems, and resources to manage the turnaround effectively? If your organisation has its own financial challenges, question whether the merger will change that and walk away from the deal if the numbers and the underlying assumptions don't add up.
- Asset restrictions and ownership — Many disability service providers hold assets tied to specific funding conditions, such as government grants or donated properties. These restrictions can complicate a merger and must be reviewed in advance.
- Claims and liabilities — A full assessment of both existing and potential claims is essential. Payroll compliance is a common issue, with historical underpayments or classification errors often surfacing as liabilities during due diligence.
- Transaction structure — The structure of the merger must be tailored to mitigate risks while aligning with participant rights, stakeholder expectations, and regulatory requirements. A key consideration is how the brand and governance structures will be managed post-merger.
- Regulatory compliance — NDIS providers operate in a highly regulated environment. Ensuring compliance with governance, accreditation, grant arrangements, and regulatory standards is non-negotiable in any merger process.

A successful merger is not always about financial survival. It can also present a positive opportunity to innovate, improve efficiencies, and create lasting impact in the disability services sector. Disability service providers considering a merger must undergo a structured and transparent due diligence process.

By proactively addressing financial, operational, and governance risks, organisations can position themselves for long-term sustainability while continuing to deliver high-quality services under the NDIS. This enables leadership to make well informed risk-advised decisions and set a clear strategic vision embraced by all stakeholders, which are critical to this success.

04

Opportunities & priorities

Strategic priorities for 2025: Where do we start?

With all of these challenges to address, what's top of mind for providers in 2025? We asked NDIS leaders what they'll be focusing on—and the results are clear: financial sustainability, operational efficiency, and workforce management.

This section of the report outlines the key strategic priorities for NDIS providers for the year ahead. Next, we'll dive into the practical steps and solutions to turn these priorities into action.

What is your top priority for improving your organisation in 2025?

65%	Ensuring financial performance
53%	Improving operational effectiveness and efficiency
47%	Improving staff engagement and retention
41%	Enhancing participant outcomes
41%	Strengthening compliance and governance

1. Rebuilding financial sustainability & achieving a surplus

In 2024, survival was the goal. In 2025, the focus must shift to financial strength and long-term sustainability. Providers leveraging data-driven financial strategies are finding pathways to sustainable surplus operations.

Many in the sector are mutual (member owned) entities, without access to external capital. Capital can only be raised through generating financial surpluses.

Priorities include:

- Optimising cost structures to reduce waste without compromising service quality.
- Diversifying revenue streams beyond NDIS core funding.
- Aligning pricing strategies with the true cost of service delivery.

Building financial resilience is no longer optional—it is the number one priority for providers who want to grow, invest, and remain competitive.

2. Mastering compliance & governance for long-term stability

Regulatory and compliance challenges are not going away—but how providers approach them can make all the difference.

Instead of treating compliance as an administrative burden, leading providers are using it as an opportunity to build stronger governance frameworks and reduce business risk.

Priorities include:

- Embedding compliance into daily operations so it becomes second nature.
- Using smarter systems to reduce the manual compliance workload and provide a full picture of operational health and management to requirements as well as targets.
- Shifting from reactive to proactive governance, making audits and reporting stree-free.

Smart providers are flipping the script—turning compliance from a headache into a strategic advantage.

From obligation to opportunity: Why strong governance is a strategic advantage

By Kieran Seed, Head of Content, LexisNexis Regulatory Compliance

Meeting regulatory and compliance obligations is not just a legal necessity but a strategic priority that can significantly enhance service delivery and organisational reputation.

By achieving compliance with all relevant NDIS requirements, providers ensure that they deliver high-quality, ethical, and fair services to participants. This commitment to compliance fosters trust and confidence among participants, their families, and the broader community, helping to maintain a positive reputation. By proactively managing conflicts of interest and ensuring accurate claims and financial dealings, providers can avoid the pitfalls of non-compliance, such as penalties and reputational damage. A robust governance framework not only safeguards provider operations but also enhances the overall integrity and effectiveness of the NDIS, ensuring that participants receive support needed in a transparent and accountable manner.

Achieving continuous compliance and strengthening governance also present significant opportunities for NDIS providers. By embedding robust compliance frameworks and governance practices, providers can attract and retain business stakeholders who are increasingly prioritising ethical and sustainable commercial practices. This can lead to increased funding opportunities and partnerships, enabling providers to expand their services and reach more participants. Furthermore, a strong governance structure supports better decision-making and risk management, leading to improved operational efficiency and service delivery.

Ultimately, compliance is not just about avoiding penalties; it is about building a resilient and reputable organisation that is well-positioned to thrive in a competitive market. By prioritising compliance and governance, NDIS providers can ensure long-term success and maximise contributions to the disability sector.

3. Elevating service quality & participant outcomes

Financial and operational sustainability matter—but not at the the expense of service quality. NDIS providers that thrive in 2025 will be those that successfully balance financial efficiency with delivering high-quality, person-centred care.

Priorities include:

- Using data-backed quality measurement frameworks to track real participant outcomes and satisfaction.
- Enhancing incident management & safeguarding; strengthening proactive hazard and risk identification, response strategies, and learning from incidents.
- Keeping person-centred care at the core of growth strategies.
- Maintaining a balance with the interaction of service and regulatory models (Work health and safety for staff versus care quality and experience for customers).
- Ensuring support is tailored to individual needs, goals, and preferences—not just administrative requirements.
- Making quality a strategic priority by integrating it into operational decision-making.

By embedding quality into financial and operational decisions, providers can ensure strong compliance while delivering better participant outcomes.

The core of quality & safeguarding: From compliance to continuous improvement

Dr. Alan Hough and Dr. Jade McEwen, in Building Quality and Safeguarding into Disability Service Provision (2024), outline that quality service provision is not just about meeting regulatory standards. It's about ensuring that every interaction—in every setting, by every staff member—delivers safe, high-quality support.

