



4 May 2026

Ms Libby Coker MP  
Chair

Joint Standing Committee on the National Disability Insurance Scheme  
PO Box 6100  
Parliament House  
Canberra ACT 2600

via email: [ndis.joint@aph.gov.au](mailto:ndis.joint@aph.gov.au)

Dear Ms Coker

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

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to make a submission to the inquiry by the Joint Standing Committee on the National Disability Insurance Scheme (NDIS) on the integrity of the NDIS.

#### **Small businesses in the care sector**

Small businesses make a critical contribution to the Australian economy. Approximately 97% of all Australian businesses are small businesses, operating on a small or micro scale with resources and capabilities that differ markedly from those of larger enterprises.

Small businesses make up a significant proportion of the health care and social assistance sector, representing 34% of total value added and 25% of total employment in 2023-24.<sup>1</sup> Health care and social assistance is one of the fastest growing sectors in Australia, experiencing a 6.6% increase in the number of businesses in 2024-25.<sup>2</sup>

From 2022-23 to 2024-25, the health care and social assistance sector experienced a 200% increase in corporate insolvency appointments including liquidations, small business restructurings, voluntary administrations and receiverships between.<sup>3</sup> This has been described as 'the highest rise of any sector' with NDIS businesses representing the majority of that increase.<sup>4</sup> Australian Financial Security Authority data indicates that the health care and social assistance sector was one of the most concentrated sectors for business-related personal insolvencies in 2024-25.<sup>5</sup>

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<sup>1</sup> Australian and Small Business Family Enterprise Ombudsman (ASBFEO), *Contribution of Australian Gross Domestic Product*, ASBFEO, July 2025, accessed 16 April 2026; ASBFEO, *Contribution of Australian Employment*, ASBFEO, July 2025, accessed 16 April 2026.

<sup>2</sup> Australian Bureau of Statistics, *Counts of Australian Businesses, including Entries and Exits*, 26 August 2025, accessed 16 April 2026.

<sup>3</sup> K McGovern-Hooley, J Colbran and C Hudson, *Insolvency report: Non-profits and NDIS providers*, RSM Global, 2025, p 4.

<sup>4</sup> K McGovern-Hooley, J Colbran and C Hudson, *Insolvency report: Non-profits and NDIS providers*, RSM Global, 2025, pp 3-4.

<sup>5</sup> Australian Financial Security Authority (AFSA), *State of the Personal Insolvency System 2024-25*, AFSA, Australian Government, 2025, p 17.



The ASBFEO's view is that this rise in insolvency can partly be explained by financial pressures associated with the range of systemic obstacles facing small businesses providing, and in particular seeking payment for, services under the NDIS.

### **The integrity of the NDIS is being undermined by systemic plan-related obstacles to the payment of small business providers**

The ASBFEO's has received a large number of requests for assistance from small business providers who have encountered problems in securing payment for the services they deliver to their NDIS clients – to the extent to which the ASBFEO considers it is impacting the integrity of NDIS. These problems can jeopardise delivery of high quality services to vulnerable NDIS clients, while also placing financial pressures on small business providers who are often constrained by limited cash flow and administrative capacity.

Between 1 July 2021 and 30 March 2026 the ASBFEO received, through the ASBFEO Information Line, 608 requests for assistance from small businesses relating to their work under the NDIS – with a dramatic increase from 81 calls in 2022-23, 115 in 2023-24 through to 233 in 2024-25. Over the same period, a dedicated ASBFEO case manager supported 100 small businesses to address their disputes with the NDIS, 80% of which entailed claims for payment.

Where a complaint is by a business against a consumer (in this case, a person with disabilities), the ASBFEO refers complainants to other appropriate agencies, including the National Disability Insurance Agency (NDIA) and the Commonwealth Ombudsman.

In many of these cases, the inability of the small business provider to secure payment for services delivered was due to one of a range of reasons related to how NDIS participants' plans are designed and managed, and are being governed by differing systems.

#### *Systems for obtaining and paying for services vary widely between NDIS plans*

The effectiveness of the NDIS depends on the array of stakeholders who perform different functions — and are of varying capacities — understanding what they are accountable for, and the relationship between their accountabilities and those of other stakeholders in the system. This includes the participants themselves, plan managers, the NDIA and small business service providers.

To be effective, it is especially important the various stakeholders have a shared understanding of the:

- specific types of services NDIS funds can be used for
- availability of funds to cover the cost of these services
- processes which need to be followed for payment of services
- specific reasons for which payment to providers can, or cannot, be made
- need for specific stakeholders to have access to this information as appropriate, while maintaining a participant's privacy.

In practice, however, these essential functions for managing NDIS support that are intrinsic to the design and management of NDIS, can create obstacles to small business service providers receiving payment for their services.



