



Australian Government

**Department of Health,
Disability and Ageing**

Mandatory Registration of all National Disability Insurance Scheme (NDIS) Providers

Impact Analysis Equivalent

Prepared by the Department of Health, Disability and Ageing



Purpose of this document

This Supplementary Impact Analysis has been prepared by the Department of Health, Disability and Ageing (the department) to inform Australian Government decision-making on the **Mandatory Registration of National Disability Insurance Scheme (NDIS) Providers based on a risk proportionate model**.

This supplementary analysis complements the analysis undertaken by the *Independent Review into the National Disability Insurance Scheme* (NDIS Review), the *Provider and Worker Registration Taskforce Advice* (the Taskforce) and the recent 'Delivering quality care more efficiently' Productivity Commission report.

The department is proposing the design and implementation of a **Graduated Risk-Proportionate Regulatory Model (GRPRM), excluding an in-house audit function for the NDIS Quality and Safeguards Commission** but to maintain the current externally approved quality auditors currently in place.

This report addresses the following aspects of the Impact Analysis Framework:

- Question 3: What policy options are you considering?
 - Explanation of cost-recovery licencing and regulatory framework elements.
- Question 4: What is the likely net benefit of each option?
 - Explanation of the net benefits in the cost-recovery licencing and regulatory framework elements.
- Question 5: Who did you consult and how did you incorporate their feedback?
- Question 6: What is the best option from those you have considered and how will it be implemented?
- Question 7: How will you evaluate your chosen option against the success metrics?



Background

The National Disability Insurance Scheme (NDIS or 'the Scheme') funds eligible people with disability to support greater independence and an improved quality of life.

Participants of the scheme (NDIS participants) use their funds to engage supports and services from NDIS providers. NDIS providers are therefore a critical point of contact for participants, alongside the National Disability Insurance Agency (NDIA) who administer the Scheme and the NDIS Quality and Safeguards Commission (NDIS Commission), who are the system regulator of the Scheme.

All NDIS providers are obliged to comply with the NDIS Code of Conduct. The NDIS Commission has the regulatory powers to intervene when providers breach their regulatory obligations. In the current regulatory framework, provider registration is only mandatory for the delivery of a few categories of support. While a number of NDIS providers have chosen to register with the NDIS Commission, the vast majority of providers have opted to provide services without undergoing registration. This has resulted in the NDIS Commission having limited visibility of the services delivered across many categories of support.

At present, only 7 per cent of over 260,000 NDIS providers are registered with the NDIS Commission,¹ meaning that the NDIS Commission does not have effective visibility of the market. It is unrealistic to expect a future provider registration model to encompass all 260,000 NDIS providers, as the vast majority of unregistered providers (under the current definition of NDIS provider in the NDIS Act) provide low cost, low risk and often one-off services. The NDIS Commission has incomplete visibility of providers of some higher risk supports, such as Supported Independent Living (SIL), though the Commission will move to require registration for providers of SIL from 1 July 2026. Other supports are delivered by a mix of registered and unregistered providers.

A registered provider has:

- applied for registration with the NDIS Commission
- been audited against the relevant NDIS Practice Standards and assessed as meeting them
- undergone a suitability assessment by the NDIS Commission (of both the provider and its key personnel),
- been audited against the relevant NDIS Practice Standards and assessed as compliant, and
- been issued a certificate of registration.

¹ [NDIA Quarterly report to disability ministers Q2 2025-26 Appendices Table D.20](#) , p.107



Provider registration is a mechanism that provides the Australian Government via the NDIS Commission visibility of the NDIS provider market. NDIS providers are generally registered for three years. Details of registered NDIS providers are published on the NDIS Provider Register. By contrast, the details of unregistered providers are often not available to government, beyond the information available through reimbursement and payment data from the NDIA.