This is particularly critical in the NDIS model, which is structured as a transactional system, often focused on billable hours rather than whole-of-life outcomes. Providers must go beyond compliance to ensure that services genuinely enhance participants' quality of life.

Historically, compliance-driven quality measures have failed to translate into real improvements in participant outcomes. Hough and McEwen note that many providers focus too much on standardisation, which can unintentionally create rigid, process-heavy environments that do not truly serve participants needs.

Instead, successful providers:

- Integrate evidence-based practice (e.g., Active Support, Recovery-Oriented Practice)
- Adopt a balanced approach—where compliance supports, rather than hinders, person-centred care.
- Commit to continuous improvement—ensuring that quality is measured, evaluated, and refined over time.

Hough and McEwen's research confirms what many providers already know: ticking compliance boxes doesn't guarantee better participant outcomes.

4. Optimising workforce efficiency & strengthening capability

People don't quit jobs—they quit frustration, burnout, and broken processes.

Chaotic rosters, unfilled shifts, and rising burnout are driving staff out the door. The fix? Smarter planning, clearer communication, and a workplace culture that actually supports its people.

Efficiency emerges as the strongest differentiator between financially stable and struggling providers.

Priorities include:

- Optimising staffing ratios and workforce utilisation.
- Improving retention through better leadership, improved culture, and greater staff engagement.
- Reducing unnecessary overtime and payroll inefficiencies to free up cash flow.
- Using real-time data to match staffing with actual participant demand.

A smarter, data-driven workforce strategy will separate financially stable providers from those continuing to operate on razor-thin margins.

5. Leveraging digital transformation & data intelligence

Technology has moved from the back office to the boardroom—it's now a key driver of efficiency, compliance, and growth.

But digital transformation isn't just about adopting new tools—it's about using technology strategically to streamline operations, strengthen cybersecurity, and reduce administrative burden.

Priorities include:

- Using data analytics to drive smarter decision-making in finance, compliance, and workforce management.
- Investing in automation and integration to reduce the compliance burden and improve operational efficiency.
- Strengthening cybersecurity protections and building resilience to safeguard participant data and prevent regulatory breaches.
- Leveraging AI and digital tools to improve service planning, workforce management, and real-time reporting.

Providers who embrace digital transformation now will be far better positioned to meet compliance demands, improve efficiency, and future-proof their business.

6. Scaling the right way: Bigger isn't always better

Scaling isn't about size—
it's about strategy.

The sector has long debated whether scale or efficiency is the key to sustainability. The latest financial benchmarks confirm that size alone does not guarantee financial resilience. Larger organisations are just as likely to report deficits as smaller ones, proving that growth does not necessarily lead to improved margins (StewartBrown).

Successful growth starts with efficiency, not just expansion.

Priorities include:

- Scaling strategically by focusing on core strengths and sustainable service expansion.
- Exploring partnerships and collaborations to increase capacity without overextending resources.
- Using modeling to assess financial risks before expanding.

Providers that focus on sustainable, well-planned growth will be best positioned to lead the sector in the coming years.

Restructuring & insolvency in the NDIS sector: The growing need for strong financial controls

With Ian Niccol, Partner, KPT Restructuring

Growth without financial control is a recipe for disaster. "As you get bigger as an NDIS provider, you need to ensure your processes and controls are in place. You need to be reviewing all the invoices you get and making sure there's backing for all the work you've done," says Ian.

He recalls a case where a company rapidly expanded by acquiring an established NDIS provider. "They grew their revenue, but at the same time, they didn't manage their controls, processes, and costs properly. It all became very difficult—because this is such a highly regulated area." The bottom line? "In the NDIS, getting paid isn't just about delivering services—it's about having the right evidence to back it up.

Rising insolvency in the NDIS sector

"In the last three or four months, we've had three or four providers come through our doors," he says, noting that cases range from small physiotherapy clinics to larger operators. A recurring issue is a lack of commercial thinking. "OTs, for example, might go out and buy the biggest space they can find—without thinking commercially about their business. And then the ATO catches on."

His advice to those in the industry? "You have to know what you're trying to do within the NDIS framework. You might be an expert therapist, but do you know how to run a business? Think about what you're doing and actively build that commercial mindset."

Know the early warning signs of financial distress

For providers concerned about financial stability, cash flow is the biggest red flag. "It comes down to cash," he emphasises. "If you're looking to do other things, like expanding into a new service, you need to do your due diligence. You don't want to take on other people's problems."

One common mistake is acquiring a struggling business without fully understanding its liabilities. "Some providers inherited issues—like not paying employees the right award. And then those employees turn against you." His advice? "Do some due diligence around what you're actually buying."

Restructuring before it's too late

For struggling providers, early intervention is key. "One of the biggest challenges in this industry is that the moment you go into formal insolvency, you trigger the NDIA's interest. They'll take a close look at everything."

Unlike other industries, NDIS providers must balance financial restructuring with regulatory and participant obligations. "The moment you go into voluntary administration, the NDIA starts looking very closely at how you're handling participant care. That's a different layer of complexity compared to other industries."

But if providers act early, there are options. "If you restructure early enough, you can do something about it. Get a formal advisor involved who can look at your creditors and cash flow." Businesses with less than $1 million in creditors may be eligible for a small business restructure, which allows them to reorganise without shutting down.

He also suggests reviewing staffing models. "Having full-time employees means you're committed to 38-hour weeks. But if you only have shifts for four hours at a time, it's hard to fill a full day." Some providers opt for contractors instead. "You might be paying contractors more per hour, but you're not paying them for a full day."

