PRIORITIES

Ability First Australia fully supports the need for reform to secure the NDIS for future generations. We back the Government's objective of a sustainable, high-quality Scheme and we stand ready to help deliver it. We also bring important areas of caution. Reform on this scale will only succeed if the registered, not-for-profit providers who anchor the quality end of the market remain viable through the transition.

Our members, long-standing not-for-profit (NFP) registered providers (some providing services for more than 90 years) are being forced to consider for the first time exiting the market or withdrawing services, which will potentially impact the 92,000 people with disability our members support, particularly those requiring complex supports and those in regional and remote areas.

For reform to land without destabilising the registered, quality end of the market, there are three priorities Ability First Australia is asking the Australian government to deliver:

1. **We need pathways to escalate**

The Government has made changes to allow for cohorts to be excluded from planned cuts. We welcome this and want to work with government to ensure our participants can be considered for exclusion from cuts, and that there are escalation pathways available.

2. Commissioning of SIL and support coordination must keep moving

Commissioning of Supported Independent Living (SIL) and support coordination is one of the most powerful levers available to stabilise the market and protect participants with complex needs. These measures should advance on their own track, with the sector engaged on the design of the commissioning model. It is important that SIL participants do not have their plans cut, as per the changes from Government to allow for this cohort to be excluded by cuts.

3. Ensuring NFP providers remain viable through the reform process

Registered NFP providers must remain financially viable while the reforms are designed and implemented. The reform implementation will run for years and our members already hold less than one month of cash reserves, and are heading into a fifth consecutive year of median losses (see Ability Roundtable data section below). If not well managed, the registered providers of last resort will exit before the reforms take effect.

4. Differentiated pricing must lift the top, not only lower the bottom

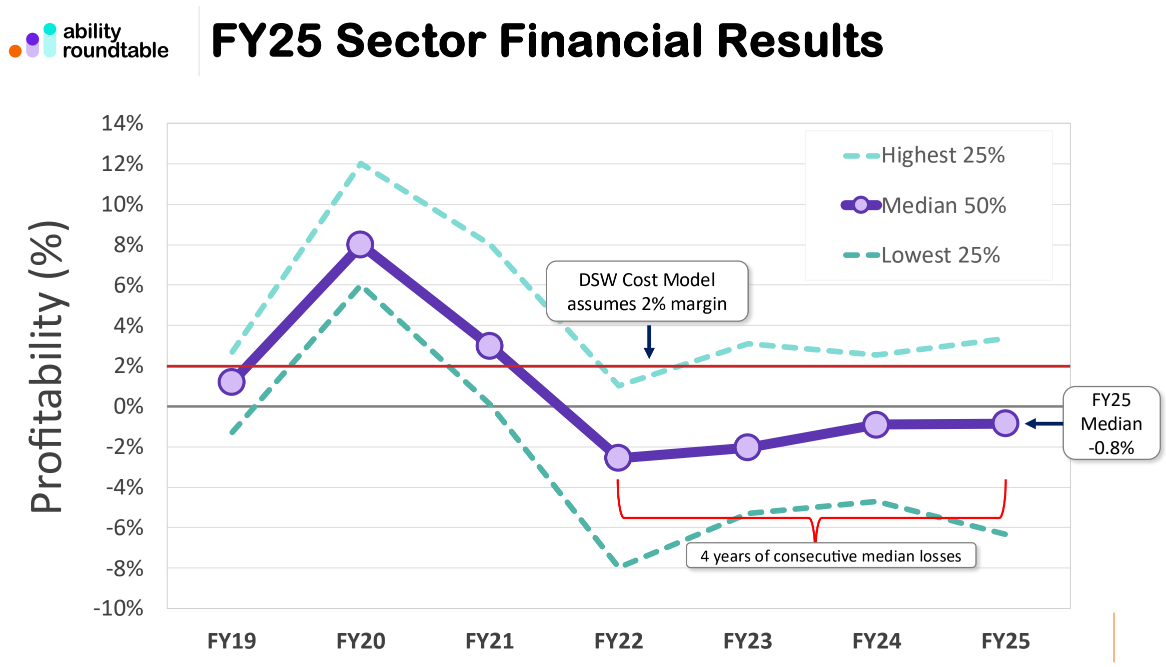
We support differentiated pricing. But as currently signalled it risks meaning only lower prices for low-complexity, unregistered supports. To stabilise the quality market, differentiated pricing must also mean higher prices for registered providers delivering complex, high-intensity and regional and remote supports. Government has not yet defined what differentiated pricing will mean in practice.

