Miscellaneous
QB26-000100

ISSUE: SECURING THE NDIS FOR FUTURE GENERATIONS

QUESTION: What is the Government doing to secure the NDIS for future generations?

Topline response:
The 2026-27 Budget included significant changes to secure the National Disability Insurance Scheme for the future. The changes will return the NDIS to its original intent, deliver genuine social and community participation, improve the quality of providers, and tackle fraud and noncompliance. As a result, NDIS payments are expected to be $23.9 billion lower over the forward estimates relative to the 2025-26 MYEFO. Legislation for the measures has been introduced, ensuring the NDIS can continue to support people with significant and permanent disability for generations to come.

Background

- The 2026-27 Budget includes significant changes to secure the NDIS for future generations of people with significant and permanent disability.
  - A list of the changes, including key dates, is at Appendix A.
- The Government has made progress in recent years to slow the costs to deliver the NDIS, but it remains on an unsustainable path.
  - This is because it has deviated from its original intent – to support people with significant and permanent disability – as well as uncontrolled inflation in participant plans and support costs.
- In the absence of reforms, the NDIS payments would increase by $13.9 billion over five years from 2025-26.
  - This meant that National Cabinet's 2023 interim growth target of 8% would not have been met, and neither would its 2026 revised target of 5 to 6 per cent or lower.
- The changes in the Budget deal with the Scheme's immediate fiscal pressures and outline longer-term structural changes.
- The measures centre on four key priorities and are designed to:
  - return the NDIS to its original intent.
  - deliver genuine social and community participation.
  - improve the quality of providers.
  - tackle fraud and noncompliance.
- The *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026* will give effect to changes.

  - The Bill puts in place the financial controls needed to address the immediate pressures on the Scheme, clarifies eligibility requirements and the supports funded by the NDIS, improves the quality of supports and services, and tackles fraud and non-compliance.
- Further reforms will be needed to keep the NDIS on a sustainable path. The Government will continue to work closely with the disability community on the design and implementation of these reforms.
  - The Government will consult with the community on any significant reforms around eligibility, market design and new framework planning.

Fiscal Impacts

	2025-26 (Estimate) ($b)	**2026-27 (Estimate) ($b)**	**2027-28 (Estimate) ($b)**	**2028-29 (Estimate) ($b)**	**2029-30 (Estimate) ($b)**	**Total 2026-27 to 2029-30 ($b)**
Program 1.1 NDIS supports	51.3	53.7	53.8	54.3	54.8	**216.5**
Annual increase in spend	4.9	2.4	0.1	0.5	0.5	**3.5**
Growth (%)	10.5%	4.7%	0.2%	0.9%	0.9%	**1.7%**

Source: 2026-27 Budget. Note: Figures are in accrual terms and show total NDIS expenses (Commonwealth + state and territory contributions).

- NDIS payments are projected to be $23.9 billion lower over five years from 2025-26 relative to MYEFO. NDIS payments will, however, continue to grow each year.
- After accounting for the $13.9 billion estimates variation, these measures are projected to reduce growth in NDIS payments by $37.8 billion over four years from 2026–27.
- The reduction in NDIS payments over the forward estimates is driven by:
  - changes to support volumes and plan inflation ($24.5 billion).
  - changes to access arrangements ($9.7 billion).
  - pricing, fraud, and integrity measures ($3.7 billion).
- Reduced payments are expected to reduce the costs of the Scheme for states and territories by $2.8 billion over two years from 2028-29.
- Consistent with National Cabinet's agreement in January 2026, the measures will see the NDIS grow by around 2 per cent on average over the forward estimates before increasing to around 5 per cent on average over the medium term.

- The Government will provide $1.7 billion over five years from 2025-26 (and $110.9 million per year ongoing) to implement the reforms. Funding includes:
  - $436.0 million in 2026–27 to ensure the National Disability Insurance Agency (NDIA) can continue to support NDIS participants.
  - $358.5 million over five years from 2025–26 to develop and implement a new enrolment and digital payment system to improve payment integrity and reduce fraud and non-compliant payments. Partial funding for this measure will be held in the Contingency Reserve.
  - $280.1 million over five years from 2025–26 (and $53.0 million per year ongoing) to continue the Fraud Fusion Taskforce and invest in the NDIA to continue to detect and respond to fraud and non-compliant payments.
  - $270.1 million in 2026–27 to prepare for the roll-out and implementation of new framework planning from 1 April 2027.
  - $182.6 million over four years from 2026–27 (and $46.1 million per year ongoing) to introduce mandatory registration of high-risk NDIS providers, with costs partially offset by $27.1 million over three years from 2027–28 (and $5.4 million per year ongoing) in receipts from expanded cost recovery arrangements.
  - $49.4 million over four years from 2026–27 to commission plan management and support coordination services for NDIS participants to reduce fraud and improve service quality for participants.
  - $48.4 million over three years from 2025–26 to the Department of Health, Disability and Ageing and the NDIA to support consultation on and implementation of NDIS reforms.
  - $21.7 million over four years from 2026–27 (and $5.8 million ongoing) to support the NDIS Quality and Safeguard Commission's (NDIS Commission) regulatory and compliance activities, with costs to be met from within the existing resourcing of the NDIS Commission.
  - $15.9 million over four years from 2026–27 (and $6.0 million ongoing) for Disability Representative Organisations to support community engagement on the design and implementation of reforms, with costs to be partially met from within the existing resources of the NDIA and the Department of Health, Disability and Ageing.
  - $14.7 million over two years from 2026–27 to extend supplementary funding for the NDIS Appeals program.
  - $3.3 million in 2026–27 to establish a Technical Advisory Group to provide expertise on the design of functional capacity assessment tools and instruments.

<u>Returning the NDIS to its original intent</u>

- The NDIS was established to support people with permanent and significant disability, but its scope has expanded over time to support more people with less significant support needs.
- A lack of clarity about what supports are considered reasonable and necessary has led to confusion, inconsistency, and a broadening in supports funded by the NDIS over time.
- The measures in the 2026-27 Budget will refocus access to the Scheme based on a person's functional capacity and will strengthen guidance around the types and amounts of supports the NDIS should fund.
  - They will also reestablish the boundary between the NDIS and mainstream service systems.
- Although the final parameters of the standardised assessments of functional capacity are still to be settled, early estimates show the above changes will reduce the number of people on the Scheme to around 600,000 by 31 December 2030.
- These changes will mean some people with disability, including some prospective participants, may need to seek support from outside the NDIS, consistent with its original intent.
- This year, all governments signed the National Agreement on Foundational Supports, which includes a commitment to invest up to $10 billion over 5 years for additional supports outside of the NDIS (including $4 billion for Thriving Kids).
  - This work already has $6 billion allocated to it by National Cabinet, and the Commonwealth has provisioned its $3 billion share (in addition to its $2 billion contribution to Thriving Kids).

Upholding the rights of people with disability

- The Government is firmly committed to an NDIS that upholds the dignity, autonomy and inclusion of people with disability, consistent with Australia's obligation under the UN Convention on the Rights of Persons with Disabilities.
- This Bill protects the human rights of people with disability by securing a sustainable NDIS—because without sustainability, supports are not guaranteed.
- We acknowledge concerns and remain clear: no reform should diminish fundamental rights. Our focus is a stronger NDIS that continues to support people to live independently and participate fully in the community
- The Government is engaging constructively through the Community Affairs Senate Committee inquiry, ensuring the legislation is properly scrutinised and informed by stakeholder input. Further consultation and co-design is planned to inform final design of measures, including Rules for access changes and commissioning of SIL (for example).

- Ultimately, securing the NDIS is about securing rights—guaranteeing ongoing support, choice and control for Australians with disability now and into the future.

Delivering genuine social and community participation

- The current, individualised approach to supports delivered through the NDIS has allowed other opportunities for social and community participation to wither.
- The costs to deliver these supports continue to increase beyond what is sustainable, tripling from $4 billion to $12 billion over the last 5 years.
- If left unchecked, the spending would skyrocket to around $20 billion by the end of the decade.
- Capacity building supports are also not always improving capacity for participants and continue to be funded at a far higher level than any other comparable support program
- The Government will reset the total cost of social, civic, and community participation and capacity building daily activities supports and prevent further runaway growth. The changes will not affect critical daily living supports, employment, or disability related health supports.
- The NDIS Amendment (Securing the NDIS for Future Generations) Bill 2026 will enable the Minister to make a determination to reset budgets for these supports.
    - From 1 October 2026 budgets for social, civic and community participation supports will be reset so spending levels are on average in line with 2023 levels and more consistent with other systems. The reset will include:
    - Budget allocations for social, civic and community participation supports will be reduced by 50 per cent.
    - Capacity building daily activity budget allocations will be reduced by 10 per cent.
    - Changes will not necessarily result in a 50 or 10 per cent reduction in how much a participant spends as they may not be currently using all of their budget allocation.
    - These changes will happen progressively as participants' plans are reassessed or renewed over a 12-month period. These reductions will not impact supports that are essential to the critical care and daily living needs of participants.
    - These changes are targeted to old framework plans, prior to the rollout of new framework planning where reasonable and necessary budgets are informed by the outcomes of a support needs assessment.

- To rebuild capability among community organisations to host participation and inclusion activities, the Government will provide $200 million to establish the Inclusive Communities Fund.
    - The fund will be open to mainstream and disability organisations with details to be settled in consultation with the disability community.

Improving the quality of providers

- Previous policy settings have not encouraged transparency and innovation in NDIS markets and in some cases have resulted in provider variability challenges, variable quality, and poor outcomes for participants.
- The measures in the 2026-27 Budget will improve pricing and the design and delivery of NDIS supports, encouraging innovation and the market to be more responsive to participant needs.
- This includes reforms to plan management, which will limit the provision of these services to only trusted providers with a demonstrated history of quality and integrity, as well as a commissioning a new support coordination and connection function.
- The Government will also undertake consultation on differentiated pricing to better reflect the costs providers face in the amounts they charge and improved approaches to delivering supports for Supported Independent Living (SIL) participants.

Tackling fraud and noncompliance

- Fraud and non-compliance undermine the social licence of the NDIS and has a direct and devastating impact on the lives of participants and their families, leading to lower quality services, exploitation and harm.
- The measures included in the 2026-27 Budget will further strengthen the ability of the NDIA and the NDIS Quality and Safeguards Commission to detect and remove violence, abuse, neglect, exploitation, and fraud against people with disability. This includes:
    - expanding mandatory registration of providers delivering support to participants who are most at risk of abuse and/or exploitation.
    - introducing a new enrolment system with a minimum basic level of identifiable information on most NDIS providers.
    - improve how information is collected and monitored for faster and more targeted responses to fraud and suspicious behaviour.
- These measures build on the $550 million the Government has invested since 2022 to reduce fraud and non-compliance in the Scheme, which includes the establishment of the Fraud Fusion Taskforce, the Crack Down on Fraud ICT uplift programs, and the NDIA's Payment Integrity Review Workforce.

Senate Inquiry Submissions

- 1275 submissions to the Community Affairs Legislation Senate Committee Inquiry have been made public. Media reports that the total number of submissions may be 4,000 or more.
- This includes submissions made by the Australian Human Rights Commission, NDIS Reform Advisory Committee RAC, and the Grattan Institute, as well as Disability Representative Organisations.
- Both the AHRC and RAC call for genuine partnership and co-design of reforms with the people with disability who are impacted by these proposed changes.
- The Grattan Institute, while acknowledging the importance of bringing the cost of the scheme under control, has levelled particular criticism at cuts to SCCP budgets, arguing that “the case for such deep, early cuts has not been sufficiently made and is underpinned by dubious policy logic.”
- Many of the submissions are also critical of the timeframes for the introduction and scrutiny of the Bill, given the scale of measures being proposed and increased powers for Commonwealth Ministers over the cost and quantities of funded supports.
- The Committee was originally scheduled to hand down its report on 16 June, later revised to 23 June. The Inquiry has now been extended by a further 8 weeks to 14 August.

<u>Amendments to the Bill</u>

- On 1 July 2026, the House of Representatives agreed to the National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026, including 30 amendments (18 Government and 12 crossbench amendments). The Bill will now continue through the parliamentary process.
- The agreed amendments strengthened a range of participant safeguards and implementation arrangements, including:
    - additional safeguards around participant plan suspensions and revocation, including clearer requirements for NDIA contact attempts before action can be taken.
    - greater transparency and accountability for automated decision-making and NDIS pricing determinations.
    - an independent review of the reforms in 2029, with findings to be reported to Parliament.
    - clearer provisions relating to NDIS access and permanence, including clarification of the meaning of "appropriate treatment".
    - stronger implementation and governance arrangements, including safeguards around support determinations, conflict-of-interest requirements for plan managers, and transitional rule-making powers.

Appendix A

Measure	Commences	in Bill?[1]
Pillar 1: Returning the NDIS to its original intent		
Reinforcing the boundary between the NDIS and mainstream services	1 January 2028	Included
Consistently assessing if the NDIS is the appropriate system of support or if treatment can alleviate or remedy an impairment	1 January 2028	Included
Strengthening the guidance around what is reasonable and necessary	1 February 2027	Included
Introducing standardised, evidence-based assessments of a person's functional capacity to determine access to the NDIS • The design and implementation of these assessments will be informed by a Technical Advisory Group, which commences 1 July 2026	1 January 2028	Included
Removing diagnosis lists as the means of entry to the NDIS	1 January 2028	Not required
Ending plan rollovers and stopping unspent funds being rolled over	1 February 2027	Included
Tightening the criteria around unscheduled reassessment requests	7 days from Royal Assent	Included
Delaying the rollout of new framework planning	1 April 2027	Included
Pillar 2: Delivering genuine social and community participation		
Establishing the $200 million Inclusive Communities Fund • consultation will occur in Q3 2027.	TBC – subject to consultation	Not required
Reducing participant budgets for social, civic and community participation and capacity building daily activities	1 October 2026 and phased over 12 months	Included
Pillar 3: Improving the quality of providers		
Transferring responsibility for pricing decisions to the Minister for Disability and the NDIS	7 days from Royal Assent	Included
Consultation on differentiated pricing for unregistered providers delivering SCCP, CBDA, and assisted daily living • consultation will occur in Q3 2026	TBC - subject to consultation	Not included

Commissioning a panel of plan management providers	1 October 2027 with a 6 month transition period.	Included
Commissioning a new support coordination and connection function	1 July 2028	Not included
Consultation and design of a commissioning approach for home and living supports for Supported Independent Living (SIL) participants • measure will commence after consultation with the disability community, which starts 1 July 2026	Subject to consultation	Not included
Pillar 4: Tackling fraud and noncompliance		
Expanding mandatory registration of providers delivering support to participants who are most at risk of abuse and/or exploitation	Phased implementation from 1 July 2027	Included
Introducing a new enrolment system with a minimum basic level of identifiable information on most NDIS providers	1 July 2027	Not included
Increasing the evidence required for payments for NDIS supports, including payment at point of service	1 July 2027	Included
Strengthening the NDIA's investigative and enforcement capabilities	7 days from Royal Assent	Included
Improving how information is collected and monitored for faster and more targeted responses to fraud and suspicious behaviour	7 days from Royal Assent	Included

Note: (1) refers to the *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026*.

Media coverage:

Media coverage has been extensive following the early announcement of the measures at the National Press Club on 22 April 2026. Recent media includes:

- "NDIS reform warning: Safety, dignity and inclusion at risk" (6pr Perth, 1 July 2026 – Link)
- "Commissioner calls on Government to publicly address human rights concerns over NDIS changes" (medianet, 2 July 2026 – Link)
- "Government vows crackdown on sale of NDIS shell companies amid new registration rules" (ABC Online, 30 June 2026 – Link)
- "Legislation update: Interim Senate Inquiry report and amendments to the Bill" (Team DSC, 30 June 2026 - Link)
- "If I don't get this, they'll die': Gidgegannup mum fears the worst for her twins over lack of NDIS support" (West Australia, 30 June 2026 - Link)

- “Labor cannot lose next big budget battle” (Australian Financial Review (Online), AFR Weekend (Australia), The Saturday Paper (Melbourne), The Australian (Online), NEWS.com.au (Online), Crikey (Online) 27 June - Link)
- “Chalmers' tax backdowns to cost budget $1b” (The Australian Finical Review, 25 June – Link)
- “Disability advocates welcome extension after 'ridiculous and disrespectful' NDIS inquiry” (ABC News, 23 June – link)
- “View from The Hill: Longer NDIS inquiry is bad for the government, costing ‘a few hundred million dollars’” (The Conversation, 23 June – link)
- “Butler’s plans to bank billions in NDIS savings thrown into doubt” (Sydney Morning Herald, 23 June – link)
- the Commonwealth Ombudsman has issued a stark warning to the Albanese government that its plan to slash $35 billion from the National Disability Insurance scheme could risk a repeat of the Robodebt scandal. (Canberra Times, 23 June – Link)
- Butler’s plans to bank billions in NDIS savings thrown into doubt (The Sydney Morning Herald, 19 June 2026 - link)
- NDIS reforms face delay as Greens play hardball on budget (Australian Financial Review, 19 June 2026 - link)
- Labor’s planned NDIS overhaul is ‘blunt and inequitable’, thinktank says (The Guardian, 4 June 2026 – link)
- Human Rights Commission holds ‘serious concerns’ about Labour’s NDIS laws (The Sydney Morning Herald, 3 June 2026 - link)
- NDIS overhaul will ‘harm’ Australians with disabilities, government’s own committee warns (The Guardian, 3 June 2026 - link)
- cost of delaying passage of the Bill and NDIS reforms (Australian Financial Review, 29 May 2026 - link, Daily Telegraph, 31 May 2026 - link)
- new powers in the Bill to tackle NDIS fraud (e.g. Daily Telegraph, 31 May 2026 - link)
- New NDIS eligibility rules will cut 241,000 participants from scheme in four years, documents reveal (The Guardian, 28 May 2026 – link)
- Coalition to use NDIS to fight Labor’s taxes (Daily Telegraph, 28 May 2026 - link)
- NDIS cuts ‘driving' disabled Australians to consider voluntary assisted dying (The Advertiser, 26 May 2026 - link, Daily Telegraph Australia, 26 May 2026 - link)
- Labor’s plan to fast-track NDIS changes hit hurdles (Sydney Morning Herald, 24 May 2026 - link)
- no foundations for NDIS changes (The Saturday Paper – 23 May 2026 - link)

- Labor's NDIS overhaul will leave participants more 'isolated' and 'segregated', former royal commissioner warns (The Guardian – 23 May 2026 - link)
- access changes to be introduced in legislation (The Guardian, 13 May – link, 15 May - link)
- responses from Disability Representative Organisations (e.g. People with Disability, 12 May – link; Women with Disabilities Australia, 12 May – link; First Peoples Disability Network, 13 May - link; Children & Young People with Disability Australia, 12 May - link; Community Mental Health Australia - link)
- the motivation for the reforms (e.g. The Times, 13 May – link; The Saturday Paper, 16 May - link)
- the fiscal impacts of the reforms (e.g. The Australian, 13 May – link)
- the impacts of the reforms on families (e.g. ABC News, 12 May – link)
- the impacts of reforms on First Nations communities (e.g. Croakey Health Media, 15 May – link)

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DHDA BRIEF: QB26-000064
Updated: 02/07/2026

The contents of this document are OFFICIAL.