For providers and for change: The NDS's role in sector reform

By Michael Perusco, CEO, National Disability Services (NDS)

Despite the challenges of running a sustainable disability organisation today, the sector is remarkably resilient. Providers are looking to improve productivity and sustainability without diminishing quality. We've heard exciting things from providers using AI tools to improve handovers and rostering, about providers embedding a human rights approach into their services, and setting ambitious targets for people with disability to be well-represented on their boards and in leadership teams.

Our latest State of the Disability Sector report shows 96 per cent of responding organisations are working to improve productivity and 51 per cent plan to expand their operations. Of those looking to expand, 89 per cent are working on increasing their client base, 58 per cent to increase their workforce, 52 per cent to increase their range of services, 37 per cent to broaden their operations beyond the disability sector, and 33 per cent to open more service locations.

Twenty-six per cent are considering merging with another organisation and 18 per cent are considering taking over management of another organisation.

NDS is there to support our members with these goals.

We bring providers together with the smartest people in the sector to get the latest insights and identify practical ways to transform their operations. Members come to us for the training and resources needed to run a quality service, upskill their staff, and improve their systems and processes.

We are the trusted and credible voice for the sector with government decision-makers. We successfully advocated for universal registration and independent pricing to be included in the NDIS Review recommendations, which was followed up by a budget commitment on pricing reform and changes being developed by the Commission to improve the regulatory environment. Our advocacy last year was successful in reinstating high-intensity payments for behaviour supports in the NDIA price guide.

We're really proud of our credibility in the sector and with government — and we'll continue working hard in 2025 to advocate for policies that will give Australians with disability access to the high-quality services they need.

05

Future-facing solutions

Future-facing solutions: A path forward for NDIS providers

The NDIS landscape remains challenging, but 2025 presents a pivotal opportunity for providers to move beyond survival and build a more resilient, sustainable future.

In the previous section, we outlined the key strategic priorities that will shape financial sustainability, compliance readiness, workforce efficiency, and service quality.

Now, we focus on the 'how'—the practical steps providers can take to achieve these goals.

From strengthening financial controls to leveraging technology and smarter workforce strategies, this section provides clear, actionable solutions to help providers future-proof their operations while maintaining high-quality participant outcomes.

1. Financial survival isn't enough: It's time to thrive

The biggest risk for NDIS providers? Not knowing where their money is going.

Small inefficiencies compound into big financial problems when revenue leakage, payroll inefficiencies, and cost overruns go unchecked.

Providers that take control of their financial visibility will be in the best position to reinvest in services, improve workforce stability, and build a sustainable future.

Steps to take:

- Audit cost structures & plug financial leaks: Identify unclaimed funding, payroll inefficiencies. and underpriced services before they erode margins.
- Track financial performance at the service level: Ensure every service is financially viable, not just break-even.
- Use automated financial tracking & invoicing oversight: Reduce revenue leakage from missed claims and errors.
- Shift from reactive to proactive financial management: Spot cash flow risks early, so financial crises don't take providers by surprise.
- Measure what matters - Put key financial targets and benchmarks at the top of the focus - what gets measured gets focus. Set clear targets, ensure accountability to an improvement plan is clear.

Commercial thinking matters: Running a sustainable business

- Know your numbers: Track cash flow, margins, and service-level profitability like a business, because that's what you are.
- Run financial health checks regularly: Don't wait for an audit to uncover issues—stay ahead of financial risks.
- Balance mission with money: Financial viability isn't separate from participant care—it enables it.

2. Turning compliance into a strategic advantage

With compliance fines rising and audits increasing, many providers feel trapped in an overwhelming regulatory environment. Yet, compliance isn't just about avoiding penalties—it's a driver of business stability and financial security.

Our recent survey revealed that 50% of providers rely on a mix of spreadsheets, consultants and fragmented software to manage compliance and risk, with 25% relying entirely on spreadsheets—a method prone to human error, inefficiencies and security risks.

High-performing providers embed governance into daily operations, ensuring they are proactive, not reactive, when it comes to risk management and compliance.

Why strong governance matters:

- Better compliance tracking = Lower risk exposure & insurance premiums
- Accurate reporting = Fewer funding disputes & smoother cash flow
- Stronger governance = More confidence from funders, regulators, and participants.
- Clear oversight for a way forward = There is a lot to do and focus on for NDIS businesses. A centralised risk management platform allows a complete view to focus on the most important steps to drive change.

What do you think will have the biggest impact on the NDIS sector in 2025?

