

# To fix the NDIS, building trust and quality offerings is essential

## Editorial & Opinion

The National Disability Insurance Scheme, launched 12 years ago, was a bold - some would say rushed - attempt to create a quasi-market for disability services where none had existed.

Historically, states funded not-for-profit providers through simple block grants. That system was cheap and easy to administer, but gave people with disability almost no choice or agency.

The NDIS has flipped the model: the Commonwealth now allocates eligible participants an individual budget and says, in effect, "go shopping" in a newly invented disability marketplace.

That marketplace, however, is not a normal private market. The supply of services would largely collapse without direct or indirect public funding. Price sensitivity is almost non-existent, and participants have limited ability or incentive to shop around. Proximity, trust and reliability routinely trump price. Many participants struggle to navigate the system at all, and any underspend on one service category cannot be redirected to another. Unsurprisingly, the

resultant "market" barely resembles other competitive markets across the economy.

Participants undeniably receive far more funded support than before (although much previous care was unpaid family labour). Yet costs have exploded, waste and roorting are rife, and the benefits to participants - let alone to the wider economy - do not appear commensurate with policy expectation or the incurred expenditure.

From a modest \$8 billion across all governments in 2014-15, spending hit \$44 billion in 2023-24 and is on a locked-in double-digit growth path. More than 600,000 workers have been pulled into the sector in just a few years. The program is now unrecognisable from the tightly targeted scheme originally envisaged by Bob McMullen and his Labor colleagues for a relatively small cohort with severe, permanent disability.

In September 2024, at the direction of then-minister Bill Shorten, the National Disability Insurance Agency established the Independent Pricing Committee, which I had the privilege of chairing alongside Ron Ben-David and Gemma Henderson. Our report was re-

leased in April 2025. What follows are my personal reflections - not necessarily those of my fellow members.

The single clearest finding is a profound crisis of trust. Participants distrust providers and the agency; providers distrust the agency; the agency is fragmented; and the wider community increasingly sees the NDIS as everything from a political albatross to an unaffordable drag on the budget.

Rebuilding trust must be priority number one. The fastest, highest-impact step the Albanese government could take is to roll out the digital payments platform. The agency has already built the platform in partnership with the Commonwealth Bank and was trialling it with providers by mid-2023 when it was shelved.

The digital payments platform, while no silver bullet, represents a giant leap forward in accountability. It would vet 100 per cent of transactions in real time, paying only into verified business bank accounts of legitimate providers. Overt fraud - including organised crime infiltration - would be detected and blocked instantly.

Overpricing and gaming of the scheme would also collapse

once every registered provider knew every invoice was being benchmarked in real time, including against published price lists.

The government has acknowledged the current system has "catastrophically weak prevention controls" and huge blind spots. Much of this wastage can be avoided if the digital payments scheme is implemented.

Beyond fraud elimination, participants and the market need far better infrastructure, including a proper digital "supermarket" so participants can easily compare providers and services, and scheduling tools that allow providers to bundle and efficiently deliver services, especially in rural and remote areas.

These and other practical suggestions are detailed in the IPC report.

The deeper structural problem, however, lies in the NDIS pricing model itself. A single regulated price cap (or schedule of caps) applies to each support category. Those caps simultaneously set provider remuneration ceilings and drive participant budget allocations.

As a result of these system rigidities, activity clusters around the administered price caps rather than being driven by competition. Bulk providers of services and low-cost sole traders capture almost all the revenue, crowding out high-quality, multi-faceted providers that incur higher costs to de-

liver higher-value services. The scheme is at risk of systematically under-funding and driving these high-quality providers out of business. At the same time, resources are being drawn into low-value bulk activity funded by the NDIS and drawn away from other public programs and the market economy. This is resulting in skills shortages and higher wage escalation. Innovation and client focus are stifled.

The result is endemic cherry-picking: the easiest, cheapest services are overpaid relative to participant benefit, while complex, high-value services are underfunded and are now at risk of disappearing.

My committee's strong advice was to abandon the illusion of a single efficient price per category. Instead, we proposed a differentiated pricing framework that reflects genuine differences in value to scheme participants, not just costs.

Properly calibrated, such a framework would constrain overpayments to low-value areas and redirect resources toward the services participants value most. Over time, it would rebalance the market towards quality and innovation rather than volume and corner-cutting.

No pricing schedule will ever capture every nuance of participant need, but a more differentiated schedule sends far better signals to providers than the current one-size-fits-none model.

In the absence of normal market self-correction, active market stewardship by the agency is indispensable. Modern payments architecture, transparent comparison tools, and properly differentiated pricing must now be the three priorities of that stewardship. Together they can overcome the inherent administrative and design weaknesses that have plagued the NDIS since its inception.

The scheme can be fixed, but only if governments stop delaying obvious solutions and confront the pricing rigidities that are currently distorting the entire disability support ecosystem. Trust, fairness, and long-term sustainability all depend on it.

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