NDIS SUSTAINABILITY AND BUDGET

QUESTION: What is the Government doing to secure the NDIS for future generations?

Topline response:

The 2026-27 Budget includes changes to secure the National Disability Insurance Scheme for the future. The changes centre on key priorities of returning the NDIS to its original intent, delivering genuine social and community participation, improving the quality of providers, and tackling fraud and noncompliance. Legislation for the measures was introduced following the Budget and is currently subject to Senate Committee inquiry. These changes will ensure the NDIS can continue to support people with significant and permanent disability for generations to come.

FUNDING

	2025-26 (Estimate) ($b)	2026-27 (Estimate) ($b)	2027-28 (Estimate) ($b)	2028-29 (Estimate) ($b)	2029-30 (Estimate) ($b)	Total 2026-27 to 2029-30 ($b)
Program 1.1 NDIS supports	51.3	53.7	53.8	54.3	54.8	**216.5**
Annual increase in spend	4.9	2.4	0.1	0.5	0.5	**3.5**
Growth (%)	10.5%	4.7%	0.2%	0.9%	0.9%	**1.7%**

Source: 2026-27 Budget. Note: Figures are in accrual terms and show total NDIS expenses (Commonwealth + state and territory contributions).

FACTS & FIGURES

- These measures in the 2026-27 Budget are projected to reduce growth in NDIS payments by $37.8 billion over four years from 2026–27. Left unchecked, spending would have increased by $13.9 billion over the MYEFO baseline.

- After accounting for the estimates variation, NDIS payments are projected to be $23.9 billion lower over five years from 2025-26 relative to MYEFO. NDIS payments will, however, continue to grow each year.

- The reduction in NDIS payments over the forward estimates is driven by:
    - changes to support volumes and plan inflation ($24.5 billion).
    - changes to access arrangements ($9.7 billion).
    - pricing, fraud, and integrity measures ($3.7 billion).
- The measures are expected to see NDIS payments grow by around 2 per cent on average over the forward estimates before increasing to around 5 per cent on average over the medium term.
- The measures are estimated to reduce the costs of the NDIS for states and territories by $2.8 billion over two years from 2028-29.
- Implementation costs are estimated to be $1.7 billion over the forward estimates.

BACKGROUND

- The 2026-27 Budget included a suite of measures to secure the NDIS for future generations of people with significant and permanent disability.
    - A list of measures, including key dates, is at **Appendix A**.
- The Government has made progress in recent years to slow the cost growth of the NDIS, but it remains on an unsustainable path. This is because it has deviated from its original intent as well as uncontrolled inflation in participant plans and support costs.
- At National Cabinet in January 2026, all governments acknowledged the NDIS had become unsustainable and agreed to work together to reduce annual cost increases to more sustainable levels – to 5 to 6 per cent or lower.
- In the 2026-27 Budget context, the NDIS Scheme Actuary advised that NDIS payments were expected to be $13.9 billion higher over the forward estimates relative to the 2025-26 MYEFO.
    - This meant that, absent reforms, National Cabinet's 2023 interim growth target of 8 per cent would not have been met, and neither would its 2026 revised target of 5 to 6 per cent or lower.
- The measures in the Budget address the causes of the upwards revision as well as the structural drivers of increases in the costs to deliver the NDIS.

- The measures centre on four 4 key priorities:

    1. returning the NDIS to its original intent.
    2. delivering genuine social and community participation.
    3. improving the quality of providers.
    4. tackling fraud and non-compliance.

- The National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 (the Bill), introduced on 14 May 2026, gives effect to some of the measures in the 2026-27 Budget and is a first step towards putting the NDIS on a more sustainable path.

    - The Bill puts in place the financial controls needed to address the immediate pressures on the Scheme, clarifies eligibility requirements and the supports funded by the NDIS, improves the quality of supports and services, and tackles fraud and non-compliance.

- Further reforms are needed to keep the NDIS on a sustainable path. The Government will continue to work closely with the disability community on the design and implementation of these reforms.

    - The Government will consult with the community on any significant reforms around eligibility, market design, and new framework planning.

- The Government is firmly committed to an NDIS that upholds the dignity, autonomy and inclusion of people with disability, consistent with Australia's obligation under the UN Convention on the Rights of Persons with Disabilities.

    - Ultimately, securing the NDIS is about securing rights—guaranteeing ongoing support by ensuring the scheme is sustainable and provides choice and control for Australians with disability now and into the future.

- 1275 submissions to the Community Affairs Legislation Senate Committee Inquiry have been made public. Media reports that the total number of submissions may be 4,000 or more.

    - Many of the submissions are also critical of the timeframes for the introduction and scrutiny of the Bill, given the scale of measures being proposed and increased powers for Commonwealth Ministers over the cost and quantities of funded supports.

    - This includes submissions made by the Australian Human Rights Commission, NDIS Reform Advisory Committee RAC, and the Grattan Institute, as well as Disability Representative Organisations.

  - Both the AHRC and RAC call for genuine partnership and co-design of reforms with the people with disability who are impacted by these proposed changes.

  - The Grattan Institute, while acknowledging the importance of bringing the cost of the scheme under control, has levelled particular criticism at cuts to SCCP budgets, arguing that "the case for such deep, early cuts has not been sufficiently made and is underpinned by dubious policy logic."

  - Many of the submissions are also critical of the timeframes for the introduction and scrutiny of the Bill, given the scale of measures being proposed and increased powers for Commonwealth Ministers over the cost and quantities of funded supports.

  - The Committee was originally scheduled to hand down its report on 16 June, later revised to 23 June. The Inquiry has now been extended by a further 8 weeks to 14 August.

  - The Senate Community Affairs Legislation Committee has extended the inquiry into the Bill, with submissions now being accepted until 10 July 2026 and the committee's final report due on 14 August 2026.

- On 1 July 2026, the House of Representatives agreed to 30 amendments to the Bill (18 Government and 12 crossbench amendments). The amendments strengthen the Bill by providing additional safeguards, oversight and review mechanisms, while supporting the long-term sustainability of the NDIS.

- The amendments strengthen the bill by:

  - requiring greater public transparency for automated decision-making processes, publication of advice supporting pricing determinations, and an independent review of the reforms in 2029 with findings reported to Parliament.

  - clarifying provisions relating to permanence, support determinations and transitional arrangements, including safeguards around the Minister's power to reduce funding for certain supports and protections for employment and disability-related health supports.

  - Clarifying the steps the NDIA must take before suspending a participant's plan.

SECURING THE NDIS FOR FUTURE GENERATIONS REFORMS

PILLAR 1: RETURNING THE NDIS TO ITS ORIGINAL INTENT

- The NDIS was established to support people with permanent and significant disability, but its scope has expanded to support more people with less significant support needs.

- A lack of clarity about what supports are considered reasonable and necessary has led to confusion, inconsistency, and a broadening in supports funded by the NDIS over time.

- The measures in the 2026-27 Budget will tighten access to the Scheme based on a person's functional capacity. It also guides the types and amounts of supports the NDIS should fund.

- Although the final design of the standardised assessments of functional capacity remain to be settled with states and territories, early estimates show they will reduce the number of people on the Scheme to around 600,000 by 31 December 2030.

- These changes will mean some people with disability may need to seek support from outside the NDIS, consistent with its original intent.

- This year, all governments signed the National Agreement on Foundational Supports, which includes agreement of additional Foundational Supports. All governments have committed to invest up to $10 billion (which includes $4 billion for Thriving Kids) for the first 5 years of the national agreement.
    - This work already has $6 billion allocated to it by National Cabinet, and the Commonwealth has provisioned it's up to $3 billion share (in addition to its $2 billion contribution to Thriving Kids).

<u>PILLAR 2: DELIVERING GENUINE SOCIAL AND COMMUNITY PARTICIPATION</u>

- The individualised approach to supports delivered through the NDIS has allowed opportunities for social and community participation to wither.

- The costs to deliver these supports continue to increase beyond what is sustainable, tripling from $4 billion to $12 billion over the last 5 years alone.

- If left unchecked, the spending would skyrocket to around $20 billion by the end of the decade.

- Capacity building supports are also not always improving capacity for participants and continue to be funded at a far higher level than any other comparable support program

- The Government will reset the total cost of social, civic, and community participation and capacity building daily activities supports and prevent further runaway growth.

- The NDIS Amendment (Securing the NDIS for Future Generations) Bill 2026 will enable the Minister to make a determination to reset budgets for these supports.

- From 1 October 2026 budgets for social, civic and community participation supports will be reset so spending levels are on average in line with 2023 levels and more consistent with other systems. The reset will include:

  - Budget allocations for social, civic and community participation supports will be reduced by 50 per cent.

  - Capacity building daily activity budget allocations will be reduced by 10 per cent.

  - Changes will not necessarily result in a 50 or 10 per cent reduction in how much a participant spends as they may not be currently using all of their budget allocation.

  - These changes will happen progressively as participants' plans are reassessed or renewed over a 12-month period.

  - These reductions will not impact supports that are essential to daily care, employment, disability related health supports, and the functional support needs of participants.

- To rebuild capability among community organisations to host participation and inclusion activities, the Government will provide $200 million to establish the Inclusive Communities Fund.

  - The fund will be open to mainstream and disability organisations with details to be settled in consultation with the disability community.

<u>PILLAR 3: IMPROVING THE QUALITY OF PROVIDERS</u>

- Previous policy settings have not encouraged transparency and innovation in NDIS markets and in some cases have resulted in provider variability challenges, variable quality, and poor outcomes for participants.

- The measures in the 2026-27 Budget will improve pricing and the design and delivery of NDIS supports, encouraging innovation and the market to be more responsive to participant needs.

- This includes reforms to plan management, which will limit the provision of these services to only trusted providers with a demonstrated history of quality and integrity, as well as a commissioning a new support coordination and connection function.

- The Government will also undertake consultation on differentiated pricing to better reflect the costs providers face in the amounts they charge and improved approaches to delivering supports for Supported Independent Living (SIL) participants.

PILLAR 4: TACKLING FRAUD AND NONCOMPLIANCE

- Fraud and non-compliance undermine the social licence of the NDIS and has a direct and devastating impact on the lives of participants and their families: low quality services, exploitation and harm.

- The measures included in the 2026-27 Budget will further strengthen the ability of the NDIA and the NDIS Quality and Safeguards Commission to detect and remove violence, abuse, neglect, exploitation, and fraud against people with disability. This includes:

  - expanding mandatory registration of providers delivering support to participants who are most at risk of abuse and/or exploitation.

  - introducing a new enrolment system with a minimum basic level of identifiable information on most NDIS providers.

  - improve how information is collected and monitored for faster and more targeted responses to fraud and suspicious behaviour.

- These measures build on the $550 million the Government has invested since 2022 to reduce fraud and non-compliance in the Scheme, which includes the establishment of the Fraud Fusion Taskforce, the Crack Down on Fraud ICT uplift programs, and the NDIA's Payment Integrity Review Workforce.

- Government is always looking for ways to further strengthen compliance and stamp out fraud in the Scheme, but it is important that we take time to get it right. Legislative changes if poorly designed may have an adverse impact on participants or providers if not carefully considered. We look forward to the Senate Inquiry findings in August 2026, and will carefully consider recommendations before making any further decisions.

APPENDIX

Table 1: Implementation and legislative details of 2026-27 Budget measures

Measure	Commences	in Bill?[1]
Pillar 1: Returning the NDIS to its original intent		
Reinforcing the boundary between the NDIS and mainstream services	1 January 2028	Included
Consistently assessing if the NDIS is the appropriate system of support or if treatment can alleviate or remedy an impairment	1 January 2028	Included
Strengthening the guidance around what is reasonable and necessary	1 February 2027	Included
Introducing standardised, evidence-based assessments of a person's functional capacity to determine access to the NDIS The design and implementation of these assessments will be informed by a Technical Advisory Group, which commences 1 July 2026	1 January 2028	Included
Removing diagnosis lists as the means of entry to the NDIS	1 January 2028	Not required
Ending plan rollovers and stopping unspent funds being rolled over	1 February 2027	Included
Tightening the criteria around unscheduled reassessment requests	7 days from Royal Assent	Included
Delaying the rollout of new framework planning	1 April 2027	Included
Pillar 2: Delivering genuine social and community participation		
Establishing the $200 million Inclusive Communities Fund • consultation will occur in Q3 2027.	TBC – subject to consultation	Not required
Reducing participant budgets for social, civic and community participation and capacity building daily activities	1 October 2026 and phased over 12 months	Included
Pillar 3: Improving the quality of providers		
Transferring responsibility for pricing decisions to the Minister for Disability and the NDIS	7 days from Royal Assent	Included
Consultation on differentiated pricing for unregistered providers delivering SCCP, CBDA, and assisted daily living • consultation will occur in Q3 2026	TBC - subject to consultation	Not included
Commissioning a panel of plan management providers	1 October 2027 with a 6 month transition period.	Included
Commissioning a new support coordination and connection function	1 July 2028	Not included
Consultation and design of a commissioning approach for home and living supports for	Subject to consultation	Not included

Measure	Commences	in Bill?[1]
Supported Independent Living (SIL) participants • consultation commences 1 July 2026		
Pillar 4: Tackling fraud and noncompliance		
Expanding mandatory registration of providers delivering support to participants who are most at risk of abuse and/or exploitation	Phased implementation from 1 July 2027	Included
Introducing a new enrolment system with a minimum basic level of identifiable information on most NDIS providers	1 July 2027	Not included
Increasing the evidence required for payments for NDIS supports, including payment at point of service	1 July 2027	Included
Strengthening the NDIA's investigative and enforcement capabilities	7 days from Royal Assent	Included
Improve how information is collected and monitored for faster and more targeted responses to fraud and suspicious behaviour	7 days from Royal Assent	Included

Notes: (1) refers to the *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026* introduced 14 May 2026.

Date last updated by Dept:	2 July 2026	Cleared by Adviser/date:	
Contact Officer: Assistant Secretary	Simon O'Brien	Work Phone: s47E(c), s47F	Mobile Phone:
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Figures provided in this paper are indicative and actuals may differ. Totals may not sum due to rounding.

Additional modelling detail

Fiscal Implications

The reduction in NDIS expenses over the four years from 2026–27 is driven by:

- $24.6 billion - changes to volumes of supports to participants and plan inflation
- $9.8 billion - access arrangements
- $3.7 billion - pricing, fraud and integrity measures

Savings have been costed as a package and package elements are interdependent. If one of these measures is adjusted, there would be flow through financial impacts for other package elements. For example, changes to guidance around what is reasonable and necessary interacts with the reset of support budgets.

Savings estimates are conservative to account for the uncertainty from interactions between package elements and implementation.

Table A: Breakdown of savings by package element

	Measure components ($b, fiscal balance)	2025-26	2026-27	2027-28	2028-29	2029-30	Total over FEs
Changes to volume of supports	Strengthen guidance around what is reasonable and necessary	0.0	-0.1	-0.6	-1.0	-1.2	**-2.9**
	Reset of Social Community and Civic Participation and Capacity Building – Daily Activities Budgets for all participants	0.0	-1.1	-3.7	-4.1	-4.3	**-13.2**
	Plan management and support co-ordination reforms	0.0	0.0	-0.2	-0.6	-0.6	**-1.4**

	Measure components ($b, fiscal balance)	2025-26	2026-27	2027-28	2028-29	2029-30	Total over FEs
	Tightening the criteria around unscheduled reassessment requests, and ending plan rollovers and stopping unspent funds being rolled over	0.0	-0.3	-0.6	-0.9	-1.4	**-3.1**
	Lower growth due to Implementation of New Framework Planning	0.0	0.0	-0.3	-1.1	-2.5	**-3.9**
Access arrangements	Introduce an Objective Test of Substantially Reduced Functional Capacity	0.0	0.0	-1.0	-3.0	-5.3	**-9.3**
	Access changes to enable Thriving Kids rollout*	0.0	0.0	0.0	-0.1	-0.3	**-0.5**
Pricing fraud and integrity	Differentiated pricing for unregistered providers	0.0	-0.6	-0.9	-0.6	-0.5	**-2.6**
	Mandatory registration for high-risk providers	0.0	0.0	0.0	-0.1	-0.1	**-0.2**
	Making the Minister the decision maker on pricing and related fraud measures	0.0	0.0	-0.3	-0.3	-0.3	**-0.9**
TOTAL	**Impact on fiscal balance**	**0.0**	**-2.0**	**-7.5**	**-11.9**	**-16.7**	**-38.1**
TOTAL	Impact on underlying cash balance	0.0	-2.0	-7.4	-11.8	-16.6	**-37.8**

*Reflects the in-principle agreement to Thriving Kids access changes in the 30 January 2026 Heads of Agreement on the NHRA, NDIS reforms and Foundational Supports. 2023-24 and 2024-25 Scheme projections of new entrants already included an allowance for the impact of Foundational Supports (p.15 NDIA Annual Fiscal Sustainability Report 2023-24). These projections were factored into the Budget in previous fiscal updates. The total reduction in NDIS expenses related to implementing Thriving Kids, including the allowance already in the Budget baseline, is $1.5 billion over the forward estimates.

Breakdown of participant impacts

Access changes will not commence until 1 January 2028 and will be rolled out progressively over 3 years. Details of these changes will be worked through carefully throughout 2026 with a Technical Advisory Group, members of the disability community and states and territories.

The projected number of exits and the breakdown of those exits are based on modelling assumptions and are indicative. Actuals will depend on the policy settings put in place following consultation with the disability community, states and territories, and advice from the Technical Advisory Group on how to assess an applicant's functional capacity and the thresholds used to determine eligibility.