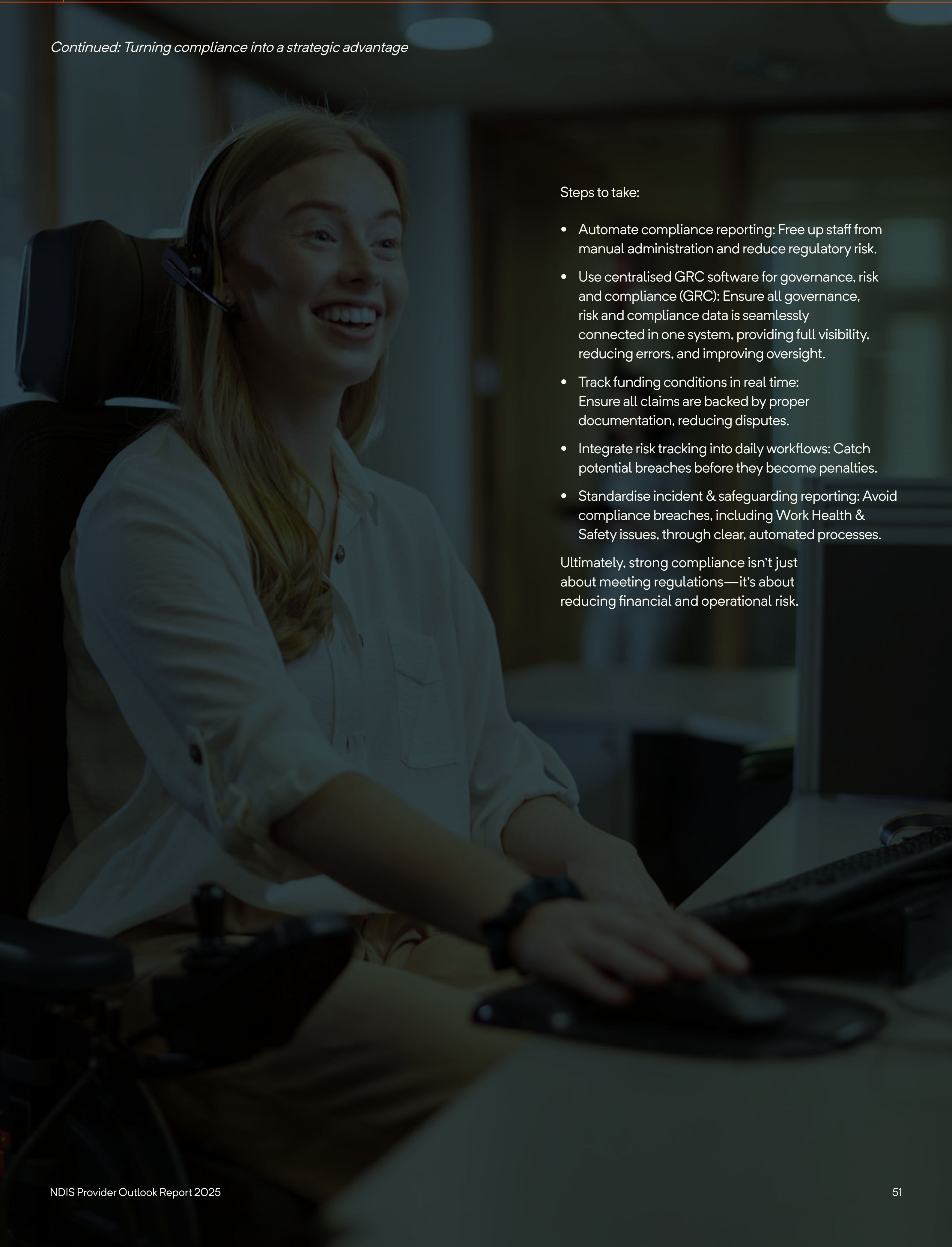
60% Regulatory changes

55% Access to funding

40% Workforce engagement and capacity

25% Technology transformation

15% Participant needs



Continued: Turning compliance into a strategic advantage

Steps to take:

- Automate compliance reporting: Free up staff from manual administration and reduce regulatory risk.
- Use centralised GRC software for governance, risk and compliance (GRC): Ensure all governance, risk and compliance data is seamlessly connected in one system, providing full visibility, reducing errors, and improving oversight.
- Track funding conditions in real time: Ensure all claims are backed by proper documentation, reducing disputes.
- Integrate risk tracking into daily workflows: Catch potential breaches before they become penalties.
- Standardise incident & safeguarding reporting: Avoid compliance breaches, including Work Health & Safety issues, through clear, automated processes.

Ultimately, strong compliance isn't just about meeting regulations—it's about reducing financial and operational risk.

Compliance shouldn't be a manual process in the digital age

By Kieran Seed, Head of Content, LexisNexis Regulatory Compliance

In the ever-evolving regulatory landscape, achieving continuous compliance with manual or ad-hoc processes is increasingly an impossibility - businesses must adopt future-facing solutions to avoid risks and penalties.

A structured compliance management system is essential, incorporating obligations registers and horizon scanning capabilities to ensure continuous monitoring and adaptation to new regulations.

The National Disability Insurance Scheme module offered by LexisNexis Regulatory Compliance provides a comprehensive framework of obligations for organisations providing services under the NDIS. This module covers critical areas such as provider registration, incident management, worker screening, and complaints resolution, and is maintained through ongoing updates and timely customer notifications as regulations evolve. It sits alongside a broad portfolio of content, including Community Care, ESG, and many more, ensuring organisations are well-equipped to meet their multifaceted legal obligations.

At LexisNexis Regulatory Compliance, our objective is to make the compliance journey fast and seamless. We provide organisations with flexible technology options, allowing them to download content directly into systems via an API. Through the integration of our content with Drova's offering, you can access a complete package of content and software, designed to meet your existing and future needs.

Customers can seamlessly access Regulatory Compliance content, including obligations registers and ongoing alerts, directly in their platform. This partnership enables providers to fully operationalise their risk and compliance processes, ensuring they remain proactive and prepared in a dynamic regulatory environment.

To learn more about LexisNexis® Regulatory Compliance for NDIS providers, download this free checklist developed in conjunction with their legal experts, Jessica Kinny, Solicitor Director at Kinny Legal, and Rodney Lewis A.M., Senior Solicitor at Elderlaw Legal Services. Content for this checklist is taken directly from the National Disability Insurance Scheme compliance register.

3. Elevating service quality & participant-centred outcomes

Service quality isn't just about meeting compliance requirements—it's about ensuring real, meaningful outcomes for participants. Yet, the NDIS system is often transactional, prioritising billable hours over whole-of-life impact.

The most successful providers in 2025 will embed person-centred care, data-driven quality tracking, and proactive safeguarding measures into their daily operations.

Steps to take:

- Move beyond transactional service models: Shift from a billable-hours mindset to a whole-of-life quality focus.
- Embed safeguarding into daily practice: Train staff to proactively identify risks and uphold participant safety.
- Use participant-centred outcome tracking: Move beyond compliance reports to measure real improvements in participants' lives.
- Ensure leadership champions quality: Embed quality and safeguarding as a leadership-driven priority.