The specific type of participant plan — whether self-managed, provider-managed or NDIA-managed — has a significant bearing on how services are delivered, and the extent to which the participant is supported in navigating these functions.<sup>6</sup> Plans vary from the highest level of participant responsibility required for a self-managed plan, to the lowest for a NDIA-managed plan:

- self-managed — participant is responsible for: working with their choice of provider (including unregistered providers) to develop a service agreement; negotiating costs of service provision, above or below NDIS Pricing Arrangements; paying providers' invoices directly; budget management, including tracking of payments against funds available and maintenance of records and receipts.<sup>7</sup>
- plan-managed — plan manager is responsible for: working with participants to develop a service agreement outlining how and when support will be delivered; supporting the participant in choosing providers; arranging for payment of providers by validating their invoices and submitting payment requests to NDIA within 5 days of receipt; budget management, including advising participants (but not providers) of when funds are low, overspent or underspent.<sup>8</sup>
- NDIA-managed — NDIA is responsible for: assisting participants to choose from a range of registered providers; paying providers, with providers claiming payment through the myplace provider portal, within 90 days of the end of the service booking; managing the budget, with participants able to view claims providers have made against their funding through the myplace portal.

For all relevant stakeholders, but especially participants and service providers, the complexity and administrative burden of plan management can give rise to significant confusion about precisely who is accountable for what, and when. The ASBFEO's view is that this is especially common in relation to budget management, with direct consequences for payment of providers.

These challenges are exacerbated by frequent changes made to a participant's plan. Participants' plans can be reviewed and varied in a range of ways. The 2023 NDIS Review found that:

'The NDIA currently conducts frequent plan reviews for participants to ensure items remain appropriate and are meeting needs. However, many participants are fearful of plan reviews and will allow plans to roll-over to avoid having to go through a traumatising review process.'<sup>9</sup>

One factor that can lead to confusion regarding eligible NDIS services is the distinction between registered and unregistered providers. NDIS allows participants to source services from unregistered providers, unless in relation to services for specialist disability accommodation, specialist behaviour support services, and plan management services. However, under the more

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<sup>6</sup> National Disability Insurance Scheme (NDIS), *Ways to manage your funding*, NDIS, 2024, accessed 28 April 2026

<sup>7</sup> NDIS, *Self-management*, NDIS, 2025, accessed 28 April 2026

<sup>8</sup> NDIS, *Plan management*, NDIS, 2026, accessed 28 April 2026

<sup>9</sup> Commonwealth of Australia, *Working together to deliver the NDIS – Independent Review into the NDIS: Final Report*, 2023, p85.



restrictive NDIA-managed plans, participants are not able to source services from unregistered providers.

This means that where a participant transitions to a NDIA-managed plan they will no longer be able to source services from any unregistered providers they have previously used. The ASBFEO has received requests for assistance from unregistered providers seeking to obtain payment for services delivered during, or prior, to this transition. This was illustrated by the experience of one complainant, who alleged that they:

‘... emailed the NDIA to see if they can assist with payment, however as I'm an unregistered service provider they could not process any payments. They emailed and advised [client] to contact [their] plan manager to get them to facilitate payment of my invoices. My Plan Manager emailed me to advise they are no longer [client's] plan manager and to either contact [client's] previous plan manager, the NDIA or for the funds to come directly from [client].’

*Providers are committed to meeting participants' critical need for continuous, uninterrupted support*

Changes to a plan, or a transition to another type of plan, appear to have the most significant impact on the continuity of services provided to an NDIS participant, and the disruption of payment to service providers. The ASBFEO has found that even where a small business provider remains unpaid, they often continue to deliver services out of concern for, and commitment to, their clients' welfare.

The ASBFEO is aware that the continued provision of services can arise from a misconception by the provider that their client's funds will be replenished upon transition to a new plan; or it may rest on the vague hope that the NDIS will continue to support the service, and authorise payment for it.

Eventually, however, a small business provider will have no choice but to cease providing services to their client, reducing the support they receive under the NDIS. To continue providing unpaid services would lead to financial loss and put undue pressure on the business, potentially putting their viability at risk or requiring them to withdraw from the sector.

**Case example:** A NDIS provider approached the ASBFEO for assistance regarding a payment dispute with a participant who received funds through the NDIS. The participant's plan was changed from self-managed to agency managed, but they sought to get it changed back as, according to the provider, the '[client] lives in a rental property with [their]... dog and would not cope with mentally moving into agency managed SIL' [Supported Independent Living]. The provider alleged they received a call from NDIS indicating that because [their] plan is agency managed they would not pay any outstanding invoices. They also indicated that if the provider, and other providers supporting this particular participant, did not continue to support [client], they should be taken to 'emergency'. The provider continued to deliver but was unable to secure payment for their services.

*Simple misunderstanding routinely leads to disproportionately complex, detrimental consequences*

A common thread running through the issue of non-payment under a managed plan is miscommunication — or sometimes, non-communication — about why a provider's invoices are not



being paid, and how this can be rectified. The ASBFEO understands it is not uncommon for a provider to have submitted multiple invoices for payment, and for these to remain unpaid for extended periods, if not indefinitely, without explanation from the NDIA, plan manager or participant.

For example, one complainant to the ASBFEO alleged that:

‘[NDIA has] had the invoices for months and have not accepted or rejected the invoices. They refuse to discuss them with me so I am totally in the dark about if or when they will be paid. I am not only short from invoices not paid I am out of pocket as I have paid staff. I am about to loose [sic] my home and car due to these invoices not being paid...’