Average annual growth in participants over the 5 years from 2020-21 to date was 12 per cent. As at 31 December 2025, there are 760,000 participants on the NDIS, including about 360,000 adults and 400,000 participants aged 18 and under. Up to 1 January 2028, the number of NDIS participants will continue to grow.

While new eligibility rules are subject to consultation and advice from a Technical Advisory Group, initial modelling estimates the number of people on the scheme would reduce to around 600,000 by the end of the decade, instead of growing to well over 900,000.

Table B.1 Projected number of participants before and after reforms

Participants as at	**30-Jun-2025 Actual**	**30-Jun-2026 Estimate**	**30-Jun-2027 Estimate**	**30-Jun-2028 Estimate**	**30-Jun-2029 Estimate**	**30-Jun-2030 Estimate**	**30-Jun-2031 Estimate**
Financial Year	*2024-25*	*2025-26*	*2026-27*	*2027-28*	*2028-29*	*2029-30*	*2030-31*
Pre-reforms total participants	739,414	783,000	817,000	842,000	876,000	910,000	944,000
Entered scheme before 1 Jan 28 and assumed to be exited				33,000	125,000	205,000	241,000
After reforms total participants		783,000	817,000	789,000	710,000	632,000	598,000

Note: Totals are cumulative. Total participants after reforms includes potential NDIS participants that would be diverted from the NDIS to other support systems.

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Modelling assumptions

Measure	Assumptions
Strengthen guidance around what is reasonable and necessary	*The NDIA must consider Scheme sustainability and equity across NDIS participants, including participants with similar needs and circumstances. This package element clarifies factors that must be considered by the NDIA when determining what supports are reasonable and necessary to fund.* • The impact of a tightened definition and scope of supports is assumed to result in an average 3 to 5% reduction in payments across support categories (excluding categories that have specific policy response below). • In the absence of fully developed policy settings, the modelling assumptions adopted are necessarily preliminary and high level in nature. These assumptions will be progressively refined as policy details develop.
Reset of Social Community and Civic Participation and Capacity Building – Daily	*A determination will be made to reset participant support budgets in old framework plans for two support categories: SCCP supports and CBDA supports.* • *SCCP support budgets will be reduced by 50%.*

Measure	Assumptions

Activities Budgets for all participants	• *CBDA support budget will be reduced by 10%.*
	SCCP budgets will be adjusted to reset average participant spending to 2023 levels and bring it more into line with other systems. CBDA budgets will be reduced to bring it more into line with other systems.
	
	• Adjusting for existing and projected utilisation of budgets, average payments per participant are estimated to reduce by:
	  • 24.7% for SCCP.
	  • 4.5% for CBDA.
	• Resetting SCCP support budgets will affect all participants who currently have SCCP funding in their plans. These reductions are assumed to be the average impact at the scheme level.
	• Average utilisation rates are:
	  • For SCCP, currently around 85%.
	  • For CBDA, currently around 60%.
	• The modelling assumes the reduction in SCCP spend for participants in SIL or SIL-like arrangements is not as significant as that for other cohorts (50% less) due to substitution to other support types or requests for plan changes.

Plan management and support co-ordination reforms	*The Government will directly commission providers to deliver a new support coordination and connection service. The Government will also commission a panel of plan management providers. These new models will enable efficiencies in funding. Participant budgets will be updated to reflect the new fee amounts.* • Expected efficiencies from commissioned services for support coordination and plan management were assumed to be 30%.
Tightening the criteria around unscheduled reassessment requests	*Unscheduled reassessments will only be possible when:* – *there have been significant and ongoing changes to a participant's support needs arising from changes in their functional capacity* – *there has been an unanticipated, significant and ongoing change in a participant's living, education, work or informal support arrangements* • Currently, ~20% of participants receive a reassessment in a 12-month period. The average increase in plan budgets out of these reassessments is 20%. • Assumes that projected reassessments will reduce by 50% due to tighter criteria on who can request a plan reassessment and participants not meeting the new, tightened criteria. • Assumed reductions in the projected number of reassessments results in a 25% reduction in the inflation arising from unscheduled plan reassessments. Those still eligible for reassessments were assumed to receive larger revisions from

Measure	Assumptions
	their reassessments, and those ineligible for reassessments would increase their utilisation.
Ending plan rollovers and stopping unspent funds being rolled over	*Plan rollovers and auto extensions to cease from 1 February 2027 through the establishment of legislative end dates for all plans* – *Unspent funds in a NDIS participant's plan will no longer be rolled over and carried forward* – *a renewed plan automatically created with supports automatically based on the original annualised plan value adjusted for indexation, minus any one-off supports.* • No additional savings expected. • Assumed to be an enabling mechanism to implement other measures from 1 February 2027.
Implementation of New Framework Planning (NFP)	*The Government will introduce changes which will enable the rollout of New Framework Planning (NFP). This includes more detail about how the budget method rules could operate to identify the type of NDIS support and level of need arising from a support needs assessment.* • Assumes design of levers to control or contain growth in NFP will achieve the targeted 5% rate of growth, resulting in a 2.5% annual reduction in Scheme cost growth compared to 25-26 MYEFO. • Expected impacts are applied gradually over the rollout of NFP, based on the proportion of the Scheme who transition to NFP each year.
Introduce an Objective Test of Substantially Reduced Functional Capacity	*Introduce standardised, evidence-based assessments of a person's functional capacity to determine access to the NDIS. This will enable future access decisions to be based on a consistent, objective and evidence-based assessment of functional capacity.* • Refer to *Methodology on* page 2.
Access Changes to enable Thriving Kids Rollout	*Jurisdictions agreed in-principle to access changes to the NDIS to support Thriving Kids. Thriving Kids supports children aged 8 and under with developmental delay and/or autism with low to moderate support needs as articulated in the National Agreement on Foundational Supports and the Bilateral Agreements on Thriving Kids.* • Children aged 8 and under with developmental delay and/or autism with low to moderate support needs will not be eligible for the NDIS from 1 January 2028 when Thriving Kids is expected to be fully rolled out. Access changes are expected to divert new entrants aged 8 and under who would have entered the Scheme on or after 1 January 2028. • Children aged 8 and under who enter the Scheme on or before 31 December 2027 would continue to be reassessed under the

Measure	Assumptions
	current arrangements and eligibility criteria in line with the 30 January 2026 Heads of Agreement.
Differentiated pricing for unregistered providers, making the Minister the decision maker on pricing and related fraud-measures	*This change will improve transparency, predictability and alignment in pricing across sectors, while also providing government oversight over NDIS pricing changes.* *Enabling greater enforcement of payments to providers* • Modelling identifies payments that are potentially non compliant. • The proportion of non-compliant payments is estimated to be 35% (1.4% of the value of payments). • Of reduced payments from greater compliance – it is assumed 40% would be a direct saving; 60% is re-spent by participants. • This is a ratio that averages for different savings depending on source of non-compliance (fraud, error, participant vs provider, etc.) *Differentiated pricing* • The NDIA has been working on differentiated pricing as part of its three-year pricing workplan. • The implementation of further differentiation, will be based on further public consultation, the advice of NDIA and the passage of legislation. • Savings are reduced in later years as mandatory registration of providers is implemented.
Mandatory registration for high-risk providers	*Expanded mandatory registration requirements for providers delivering support to participants who are most at risk of abuse and/or exploitation. This includes supports delivered in high risk settings, such as daily living supports delivered in formal closed settings like group homes (including those operated by sole traders).* • Savings based on work by NDIS Commission on reduction in non-compliance from a strengthened regulatory framework.

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Securing the NDIS for future generations

Drivers of Scheme growth

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Measures we have put in place to reduce plan inflation have not been as effective as projected. Both the number of plans undergoing an unscheduled reassessment and the rate of plan inflation from those reassessments have not reduced as expected. One in five plans are currently subject to an unscheduled reassessment each year and the average result of these reassessments is a 20 per cent increase in plan value. This has necessitated further measures to control plan inflation.

Table 1: Breakdown of $13.4 billion upwards estimates variation over the forwards estimates (2025-26 to 2029-30)

Component	$ billion	Description
Plan inflation, including unscheduled plan reassessments	$6.4b	• Reflects higher than expected unscheduled plan reassessments and plan inflation. • There is an average of 12,000 unscheduled reassessments per month, rather than 8,000 per month as assumed. • Assumed plan inflation from unscheduled reassessments has been revised upwards to 20 per cent.
Delay to New Framework Planning	$4.3b	• Reflects the delayed rollout of NFP required to further calibrate the new budget model.
Scheme experience	$1.7b	• Reflects updated experience– 0.2% more participants and 0.6% higher participant spending from 1 July to 31 December 2025, compared to the 2024-25 AFSR.

Other assumption changes	$0.9b	• Reflects changes to assumptions on new entrants and exits to the Scheme (before impact of access reforms) • Reflects changes to assumptions about future price changes (based on economic forecasts)
TOTAL	**$13.4b**	

Changes in Scheme expenses

Note: *Fiscal impacts are presented accrual/fiscal balance terms and will differ slightly from cash estimates. The Fiscal Sustainability Target of 8 per cent growth is measured against accrual.*

Under the Government's plans, Scheme payments will be $54.8 billion in 2029-30, instead of $71.4 billion. The Scheme will continue to grow each year and will still be one of the most comprehensive suite of supports for people with a disability anywhere in the world.

Table 2: Fiscal impact on the NDIS participant spending ($ billion)

		2025-26	2026-27	2027-28	2028-29	2029-30	TOTAL
2025-26 MYEFO	Expenses	50.7	54.0	58.1	62.5	67.3	
	Growth		6.4%	7.7%	7.5%	7.7%	**7.3%**
Revised for estimates variation projected by Scheme Actuary	Expenses	51.3	55.7	61.3	66.2	71.4	
	Difference	*0.6*	*1.8*	*3.1*	*3.7*	*4.2*	***13.4***
	Growth		8.6%	9.9%	8.0%	8.0%	**8.6%**
After reforms	Expenses	51.3	53.7	53.8	54.3	54.8	
	Difference	*0.0*	*-2.0*	*-7.5*	*-11.9*	*-16.7*	***-38.1***
	Growth		4.7%	0.2%	0.9%	0.9%	**1.7%**
Net save relative to the 2025-26 MYEFO		**0.6**	**-0.3**	**-4.3**	**-8.2**	**-12.5**	**-24.7**

As agreed by National Cabinet in January 2026 under the NDIS bilateral agreements, state and territory 2023-24 NDIS contributions will be escalated at a fixed rate of 4.0 per cent per annum until (and including) 2027-28. The 'Budget Neutral Adjustment' (worth 2.1 per cent of the total contribution in 2024-25) will grow at a fixed 3.5 per cent per annum.

National Cabinet also agreed earlier this year that state and territories NDIS contribution escalation rates be in line with actual scheme growth, capped at 8 per cent, from 1 July 2028.

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The package of measures to be announced in the 2026-27 Budget will bring the increase in NDIS costs down to an average of about 2 per cent a year from 2026-27 to 2029-30 and then 5 per cent from 2030-31 to 2036-37.

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Impacts on participant supports and spending

The NDIS plays a critical role in supporting people with permanent and significant disability, but it continues to grow at a far higher rate than any other comparable program. Costs are continuing to rise rapidly, driven by plan inflation and weaknesses in how the system currently operates. The Government's plan will be delivered through four pillars:

- Fighting fraud and stopping rorts
- Slowing rapid cost increases
- Clearer eligibility requirements
- Delivering quality services and supports to participants

The reduction in NDIS expenses over the four years from 2026–27 is driven by:

- $24.6 billion - changes to volumes of supports to participants and plan inflation, including:
    - Strengthen guidance around what is reasonable and necessary
    - Reset of Social Community and Civic Participation and Capacity Building – Daily Activities Budgets for all participants
    - Plan management and support co-ordination reforms
    - Tightening the criteria around unscheduled reassessment requests
    - Ending plan rollovers and stopping unspent funds being rolled over
- $9.8 billion - access arrangements
- $3.7 billion - pricing, fraud and integrity measures, including;
    - Differentiated pricing for unregistered providers
    - Mandatory registration for high-risk
    - Making the Minister the decision maker on pricing

Under the Government's plan, the NDIS will still cover a substantial set of supports. Average spending by participants who are assumed to meet the 'substantially reduced functional capacity' definition will remain relatively stable over the rollout of the reforms.

Table 6: Indicative average spend per participant (participants with low to moderate function) ($)

$	2025-26	2026-27	2027-28	2028-29	2029-30
Pre-reforms	89,000	94,000	99,000	104,000	109,000
Post-reforms	89,000	91,000	88,000	90,000	92,000

Note: This is the projected average spend of all participants assumed to meet the definition of substantially reduced functional capacity on the scheme. It is not intended to represent the 'typical' participant. The average reflects the impact of reforms as well normal scheme experience that impact budgets and spending e.g. indexation of plans, utilisation patterns, reassessments, etc.

Impacts on participant numbers

Changes to access will not commence until 1 January 2028 and will be rolled out progressively over 3 years. Details of these changes will be worked through carefully throughout 2026 with a Technical Advisory Group, members of the disability community and states and territories.

Average annual growth in participants over the 5 years from 2020-21 to date was 12 per cent. As at 31 December 2025, there are 760,000 participants on the NDIS, including about 360,000 adults and 400,000 participants aged 18 and under.

Between 1 July 2026 and 1 January 2028, we estimate the number of participants will continue to grow by around 20,000. While new eligibility rules are subject to consultation and advice from a Technical Advisory Group, initial modelling estimates the number of people on the scheme would reduce to around 600,000 by the end of the decade, instead of growing to well over 900,000.

This year, all governments signed the National Agreement on Foundational Supports. In line with the Agreement, the Commonwealth has also provisioned funding of $3 billion over five years to establish Foundational Supports outside the NDIS, to be matched by states and territories as agreed by National Cabinet. This is on top of the Commonwealth's $2 billion contribution towards establishing the $4 billion *Thriving Kids* program.

The Commonwealth will establish a $200 million Inclusive Communities Fund to re-build capability among community organisations so people have new options to genuinely participate in their local community. This fund would be a one-off Commonwealth grant program for community-based organisations to transition their operating model to provide support for NDIS participants through group-based social and community participation supports, including:

- capital investment in transport solutions and modifications to tenancies;
- business advisory and strategic planning services;
- business process improvements;
- governance advisory services for leadership and executive support and financial reporting; and
- training or capability uplift for staff to deliver safe and appropriate activities.

Table 7: Participant impacts of access reforms

Participants as at	**30-Jun-2025**	**30-Jun-2026**	**30-Jun-2027**	**30-Jun-2028**	**30-Jun-2029**	**30-Jun-2030**	**30-Jun-2031**
Financial Year	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***
Pre-reforms projection – Total Participants	739,414	780,000	810,000	840,000	880,000	910,000	940,000
Diverted after 1 Jan 2028				20,000	40,000	70,000	110,000
Entered scheme before 1 Jan 28 and assumed to be exited				30,000	130,000	210,000	240,000
TOTAL				50,000	170,000	280,000	350,000
After reforms – Total Participants		**780,000**	**810,000**	790,000	710,000	630,000	600,000

Australian Government
Department of Health, Disability and Ageing

National Disability Insurance Scheme Reforms

Impact Analysis

Prepared by the Department of Health, Disability and Ageing

May 2026

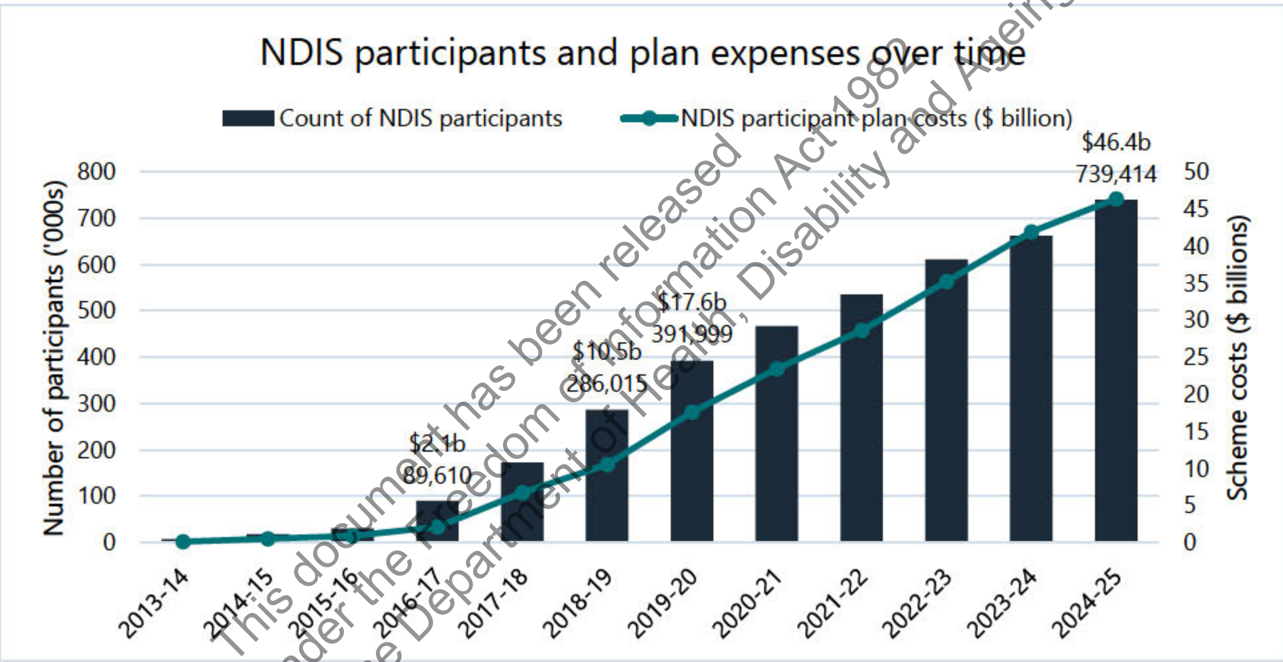
Contents

Executive Summary

The National Disability Insurance Scheme (NDIS, the Scheme) was established in 2013 to support people with permanent and significant disability. The Scheme provides funding for reasonable and necessary supports to allow people with disability to be independent, and participate in social and economic life.

The current legislative settings and implementation of the Scheme has not been consistent with its original design as envisaged in the 2011 Productivity Commission inquiry into 'Disability Care and Support'. This has seen the cost of the Scheme continue to grow beyond sustainable levels, driven by both the higher than anticipated number of participants, and higher average costs per participant than the 2011 Productivity Commission and governments anticipated.