The role of co-design: Why participants should shape their own supports

By Alex Owusu, Service Manager, Care Partners Australia

For Care Partners Australia, co-designing service delivery isn't just best practice—it's essential for long-term sustainability and participant success.

"We believe that involving participants in shaping their care leads to greater engagement, satisfaction, and improved long-term outcomes," says Owusu.

Their co-design approach includes:

- Personalised service plans: Participants' goals inform behaviour support plans, accommodation arrangements, and employment pathways.
- Continuous feedback mechanisms: Regular advisory meetings and surveys ensure lived experiences shape ongoing service improvements.
- Collaborative innovation: Participant-led insights have inspired new models of care, such as their community-based employment initiative with iCare Community Services.

"By embedding participant voices into service delivery, we ensure relevance, effectiveness, and long-term sustainability, while driving innovation that aligns with real-world needs," says Owusu.

4. Workforce optimisation: The key to controlling costs & improving retention

Staffing remains the biggest financial burden for NDIS providers—but increasing wages alone won't solve workforce challenges. Instead, the key is smarter workforce planning and resource allocation.

Steps to take:

- Optimise rostering & shift planning: Reduce unnecessary overtime and payroll inefficiencies.
- Use workforce analytics: Match staffing levels with actual participant demand.
- Invest in leadership & culture: A supported workforce is a stable workforce.

Providers that align workforce capacity with service demand will have a stronger financial foundation while maintaining service quality and staff satisfaction.

Workforce retention: Investing in skills, support and stability

By Alex Owusu, Service Manager, Care Partners Australia

Attracting and retaining skilled workers remains one of the biggest challenges in the NDIS sector. For Care Partners Australia, the solution has been continuous investment in training, professional development, and staff wellbeing.

"Our staff training and professional development framework has been key to reducing turnover," says Owusu.

Their strategy focuses on:

- Comprehensive training: Employees receive structured learning in Positive Behaviour Support (PBS), restrictive practices, medication management, and crisis intervention.
- Structured mentorship programs: Experienced staff support new hires, fostering a culture of guidance and growth.
- Competitive career pathways: Staff have clear opportunities for progression, which increases retention.
- Wellbeing initiatives: Regular debriefing sessions and mental health support help staff manage stress in high-pressure roles

A workforce that feels valued, well-trained, and supported is more likely to stay—and better equipped to deliver high-quality participant outcomes.

5. Your data knows more than you do: Are you using it?

NDIS providers operate in one of the most complex regulatory and funding environments in Australia. Yet, many are still making business decisions using outdated systems, fragmented spreadsheets, and manual proceses.

A shift toward technology-driven decision making will be essential in helping providers stay ahead of financial, compliance, and workforce challenges.

The right tech can do more than save time; it can save you from compliance nightmares, lost revenue, and that awful feeling when you realise a funding claim was filled out wrong… three months ago.

Steps to take:

- Centralise governance, risk, and compliance (GRC) data: Use integrated systems to track financial, operational, and compliance risks in real time.
- Automate claims and invoicing oversight: Reduce revenue leakage and prevent funding delays caused by manual errors.
- Adopt financial and operational dashboards: Provide leadership teams with a connected, real-time view of risks and opportunities.

With greater visibility over financials and service efficiency, providers can make smarter, data-backed decisions—ensuring resilience in an evolving sector.

6. Scaling services sustainably and strategically

While many providers see growth as a survival strategy, scaling successfully means knowing when to expand, how to expand, and whether expansion is the right move in the first place.

Expanding your services before fixing internal inefficiencies is like putting a turbocharger on a car with bald tires—you'll go fast, but you won't go far.

Steps to take:

- Stop before you scale: Ask yourself, 'Will this expansion strengthen our financial position, or just add complexity?'
- Run financial models before growing: Check whether new services will be profitable before committing.
- Plan workforce expansion alongside service expansion: A bigger business needs a bigger, well-trained team—but only if demand supports it.
- Approach mergers with caution: Due diligence is non-negotiable. If you're absorbing another provider, you're also absorbing their risks.
- Consider partnerships instead of ownership: Not every service needs to be brought in-house—collaborations can be a lower-risk way to expand.

The business of care: A community affair

With Cameron Hare, CEO of Claro Aged Care & Disability Services

NDIS providers aren't just businesses—they're part of a purpose-driven sector that exists to support people with disabilities. But passion alone won't keep the doors open.

Cameron Hare, CEO of Claro, believes that stronger market stewardship—from both government and providers—is essential to ensuring the NDIS remains sustainable.

"Right now, there's not enough market stewardship. The industry needs to come together, share knowledge, and influence policy," says Hare.

"There's a real lack of cohesion across the section," he explains. "Not-for-profits tend to collaborate within their own circles, while for-profits do the same. There's not enough collective advocacy to push for the right reforms."

He points to Aged Care as an example of how industry consolidation, advocacy, and regulatory shifts have shaped a more structured funding model. But the disability sector isn't there yet—which means providers must take a more active role in influencing policy.

Hare believes that the sector will only be sustainable if providers—of all sizes and structures—engage with policymakers to drive chance. "The government needs providers to be profitable, because a failing system eans failing participants. The question is: how do we work together to make it happen?"

Stronger together: Steps to strengthen the NDIS community

- Learn from high-performing providers: Benchmark against those excelling in efficiency, workforce management, and governance.
- More collaboration across provider types: For-profit and not-for-profit organisations must work together to influence decision-makers.
- Connect with industry groups: National Disability Services (NDS) and other advocacy groups are shaping the conversation—get involved!
- Stronger advocacy on funding reforms: The sector needs pricing models that account for quality and compliance costs.

