Disclaimer: The information in this paper is provided on an "In Confidence and Need to Know" basis. Information provided in this document is confidential and must be maintained in the strictest confidence.

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.