FIGURE 1. NDIS PARTICIPANTS AND PARTICIPANT PLAN EXPENSES OVER TIME[1]



Scheme design is also contributing to growing inequity across social care systems in Australia. The NDIS provides uncapped supports to participants, while aged care and other services have set funding levels according to assessed need. The same applies to supports for people with psychosocial disability funded under Medicare, whereas the NDIS is limited only by the concept of 'reasonable and necessary'.

Successive governments have introduced NDIS reforms aimed at stabilising Scheme costs and attempting to better define the boundaries of what is and is not an NDIS support based on the

[1] NDIA (2025), Annual Financial Sustainability Report (AFSR) 2024-25, p.134-135; NDIA (2021), Quarterly Report to Disability Ministers for Q4 of 2020-21, p.16, 98-100; NDIA (2015), Annual Report 2014-15, p.iv; NDIA (2014), Annual Report 2013-14, p.iv

original scheme design. Despite this focus on sustainability measures, including legislative reforms commencing in 2023, the cost of the Scheme has continued to increase at rates significantly above inflation and population growth.

Setting NDIS growth targets

In 2023, National Cabinet committed to a *NDIS Financial Sustainability Framework* to ensure the NDIS could continue to provide life-changing outcomes for future generations of Australians with disability. The framework provided an annual growth target in the total costs of the Scheme of no more than 8 per cent by 1 July 2026, with further moderation of growth as the Scheme matured. Progress has been made, with Scheme costs reducing from 22.9 per cent in 2022-23 down to 10.5 per cent in 2025-26. However, more needs to be done to further constrain growth.

Earlier this year National Cabinet agreed to additional reforms, including to work together to target annual cost increases for the NDIS of 5 to 6 per cent, or lower. The latest projections for 2026-27 Budget, however, show that without further intervention costs will continue to escalate meaning the 8 per cent growth target would not be met when the sustainability target takes effect from 1 July 2026.

Reform to the NDIS is required to restore the Scheme to its original intent and moderate Scheme expenses to be on a sustainable trajectory, to continue supporting future generations.

The Department of Health, Disability and Ageing (DHDA, the Department) was tasked with developing one or more measures that will mitigate costs growth and help achieve National Cabinet's updated annual growth target of 5 to 6 per cent or lower.

What's in the Budget Package?

The NDIS Budget package has four pillars of reform to the NDIS that are designed to secure its future through:

- Fighting fraud and stopping rorts.
- Slowing rapid cost increases.
- Clearer eligibility requirements.
- Delivering quality services and support to participants.

Measures included in this Impact Analysis

This Impact Analysis outlines options and considerations of measures which form a part of the broader package of reforms announced in the 2026-27 Budget. The NDIS reform measures covered in this Impact Analysis are:

- Strengthening the interpretation of permanent, or likely permanent, impairment.
- Tightening eligibility based on access to other service systems.

- Limiting unscheduled plan reassessments.
- Resetting support budgets in old framework plans for social and community participation and capacity building daily activity supports.
- Tightening the definition of reasonable and necessary supports.
- Commissioning Plan Management and Support Coordination services.

The Department has prepared a separate Impact Analysis on the expansion of the mandatory registration of providers.

Reforms not detailed in this Impact Analysis are mentioned throughout the Impact Analysis to demonstrate the interactions and interconnectedness of the package of measures. Due to interactions between the measures, the number of participants impacted and the impact on Scheme costs have been modelled as a package. Where possible, impacts of the individual elements have been identified in this Impact Analysis.

1. Background

1.1 Overview

The NDIS was established in 2013 as a world leading scheme to support people with significant disability to live independently and fully participate in their communities. Its implementation over the last decade has broken new ground in supporting people with disability to utilise personalised budgets, and the Scheme provides a high level of choice of services for participants.

The Scheme operates within a public value framework underpinned by Australians' strong expectations that government will maintain institutions providing social protection to support people with disability. Public value is created when public institutions produce outcomes that are authorised by the community, operationally feasible and substantively valued beyond what markets can deliver. The NDIS was designed to meet this threshold, grounded in a commitment that disability support should be needs-based, portable and equitable.

There have been unintended consequences in the implementation of these design parameters. These have included an over-reliance on access lists which are based on diagnosis rather than impairment, inequitable and inconsistent planning outcomes for participants, and market related shortcomings, non-compliance and fraudulent activities. This has contributed to significant growth in overall expenditure, well beyond a sustainable level for demand-driven social services.

The 2023 Independent Review into the NDIS, titled *Working together to deliver the NDIS* (the NDIS Review, the review), found significant sustainability and distributional issues. The Australian and state and territory governments have already announced and implemented a range of measures aimed at addressing the issues identified in the NDIS Review, including Thriving Kids that will commence from October 2026. The NDIS reforms announced in the 2026-27 Budget are another step towards addressing those issues.

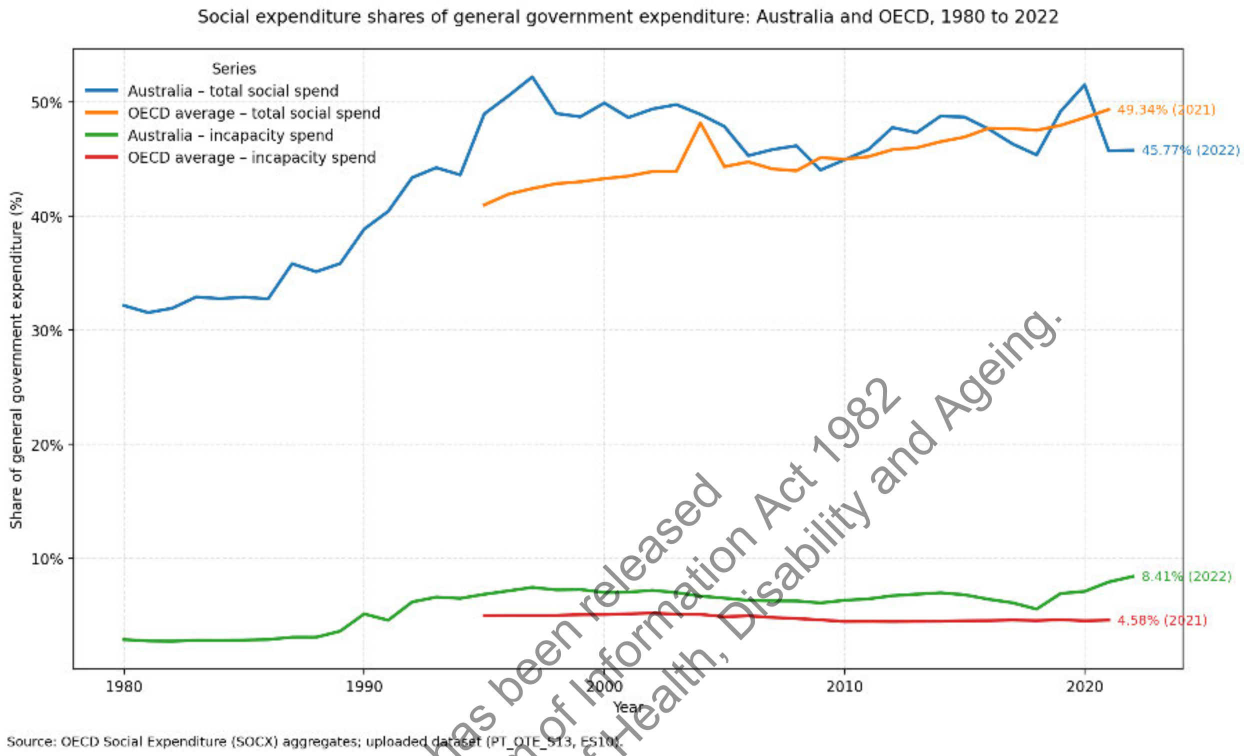
Sustainable and equitable distribution of resources are the cornerstones of social support systems. The role of government is to ensure the needs of citizens are not just met, but distributed effectively across the whole community, and this requires constant attention. Distributional effects of social services include consideration of the availability of funding, support and services and also the balance of relative benefit against other competing demands. Changes in community expectations of social service expenditure, as well as demand related to demographic changes, create pressure on budgets. This can necessitate policy changes to balance competing priorities.

As a community, Australia supports a relatively high level of social spending on disability compared to the Organisation for Economic Co-operation and Development (OECD) average.[2] The figure

[2] OECD tracks social spending on incapacity-related benefits for both the public and mandatory private sector programs, which include disability pensions, pensions paid for occupational injury and disease, paid sick leave, other cash benefits, as well as residential care, rehabilitation services and other in-kind benefits.

below shows that while the proportion of government expenditure on social spending overall in Australia has fallen below the OECD average, spending on disability services and supports (including pensions) has increased over the last decade to nearly double the OECD average.[3 4 5]

FIGURE 2. SOCIAL EXPENDITURE SHARES OF GENERAL GOVERNMENT EXPENDITURE: AUSTRALIA AND OECD, 1980 TO 2022



However, there is concern that the increased expenditure on the NDIS is not delivering on its original intent. Outcomes are not consistently measured, demand continues to increase, and the Scheme is driving workforce and other market distortions. The Scheme currently lacks the types of controls needed to implement a well targeted, demand driven scheme, that offers value both to participants and the community more broadly.

Investments in capacity building and therapy supports have not delivered the intended results for some participants, and in some cases have created dependence over independence. This is also the case for those accessing supports through the early intervention pathway. The policy intent of including early intervention in the Scheme design was to provide intensive supports early and reduce lifetime costs, however a significant proportion of children who enter via the early intervention pathway then go on to become permanent Scheme participants through

[3] OECD (n.d.), Social expenditure aggregates, OECD Data Explorer, accessed 1 May 2026

diagnosis-based lists. These observations are not consistent with expected outcomes for an insurance-based scheme.

The Australian Government has also invested heavily over recent years to mitigate fraud and non-compliance in the Scheme. The Fraud Fusion Taskforce was established in 2022 as a partnership between 15 government agencies. Since then, the list of participating agencies is continually growing. Through the Taskforce, the NDIA works closely with the NDIS Quality and Safeguards Commission and Australian Federal Police (among others) to take action against individuals and business exploiting the NDIS. The Crack Down on Fraud program supports the work of the Taskforce and is focussed on strengthening NDIA systems to detect, prevent and respond to fraud. Investment in fraud prevention continues to be a key focus for Government to stamp out fraud and ensure NDIS funds are being used to legitimately support NDIS participants.

1.2 History of the NDIS

Prior to the creation of the NDIS, the Australian Government provided income support and employment services for people with a disability; with the majority of services that are now covered by the NDIS being primarily block funded by state and territory governments.[6] Support for people with disability was limited, without consistency between jurisdictions.[7]

The idea for a nationally consistent scheme for people with disability, like the NDIS, had existed since the 1970s, but only gathered steam after Australia became one of the original signatories to the United Nations Convention on the Rights of Persons with Disabilities (CRPD) in 2007.[8]

Following the signing of the CRPD by the Australian Government, and an extended grassroots campaign, the idea for a national disability insurance program was recommended through the 2020 summit that was held in April 2008.[9] Following the summit, the Government requested the Productivity Commission undertake an inquiry into a national disability long-term care and support scheme, and its foundational report on Disability Care and Support was published on August 10, 2011.[10]

The Productivity Commission in 2017 described the NDIS as:

[6] Productivity Commission (2009), 'Report on Government Services, page 5-6. The Commonwealth State and Territory Agreement (CSTDA) provides a national framework for the delivery, funding and development of specialist disability services for people with disabilities in Australia. The third CSTDA was in place for five years from 2002-03 to 2006-7 and lists the specialist disability services that the Australian Government administers as open employment services, supported employment services, and targeted employment services with all other specialist disability services being administered by the state and territory governments.
[7] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 25
[8] Dickinson, H. & Yates, S. University of Sydney Human Rights Institute, 'A decade on, the NDIS has had triumphs, challenges and controversies. Where to from here?'
[9] Adrill, A. and Jenkins, B (2023), Navigating the Australian National Disability Insurance Scheme: A Scheme of Big Ideas and Big Challenges, page 28, 145
[10] Productivity Commission (2011), 'Disability care and support'

> "based on the premise that individuals' support needs are different, and that scheme participants should be able to exercise choice and control over the services and supports they receive."

The Scheme differs from previous approaches in a number of ways:

- It adopts a person-centred model of care and support.
- It is an insurance-based scheme — it takes a long-term view of the total cost of disability to improve participant outcomes and to meet the future costs of the Scheme.
- Funding is determined by an assessment of individual needs (rather than a fixed budget).
- It is a national Scheme.
- It funds reasonable and necessary supports for Australians with permanent and significant disability. Reasonable and necessary supports are those that help participants live as ordinary a life as possible, including care and support to build their skills and capabilities, so they can engage in education, employment and community activities.

The NDIS also funds supports for people who meet early intervention criteria. This covers cases where early intervention can significantly improve an individual's outcomes and is cost effective. The focus on early intervention reflects the lifetime approach of the Scheme.[11]

Following the Australian and state and territory governments signing of the *Intergovernmental Agreement for the National Disability Insurance Scheme (NDIS) Launch* on 7 December 2012, and the passage of legislation through the Parliament in 2013, the Scheme moved through trial and transition to full Scheme rollout across Australia by 2020.

Throughout the trial and transition to full Scheme period, NDIS participants, providers and workers continued to be covered under state and territory quality and safeguards systems. In 2017, the Australian Government established the NDIS Quality and Safeguards Commission (NDIS Commission) via amendments to the *National Disability Insurance Scheme Act 2013* (NDIS Act). The NDIS Commission had a phased implementation from 1 July 2018 in New South Wales and South Australia, with the last state to transition being Western Australia on 1 December 2020. Over subsequent years, the NDIS Commission's enforcement powers have been progressively strengthened. However, both the NDIS Commission and National Disability Insurance Agency (NDIA) still lack the regulatory maturity and powers of other service regulators to ensure people with disability understand and have their rights upheld.[12]

The rollout of the NDIS was not without challenges. The first major review into the NDIS, coinciding with the full Scheme rollout, was conducted by David Tune (the Tune Review). It noted that "the implementation of the NDIS has not been smooth and it is evident that the pressure of rolling the Scheme out across Australia has directly impacted the NDIA ability to provide a

[11] Productivity Commission (2017), National Disability Insurance Scheme (NDIS) Costs - Overview, page 3
[12] Disability Royal Commission (2023), Executive Summary, page 110

consistent, effective and high quality service delivery offering".[13] The Tune Review also noted that the previous 2017 Productivity Commission study report into NDIS costs had observed the growth in Scheme costs and the risk that these could threaten the success and sustainability of the NDIS.[14]

Overall, the Tune Review found that while the NDIS Act was fit-for-purpose and the Scheme has improved outcomes for many; implementation issues remained with participants reporting inconsistent, slow and unclear decision-making, exacerbated by the NDIA's developing systems and workforce, and ICT limitations.[15]

To address these problems, the Tune Review proposed that a Participant Service Guarantee (PSG) should be legislated to set clear timeframes for NDIA decisions. A bill to create a service guarantee, the NDIS Amendment (Participant Service Guarantee and Other Measures) Bill, was introduced to Parliament in 2021 and came into effect on 1 July 2022. NDIS Rules to give effect to the PSG were put on hold when the NDIS Review was announced in October 2022, noting decision timeframes were likely to change following any changes to planning.

On 18 October 2022, the NDIS Review was announced by the then Minister for the NDIS, the Hon Bill Shorten MP. The terms of reference was broad, with the goal that it would 'put people with disability back at the centre of the Scheme'. Part one of the terms of reference looked at the design, operation and sustainability of the NDIS and part two was aimed at ways to build a more responsive, supportive and sustainable market and workforce.[16] To support the review into Scheme costs, the Review commissioned Taylor Fry and the Centre for International Economics to examine the cost effectiveness and sustainability of the Scheme.[17]

The NDIS Review undertook extensive consultation with members of the disability community, NDIS participants and other stakeholders.[18] In reporting back to the community, the review team observed that the NDIS has been – and continues to be – life changing. However, some of the underlying inequities in relation to accessing support have persisted from the support systems that preceded the NDIS' establishment.

[13] David Tune (2019), Review of the National Disability Insurance Scheme Act 2013, page 7
[14] David Tune (2019), Review of the National Disability Insurance Scheme Act 2013, page 30
[15] David Tune (2019), Review of the National Disability Insurance Scheme Act 2013, page 7-12
[16] NDIS Review (2023), Terms of Reference for the NDIS Review
[17] Taylor Fry and the Centre for Independent Studies (2023)
[18] The extent of the Reviews consultation activities are evident in the documentation that remains on the NDIS Review website at www.ndisreview.gov.au, including on the 'news' and 'events' sections of the website, and in the publication of commissioned reports and published submissions.

1.3 Policy issues

1.3.1 Sustainability challenges and drift from original intent

The NDIS has experienced significant scope drift from its original intent. The 2011 Productivity Commission Report estimated the Scheme would support around 411,000 people with disability, and cost around $13.6 billion annually by the time it was fully rolled out (in 2018-19).[19]

In 2017 the Productivity Commission updated their forecasts, considering the Scheme would support 476,000 participants and cost $22 billion in 2019-20 (at full Scheme, with the NDIS being available nationwide from 1 July 2020). This represented an increase in the number of participants by around 65,000 and an increase in Scheme costs (excluding offsets and operating costs) of 70 per cent from $12.8 billion.[20]

FIGURE 3. PRODUCTIVITY COMMISSION'S PROJECTIONS OF PARTICIPANTS AND SCHEME COSTS IN 2011 AND 2017

	Participant numbers	Scheme costs ($ billions)
Productivity Commission estimates 2011[a]	**411 250**	**12.82**
Population projections to 2019-20	49 544	1.54
Inflation in disability sector (wages)	-	6.38
Participants aged 65 years and older	15 285	1.09
Updated productivity Commission estimates 2017	**476 079**	**21.84**

At the end of March 2026, the Scheme was supporting 774,456 participants. Over the 12 months to the end of March 2026, the Scheme cost $50.2 billion, had a net increase of 57,455 participants and an average annualised payment per participant of $66,800.[21]

The Parliamentary Budget Office's (PBO) *2025-26 Medium-Term Budget Outlook: Beyond the Budget* forecast that, without further reform and an annual growth rate of 8 per cent, the NDIS

[19] Productivity Commission (2011), 'Disability care and support', page 788. Note: The 2011 Productivity Commission's estimated NDIS cost of NDIS $13.6 billion is comprised of the estimates of NDIS participant supports ($12.8 billion) and operational costs for the NDIA ($1.1 billion), offset by a proposed National Injury Insurance Scheme (-$0.3 billion).
[20] Productivity Commission (2017), National Disability Insurance Scheme (NDIS) Costs - Overview, page 15
[21] NDIA (2026), Summary of Statistics – March 2026. Note: The average annualised payment per participant includes cash and in-kind payments. Total supports include cash payments, in-kind payments and an allowance for support provided not yet paid.

would cost $106.7 billion in 2035-36. This would increase its share of GDP from 1.7 per cent in 2025-26 to 2.3 per cent in 2035-36. [22]

Previous Annual Financial Sustainability Reports (AFSR) produced by the Scheme Actuary demonstrate that increases in prices and real growth in payments are key drivers of growth in projected Scheme expenses. Scheme cost projections in AFSRs have also been consistently revised upwards to reflect higher numbers of children in the Scheme than previously projected.