Providers AND partners: Why your voice matters in NDIS reform

By Michael Perusco, CEO, National Disability Services (NDS)

NDS's work is informed by the conversations that we have every day with our members. As government implements its reform agenda, providers have a lot to bring to the table. You can't have a quality sustainable NDIS without quality sustainable providers.

Many providers have long-standing and strong relationships with the people they support, their families, carers and kin, and their communities. They can provide practical insights for successful reform, as well as warn government of potential barriers and pitfalls.

Above all, they have ideas about how we can do things better. These range from collaborations that ensure people with complex disability get the services that they need, to innovative service models that fill service gaps in remote areas of Australia.

Our State of the Disability Sector report highlights some great stories from NDS members that illustrate that the sector is focussed on just getting it done.

06

What's next for NDIS providers?

What's next for NDIS providers?

The road ahead for NDIS providers is filled with both challenge and opportunity. The sector is at a turning point—financial sustainability, workforce efficiency, regulatory readiness, and technology adoption are no longer optional considerations but essential for long-term success.

Throughout this report, we've explored the most pressing challenges facing providers, the strategic priorities for 2025, and the practical steps needed to achieve them and build ongoing resilience.

The coming year will demand a proactive approach.

01 **From survival to stability:** Moving beyond short-term fixes to long-term financial security.

02 **From compliance burden to competitive advantage:** Shifting compliance from an administrative headache into a governance strength.

03 **From inefficiency to insight:** Leveraging technology and data-driven decision making for smarter, more effective service delivery.

Why operational efficiency—not size—defines the future of sustainable growth

By Siobhain Simpson, Audit Partner, StewartBrown

Based on statistical analysis of our data we would conclude that in the current pricing structure, scaling up alone is no longer a viable solutions—larger providers face the same cost pressures as smaller ones—demonstrating that operational efficiency, not size, determines sustainability.

The most resilient providers are actively refining their workforce structures, implementing targeted rostering efficiencies to minimise overtime and penalty costs, and aligning supervision ratios more closely with funding assumptions while maintaining compliance and service quality.

Many are also investing in consulting-led service viability assessments, phasing out underperforming programs, and restructuring operational models to ensure long-term sustainability. At the corporate level, providers are focusing on reducing non-staff overheads, streamlining administrative layers, and leveraging technology to measure and then improve productivity.

With financial pressures mounting and no relief in sight from the pricing model, organisations must take a data-driven approach to identify inefficiencies, rationalise services, and enhance cost controls.

The challenge ahead is clear—operating smarter, not larger, is the only way forward.

Balancing risk & reward in the NDIS sector

By Dennis Clark, CEO of Clark Corporate Consulting

The lot of an NDIS service provider is one of balancing risk and reward. The risks are obvious and need careful management.

Some more granular risks, beyond those already included in this report:

- Wage underpayments
- Work health and safety incidents
- Adverse client interactions with staff
- Contagion risk from shonky providers
- Complex business models
- Privacy breaches
- Unplanned change
- Business interruption

Managing these is an ongoing challenge, while at the same time striving to offer comfort, care and compassion to those who you serve is an imperative.

Under NDIS principles, people with disability have the same right as other members of Australian society to respect for their worth and dignity and to live free from abuse, neglet, and exploitation.

The answer to all this lies in proper governance, best-practice risk and compliance management and a focus on each individual, both staff and participant, through promoting, maintaining and preserving a quality and compassionate culture.

The best performing organisations embrace ACNC governance principles, adopt proven and state-of-the-art risk and compliance management systems and create positive behaviours through close attention to their organisation's shared values.

The rewards are financial viability, staff stability, happy customers, light touch regulation and managed growth, reach and change.

The road ahead for NDIS providers: A smarter path to sustainability & resilience

By Rachel Riley, Co-founder and CCO, Drova

The NDIS sector remains deeply committed to its mission—supporting people with disabilities to live fulfilling, independent lives. The question is: how do providers not just survive all the current pressures but build a stronger, more sustainable future?

For many organisations, financial sustainability is no longer just about increasing revenue—financial sustainability begins with strategic governance. it's about having the right strategies, systems and actions in place to gain visibility over costs, streamline operations, and reduce unnecessary risk. Right now, too many providers are operating in the dark or looking for a quick win. For most providers, winning for the longer term means taking a step back and investing to get the full picture needed to take the right actions.

Where is money slipping through the cracks? Are funding allocations aligned with actual service costs? Do compliance risks put future funding at risk? Without a clear picture across the business you're operating blindly and reactively.

At Drova, we see a different path forward—one where governance, risk, and compliance aren't just seen as regulatory obligations but as strategic advantages. When providers have an integrated strategic view of their operations, they gain real-time insight into their financial health, compliance standing, and operational risks, and can move from reactive decision-making to proactive planning.

If you do not have a complete picture, you can't begin to focus on the right path forward. That's why we built Drova GRC—to help providers take control of their financial future, identify risks (and opportunities) to strategic and financial health, and create stronger, more resilient organisations.

A sector-wide shift toward smarter governance won't just benefit individual organisations—it will strengthen the NDIS as a whole. The focus must be on building financially healthy providers who can invest in staff, improve service quality, and continue to grow sustainably. This means tightening financial controls, ensuring every service is profitable, automating compliance processes to reduce administrative strain, and embedding risk management into everyday operations.

Compliance shouldn't feel like an ongoing burden, nor should it come at the expense of participant care. The right systems and processes can ensure providers meet regulatory requirements while focusing on what really matters—delivering high-quality, person-centred services.

The next year will be critical for the future of the sector. The providers who take a strategic approach gain an integrated dashboard view of their organisations, allowing them to focus on what matters and double down on priority actions. These providers, embracing better financial oversight, stronger risk management, and more efficient operational systems—will be the ones best positioned to thrive for the long term.