The *Independent Review into the NDIS* (NDIS Review) recommended government “develop and deliver a risk-proportionate model for the visibility and regulation of all providers and workers and strengthen the regulatory response to long-standing and emerging quality and safeguards issues.”²

The NDIS Provider and Worker Registration Taskforce (the Taskforce) was established in February 2024 to provide advice on the design and implementation of a new Graduated Risk Proportionate Regulatory Model (GRPRM) proposed by the NDIS Review, in consultation with the disability community.

The Taskforce made 11 recommendations and 10 Implementation Actions for consideration by Government about how a regulatory model for NDIS provider registration might be designed, with consideration to these concerns and the ideas and feedback heard during consultation. This included recommendations to change the definition of an NDIS provider in the *National Disability Insurance Scheme Act 2013* (NDIS Act) and registering providers under risk-based categories. This is known as the **Graduated Risk-Proportionate Regulatory Model** and serves as the core element of our proposed solution for mandatory registration of all NDIS providers.

The options outlined in this policy proposal build upon the foundations of consultation and advice of the NDIS review, the NDIS Provider and Worker Registration Taskforce, as well as other reports such as the Disability Royal Commission final report.

3. Policy Options

3.1 Option 1 – Graduated Risk-Proportionate Regulatory Model

This policy option would deliver a mandatory provider registration model building on the recommendations of the NDIS Provider and Worker Registration Taskforce.

There are five core elements to this model:

1. Design and delivery of three graduated risk-proportionate registration categories:
 - o Advanced

² [Independent Review into the NDIS \(NDIS Review\)](#), p. 215



- General
 - Self-directed
2. Amendments to the definition of a NDIS Provider in the NDIS Act
 3. Implementation of a regulatory framework
 4. Cost-recovery mechanism embedded into provider registration fees and an agreed Charging Framework with the Department of Finance at a later date
 5. A self-directed supports pilot program.

The implementation of a new risk-proportionate regulatory model, including mandatory registration for NDIS providers was one of the more publicised recommendations of the NDIS Review when it was made in December 2023. The NDIS Review proposed a new risk-based registration approach applying regulatory obligations to the highest risks supports and services while releasing lower risk supports and services from burdensome regulation.

This model was referred to the NDIS Provider and Worker Registration Taskforce which consulted widely to provide recommendations on how a new regulatory model could be implemented in a way which also upholds the rights of NDIS participants to choice and control. The model in this proposal is based on the Taskforce Advice, which was made public in August 2024. The Taskforce stated the framework provided in the NDIS Review was a useful framework for understanding risk, however recommended the addition of a self-directed supports registration category and amending the definition of a provider to refine its scope removing the need to enrol the large number of remaining unregistered providers. Instead, visibility of these providers would be made available through an improved payment system for NDIS supports.

Amending the definition would address the current issue as outlined in the status quo section above where low-risk mainstream organisations are considered NDIS providers, regardless of their awareness or lack thereof. NDIS participants would still be able to use funds to purchase supports from these providers and they would continue to be covered by consumer law and other regulatory protections.

The inclusion of a self-directed supports category, as indicated by the Taskforce, is critical to affording choice and control for participants who directly employ their supports to continue to use unregistered providers should they wish to do so under the new model (within safeguarding parameters).

Despite utilising a risk-proportionate approach to minimise unnecessary burden on providers offering lower-risk supports, some regulatory obligations would still be imposed on currently unregistered providers under this preferred policy option. The sector is already aware of this, and the government will continue to engage with the public to ensure appropriate transition arrangements are made to manage market exits and prevent disruption for participants.



3.2 Option 2 (Preferred) – Mandatory Registration of NDIS providers delivering the highest-risk supports in an advanced registration category.

Option 2 would see the expansion of mandatory registration to highest risk supports only. This builds on the MYEFO 25-26 decision of government to require mandatory registration of supported independent living and digital platform providers commencing 1 July 2026. This would focus regulatory effort on those providers in the highest risk categories. Existing registered providers would expand their registration for these categories at their next review cycle.