If not addressed, higher than sustainable growth in costs threatens the Scheme's long-term viability:

> "The most important problem is that the growing cost of the NDIS will eventually break the bond of trust between people with disabilities and society as a whole. Unless these problems are addressed economic pressure will almost certainly undermine political support for the NDIS. In fact a strong case can be made for treating sustainability as a fundamental foundation of any system of human rights."[23]

The NDIS Act specifies that in giving effect to the objects of the Act, regard is to be had to "the need to ensure the financial sustainability of the National Disability Insurance Scheme".[24] Sustainability of the NDIS is therefore a critical consideration when determining the impact of reform. However, while specified in the Act, this does not and cannot translate into NDIS participant plans as was clarified in the Federal Court. Community expectation of balanced and equitable distribution of funding, both at the individual and population level means that the budget for the NDIS must be balanced against community expectations for health, education and other care and support services like Aged Care (as well as other government priorities).

The root causes of the growth in Scheme costs are the movement away from the Scheme's original intent, partly down to the design of the Scheme and its lack of financial controls, and market challenges that drive costs. These include:

- Collapse of Tier 2 supports: important programs and services that supported all people with disability were also rolled into the Scheme, leaving those who were not eligible for the NDIS without many former supports. This created the NDIS as "an oasis in the desert" forcing families to access the Scheme for supports it was never designed to provide.[25]

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[22] Parliamentary Budget Office (PBO) (2025), 2025-26 Medium-Term Budget Outlook: Beyond the Budget, Table 6-1 page 35

[23] NDIS Review (2023), Working together to deliver the NDIS: Independent Review into the NDIS Final Report, page 30; Duffy, S., Brown, M. (2023), Redesigning the NDIS: An International perspective on an Australian disability support system

[24] Section 3(3)(b) of National Disability Insurance Scheme (NDIS) Act 2013)

[25] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 25, 26

- Larger than expected numbers of children, with 78 per cent of all children aged 0 to 8 in the Scheme having developmental delay or autism.[26]
- A lack of clarity around what supports should be considered reasonable and necessary, leading to stressful, time-consuming and poor planning experiences and inconsistent and inequitable decisions about funding.[27]
- Access processes that were designed to support the Scheme rollout (such as Access Lists) that have resulted in confusing and inequitable access processes, and insufficient consideration of an applicants' functional impairment.[28]
- Investment in early intervention not yet demonstrating the longer term savings the Productivity Commission envisioned.
- Access under early intervention does not appropriately consider whether intervention would be cost-effective, safe or materially improve outcomes.[29]
- Line-by-line decision making in the NDIS, with inconsistencies frequently arising when arbitrary tests of what may be deemed reasonable and necessary (or not) are applied to the cost of every individual support, rather than to the whole budget.[30]

These root causes were explored extensively in the NDIS Review conducted in 2023.

1.3.2 NDIS Review findings

The NDIS Review identified that "...implementation was not always aligned with the original intentions of the Scheme".[31] It found that a number of critical problems were undermining the Scheme's effectiveness. Most concerning was the finding that the NDIS was delivering inequitable results at both the participant and population levels, with an increasing disparity between participants in terms of their level of funding, and the observable trend to rapid cost inflation for the Scheme overall, leading to concerns about sustainability.[32]

Eligibility

The NDIS review found "An effective approach to access is essential for the sustainable operation of the NDIS".[33]

Applicants must demonstrate that they meet the disability requirements under section 24 of the NDIS Act, or the early intervention requirements under section 25 of the Act. The review noted

[26] NDIA (2026), Autism data to 31 December 2025, Table 8; NDIA (2026), Developmental Delay data to 31 December 2025, Table 8
[27] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 24
[28] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 216
[29] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 86
[30] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 26, 40
[31] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 269
[32] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 29-31
[33] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 87

concerns that access decisions are being driven by diagnosis rather than functional impairment, and that participants are admitted without sufficient evidence of permanent disability. It also noted specific concerns around the lack of consistency and equity of access decisions, particularly for children.

Recommendation 3 of the review was therefore to "Provide a fairer and more consistent participant pathway"[34]. Actions under this recommendation included, but were not limited to:

- The NDIA should introduce a more consistent and robust approach to determining eligibility for access to the NDIS based on transparent methods for assessing functional capacity.
- The NDIA should change the basis for setting a budget to a whole-of-person level, rather than for individual support items.
- The Australian Government should update and clarify legislation to support a more effective approach to determining access.[35]

The review also noted concerns that the lack of supports outside the NDIS was resulting in people pushing for access to the NDIS when alternatives could have led to better outcomes.[36] It also noted that the process of receiving access through an access list served a purpose in the transition phase of the Scheme, but "led to a focus on medical diagnosis rather than function and disability-related support needs. They have also led to inequity, with some participants automatically eligible while others are not and favouring those with means to obtain a diagnosis".[37]

Assessing reasonable and necessary supports

The NDIS Review found significant problems with how the Scheme determines what supports participants need.

The assessment of reasonable and necessary supports in the Scheme is intended to determine each support a participant requires and set an appropriate budget. However, the Review found that the current approach is complex, inequitable and adversarial and that evidence requirements are unclear and often burdensome.[38]

The Review found that there is no standardised or transparent method for assessing function or support needs in the current Scheme. Delegates rely heavily on external reports from treating professionals, creating inequities between participants who can afford assessments and those who cannot.

[34] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 6
[35] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 6
[36] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 28
[37] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 38
[38] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 38

Participants reported being required to present themselves in the worst possible light to justify supports and relying on costly reports from health professionals which are not always used. This deficit-based approach is disempowering and stressful for individuals and families. It also undermines the NDIS principle of promoting independence and social and economic participation.

The review further found that planning meetings are often short and transactional. They do not adequately consider life transitions or progressive conditions. This limits the ability of plans to respond to changing needs over time. Budget-setting is done by line item, rather than at a whole of person level. Each support must be justified as reasonable and necessary, which leads to inconsistent decisions and frequent disputes. Plans are rigid, and inflexible, creating perverse incentives for participants to seek frequent reviews. This approach consumes significant NDIA resources and contributes to participant stress.

There is evidence that the approach to support needs assessment and budget setting have created unequal outcomes for participants, as evidenced by higher levels of support going to those from higher socioeconomic backgrounds. For example, administrative data collected by the NDIA showed that participants in the highest socio-economic decile (as measured by the Index of Education and Occupation) received plan budgets that were 9 per cent higher than participants in the lowest decile ($55,700 compared with $51,300).[39] Taylor Fry found a similar effect (a higher average for the cluster of 15 SA4 regions above a SEIFA score of 1065), but note the effect is small relative to the broader SA4-level variation.[40]

NDIS Markets

NDIS markets remain immature and uneven, with providers still adapting to a consumer-driven model amid rapid demand growth, workforce shortages, and persistent thin markets. The NDIS Review concluded that "markets have not worked as originally imagined" and are fundamentally social markets that cannot rely on competition alone. In practice, this has resulted in service gaps, variable quality, poor incentives, and exposure to risks for participants, particularly in thin and regional markets.

The current market design is a key driver of these issues. Fee-for-service funding and price caps tend to reward volume of supports rather than quality, outcomes or efficiency, while limited data and oversight weaken governments' ability to detect and respond to emerging risks. As a result, participant access, service quality, and value for money are highly variable, and market failures persist without timely intervention.

These dynamics have direct implications for NDIS sustainability. Inefficient incentives and variable service quality contribute to rising costs without consistent improvements in outcomes, while gaps in service availability drive greater reliance on higher-cost supports over time. The Review makes clear that sustainability cannot be achieved through market forces alone, requiring stronger,

[39] NDIA (2021), 'Plan budgets and socio-economic status report', page 3
[40] Taylor Fry and the Centre for Independent Studies (2023), NDIS Review – Costs, benefits and frameworks

more active stewardship by governments to rebalance incentives, improve market performance, and ensure the Scheme delivers equitable, high-quality and financially sustainable outcomes.

In the NDIS, market stewardship is the role of government in shaping and overseeing how markets operate to ensure they deliver good public outcomes over time, such as access, quality, equity and sustainability and in responding when markets are not working as intended. Effective market stewardship includes oversight of intermediary markets and other market functions that directly influence participant access, quality, integrity and continuity of supports.

The Review found that attempts to steward the market had been limited and that "There is lack of comprehensive, accurate and timely information about who is delivering supports and services and what supports are being delivered…".[41] It concluded that this had reduced governments' ability to identify and respond to emerging risks early.

In particular, the NDIS review found that regulatory and registration requirements are largely determined by the way in which a plan is financially managed, which is leading to high-risk supports being delivered with little regulatory oversight.[42]

After a plan is approved, participants can receive assistance from various intermediaries to help implement it. This includes plan managers who make payments to NDIS service providers on behalf of plan-managed participants, and conduct integrity checks on the payments that are made. It also includes support coordinators who are funded to assist participants to identify and engage with NDIS providers and non-NDIS services. During the December 2025 quarter, over 515,000 participants used a plan manager to help them administratively and understand complex information across the NDIS.[43]

Implementation of the NDIS Review's recommendation of mandatory registration of providers has established a baseline of consistent practice within the plan management market.
However, the size of the plan management market and the current regulatory settings have limited the capacity of the NDIS Commission to effectively oversee this market segment.

The NDIA has estimated that around 90 per cent of plan management providers show significant indicators of fraud,[44] and that this is negatively correlated to provider size. As more participants continue to rely on plan managers, it will increase concerns and complaints about conflicts of interest, sharp practices and patterns of unscrupulous behaviours.

The NDIS Review also found that support coordination lacks "a consistent approach to ensure people receive support that is proportional to their needs." [45] It also found participants experienced a "lottery of whether their provider or specific Support Coordinator is effective or not" and that

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[41] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 180
[42] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 212
[43] NDIA (2026), Quarterly Report to Disability Ministers for Q2 202526, page 69
[44] Australian Senate (2024), Senate Estimates – Community Affairs Legislation Committee - 3 June 2024, p.126
[45] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 99

there was a lack of "sufficient care, skill or integrity" across some providers.[46] Service quality has also been impacted by duplication between the support coordinator role with other NDIS intermediary functions who also assist participants to find and access supports. The NDIS Review found this has "added unnecessary complexity and resulted in considerable variation in the type and quality of navigation support" that participants receive.[47]

Poor service quality is exacerbated by a number of integrity issues across the plan management and support coordination markets. This includes sharp practices, fraudulent behaviour and conflicts of interest, including concerns where providers deliver both support coordination and other NDIS services.

These market issues result in poorer outcomes for participants, inefficiencies across the Scheme, and create risks to participant safety.

Supports outside the NDIS

The NDIS Review reflected on the changes that had occurred to the eco-system of support for people with a disability following the introduction of the NDIS. The description of 'an oasis in the desert' was used by the review to articulate how the availability of disability services outside the NDIS had diminished since the NDIS was rolled out.[48] In their feedback to the review, people with disability identified that this was particularly problematic for children and people with psychosocial disability, and that the failings of these other systems was undermining the sustainability of the NDIS.[49]

The NDIS was not intended to be the primary source of support for people with disability in Australia. It was always intended for people with significant and permanent disability, with a larger ecosystem of supports available under 'Tier 2' in the original design to support people with moderate and low support needs. The review found that these Tier 2 supports have not been delivered.[50] Similarly, state and territory run services outside of the NDIS have been wound back over time as more people relied on NDIS funded supports.

A survey of NDIS participants conducted by the Melbourne Disability Institute in 2022 found that 90 per cent of survey respondents believe that supports and services outside the NDIS are inadequate to meet the needs of people with disability.[51] The same survey also found that there is a significant gap between the promoted availability and accessibility of support and services to people with disability who are not NDIS participants, and people's experiences of attempting to

[46] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 100
[47] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 97
[48] NDIS Review (2023), What we have heard: Moving from defining problems to designing solutions to build a better NDIS, page 24-25
[49] NDIS Review (2023), What we have heard: Moving from defining problems to designing solutions to build a better NDIS, page 4
[50] NDIS Review (2023), Working together to deliver the NDIS - Supporting Analysis, page 31
[51] NDIS Review (2023), Working together to deliver the NDIS - Supporting Analysis, page 30

find and use them.[52] Further, 70 per cent of people with disability indicated that they believed there is less support available outside the NDIS since the Scheme was rolled out.[53]

The Review, therefore, recommended that supports outside the NDIS should be expanded, particularly with respect to children with disability and developmental concerns,[54] and that the NDIS access settings for children under the age of 9 should be adjusted to reflect this expansion.[55] In response, National Cabinet has agreed to investment of $4 billion for the first tranche of Foundational Supports, known as Thriving Kids. Thriving Kids will commence from October 2026 to provide support for children with mild to moderate Developmental Delay and Autism outside of the NDIS. A further $6 billion in joint Commonwealth and state and territory investment is set aside for further Foundational Supports to be delivered.

The lack of available supports outside the NDIS, and the lack of clarity about what the NDIS should be responsible for, has led to the Scheme funding supports it was never envisioned to fund at its inception, for example, the cost of moving house. This is in-part due to the ambiguous, principles-based nature of the Applied Principles and Tables of Supports (APTOS) – a document between the Australian Government and states and territories to define funding responsibilities – and decisions by the Administrative Review Tribunal (ART) and courts which have expanded the scope of NDIS supports over time. This has contributed to upwards pressure on Scheme cost growth.

1.4 Who is affected

The NDIS reforms apply to all 774,456 NDIS participants currently in the Scheme and prospective participants approaching the Scheme, though not all may be directly affected by each reform. All participants, including prospective participants, are potentially affected now by inconsistent decision-making, complex processes, and inequitable outcomes.[56] There were 13,390 participant complaints in the December 2025 quarter, down from 14,109 in the September 2025 quarter but up from 12,162 in the June 2025 quarter. Participant plans are the most common focus of complaints from participants, providers and others.[57] This could reflect uncertainty about what is reasonable and necessary and/or inconsistency in how it is applied.

Families and carers, who face confusing, frustrating and deficits based access and planning processes; with parents forced to present 'the worst versions' of their children to gain support through a deficit model that is disempowering.[58]

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[52] NDIS Review (2023), Working together to deliver the NDIS - Supporting Analysis, page 30
[53] NDIS Review (2023), Working together to deliver the NDIS - Supporting Analysis, page 31
[54] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 124
[55] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 124
[56] NDIA, Summary of Statistics – March 2026, 15 April 2026
[57] NDIA, Quarterly Report to Disability Ministers for Q2 202526, pages 48-49
[58] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 26, 118

Children with developmental delays and autism; almost a quarter of participants are aged 8 years and under,[59] yet the NDIS is not suited to delivering timely and evidence-based early intervention.

People with disability outside the NDIS; there are more than 5.5 million Australians with a disability.[60] This means that more than 86 per cent of people with disability in Australia are not in the NDIS.[61] The NDIS Review identified the government expenditure on disability supports has primarily focused on NDIS support, with 4 per cent of all disability funding spent on supports outside the NDIS in 2024-25.[62] This is a service-offering that shrunk in the years since the NDIS was introduced, and has generated demand for the Scheme.[63]

Service providers are experiencing increasing operational, financial and workforce pressures associated with administrative and operational burden and ongoing changes across the NDIS. National Disability Services' 2025 State of the Disability Sector Report found 84 per cent of providers reported leadership teams spent too much time responding to NDIS changes, while 79 per cent said helping people navigate the Scheme was taking them away from service provision.[64] The Ability roundtable white paper also argues that provider viability under the NDIS is being structurally undermined by the current pricing framework, rather than by provider inefficiency or temporary market conditions. Drawing on benchmarking data, the paper shows that a majority of providers are operating below sustainable margins or at a loss over multiple years, with declining reserves and weakening balance sheets, signalling a sector experiencing persistent financial stress rather than cyclical pressure.[65]

Workforce churn is high, particularly among disability support workers. According to the National Disability Services Workforce Census 2025, burnout was cited by 14 per cent of NDIS workers as a reason for leaving their organisation, while a further 12 per cent reported fatigue as a contributing factor. Frustration with NDIS systems and process was cited among the factors contributing to workers' experiences of burnout and fatigue.[66]

In addition to the direct impacts felt by these cohorts, the inequities in the way the NDIS is operating have whole-of-community impacts. These include:

[59] NDIA (2026), Explore data, accessed 6 May 2026
[60] ABS (2022), Disability, Ageing and Carers, Australia: Summary of Findings
[61] ABS (2022), Disability, Ageing and Carers, Australia: Summary of Findings; NDIA (2026), Summary of Statistics – March 2026. Note: Data from SDAC and NDIA are provided at different points in time and cannot be compared directly. The proportion stated broadly assumes that the number of people with disability has grown in line with wider Australian population growth.
[62] https://www.ndisreview.gov.au/sites/default/files/resource/download/working-together-ndis-review-final-report.pdf Productivity Commission (2026), Report on Government Services 2026, Table 15A.4
[63] What's the difference between 'reasonable and necessary' and 'foundational' supports? Here's what the NDIS review says
[64] National Disability Services (NDS) (2025), State of the Disability Sector 2025, page 10
[65] White Paper: A Model Built to Fail - the Disability Support Worker Cost Model
[66] National Disability Services (NDS) (2025), NDS Workforce Census Report 2025, pages 33-34

- The perception that the NDIS is growing unsustainably, which undermines public support for social programs and means the Scheme's social license is not guaranteed. This is compounded with inequity (perceived and actual) that the Scheme can provide for some people. For example, NDIS participants are able to access more funding through the NDIS than through the Aged Care system when they turn 65, as noted by the Royal Commission into Aged Care Quality and Safety.[67]
- Taxpayer burdens, means without reform, intergenerational equity is threatened as future taxpayers inherit an unsustainable fiscal commitment.
- Government investment in the NDIS also carries an opportunity cost, with the NDIS crowding out other services that could benefit all Australians with disability; this is something that has been noted in the public discourse on the Scheme, including by think-tanks such as the Grattan Institute.[68]
- Rising intergovernmental tensions; states and territories have expressed frustration with unclear responsibilities and boundaries, which could impact the collaborative governance necessary for effective ecosystem of disability supports.[69]

1.5 What has been done

Scheme sustainability has become a significant concern for governments and was a key focus in response to the 2023 NDIS review. The sustainability of the Scheme is not just a fiscal measure, but considers the effectiveness and distributional equity of funding, both amongst participants and across the whole social services budgets at both the Commonwealth, and states and territory levels. The NDIA's articulation of its goal of financial sustainability indicates this broader focus:

> "The Scheme is successful on the balance of objective measures and projections of economic and social participation and independence, and on participants' views that they are getting enough money to buy enough goods and services to allow them reasonable access to life opportunities – that is, reasonable and necessary support.; and contributors think that the cost is and will continue to be affordable, under control, represents value for money and, therefore, remain willing to contribute."[70]

[67] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 70; Royal Commission into Aged Care Quality and Safety, Volume 2: The current system, Australian Government, page 5
[68] Grattan Institute (2025), Saving the NDIS: How to rebalance disability services to get better results
[69] Parliament of Australia – Joint standing committee on the National Disability Insurance Scheme, The interface of NDIS and mainstream services, Chapter 2
[70] NDIS 2016 Insurance Principles and Financial Sustainability Manual, page 18

These reforms aim to establish more control to ensure the success and sustainability of the Scheme.