At Drova, we are committed to being part of that solution. We see ourselves as partners to providers who want to move beyond survival mode and build a more financially sustainable, operationally efficient, and compliant future. Because when providers are strong, participants benefit—and ultimately, that's what matters most.

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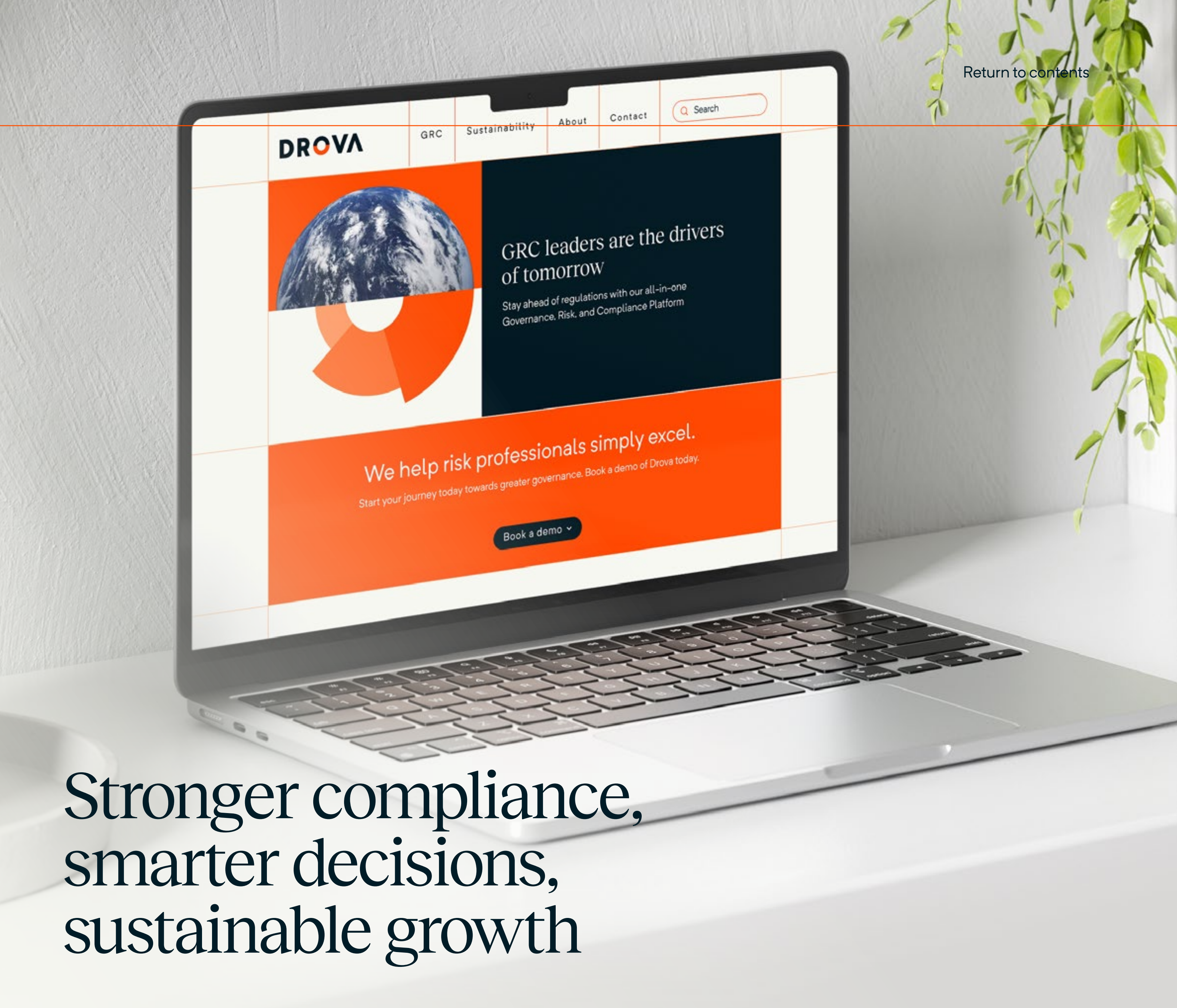

Stronger compliance, smarter decisions, sustainable growth

The path forward is clear: better governance, smarter compliance, and financial resilience are essential for long-term success.

That's where Drova comes in. How we help:

- Automated compliance tracking: Stay ahead with real-time regulatory updates & obligations registers.
- Financial oversight & cost control: Track profitability, funding risks, and prevent cost leakages.
- Workforce & risk management: Streamline audits and workforce planning.
- Seamless reporting & audit readiness: Generate audit-ready reports in one click.
- Centralised governance & documentation: One system, one source of truth for compliance & quality management.

Powering the future of NDIS providers

Drova combines NDIS expertise with best-in-class technology, making compliance, risk, and financial management effortless—so you can focus on delivering quality services.

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Your clear path to compliance starts here.

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Contributor bios

Michael Perusco

CEO, National Disability Services (NDS)

When Michael Perusco began as CEO of National Disability Services in November 2024, he brought two decades of leadership experience with service provider organisations, government, and the boards of peak bodies. Michael's most recent role was as CEO of Berry Street, one of Australia's largest independent child and family service providers. Other disability and community service organisations he has led include the St Vincent de Paul Society NSW and Sacred Heart Mission in Victoria.

He also worked at the Department of Prime Minister and Cabinet, leading the social inclusion agenda, not for profit reform agenda and other social policy areas. This experience along with a strong track record of impactful advocacy demonstrates Michael's commitment to improving the social and economic inclusion of all Australians.

Kieran Seed

Head of Content, LexisNexis Regulatory Compliance

Kieran Seed is the Head of Content-Global for LexisNexis Regulatory Compliance, supervising and coordinating the development of complex compliance data sets locally and internationally.