Ability Roundtable data

Ability Roundtable, Australia's largest disability benchmarking company, representing 20% of all registered provider payments shows that there are entrenched sector-wide losses – particularly for the longstanding NFP disability provider sector who support those with the most complex needs. Benchmark reporting from FY25 reported:

- Median provider losses of -0.8%, repeating a similar pattern of the previous three years.
- 65% of providers operate below the 2% assumed margin in the NDIA's DSW Cost Model and 54% of providers operated at a loss
- Large organisations over $80 million had a median organisational margin of -3.9%, and a median operating margin of -5.3%
- The data reveals median reserves (liquidity) have fallen to less than one month.
- Mid-Year FY26 data suggests the market is heading towards its fifth consecutive year of median losses, with larger not-for-profit providers most at risk.

Figure 1. Ability Roundtable analysis of provider profitability (org level)



Ability Roundtable recently released their latest White Paper **[A Model Built to Fail – the Disability Support Worker Cost Model]**. This paper is an examination of the inherent issues with DSW Cost Model since its creation and, using the Ability Roundtable bottom-up cost model that replicates the calculations of the DSWCM, allows us to test scenarios using robust industry benchmarking data. What is noticeably clear is that modest, individually reasonable deviations from the DSW Cost Model assumptions compound rapidly to shows a 10% gap between the price and reality of service delivery.

Ability First members are currently rationalizing and withdrawing from services based on financial sustainability. This includes shedding workforce and withdrawing from services to those with the most complex issues as well as regional and remote services

- Ability First collectively provides support services nationally:
    - ACT: 77 clients & 39 employees
    - NSW: 9,000 clients & 9,900 employees
    - NT: 770 clients & 235 employees
    - QLD: 15,000 clients & 7,800 employees
    - SA: 6,500 clients & 1700 employees
    - TAS: 2,600 clients & 280 employees
    - VIC: 8,124 clients & 6,300 employees
    - WA: 5,100 clients & 2,400 employees

Actions required of Government

- Government taking on a greater role in stewarding the market; introducing an NDIS Market Stewardship Council with DHDA, NDIA, participant and provider nominees.
- Independent and transparent pricing, linked to provider registration, quality, skill and complexity of support
- Adopting differential pricing and reforming the NDIS cost model to account for the true cost-of-quality service delivery to those with complex needs, factoring in regional and remote areas
- Universal Registration: Implement the advice of the NDIS Provider and Worker Registration Taskforce which addresses registered & unregistered providers
- Clearly defining the scope and timeframes of the Foundational Supports framework and Thriving Kids
- Actioning the stated goal of addressing the long-term financial sustainability of the NDIS by implementing the recommendations of the Independent Review of the NDIS
- Achieving quality outcomes for those with disabilities whilst meeting the Government's 8% growth target, and measures to address waste in NDIS expenditure and fraud

Thriving Kids

- Ability First Australia welcomes the Thriving Kids program as an important step in supporting children with developmental delay and autism and their families.
- Ability First members have deep experience delivering exactly the types of supports Thriving Kids envisions - multidisciplinary therapy teams, family-centered programs, and partnerships with early childhood services.
- We're ready to work with the Commonwealth and state governments to help make this program successful.
- While we support the Thriving Kids initiative, we're closely monitoring pricing decisions across all participant cohorts during this transition period. Adults and children with complex needs who remain on the NDIS must continue receiving adequate funding. These participants cannot become a cost-savings mechanism while Thriving Kids is fully established.