This would continue the NDIS Commission’s current regulatory transition of the highest risk categories of support to mandatory registration, where providers are not only assessed at the point of entry their ongoing adherence to practice standards, worker screening and participant safety requirements are enforced through mandatory reporting and ongoing engagement with the Commission. This ongoing visibility and enforcement through the Commission will enable early detection of risk of harm for participants and would provide a mechanism to prevent poor quality operators from providing services to NDIS participants.

Under this option, the NDIS Commission would apply a risk-based approach to enforcement action, using advanced risk analytics to detect poor provider behaviour and targeting regulation at the highest risk providers in the market. A cost recovery process for registration applications applies to this option.

3.3 Option 3: Status Quo

While the NDIS Commission has the regulatory power to intervene when the rights of a participants are not upheld, it cannot effectively monitor unregistered providers who are subject to the NDIS Code of Conduct (CoC) or proactively intervene to prevent harm.

Under current arrangements, not all NDIS providers, as currently defined in the NDIS Act, are required to be registered. Some categories of high-risk support including Specialist Disability Accommodation (SDA), Specialist Behaviour Support Services and supports where there is a likely need to use a regulated restrictive practice. NDIS participants who have their plan budget managed by the NDIA (Agency Managed) must also only use registered NDIS providers.

In December 2025, Senator the Hon Jenny McAllister, Minister for the NDIS announced that mandatory registration for disability service providers in Supported Independent Living (SIL), as well as Digital Platform Providers, will commence from July 2026. The NDIS Commission is currently working to implement these requirements for providers of these supports.



For all other NDIS providers, registration is not mandatory. NDIS participants have no assurance that their services will be delivered with appropriate safeguards. If problems occur, there is limited ability for the NDIS Commission to intervene to prevent these providers from offering their services to other participants. The largest concern, as emphasised throughout the DRC, the NDIS Review and the Taskforce Advice is that there is a higher risk that participants' human rights are violated when the government has no oversight of the market than when the government **does**.

As outlined above, while there are over 260,000 NDIS providers, it is unrealistic and burdensome to expect all providers (as currently defined) to register. Such an expectation itself would arguably be counter to the objective of the Scheme, as it would unreasonably constrain NDIS participants from choosing to spend their budgets on supports which suit them. Under the current definition³, mainstream organisations such as Bunnings, JB Hi-Fi, local tradespeople, supermarkets and multiple franchisees are automatically considered providers if a participant uses their plan funding to purchase assistive equipment or one-off home modification services. Therefore these businesses are by default subject to the CoC regardless of the service they provide and whether they are aware of this obligation or not.

There is little evidence that defining these organisations as NDIS providers, let alone requiring these providers to register, would improve support standards. This is because these are often one-off supports, or off the shelf assistive technology which are covered by other regulatory frameworks and regulators. Including these retailers and mainstream supports in a definition could, on the other hand, provide an avenue for discrimination against NDIS participants out of fear of unknown regulatory burden (regardless of whether that fear is substantiated).

The current registration process is costly and increases administrative burden. Specifically, the cost of audits, which are currently required to be undertaken by third party Approved Quality Auditors (AQA) have been cited as a barrier by smaller providers and sole traders from being able to register. This has also been cited by regional providers, as AQA's will often charge a higher rate for travel, if required.

Preservation of the status quo is not consistent with DRC, NDIS Review, Taskforce or Productivity Commission reviews. Additional reforms are required to achieve quality and safety uplift across the sector and demonstrate the government's commitment to harmonisation across the broader care and support economy.

³ NDIS provider is currently defined in the NDIS Act as (a) a person (other than the Agency) who receives:
(i) funding under the arrangements set out in Chapter 2; or
(ii) NDIS amounts (other than as a participant); or
(b) a person or entity:
(i) who provides supports or services to people with disability other than under the National Disability Insurance Scheme;
and
(ii) who is prescribed by the National Disability Insurance Scheme rules for the purposes of this subparagraph. (Chapter 1, Part 4 Section 9 of the National Disability Insurance Scheme Act 2013)



4. What is the likely net benefit of each option?

This impact analysis is based on findings as demonstrated in the NDIS Review, Taskforce Advice, Productivity Commission report and recent department consultations.