Previous Budget and legislative measures

Prior to the NDIS Review, the NDIS Act was amended (through the *National Disability Insurance Scheme Amendment (Participant Service Guarantee and Other Measures) Bill 2021*) to require those that perform functions or powers under the NDIS Act to have regard to the financial sustainability of the Scheme.

In 2022 the Australian Government announced the establishment of the Fraud Fusion Taskforce (FFT) in the October 2022-23 Budget. The FFT is a multiagency taskforce that is working to address fraud and criminal activity in the NDIS and other government programs.[71] This was supplemented by further significant investment in the NDIA's capacity to safeguard the integrity of the NDIS and its participants in the 2025-26 Budget. This included $151.0 million over four years, and $43.8 million per year ongoing, to continue enhancements to the NDIA's fraud detection capability.[72]

In the 2023-24 Budget the Australian Government announced the *Improving the Effectiveness and Sustainability of the National Disability Insurance Scheme* measure. This included, but was not limited to, funding to improve the NDIA's processes and planning decisions, funding to help participants to manage their plan within budget, and investment in the NDIA's ability to detect, respond to, and reduce fraud and non-compliance payments.[73]

The Australian Government, and the states and territories, recognised the risk created by the sustainability challenges to the Scheme, and on 28 April 2023 committed to a *NDIS Financial Sustainability Framework* that included an annual growth target of 8 per cent by 1 July 2026.[74]

On 6 December 2023, National Cabinet subsequently agreed to mechanisms to support achieving the 8 per cent target; by implementing legislative and other changes to the NDIS, based on the NDIS Review recommendations. These changes were designed to improve the experience of participants, and restore the original intent of the Scheme to support people with permanent and significant disability, within a broader ecosystem of supports.[75]

Legislative changes were made following the 2023 National Cabinet decisions through the *National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Act* (the Amending Act). The amendments "…enable progress of key NDIS Review recommendations to clarify the NDIS access requirements and the supports that the NDIS will provide a participant, to create a new model for determining a reasonable and necessary budget, and provide more

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[71] 2022-23 Budget Paper No. 2, page 9
[72] 2025-26 Budget Paper No. 2. pages 72-73
[73] 2023-24 Budget Paper No. 2, pages 197-198
[74] Meeting of the National Cabinet - A Better Future for the Federation | Prime Minister of Australia
[75] Meeting of National Cabinet – the Federation working for Australia | Prime Minister of Australia

flexibility on how the Commissioner can take regulatory actions to protect NDIS participants from abuse, harm and neglect."[76] These changes were estimated to significantly moderate NDIS cost growth and were included in the 2024-25 Budget.

In the 2024-25 Mid-Year Economic and Fiscal Outlook (MYEFO) the Australian Government announced $1.1 billion over three years to "support the design and implementation of Foundational Supports, further reforms to the National Disability Insurance Scheme (NDIS) and implementation of the National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No.1) Act 2024 which came into effect on 3 October 2024."[77] This included funding for the implementation of the new planning framework, which is designed to make the NDIS fairer, more consistent and sustainable for the future.

New Framework Planning

The Australian Government is working with the disability community and states and territories to develop the policy and rules for NFP which will include the introduction of a support needs assessment which will:

- Use a person-centred and strengths-based approach.
- Create fairer and more consistent budgets.
- Reduce the need for expensive reports.
- Result in simpler plans with more flexibility.
- Cover longer plan periods for more certainty and fewer scheduled reviews.

This represents a shift away from individual support items to a focus on a person's individual strengths and needs. The information collected through this support needs assessment will be translated into a reasonable and necessary budget. The process for this will be determined by a method set out in a Rule, yet to be agreed with states and territories.

Thriving Kids

From 1 October 2026, rollout of Thriving Kids will commence. Thriving Kids is the first tranche of Foundational Supports and will provide supports to children age 8 and under with low to moderate Autism and Developmental Delay outside the NDIS, and to provide an alternative to families. Thriving Kids will help give children the best start in life by identifying those with additional developmental needs earlier and connecting them to supports.

To support the rollout of Thriving Kids, the Australian Government and all state and territory governments have agreed in principle to change NDIS access arrangements for children. These changes will ensure children and their families are supported to access services from the system best suited to their needs.

[76] NDIS amendment (Getting the NDIS back on track no. 1) bill 2024, 2004-2005-2006 [i.e., the term of the Parliament – see bill]
[77] Mid-Year Economic and Fiscal Outlook 2024–25, pages 294-295

These changes will apply from 1 January 2028, but are subject to further agreement between the Australian and state and territory governments.

Children with permanent and significant disability will continue to be eligible for the NDIS, subject to usual NDIS arrangements. These access changes will require amendments to the NDIS Act following consultation with state and territory governments and the disability community.

Impacts of reforms to date

The cumulative effect of these reforms has put downward pressure on Scheme cost growth, from around 23 per cent in 2021-22 to around 11 per cent in 2024-25. However, this is still above a sustainable level of growth. Therefore on 30 January 2026, National Cabinet agreed to further work to target annual cost increases to 5 to 6 per cent, or lower.[78]

Even with future implementation of NFP and Thriving Kids, these measures alone will not deliver sufficient sustainability outcomes. Factoring in the impacts of these existing reforms, latest projections for the 2026-27 Budget forecasts that the NDIS would still be supporting around 900,000 NDIS participants at a cost of more than $71 billion in 2029-30.[79] This is despite rollout of NFP commencing from 1 April 2027 and Thriving Kids being established from 1 October 2026 through reduced numbers of new children aged 8 and under approaching the scheme from 1 January 2028.[80]

1.6 Data availability

The major data sources relevant to this analysis are drawn from the NDIS Review itself, including the modelling conducted by Taylor Fry for the NDIS Review.

These data sources are augmented with administrative data collected by the NDIA, including but not limited to data on plan utilisation, outcomes and planning satisfaction data, and measures of intra-plan inflation. The NDIA regularly makes data publicly available on its website and through its publications.

Limitations in what is available include with respect to measuring the effect of the reforms on participant outcomes and goal achievement, provider and markets performance and quality, cost-effectiveness and value for money (i.e. in terms of measuring which supports deliver the best outcomes per-dollar). The implementation of the NDIS reforms announced in the 2026-27 Budget will consider how to collect data to measure and monitor their impact and enable evaluation (see Section 7).

[78] Heads of Agreement on the National Health Reform Agreement, National Disability Insurance Scheme reforms and Foundational Supports
[79] NDIA, Internal analysis to support 2026-27 Budget estimates, unpublished
[80] NDIA, Internal analysis to support 2026-27 Budget estimates, unpublished

2. Need for Government intervention

2.1 Objectives for the Scheme

The objectives for the NDIS are articulated in the NDIS Act:

- give effect to certain obligations that Australia has as a party to the Convention on the Rights of Persons with Disabilities;
- support the independence and social and economic participation of people with disability;
- provide reasonable and necessary supports, including early intervention supports, for participants;
- enable people with disability to exercise choice and control in the pursuit of their goals and the planning and delivery of their supports;
- facilitate the development of a nationally consistent approach to the access to, and the planning and funding of, supports for people with disability;
- promote the provision of high quality and innovative supports that enable people with disability to maximise independent lifestyles and full inclusion in the mainstream community; and
- raise community awareness of the issues that affect the social and economic participation of people with disability, and facilitate greater community inclusion of people with disability.[81]

2.2 Objectives of the reforms

The objective of the NDIS reforms announced in the 2026-27 Budget are consistent with commitments made by National Cabinet on 30 January 2026. National Cabinet:

- "...acknowledged the need for continuing reforms **to secure the future of the NDIS, ensuring it is sustainable and can continue to provide life changing support to future generations of Australians with disability**."
- Agreed to "...undertake necessary reforms to achieve annual cost increases of 5 to 6 per cent, or lower." [82]

Sustainability is not simply about cost. It considers the effectiveness of the Scheme and the willingness of governments and taxpayers to contribute to its cost because it is making a positive difference to people with disability. The reforms have therefore been developed with the original intent of the Scheme in mind. An overarching objective is to ensure the NDIS is there to support

[81] National Disability Insurance Scheme Act 2013

[82] Heads of Agreement on the National Health Reform Agreement, National Disability Insurance Scheme reforms and Foundational Supports

people with the most significant and permanent disability through providing reasonable and necessary supports.

Reform objectives relevant to this Impact Analysis include:

- Slowing the growth of Scheme costs to a sustainable level (5 to 6 per cent, or lower).
- Ensuring the NDIS remains available to Australians with significant and permanent disability.
- Making eligibility requirements for the NDIS clearer, more consistent and equitable.
- Ensuring participant's funding goes towards the supports they need most.
- Delivering quality services and support to participants.
- Ensuring intermediary functions consistently provide high-quality services to NDIS participants and other people with disability.
- Restoring confidence in the Scheme.

2.3 Intervention need

In its 2011 report, the Productivity Commission was clear that under an individualised and market-based disability support system, governments still retain responsibility for system performance, must intervene where markets fail, ensure service continuity, and actively monitor and adjust system settings over time.

Disability support markets exhibit several forms of market failure that justify government intervention. For example, the Australian Government has a role in market stewardship and imposing safeguards to ensure quality and continuity of care in the event of provider failure. Recent examples of providers choosing to exit the NDIS market include the South Australian NDIS provider Bedford and Queensland NDIS provider Centacare. The Bedford exit from the market was imminent, with limited capacity in the market to provide continuity of supports for participants. The Australian Government provided financial support for a sale. Centacare was a staged withdrawal aided by early visibility.[83] [84] [85] Further, information asymmetry between participants and providers means participants often lack the information needed to assess provider quality and the effectiveness of different supports. Thin markets, especially prevalent in regional and remote areas and for specialised supports, limit the availability of supports and therefore participant choice and competition. Australian Government intervention in thin markets have included market facilitation and commissioning approaches, aimed at improving outcomes for NDIS participants.

[83] Additional support for Bedford sale | Health, Disability and Ageing Ministers | Australian Government Department of Health, Disability and Ageing

[84] Additional Support for Bedford Sale | Department of Social Services Ministers

[85] 1250 workers and clients with disability protected as Bedford sale process proceeds | Premier of South Australia

The NDIS was designed as a social insurance scheme taking a lifetime view of participant support needs. This requires active management to ensure the Scheme remains sustainable while continuing to meet its obligations to participants.

The Scheme has deviated over time from its original intent to support people with significant and permanent disability and government intervention is required to get it back on track.
The Productivity Commission forecast in 2017 the Scheme would support 476,000 participants and cost $22 billion in 2019-20 (at full Scheme commencement).[86] At the end of March 2026, the Scheme was supporting 774,456 participants. Over the 12 months to the end of March 2026, the Scheme cost $50.2 billion, had a net increase of 57,455 participants and an average annualised payment per participant of $66,800.[87]

Reforms to date have delivered reductions in the annual growth of the cost of the Scheme, from around 22 per cent in 2021-22 to around 11 per cent in 2024-25.[88] However, the Scheme is forecast to continue to grow well above the 5 to 6 per cent target agreed by National Cabinet. The PBO's *2025-26 Medium-Term Budget Outlook: Beyond the Budget*[89] forecast that, without further reform and an annual 8 per cent growth rate, the NDIS would cost $106.7 billion in 2035-36. This would increase its share of GDP from 1.7 per cent in 2025-26 to 2.3 per cent in 2035-36.

The Scheme Actuary has projected that without action, future Scheme expenditure would increase significantly, compared to what was projected at MYEFO. The latest projections for the 2026-27 Budget estimate that Scheme expenditure will increase by $13.4 billion (or $13.9 billion in cash terms) over the 5 years from 2025-26, without further reform.[90] This means that in the absence of reform, costs will continue to escalate and the 8 per cent NDIS sustainability growth target would not be met by July 2026.

At a time when Australians are increasingly concerned about cost of living and affordability,[91] growth at this rate over the medium-term could undermine the community's trust in the legitimacy of the Scheme. While the NDIS has relatively high levels of trust after the 2023-24 reforms (up from 57 per cent to 66 per cent in 2024-25 in the APSC Trust in Australian public services surveys),[92] there are indications of concern about increasing costs in media commentary that has followed the

[86] Productivity Commission (2017), National Disability Insurance Scheme (NDIS) Costs - Overview, page 15
[87] NDIA, Summary of Statistics – March 2026, 15 April 2026. Note: The average annualised payment per participant includes cash and in-kind payments. Total supports include cash payments, in-kind payments and an allowance for support provided not yet paid.
[88] NDIA, Annual Report 2024-25, p.33; NDIA, AFSR 2021-22, page 123
[89] PBO (2025), 2025-26 Medium-Term Budget Outlook: Beyond the Budget, Table 6-1 page 35
[90] 2026-27 Budget Paper No2. Note: This variation is compared to the 2025-26 MYEFO estimates and provided on an accrual basis, while the 2026-27 Budget Paper No. 2 are provided in cash terms.
[91] ANU Poll March 2026 Holding together, Just: Wellbeing, Economic Strain, and Democratic Resilience in Australia, March 2026 | POLIS: The Centre for Social Policy Research
[92] Australian Public Service Commission (APSC) (2025), Trust in Australian public services: 2025 Annual Report, Figure 44, page 39

NDIS Review. The 2023 NDIS Review also found that despite the Scheme costing significantly more than originally forecast, it is not consistently delivering on its promise to participants, while also noting growing concerns about waste and fraud in the Scheme.[93] Achieving sustainable growth was argued by the NDIS Review to be essential to maintaining the Scheme's social license and securing its ongoing future.

Intervention is required to reform the access, funding and administrative settings of the NDIS Act. Without amendments to the NDIS Act there is no credible pathway to deliver sustainability, and the National Cabinet's agreed target of growth of the Scheme between 5 to 6 per cent, or lower, annually.

Achieving the annual growth target will require addressing the structural drivers that are growing the Scheme much faster than the economy and the revenue base to fund it. At a high level, these drivers are the number of participants supported by the Scheme, and the amount of support each participant receives. In addition, effective market stewardship is necessary to fully realise the Scheme's objectives, including participant choice and control, social and economic participation, integrity and safety.

2.4 Alternatives to reforms

There are no feasible alternatives to government action. The NDIS is demand-driven and the NDIA, which administers the Scheme, does not have the levers to moderate growth to the National Cabinet agreed target without changes to the NDIS Act and other reforms announced in Budget 2026-27.

2.5 Capacity to intervene

The NDIS is co-governed and funded by the Australian Government and the states and territories.

The NDIS Act, which is Australian Government legislation, establishes Australian Government responsibility for the Scheme. Bilateral agreements with states and territories formalise cost-sharing arrangements and interface responsibilities. The NDIS is administered by an Australian Government Agency (the NDIA).

The Australian Government is required to engage and consult states and territories on policy and reforms to the NDIS. Changes to the NDIS Act do not require the formal agreement of states and territories. However, some reforms require Category A NDIS rule changes that require unanimous state and territory agreement. The Australian Government has agreed to work together with states on reforms following the 30 January 2026 National Cabinet meeting.

In addition to engagement with states and territories, the broad suite of reforms to the NDIS continues to include consultation and engagement with the disability community (including people

[93] NDIS Review (2023), Final Report - Working together to deliver the NDIS, pages 160, 236

with disability, families, carers and advocates), disability representative organisations, and advisory groups.

2.6 Measuring success

Success of the NDIS reforms announced in the 2026-27 Budget will be determined by:

- Whether these measures directly and positively contribute toward meeting the annual growth target of the Scheme of 5 to 6 per cent, or lower,
  - Scheme growth can be monitored through NDIA Quarterly Reports, NDIA Summary of Statistics, the AFSR, and future Budget variations.
- The consistency and accuracy of eligibility decisions,
  - Proxies for measurement may include the number of decision reviews requested by prospective participants, and the number of successful reviews resulting in affirmation of participant status.
- The quality of supports and services provided to participants,
  - Proxies may include the number of complaints to the NDIS Quality and Safeguards Commission, results of participant satisfaction surveys, the number of registered providers operating in various parts of the NDIS market, and indicators of improved participant outcomes from capacity-building supports including increasing participation in key life domains and reduced reliance on formal supports over time.
- Improved integrity of the Scheme,
  - proxies may include a reduction in the estimated incidence of integrity leakage including fraud risk indicators, the number of investigations and convictions for fraud, and greater visibility of claims by the NDIS.
- Community support for the Scheme.
  - The Department will need to consider ways of measuring public sentiment and support for the NDIS. This may include direct feedback and representations from sector and organisation representatives, media and other publicly available sources.

As discussed in Section 7 of this Impact Analysis, not all of these can be easily measured. However, the proxies outlined above and further in Section 7 can be used in the interim while further work is undertaken to improve measurement, including in the context of developing an evaluation approach.

In addition, the reforms included in this Impact Analysis are a subset of the NDIS reforms announced in the 2026-27 Budget. Measuring success therefore needs to look at the impact of the reforms as a whole in achieving the stated objectives.