Kieran's expertise lies at the nexus of compliance, law and content, to help organisations understand and monitor their compliance requirements in an accelerating and ever-changing regulatory landscape. Kieran's team of subject matter experts manage a wide content set across the Pacific, UK and SEA, and also collaborate closely with content teams across the globe to bring the Regulatory Compliance solution to new markets and jurisdictions.

Ian Niccol

Partner, KPT Restructuring

Ian is a registered liquidator with 20 years of experience in insolvency and restructuring. He specialises in advising mid-market clients across various industries, offering insolvency solutions, strategic restructuring, and business turnaround services.

Ian works closely with lenders, management, and key stakeholders to achieve optimal commercial outcomes.

Tomas Rowlandson

Board Director, Interaction Disability Services

Tomas is an NDIS participant and an emerging autistic social worker with a special interest in neurodiversity. In 2023 he joined Interaction as a Board Observer and having been impressed by the organisation's commitment to a human rights framework made joining the Board as a Director an easy decision. His lived experience in conjunction with sector knowledge across disability and homelessness makes him a valuable addition to the Board. With a range of skills across strategy, governance and policy, Tomas looks forward to making sure those without a voice are heard where decisions are made which impact them. His connection to Interaction is personal through having a sibling with Prader-Willi Syndrome. Tomas is also the Chair of the Stakeholder Engagement Committee.

Cameron Hare

CEO, Claro Aged Care & Disability Services

Cam is a qualified Physio who has worked in various clinical and managerial roles across Private Practice, aged care, disability and community care for over 15 years. Cam joined the Zenitas group as part of the acquisition of Transform Physio, where he played the role of Operations Manager. He then supported the Plena Healthcare business in his role of Customer Strategy Manager, before extending that role across both the Plena and Claro businesses.

In June 2023, Cam moved into the role of Executive General Manager of Claro, supporting the service delivery businesses as well as the Customer Experience team, before moving into the role of CEO in September 2024. Cam is passionate about delivering high quality and sustainable care services as well as developing talent within the business to help it to continue to grow and succeed.

Selina Gerner

Partner, McGrathNicol

Selina Gerner is a Partner at McGrathNicol with over 17 years of experience providing strategic advice on financial performance and organisational improvement to not-for-profits, corporations, and all levels of government. She specialises in strategy implementation, business transformation, and financial modelling, focusing on the health, aged care, and disability services sectors.

Selina offers objective advice to enhance operational and financial performance, mitigate risks, and manage organisational change. She is recognised for her ability to dissect complex issues and her relentless pursuit of value for clients. Her extensive experience in distressed transactions provides her with unique insights into potential pitfalls, enabling informed assessments of transaction risks.

Through her expertise and commitment, Selina continues to support management and executives in navigating challenging, changing, and risky situations within the healthcare and disability services sectors.

Alex Owusu

Service Manager, Care Partners Australia

Alex Owusu is a dedicated Service Manager at Care Partners Australia with over nine years of experience in the healthcare sector, specialising in disability and aged care services. Starting as a Support Worker in 2017, he quickly progressed to a leadership role, managing group homes and fostering a high standard of care.

Since 2021, he has led service delivery, implemented innovative solutions, and strengthened stakeholder relationships. Passionate about disability advocacy, Alex actively engages in NDIS reform discussions, working to improve funding accessibility and support structures. His leadership and commitment to quality care make him a driving force in enhancing services for individuals with disabilities.

Dennis Clark

CEO, Clark Corporate Consulting

B Ec., Dip Ed, FCA, FCPA, FAICD (Dip), FGIA, FCG

Dennis has over 30 years' experience in the workplace, as an academic, teacher, auditor, accountant, finance director, chief financial officer, consultant, risk manager, head of risk & compliance, company secretary and company director.

He is experienced as a consultant in advising clients on financial management, internal audit, company law, corporate governance, compliance, strategy, WH&S and risk management issues. His professional career is in private, public and not for profit sectors, with particular experience in financial services, insurance, mining, indigenous health and native title.

Dennis is a chair/member of several boards and audit/risk/compliance committees. In his spare time he is a keen racing yachtsman, managing boating risk as well as a long distance runner, managing health and fitness risk.

Rachel Riley

Chief Commercial Officer & Co-Founder, Drova

Rachel Riley is an accomplished finance and business leader with a deep expertise in financial management, governance, and strategic growth. A qualified Chartered Accountant (ICA) with a Bachelor of Business, Rachel has built a career at the intersection of finance, technology, and corporate sustainability, helping businesses navigate complex challenges with confidence.

Before co-founding Drova, Rachel spent over 12 years as Co-Founder and Chief Financial Officer/ COO at Ansarada, where she played a pivotal role in the company's evolution from a high-growth startup to a global ASX-listed high-growth SaaS company. Prior to that, she spent seven years at KPMG as a lead Manager in the Audit and Advisory division, honing her expertise in financial oversight, risk management, and regulatory compliance.

As Co-Founder and CCO of Drova, Rachel brings her financial and governance expertise into the world of ESG and corporate compliance, helping organisations turn sustainability reporting into a strategic advantage. Beyond Drova, she serves as a Non-Executive Director and Chair of the Audit and Risk Committee at Interaction Disability Services.

Siobhain Simpson

Audit Partner, StewartBrown

Siobhain Simpson is a partner of StewartBrown working primarily across Audit, the StewartBrown Disability Services Financial Benchmark, and payroll compliance. She is a member of Chartered Accountants Australia and New Zealand with over 20 years of professional services experience.

Siobhain has provided audit and consulting services to not-for-profit organisations, focusing on the Disability sector, over the last 15 years, resulting in a deep understanding of the critical drivers of financial performance for operators in that sector.

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