A multi-criteria analysis (MCA) is used in **Figure 1** to assist in creating a quantitative net-benefit for supporting comparison between the considered options. The MCA uses a sliding scale for scoring with largely adverse impacts to stakeholders being rated as -3 and largely beneficial impacts to stakeholders being rated as +3:

- -3 largely adverse
- -2 moderately adverse
- -1 slightly adverse
- 0 neutral
- +1 slightly beneficial
- +2 moderately beneficial
- +3 largely beneficial

Each of the options is evaluated in the table below.

Choice and Control: Options 1 and 2 are assessed as being moderately beneficial for choice and control, as while the available choices may slightly decrease, the information available to participants before making that choice would increase. Option 3 would preserve the ability for all NDIS participants to use unregistered providers under the current model.

Improvement in quality of supports: Options 1 and 2 are both assessed as being moderately beneficial to quality as high risk supports (option 2) or all supports would be subject to more rigorous quality standards. This would provide a baseline of quality for all providers in these support classes.

Proceeding with the status quo (option 3) would continue to see the prevalence of poor-quality providers competing with providers of higher quality and skill.

Administrative ease: Option 1 would be more complex for the vast majority of participants, as they would be required to use registered providers for a far greater array of support types. Registering providers delivering the highest risk providers only would improve the ease of administration, as the providers of higher risk supports are generally larger and would be able to accommodate additional participants. The status quo would be negative for administrative ease as, in the absence of provider registration, more NDIS participants would be subject to fraudulent providers. This means a higher likelihood that NDIS participants would have to make complaints to the NDIS Commission, and undergo more work to respond to the NDIA's compliance teams in the absence of provider verification and registration.



Competitive consistency refers to the regulatory burden on firms who compete in the same market. The status quo scores a negative result, as the current regulatory framework has more obligations for registered providers than unregistered providers. This puts registered providers at a competitive disadvantage. Options 1 and 2 have mandatory registration for high value high risk supports, levelling the playing field for competitors.

Obligations – option 1 would provide a small benefit for provider obligations as there would be increased compliance costs for a large number of providers in a broad array of support types. These obligations would contribute to a fuller picture of the quality of NDIS supports, but at a high cost to both providers and the NDIS Commission. Option 2 would provide a similar level of information for the NDIS Commission, but for a lower cost as the obligations would only be targeted at high-risk providers. This is why it is assessed as more beneficial. Option 3 would continue the current inconsistent obligations between registered and unregistered providers and is least beneficial.

Incentives to improve service have likewise been assessed in terms of the compliance and regulatory cost vs the expected benefit. Therefore option 1 has a marginal improvement in incentives, while option 2 (through better targeting) provides a similar benefit at a lower cost. Option 3 would not provide an incentive, and service quality would likely suffer as a result.

For workers, option 1 is the preferred option, as it would lift professional standards for the whole sector, not just those supports which are seen as high risk. The benefits for workforce mobility and employment standards are assessed as identical due to the increased scrutiny of the NDIS Commission, and providers being subject to audits. Option 3 would have nil impact on workforce mobility, and a negative impact on employment and professional standards as the number of unregistered providers would likely grow.

FIGURE 1: MCA RATINGS OF OPTIONS

Stakeholder	Impact	Option 1: GRPRM	Option 2: providers delivering highest risk supports only:	Option 3: Status Quo
NDIS participants and their	Choice and Control	2	2	3
	Improvement in quality of supports	2	2	-2



families or nominees	Administrative ease	-1	+1	-2
NDIS providers	Competitive consistency	2	2	-3
	Obligations	1	3	-1
	Incentive to improve service	1	2	-2
NDIS Workers	Workforce mobility	2	2	0
	Employment standards	2	2	-2
	Professional standards	3	2	-2
Total rating		14	17	-11



5. Who did you consult and how did you incorporate their feedback?

Participant feedback obtained from an extensive consultation led by the Taskforce, which included real-world implications and impacts on participant choice and control (which is a human right outlined in the United Nations Convention on the Rights for People with Disability). These insights informed the Taskforce's recommendations on the four registration categories which includes a separate category to register NDIS participants who self-directed supports, as well as amending the NDIS Act to exclude mainstream retailers.