3. Policy options considered

3.1 Eligibility and support reforms

Eligibility and support reforms[94]
Option 1 – Do nothing (status quo)
No further action other than existing announced reforms - New Framework Planning, Thriving Kids and linked access changes.
Option 2 – A balanced approach of eligibility and support changes for the NDIS
In addition to existing reforms on New Framework Planning, Thriving Kids and related access changes: **Scheme eligibility requirements** Strengthening the interpretation of permanent, or likely permanent, impairment Tightening eligibility based on access to other service systems **Scheme planning and reassessments** Limited unscheduled plan reassessments Resetting support budgets in social and community participation and capacity building daily activity Tighten the definition of reasonable and necessary supports
Option 3 – More substantial eligibility changes
In addition to existing reforms on New Framework Planning, Thriving Kids and related access changes: **More substantial changes to NDIS eligibility**
Option 4 – More substantial changes to the volume of NDIS supports
In addition to existing reforms on New Framework Planning, Thriving Kids and related access changes: **More significant reductions in the volume of supports a participant can receive**

There are four options considered and are examined in this IA. These vary from status quo – i.e. do nothing (option 1), a balanced approach to eligibility and support changes (option 2 - preferred), through to more significant eligibility changes (option 3) or more substantial changes to supports (option 4).

[94] In addition to options 2, 3 and 4, there are some measures that the Government has already announced an intention to implement: Changes intended to support more consistent and equitable planning; and Changes intended to support Thriving Kids

3.1.1 Option 1: Status Quo

Making no changes to NDIS eligibility or funding for supports other than existing reforms for NFP and Thriving Kids would likely see the Scheme continue to grow at an unsustainable rate, with little prospect of the National Cabinet agreed target of annual growth between 5 to 6 per cent, or lower, being achieved. This option is not considered feasible.

3.1.2 Option 2: A balanced approach to eligibility and support changes for the NDIS

This option provides for tightened Scheme eligibility requirements, and more clarity about the reasonableness of funding levels for participants, as well as reductions to funding for some supports to better align with other social support programs funded by the Australian Government.

Scheme eligibility requirements

The eligibility changes under the balanced approach would include:

- Strengthening the interpretation of permanent, or likely permanent, impairment.
- Tightening eligibility based on access to other service systems.

These eligibility changes aim to restore the focus of the Scheme on supporting people with permanent and significant disability, and protect the integrity and consistency of NDIS access processes.

Strengthening the interpretation of permanent, or likely permanent, impairment

The NDIS Act requires applicants to demonstrate that their disability is attributable to an impairment (or impairments) that are permanent, or likely to be permanent. The continued reliance on Access Lists, and the implications of the Federal Court decision in *National Disability Insurance Agency v Davis 2022* (Davis) have shifted the permanence test away from its original intent.[95] Access Lists used by the NDIS, which were primarily intended to support expedited transition in early stages of transition, have shifted the focus to diagnosis as a means of entry rather than assessment of functional capacity.

[95] The decision in Davis interpreted several key terms used to determine if a participants impairment(s) are permanent in a way that differed from how they were intended to operate. Prior to the Court's decision, 'permanent' impairment had been interpreted as meaning an impairment that was 'irreversible' in nature after having received the 'optimal duration and type of treatment', notwithstanding the impairment may also be episodic or fluctuating. In its decision, the court interpreted 'permanent' to mean enduring rather than 'irreversible'; 'remedy' was interpreted to mean something approaching a 'removal' or 'cure' of an impairment rather than something that would 'relieve' or 'improve' an impairment; 'available' was interpreted to mean a treatment that a participant can in reality access having regard to cost and location; 'appropriate' treatment was interpreted to mean treatment which had the capacity to 'remedy' an impairment and is suitable to be undertaken by the individual; and 'known' treatment was interpreted to mean treatment identified by a medical practitioner, and suitable to a person's particular impairment.

In its final report, the NDIS Review concluded these legal interpretations had widened eligibility to the NDIS, and it recommended that legislative changes be considered to strengthen the operation of the permanence criteria in response to Davis.[96]

While the impact of the Davis decision is not believed to have had a significant impact on Scheme costs currently (though may present future risk), it has resulted in confusion about the test of permanence and the expectation that appropriate treatment should be undertaken in some instances before an impairment can be considered stable and permanent.

This option would introduce primary legislative change to clarify the interpretation of the permanence access criteria, including clarification of when impairments are considered permanent, or likely to be permanent. Legislative amendments will also clarify that all appropriate treatment (that is known, evidence-based and available in Australia) must be undertaken before an impairment is considered permanent, or likely to be permanent. This requirement does not apply if there is a medical reason for an individual not to undertake all appropriate treatment, or if the person falls within a circumstance specified in NDIS rules. The NDIS was never intended to replace health, rehabilitation and treatment services which play a critical role in in preventing and reducing lifelong disability.

These changes would help ensure only people with permanent impairments (rather than treatable ones) gain access to the Scheme, reinforcing the boundaries between health services and lifelong disability supports and restoring the Scheme to its original intent.

More detailed, actuarial modelling is needed to assess the impact of this option on participants and potential mitigations before the permanence changes could be practically implemented. This option would apply to new applicants from 1 January 2028.

Tightening eligibility based on access to other service systems

The NDIS was designed to complement, not replace, supports provided through other service systems. However, over time, the operation of the Scheme has increasingly shifted towards substituting for supports more appropriately funded or provided outside the NDIS due to both legislative insufficiencies and lack of available supports outside the NDIS.

Currently, NDIS access decision makers do not need to consider whether a person is eligible to receive supports through another service system, such as state and territory workers compensation or motor accident schemes. This interpretation was confirmed by the 2026 Federal Court decision of *NDIA v Sutherland* which clarified that NDIS eligibility does not require individuals to prove that other services systems cannot meet their support needs first.

Under this option, primary legislative amendments would clarify the requirement for the NDIA to consider at access whether a person is eligible for similar supports through other alternative

[96] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 232-233

services systems. Alternative service systems would include state and territory compensation schemes.

People receiving supports through state and territory accident and injury compensation schemes are expected to be the main cohort impacted. People in receipt of other types of compensation would remain eligible for the NDIS subject to the usual requirements, and would not be impacted by these changes to access.

A worker, for example, that is injured and receives compensation from a state and territory scheme for supports such as rehabilitation, assistive technology, home modifications and ongoing personal care supports may not be granted access to the NDIS as their needs are met through another service system.

The new requirements would be applied to prospective participants from 1 January 2028. This would restrict NDIS access for people who are eligible to receive support from other specified service systems for the impairment for which they are seeking NDIS support.

Scheme planning and reassessments

For planning and reassessments, this includes three elements:

- Limit unscheduled plan reassessments.
- Reset support budgets in old framework plans for social and community participation and capacity building daily activity supports.
- Tighten the definition of reasonable and necessary supports.

These changes will reduce average and total budgets and control plan inflation .

Limit unscheduled plan reassessments

Participants and their support coordinators can request a reassessment of their plan at any time, with 17 per cent of plans subject to an unscheduled reassessment in 2025.[97] Average inflation (or plan increases) from unscheduled reassessments was 21 per cent in 2025, a large driver of spending growth.[98] Processing reassessments has resourcing implications for the NDIA and the ART. In the December 2025 quarter, the NDIA was only able to meet its legislated requirement to decide whether to do a plan reassessment within 21 days in 31 per cent of cases.[99]

There are currently no limits on who may request a plan reassessment which has resulted in providers making these requests, despite the potential actual or perceived conflict of interest, or where there is no evidence of a change in circumstances. The NDIA conducted a qualitative review on two samples of plan change cases closed between June 2025 and July 2025. The review

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[97] NDIA (2026), Internal analysis of unscheduled reassessments as at 31 December 2025, unpublished
[98] NDIA (2026), Internal analysis of unscheduled reassessments as at 31 December 2025, unpublished
[99] NDIA (2026), Participant Service Guarantee; NDIA (2026), Quarterly Report to Disability Ministers for Q2 2025-26, Page 44

was completed in September and October 2025 and identified that around 25 per cent of plan change cases came from support coordinators.[100]

While NDIS rules outline the considerations a delegate should take into account when deciding whether to conduct a reassessment, they do not enable a delegate to refuse a reassessment on the basis that a participant's circumstances have not 'significantly' changed. There is also no requirement for these changes to be ongoing or result in a substantial change in support needs. Plan change requests can be lodged at any time, including immediately following approval of a plan indicating that the participant or support coordinator does not agree with the plan budget, rather than funding being expended.

Under this option, primary legislation would be amended to ensure that plan reassessment requests can only be accepted from an NDIS participant, a plan nominee (including guardians) or child representative with providers such as support coordinators and plan managers prevented from making these requests.

Primary legislation would also be amended to ensure that unscheduled reassessments would only be conducted where there are significant and likely ongoing change in a participant's support needs. Specifically:

- a significant and permanent change to a participant's functional capacity where that change relates to an eligible impairment;
- a permanent change to the participant's residence which impacts on support needs;
- an ongoing change in the informal supports available to a participant; or
- an unforeseen life transition limited to commencing or leaving education or employment.

Primary legislation would also allow for a notice of transition to NFP to be provided in lieu of a reassessment. There would also be an extension of the timeframe for a delegate to decide whether to conduct a plan reassessment from 21 to 90 days.

Reset support budgets in social and community participation and capacity building daily activity budgets – SCCP budgets

Social, Civic and Community Participation Supports are central to the objectives of the Scheme and remain critical to participant wellbeing and inclusion. In addition, reasonable and necessary funding criteria require the Scheme to consider what is reasonable to expect families, carers, informal networks and the community to provide. Participation focused support, while vital to quality of life, are often shaped by environmental, social and systemic factors and involve shared responsibility with families, carers and mainstream service systems. For this reason, reasonable and necessary

[100] NDIA (2026). Internal analysis and results from desktop reviews, unpublished.
Note: The scope of both desktop reviews were to understand who made the plan change request. One of the desktop reviews also had an additional focus on understanding whether there was appropriate consent or authority from the participant or their authorised representative when the plan change request was not initiated by the NDIA.

decisions must give greater weight to supporting core daily functioning such as toileting, showering, meal preparation, and household tasks like cleaning.

SCCP budgets are out of alignment with other parts of the care and support economy. As at 31 December 2025, participants living in Supported Independent Living (SIL)[101] arrangements – a type of living support for participants with higher support needs – receive on average $84,030 for SCCP.[102] NDIS participants not residing in SIL arrangements are provided with an average of $29,885 per year in funding for community access.[103] In contrast, Australians accessing the Aged Care Support at Home program are limited to eight fixed annual funding packages between $10,731 and $78,106.[104] People accessing the Aged Care Support at Home program must use that funding, plus co-payments where applicable, to purchase all of their supports: in-home, community access (comparable to NDIS funded SCCP) and allied health therapy (comparable to CBDA).

Resetting SCCP budgets mean there will be no changes to budgets for core daily living functional supports. For example: to assist eating, drinking, dressing, toileting, laundry, cleaning, community nursing care, assistance with medication, etc. Similarly, there will be no changes to home and vehicle modifications; personal mobility equipment; consumable products to manage incontinence and menstruation; Specialist Disability Accommodation. Similarly, NDIS participants would continue to be able to request a plan reassessment where there has been a permanent change in their circumstances, though the reduction will still be applied to the newly assessed reasonable and necessary budget for SCCP.

While acknowledged the reduction will impact participants, ensuring that funding for SCCP continues to be available (albeit at a lower rate) will help to mitigate some risks. Social and community participation research for participants with autism, intellectual disability and psychosocial disability found that community participation provides a sense of belonging, increases confidence, builds skills and social networks and reduces isolation.[105] Participants will still be able to continue to access services either at a lower frequency, or through shared/group supports which are charged at lower rates and provide greater opportunities for connection.

It should also be noted that a number of barriers were identified in the research mentioned above, including mainstream and community options not being inclusive, and difficulties in finding the right support from providers to facilitate genuine inclusion, with some participants deferring to disability-specific options for a safer experience. Government's commitment for an

[101] NDIS Review (2023), Final Report - Working together to deliver the NDIS, page 293.
[102] NDIA (2026), Internal analysis of distribution of participant budgets by select support categories at 31 December 2025, unpublished
[103] NDIA (2026), Internal analysis of distribution of participant budgets by select support categories at 31 December 2025, unpublished
[104] DHDA (2025), Support at Home program manual, page 49
[105] NDIA (2022), '*Getting out into the world" pathways to community participation and connectedness for NDIS participants with intellectual disability, on the autism spectrum and/or with psychosocial disability*, NDIA

Inclusive Communities Fund aims to restore mainstream capability to help participants also access genuine community-based supports.

The Department acknowledges that social and community participation are central to the objectives of the NDIS and remain an important part of participant wellbeing and inclusion. However, the reasonable and necessary funding criteria require the Scheme to prioritise supports that address substantial and enduring limitations in core daily functioning – such as personal care, mobility, communication for safety and self-management – where these needs cannot reasonably be met through other service systems. Participation-focused supports, while vital to the quality of life, are more often shaped by environmental, social and systemic factors and may involve shared responsibility with families, communities and mainstream services. For this reason, reasonable and necessary funding decisions must give greater weight to core daily functioning, while continuing to support participation outcomes through appropriate, proportionate, and complementary support.

Reset support budgets in capacity building daily activity budgets –CBDA budgets

As at 31 December 2025, the overwhelming majority of participants (752,454 or 99 per cent) have funding for CBDA – primarily used for allied health therapies and reports. Average annualised CBDA budgets are $13,460[106] per participant, which can purchase around 69 hours of therapy at the NDIS hourly rate of $193.99.[107] In comparison in veterans' care, access to allied health is via a General Practitioner referral and allocated in cycles. One cycle is for 12 sessions or one year, whichever ends first. While there is no limit to the number of cycles, a GP must agree further cycles are clinically necessary. Australians with a Chronic Disease Management Plan receive up to five subsidised allied health sessions per calendar year through Medicare.

Capacity building supports were always envisaged to be part of the NDIS and expected to reduce need for support over time, including capacity building budgets. However, these budgets are frequently not reduced as capacity is gained but rather, participants frequently request plan reassessments or additional supports for capacity building in other areas. Total annualised CBDA budgets grew by 11.5 per cent from December 2024 to December 2025.[108] Average CBDA budgets grew by 5 per cent over the last 12 months to December 2025.[129] Further, in most allied health disciplines there is little research evidence to support high volumes of therapy on a long-term basis.

[106] NDIA (2026), Explore data; NDIA (2026), Internal analysis of distribution of participant budgets by select support categories at 31 December 2025, unpublished

[107] NDIA (2025), NDIS Support Catalogue 2025-26 v1.1, accessed 5 May 2026

[108] NDIA (2026), Supplement E to the NDIS Quarterly Report for Q2 of 2025-26, Tables E.115 and E.116; NDIA (2025), Supplement E to the NDIS Quarterly Report for Q2 of 2024-25, Tables E.115 and E.116;

[129] NDIA (2026), Explore data; NDIA (2026), Internal analysis of participant budgets by support categories at 31 December 2024. Note: Average CBDA budgets in this table is not an annualised figure. Average CBDA Budgets are based on the total committed support allocated to participants over the six-month exposure period (e.g. 1 July 2025 to 31 December 2025) divided by the number of participants with approved plan(s) at the end of the period (e.g. 31 December 2025).

FIGURE 4. TOTAL ANNUALISED CBDA BUDGETS AT 31 DECEMBER EACH FINANCIAL YEAR

The proposed option

The NDIS Act would be amended to insert an instrument making power to allow a level of reduction to be applied to particular budget categories. Under this option SCCP budgets in old framework plans would be reduced by 50 per cent and CBDA budgets would be reduced by 10 per cent.

In determining the extent of SCCP reductions, the department did consider whether reducing individuals' budgets in line with previous utilisation may be an effective way to constrain growth, however this was ultimately not progressed due to the impacts on some NDIS participants where thin market issues are prevalent. For example, where a participant's utilisation is low due to services not being available this may unfairly impact those participants more than participants with higher utilisation in areas where markets are more mature. There is also complexity in implementing reductions based on utilisation given the way in which NDIS budgets are currently developed versus completeness of data on overall SCCP spend by NDIS participants.

This option would address the significant growth in SCCP spend over recent years, and encourage more uptake of group based services at more efficient prices. Group based activities have the potential to continue to allow NDIS participants to access social, economic and community activities at a more efficient price. A shift away from individualised supports may also increase social and community outcomes.

Reductions would be phased in over 12 months from 1 October 2026. This would occur as plans are reassessed from 1 October 2026, then also as plans are renewed from 1 February 2027. Plans will be renewed as each plan reaches its scheduled reassessment date. Expected phasing is:

- 1 in 6 participants would receive the reductions in the first 4 months (1 October 2026 to 31 January 2027) when they undergo a plan reassessment either at their own request, or an NDIA initiated review, e.g. due to hospitalisation or a change of circumstance.
- All remaining participants (5 in 6) would receive the reductions through both plan reassessments and plan renewals occurring over 1 February 2027 to 30 September 2027 once ICT changes allow for bulk renewals (replacing rollovers).

A $200m Inclusive Communities Fund will also be established to rebuild capability among community organisations to provide genuine opportunities for inclusion and connection for NDIS participants and encourage participation in NDIS funded group activities.

Tighten the definition of reasonable and necessary supports

The concept of 'reasonable and necessary' supports lacks specificity, resulting in inconsistent decision making and a progressive broadening of supports funded under the NDIS as a result of Federal Court decisions. Examples include:

- *McGarrigle v NDIA* (2017) – the decision appealed was the NDIA's decision to fund only 75 per cent of Mr McGarrigle's taxi expenses based on family members providing assistance with getting to and from medical appointments. The Federal Court found that the NDIS must fully fund any support that meets reasonable and necessary criteria, and that partial funding is not permitted on the grounds of family contributions or Scheme sustainability considerations.
- *NDIA v WRMF* (2020) – the Federal Court found the NDIA could not rely on policy or assumptions about an individual's capacity or community willingness to pay for supports to decline an otherwise reasonable and necessary support. It also confirmed that value for money and Scheme sustainability considerations were participant specific, not Scheme wide.
- *NDIA v Eastham* (2026) – the Federal Court established that despite the intent of the *National Disability Scheme Amendment (Getting the NDIS Back on Track No.1) Act 2024* to explicitly link the need for a reasonable and necessary support to an impairment that meets the disability or early intervention requirements, there only needs to be a causal connection between a need for support and an impairment that meets access requirements.