Another complainant alleged that under the NDIS there is a lack of meaningful support to help service providers secure payment for services delivered, and it is left to them to find a resolution:

‘I have contacted NDIS and [they] have informed me that the invoices will not be paid... I also rang and sent an email to Bill Shorten and I received a generic email informing me to go to Services Australia of which I did.... They said that they cannot help me and to contact the NDIS Quality and Safeguards Commission. They had previously...informed me that they do not handle cases such as mine. I have also contacted NDIS disputes and assistance, but as [client’s] plan is now agency managed they cannot help me. I have also tried the Commonwealth Ombudsman, Carers Australia, NDIS provider support and they all seem to not be able to help me gain payment.’

This situation can be very time consuming for a small business provider — for whom time is a precious commodity — as they need to seek clarity from, and are often referred between, various NDIS stakeholders, invariably to no avail. The corollary of this uncertainty is that unresolved non-payment matters can force a provider to resort to more formal, costly pathways of dispute resolution.

If a provider’s debts remain unpaid, the only avenue of recourse may be formal debt recovery proceedings against vulnerable clients and their families. A client’s vulnerabilities, as well as their own financial constraints, mean that formal proceedings could be more challenging than usual as a pathway to debt recovery.

Furthermore, the time, cost and administrative burden involved in pursuing formal debt recovery makes it an unattractive option for most small businesses. The small business provider therefore may choose to be out-of-pocket rather than take legal action to recoup the costs. This is not a sustainable basis for delivering care for people in need, and it is not appropriate that a government agency leverages the goodwill and financial resources of small business providers to deliver its services.

Small businesses who provide services to vulnerable NDIS participants and are unpaid for a prolonged period while having very few viable options to recover the debt, face pressures that can impact their owner’s mental health. A system established to service the needs of vulnerable people must be designed in a way that does not cause unnecessary harm to the businesses providing these services. It is worth noting that a high proportion of these service providers are



sole traders who are women (40%), 50 years or older (36%) or people of cultural or linguistic diversity (37%), or a combination of all of these (all figures for 2021-22).<sup>10</sup>

**Case example:** The ASBFEO was contacted by one NDIS provider who had previously managed a business which became insolvent after doing over \$400,000 of work to deliver services which remained unpaid. Their second business is now on the verge of insolvency, with over \$40,000 owing in respect of services provided to NDIS participants. Attempts to clarify their position through various NDIS and other help lines have been fruitless, and they now appear to have no choice but to pursue legal proceedings to recover this amount. This has been exacerbated by their need to rely on an elderly parent to assist with some aspects of the business to alleviate the workload and mental stress.

### **Plan management can be improved by a better calibrated balance of objectives delivered through proportionate regulatory measures**

The ASBFEO recognises the value and importance of empowering vulnerable people to articulate and manage NDIS support services, which address their unique needs, in ways that suit them best. However, the basic requirements of plan management, and participants' understanding of how these apply in practice, can result in outcomes that have a significant detrimental impact on small business providers. The ASBFEO considers there is too much scope for human error in the administration of the most basic aspects of NDIS support, securing and paying for support services.

The unintended consequences of giving greater agency to NDIS participants, and devolving responsibility from the NDIA, could be addressed through reciprocal empowerment of small business providers to meet participants where they are. This would not only help providers deliver the services the NDIS participant needs, it would also enable both the participant and provider to better navigate the small but critical administrative processes to receiving those services.

These objectives can be met through proportionate regulatory measures. In particular, measures should ensure that plan management requirements serve, and are carefully adapted to achieving, a clear purpose, without disproportionately burdening small business providers. These could include, for example, measures that enable small business providers to:

- be notified if the balance of their client's funding is at risk of not meeting the levels of support they are expecting from providers. This means that small business providers can be confident in providing clients the best support they can over the longer term, and when they need them most – comfortable there is little risk of unknowingly working for many weeks after funds cease to be available.
- be given adequate notice and information if their client's plan is expected to change. This means they can be confident they are able to take the necessary action required to continue, or to carefully withdraw, provision of services to their clients, including taking steps to become a registered provider with the NDIS.

<sup>10</sup> ASBFEO, *Sole Traders - The Unsung Hero of Australia's Economy*, ASBFEO, January 2026, p 5-6.



- find out how they can secure payment of their invoices, including an understanding of why payment is withheld, without recourse to formal proceedings. This means they can be confident they will be able to quickly achieve a meaningful resolution to any issues they may be experiencing, and to continue to provide services under the NDIS without fear of insolvency.

Should disputes still arise, it would be beneficial for the NDIA to also have established processes for routine referral of matters to alternative dispute resolution, such as mediation. Mediation could be tailored to help address issues such as disputes over payment, whether with the NDIA or participants, and help avoid the need for small businesses to use formal legal channels.

If you require any further information, please do not hesitate to contact the Policy and Advocacy team via email at [advocacy@asbfeo.gov.au](mailto:advocacy@asbfeo.gov.au).

Yours sincerely

**Lynda McAlary-Smith**

Australian Small Business and Family Enterprise Ombudsman