Under option 1 and option 2, the definition of NDIS provider would be amended in the National Disability Insurance Scheme Act 2013 (NDIS Act), to clarify that the provision of mainstream, unmodified NDIS supports does not automatically make an entity an NDIS provider. Mainstream retailers who are covered by regulation in other sectors would continue to be visible through separate measures to improve payment visibility even though they would be excluded from the definition. This will not only improve the targeting of regulation, but will also remove the inferred expectation that those providers should be subject to additional regulatory oversight because an NDIS participant chose to spend plan funds at their business.

While option 1 may be preferred in an unconstrained fiscal environment, there are benefits to a targeted rollout of increased provider regulation, with the option for government to consider expansion at a later date. Option 2 therefore gives more time to actively consider the intersections between lower risk categories of support and provider registration, to ensure the preservation of choice and control for NDIS participants. It also enables the regulator to gradually scale up its activities, to ensure minimal disruption to existing arrangements. This addresses a key concern heard throughout consultation for both the NDIS Review and the NDIS Provider and Worker Registration Taskforce – that ill-defined and extensive regulatory overhaul could cause risk through disruption.

If policy option 2 is selected, this approach would solidify the government's public commitment to taking appropriate steps in response to the identified serious and entrenched abuse, neglect, and exploitation. Requiring all providers delivering the highest risk supports to register under an amended definition of a provider ensures NDIS participants are not only protected, but their rights to choose their own providers are upheld.



6. What is the best option from those you have considered and how will it be implemented?

The best option to achieve mandatory registration of NDIS providers in a risk proportionate way is to start with providers of the highest risk supports. While the implementation of a comprehensive model of NDIS provider registration has been proposed by the NDIS Review and the NDIS Provider and Worker Registration Taskforce, an initial model which prioritises high risk supports will provide higher visibility for a smaller regulatory burden.

Option 2 balances a comprehensive, measured regulatory response and associated quality and safeguarding benefits which build on the Taskforce Advice with appropriate investment by the government to address the complex challenges present in the provider market and corresponding service delivery. It provides an opportunity for government to separately consider other registration categories once the foundations have been laid for high risk supports. This ensures supports which have been identified across the disability sector to require registration become registered by default to address regulatory, safety, and integrity challenges faced by the Scheme. This option would also put government in a position to consider alignment and parity with provider requirements across the care and support economy (noting both Aged Care and the NDIS have worked together closely, and continue to do so, to align respective regulatory ecosystems) in a future state. It also allows the NDIS Commission opportunity to adjust to increasing workflows and the third-party auditor market to scale to meet demand.

The rollout of the model proposed by the Taskforce (Option 1) would have increased implementation risk due to the scale of adjacent reforms in the sector. Proceeding with registration of the highest risk supports only reduces this implementation risk considerably and provides an opportunity for government to consider further expansion of categories in the future.

Continuing with the status quo (Option 3) is not sustainable due to the significant risk of abuse, neglect and exploitation occurring unseen by the regulator, constraining the government's ability to proactively intervene and prevent such things from occurring.



Implementation

Option 2 will be implemented in a staged approach over four years from July 2027, supported by market education and transition activities. Implementation focuses on:

- Providing clear milestones, information, and market signals to NDIS providers and people with disability and their supporters through the implementation of a regulatory framework for high-risk NDIS providers
- A careful, staged approach focusing on registering highest risk providers who are currently unregistered and services first to minimise risk to people with disability and the Scheme as a matter of priority
- Grandfathering arrangements for existing registered providers, allowing time for transition to new arrangements over time as their registration is renewed.
- Integration with broader NDIS reforms, including legislative reforms, the new planning framework, and commissioning approaches
- Implementation of a cost-recovery mechanism to ensure providers delivering the highest risk supports NDIS providers who gain value from access to the market contribute to the cost of maintaining that benefit.