This broadening of scope has contributed to plan inflation and plan budgets increasing on average over time, threatening Scheme sustainability.

Under this option, the definition of reasonable and necessary would be tightened and changes would include:

- Permitting the Minister to determine reductions in funding for groups of supports.
- Specifying a maximum amount of funding supports, maximum intensity for provision of support or a maximum ratio of worker to participant for provision of supports for a participant or groups of participants.

- A more rigorous assessment of value for money, including requiring identification and consideration of lower cost options and the length of time a participant will require the support.
- Requiring consideration of whether there is evidence that supports are effective and beneficial for a participant.
- Elevating guidance on reasonable and necessary from the rules into primary legislation on value for money considerations.
- Requiring consideration of what is reasonable to expect family members and informal supports to provide, in particular for children.
- Clarifying that supports will only be funded if required directly because of an impairment that meets the eligibility criteria for the participant.
- Consideration of whether a support would be more appropriately provided or funded by another service system.
- Requiring consideration of Scheme sustainability as part of the reasonable and necessary assessment.

3.1.3 Option 3: More substantial eligibility changes

The Department considered an option focused on more substantial changes to NDIS eligibility, without changes to participant plan budgets.

Analysis determined that while more substantial changes to NDIS eligibility (i.e. tightening eligibility requirements further) would structurally reduce the cost of the NDIS through participant exits, it would only have a short-term impact on moderating the growth of Scheme costs without changes to participant plan budgets. It therefore would be unlikely to meet National Cabinet's target of annual growth between 5 and 6 per cent, or lower, outside of the short-term even though the size of the scheme would be significantly smaller.

Furthermore, more substantial changes to NDIS eligibility were not considered an optimal option because it could result in some people with significant and permanent disability not being able to access the Scheme. This would not be consistent with the original intent of the Scheme. It would also create too great a risk that people with significant need would be left without access to supports critical to their wellbeing and safety (in the absence of adequate alternative supports outside the NDIS). Some of these people would then be expected to return to the Scheme at a later date and require additional support.

This option would also have a significant shock to the market and workforce.

3.1.4 Option 4: More substantial changes to NDIS supports

As an alternative to access changes, the Department also considered an option of more significant reductions in the volume of supports a participant can receive in their NDIS plan. This option would apply a blanket 10 per cent reduction to every support category all participants can receive except SIL and those requiring 24-hour and intensive care, including nursing and ventilation supports.

A further option to freeze all participants' budgets at 2025-26 expenditure level except SIL and those requiring 24-hour and intensive care, including nursing and ventilation supports was also considered.

More significant reductions in the volume of certain supports could result in participants experiencing regression in daily living skills, elevate the risks of injury, neglect and social isolation and ability to engage with employment and community activities. This would undermine the objectives of the NDIS, including the aim to provide reasonable and necessary supports to participants.

Further reducing the volume of supports would have a more significant impact on the NDIS provider market. This could include increasing provider viability risks, providers exits and workforce impacts. Should providers withdraw from regions or specialised service types, this would further exacerbate existing thin markets and increase risks to continuity of support or disorderly exits. The NDIS workforce is highly casualised and reducing demand to this degree may lead to workers leaving the NDIS and a reduction in the pool of suitably experienced workers.

3.2 Plan management reform options

Plan management reform options
Option 1 – Do nothing (status quo)
Option 2 – Plan management panel
Consolidate the plan management market to a smaller panel
Option 3 – Abolish the plan management market
Transition all plan management functions to the NDIA

Reforming plan management would help establish clear expectations and responsibilities in the delivery of services through a dedicated function. The reform options aim to increase the level of oversight of providers and improve quality and consistency of services for participants.

3.2.1 Option 1: Status Quo

This option would maintain current plan management arrangements without structural reform. Plan managers would continue operating under existing market and regulatory settings. There would continue to be approximately 1,400 plan managers operating in the NDIS, and there would continue to be variance in service offering and unscrupulous providers.

3.2.2 Option 2: Plan management panel

Under this option, the plan management services market would be consolidated from around 1,400 active plan managers, to a significantly smaller panel of management providers.[109] The NDIA would commission a panel of plan management providers, which would be subject to a deed arrangement and meet minimum quality and governance standards. The commissioned plan management panel will allow the NDIA, in conjunction with the NDIS Commission, to set service quality and integrity standards while directly addressing quality issues. Panel members would have more concentrated market and plan management services overall. They will therefore benefit from improved economies of scale, which would enable the NDIA to negotiate a more efficient price paid for plan management services. It would also help ensure NDIS participants receive higher quality plan management services, and improve the integrity of payments made through plan management providers.

The NDIA would run an open competitive sourcing process. In this process, the NDIA would evaluate plan management provider responses against quality criteria, and successful providers would be permitted to manage the plan managed components of funding within a participant's plan. This requirement would be in addition to any conditions of being a registered plan management provider with the NDIS Commission.

Participants who access plan management services would continue to have choice over their plan management provider, but would be required to select one of the providers of the panel.

Amendments to the NDIS Act would be required to allow the NDIA to direct participants to choose from a set list of plan management providers on the NDIA-approved panel. Once the panel was introduced, there would be a six-month transition period during which plan managers who were not on the panel would continue to be able to deliver plan management services. At the end of the transition period, plan management providers who were not on the panel would be ineligible to provide plan management services.

Under this option, the majority of plan management providers would be expected to exit the plan management market. Many plan management providers would continue to deliver other disability services. However, a number of plan management providers would be expected to close.

3.2.3 Option 3: Abolish the plan management market

This option would transition all plan management functions to the NDIA. Under this option, the NDIA would deliver some services in-house and outsource some services to payment service providers. The NDIA would be responsible for plan management functions for all participants who are not self-managed, including ensuring claims meet integrity check and legislative requirements, managing claims and payments, and supporting participants to remain within budget.

[109] NDIA, Quarterly Report to Disability Ministers for Q2 2025-26, pages 68-69

In-house delivery of plan management functions would require significant investment from the NDIA in technology improvements.

3.3 Support coordination reform options

Support coordination reform options
Option 1 – Do nothing (status quo)
Option 2 – Light touch reform to existing support coordination market
Mandatory registration for support coordination providers
Option 3 – Commission a new support coordination service with capped program expenditure
Commissioning support coordination functions as a new support coordination and connection service
Option 4 – Commission a new support coordination service with a tighter cap on program expenditure
Commissioning support coordination functions as a new support coordination and connection service, with a greater limit on funding available to deliver the new service.

Currently, support coordinators are responsible for supporting participants to understand and use their NDIS plans and build confidence in navigating the NDIS, including by connecting participants with NDIS providers, community, mainstream and other government services. The potential options considered aim to address lack of oversight and quality control in the support coordination market. How options propose to achieve this varies from light-touch government intervention in the existing market, through to complete market reform and commissioning of a new support coordination and connection service. The potential options include:

3.3.1 Option 1: Status Quo

In this option, the Australian Government would undertake no reform of existing support coordination functions or markets. The market would continue to operate as per current arrangements with participants paying for support coordination services using their NDIS plan funding. As at 31 December 2025, there are 354,114 participants with funding for support coordination in plans.[110]

Key issues in the current support coordination market, including issues with quality and integrity and increasing service costs, would not be addressed. There were 10,903 active support coordination providers during the December 2025 quarter, and only 4,783 were registered.[111]

[110] NDIA (2026), Explore data, accessed 5 May 2026

[111] NDIA (2026), Quarterly Report Supplement E National 2025-26 (Q2), Table E.95

3.3.2 Option 2: Light touch reform to existing support coordination market

This option would involve mandating registration for support coordination providers. This would be the extent of government intervention and reform. Other existing arrangements in the support coordination market would continue, including participants paying for support coordination services using their NDIS plan funding. While this would address some quality and integrity issues, it would not address increasing costs to the scheme for the delivery of the support coordination function.

3.3.3 Option 3: Commission a new support coordination service with capped program expenditure

This option would involve the Australian Government commissioning support coordination functions as a new support coordination and connection service to commence in mid-2028. This could also provide an opportunity to merge duplicative intermediary functions in a single service, pending policy and funding decisions across other intermediary functions. The new service would be subject to capped program funding, which means the service would need to deliver an agreed scope of service within a set amount of funding. Participants would no longer need to use their NDIS plan funding to pay for support coordination services. Instead, they would be able to access the new support coordination and connection service by engaging with providers commissioned to deliver this service according to the participant's assessed need.

This option would increase government oversight of support coordination and connection services, addressing key quality and integrity issues raised by the NDIS Review and other recent consultations. It also leaves open the possibility of including support coordination and connection functions currently delivered in other programs through a single commissioned service.

This option would also support a transition approach that minimises disruption to participants and the sector during NFP reform. It would maintain existing arrangements through the initial rollout of major reforms including NFP and Thriving Kids. Detailed design and implementation of the new service would draw on existing insights from recent engagement with participants, and the disability community (see section 5.4.3), as well as market readiness testing with the sector and states and territories.

3.3.4 Option 4: Commission a new support coordination service with a tighter cap on program expenditure

Similar to Option 3, the Australian Government would commission support coordination functions as a new support coordination and connection service to commence in mid-2028. Participants would be able to access the new service by engaging with commissioned providers, instead of needing to pay for support coordination services using their NDIS plan funding.

Like Option 3, this option would improve the quality and integrity of support coordination services by increasing government oversight. It would retain the possibility of including support coordination and connection functions currently delivered in other programs through a single commissioned service. It would also support a smooth transition for participants and the sector to NFP reform. However, this option would implement a tighter cap on the amount of funding available to deliver the new service. This would mean there would be less funding to deliver the service than in Option 3.

This option would maintain existing arrangements through the initial rollout of major reforms including NFP and Thriving Kids. Detailed design and implementation of the new service would similarly be informed by existing insights from recent engagement with the disability community, and market readiness testing with the sector and states and territories.

4. Likely net benefit of each option

4.1 Eligibility and support reforms

A multi-criteria analysis has been conducted to determine the costs and benefits of each eligibility and support option. This more qualitative approach has been taken due to the nature of the options and the complexity involved in attempting to derive a monetised net benefit figure for each option.

The criteria chosen is as follows:

- Impact on moderating annual Scheme cost growth.
- Alignment with the original intent of the Scheme to support participants who have significant and permanent disability with reasonable and necessary supports.
- Impact on NDIS participants.
- Impact on NDIS providers and the NDIS market.

These criteria have been selected on the basis that they are consistent with the objectives of the reforms and/or enable determination of the impact on key stakeholders.

Each option has been rated on the following scale:

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

The criteria are weighted equally.

The options correspond to the option numbers in the table as follows:

- Option 1 – Status Quo
- Option 2 – A balanced approach of eligibility and support changes for the NDIS
- Option 3 – More substantial eligibility changes
- Option 4 – More substantial changes to the volume of NDIS supports

TABLE 1: MULTI-CRITERIA ANALYSIS

Criteria	Option 1	Option 2	Option 3	Option 4	Explanation
Impact on moderating	-3	+3	+1	+2	**Option 1** would result in NDIS costs continuing to grow well in excess of

annual Scheme cost growth					the original 8 per cent target under the *NDIS Financial Sustainability Framework* and also the 5 to 6 per cent, or lower, annual growth rate target agreed by National Cabinet in January 2026. Despite increased focus on implementing a range of sustainability measures over the past five years, the cost of the Scheme has continued to increase at rates significantly above inflation and population growth measures. **Option 2** would make a significant impact in moderating Scheme cost growth towards the National Cabinet agreed target. **Option 3** would structurally reduce Scheme costs but would have a smaller impact on the Scheme's annual cost growth rate once eligibility changes had been fully rolled out. **Option 4** would moderate Scheme cost growth but not to the same extent as Option 2.
Alignment with the original intent of the Scheme	-2	+2	+1	+1	**Option 1** would result in the Scheme continuing to operate beyond its original intent both in terms of eligibility and supports provided. **Option 2** would be a significant step towards returning the Scheme to its original intent by tightening access and supports. **Options 3 and 4** would include some changes that go towards returning the Scheme to its original intent, but both risk going too far when relied upon in isolation.
Impact on NDIS participants	0	-1	-2	-2	**Option 1** would result in the current issues negatively impacting NDIS participants persisting (inconsistency, inequity etc.). The number of NDIS participants would continue to grow

	and existing participants would remain in the Scheme. **Option 2** would reduce the number of NDIS participants and some of the supports participants can receive through the NDIS, while still enabling those with permanent and significant disability to access the Scheme and receive reasonable and necessary supports. Participants who are no longer eligible may continue to receive supports from other services systems as appropriate. Option 2 would reduce the social and community participation funding participants receive by up to 50 per cent and reduce capacity building daily activity funding by up to 10 per cent. This is likely to result in participants increasing budget utilisation, reducing the amount they access these services and/or increasing their use of group based supports. Tightened application of revised reasonable and necessary criteria is likely to result in some participants' budgets being reduced. A significant change in circumstances being reduced will limit opportunities to change plan funding amounts. **Option 3** would more significantly reduce the number of Scheme participants. It would not impact the supports of participants who remain eligible. **Option 4** would more significantly reduce the supports participants in the Scheme can receive, without impacting the number of people in the Scheme. A blanket reduction in budgets could result in participants experiencing regression or stasis in daily living skills, and elevate the risks of neglect and social isolation.

Impact on NDIS providers and the NDIS market	0	-1	-1	-1	**Option 1** would maintain current conditions for NDIS providers and supply of support. The Scheme would continue to grow at the current rate, increasing demand for supports and services. **Option 2** would impact NDIS providers by reducing the number of participants in the Scheme and the amount of supports available. The magnitude of impact is dependent on the supports reduced and the percentage those supports represent of provider revenue. Smaller providers might be more vulnerable due to smaller buffers, scale, and less diversification, so reductions in supply could result in financial instability and potential market exit. **Options 3 and 4** would negatively impact NDIS providers by reducing the number of participants in the Scheme and the amount of supports funded. The magnitude of impact is dependent on the supports reduced and the percentage those supports represent of provider revenue. Smaller providers might be more vulnerable due to smaller buffers, scale, and less diversification, so reductions in supply could result in financial instability and potential market exit.

Option 1 – total score of -5

Option 2 – total score of +3

Option 3 – total score of -1

Option 4 – total score of 0

4.1.1 Option 1: Status Quo

4.1.1.1 Expected impact on NDIS participants

Without further reform, the number of NDIS participants would continue to grow. At the end of March 2026, there were 774,456 NDIS participants – an 8 per cent increase from 12 months ago.[112] In the AFSR 2024-25, the Scheme Actuary estimates that there could be 1.1 million participants in 2034-35.[113] The latest projections for 2026-27 Budget estimates that, without further reform, the number of participants could grow to around 900,000 by 2029-30 and 1.2 million by 2036-37.[114]

In addition, current issues negatively impacting participants would not be addressed – this includes inconsistency and inequity in decision-making. This option would have a largely adverse impact on efforts to moderate cost growth to a sustainable level and meet the National Cabinet agreed target. Failure to take further action now may also drive the need to make more significant changes in future should costs continue to escalate well above inflation resulting in further damage to the social licence of the Scheme.

4.1.1.2 Expected impact on NDIS providers and the market

Without further reform, demand for NDIS providers and the market and workforce would continue to grow in line with the Scheme, noting demand in the care and support workforce already exceeds, or is close to exceeding, current supply. Major providers continue to report workforce shortages and without change this would continue.[115] Demand for supports would remain higher than under the reform options.

4.1.1.3 Expected impact on government

Without further reform, the Scheme would continue to grow above the target set by National Cabinet. This would put increasing pressure on governments to find the resources to meet its funding commitments to the NDIS, which would impact funding of other government priorities such as Aged Care, hospitals and pharmaceuticals.

In the 12 months to 31 March 2026, total Scheme costs grew by 11.3 per cent.[116] This is well in excess of the lower annual growth target of 5 to 6 per cent as agreed by National Cabinet on 30 January 2026. In the AFSR 2024-25, the Scheme Actuary estimates that annual Scheme costs would reach $95.8 billion and represent 2.1 per cent of Gross Domestic Product (GDP) in

[112] NDIA (2026), Summary of Statistics – March 2026.
[113] NDIA (2025), AFSR 2024-25, page 20
[114] NDIA, Internal analysis to support 2026-27 Budget estimates, unpublished
[115] NDS8096 Workforce Census Report 2025 web.pdf
[116] NDIA, Summary of Statistics – March 2026, 15 April 2026

2034-35.[117] This would be up from 1.7 per cent of GDP in 2025-26, which is already in excess of both Aged Care (1.4 per cent) and the Medicare Benefits Schedule (1.2 per cent).[118]

The latest projections for 2026-27 Budget estimate that, without further reform, Scheme costs could reach $116.7 billion and represent 2.4 per cent of Gross Domestic Product (GDP) in 2036-37.[119]

4.1.2 Option 2: A balanced approach of eligibility and support changes for the NDIS

4.1.2.1 Expected impact on NDIS participants

Expected impact of strengthening the interpretation of permanent, or likely permanent, impairment

The number of prospective participants affected is unknown. Initial internal analysis conducted by the NDIA broadly estimated that the expanded definition of 'permanent impairment' from the Federal Court would have a relatively modest impact in terms of the number actual and prospective NDIS participants that would be effected.[120] However, this estimate is highly uncertain, and a point-in-time estimate only. It is based on incomplete data, and does not include an unknown number of people with treatable impairments that have never applied for the NDIS.

Detailed actuarial analysis will be needed ahead of implementation to fully understand the impact of these changes.

Expected impact of tightening eligibility based on access to other services systems

This option is intended to prevent people with disability concurrently accessing the NDIS and other highly similar services or funding. The proposal would apply to prospective participants only as current participants' access to supports outside the NDIS is already considered during planning, where duplication of supports would be identified and funding reduced. At 31 March 2026, 8,292 NDIS participants (1.1 per cent) are estimated to be in-receipt of compensation – 3,008 of whom are in receipt of support through state and territory compensation schemes.[121]

[117] NDIA (2025), AFSR 2024-25, page 12
[118] PBO (2025), 2025-26 Medium-Term Budget Outlook: Beyond the Budget, Table 6-1 page 35
[119] NDIA, Internal analysis to support 2026-27 Budget estimates, unpublished
[120] NDIA, Internal analysis on the implications of the Davis Federal Court decision, unpublished.
[121] NDIA, Internal analysis of NDIS participants also receiving compensation at 31 March 2026, unpublished