This sequencing ensures time for any refinement to obligations for self-directed participants and that the NDIS Commission can smoothly onboard the increased volume of suitability assessments for all providers.

Implementation of the mandatory registration of high-risk providers will commence from 1 July 2027 once the supporting amendments to the NDIS Act are in place, including a new definition of NDIS provider.

The proposed sequence to providers into universal registration is as follows:

- From July 2027, advanced and general categories of registration are introduced for highest risk supports where people with disability are at most risk (e.g. personal care, home and living supports).

New market entrants (i.e. currently unregistered providers) would be required to meet the relevant obligations within 12 months of the commencement date for the category. Existing registered providers would be picked up under their new risk category at their next audit, until all providers are progressively incorporated into the new regulatory model.



7. How will you evaluate your chosen option against the success metrics?

The implementation of this measure will be evaluated against the following success metrics demonstrated in Figure 2 below.

FIGURE 2: SUCCESS METRICS OF GRPRM

Success looks like	It will be measured by	How often	How this data will be used
100 per cent of NDIS providers delivering high risk supports to NDIS participants are registered with the NDIS Quality and Safeguards Commission	<p>Numbers of registered providers active in relevant categories in the NDIS marketplace (NDIS Commission and NDIA payment data)</p> <p>Numbers of claims rejected by the NDIA due to the provider being unregistered</p>	Quarterly from implementation (NDIS Commission quarterly report)	<p>Track success of the measure:</p> <p>Track market thickness across categories of support and geographical location</p> <p>Track market entry attempts without registration</p> <p>Assist with targeting of NDIS Commission effort</p>
Proportionate reduction in fraudulent activity and funds leakage once risk proportionate registration is fully implemented	<p>Numbers and AUD amounts of fraud activity from implementation of each registration category proportionate to numbers and AUD amounts of fraud activity in the 12 months prior to implementation (NDIS Commission and NDIA payment data)</p>	Annually from implementation	<p>Track success of the measure</p> <p>Determine proportionate reduction in funds misuse over time following implementation</p> <p>Assist with targeting of NDIS Commission effort</p>



<p>Proportionate reduction in abuse and neglect of people with disability once risk proportionate registration is fully implemented</p>	<p>Violence, abuse, neglect, and exploitation from implementation of each registration category proportionate to numbers of violence, abuse, neglect, and exploitation extant prior to implementation (NDIS Commission DART data)</p> <p>NDIS participant survey (baseline – prior to implementation)</p>	<p>Annually from implementation</p>	<p>Track success of the measure</p> <p>Reporting on Disability Royal Commission recommendations</p> <p>Identifying focus of compliance and enforcement activity</p> <p>Assist with targeting of NDIS Commission effort</p> <p>Commonwealth reporting on Australia’s Disability Strategy</p> <p>Tracking trends in complaint, serious incidents and compliance concerns</p>
<p>Proportionate increase in numbers of compliance, enforcement and investigation activity undertaken against registered NDIS providers once risk proportionate registration is fully implemented</p>	<p>Numbers of compliance, enforcement, and investigation activity undertaken by the NDIS Commission proportionate to numbers of compliance, enforcement, and investigation activity undertaken prior to implementation (NDIS Commission DART data, Federal Court outcomes, fine amounts)</p>	<p>Annually from implementation</p>	<p>Track success of the measure</p> <p>Assist with targeting of NDIS Commission effort</p> <p>Identifying focus of compliance and enforcement activity</p> <p>Commonwealth reporting on Australia’s Disability Strategy</p>



Provider and participant satisfaction with new model	Survey	Annually from implementation	Identify opportunities for ongoing continuous improvement of registration model Test temperature of sector in relation to registration outcomes
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