



Saving the NDIS?

Submission to the Senate Standing Committee on Community Affairs Legislation

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1 Ambitious reform is necessary to save the NDIS

The National Disability Insurance Scheme has grown too big, too fast. Total NDIS costs in 2025-26 are expected to be almost \$54 billion,¹ and have grown at more than 10 per cent per year in recent years. The level of growth of the NDIS greatly outstrips other comparable areas of spending and will not be sustainable on an ongoing basis in the context of competing pressures across all functions of government.

Design flaws and governance failures baked in from the start have persisted. As spending on the NDIS has grown, other disability services have contracted, limiting support options for people outside the scheme.

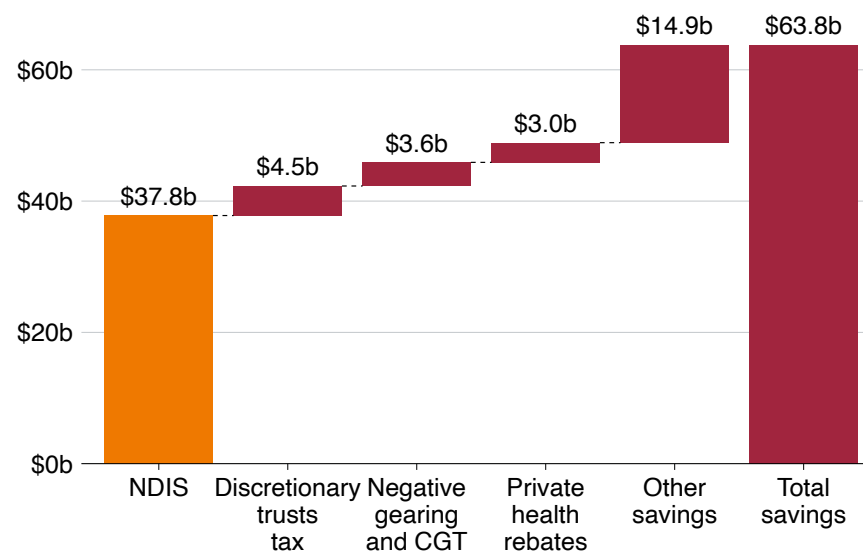
In 2011, when the Productivity Commission initially proposed the NDIS for people with lifelong and severe disability, it estimated the scheme would reach 490,000 people, accounting for population growth.² In fact, the NDIS now supports more than 770,000 people and continues to grow.³

The growth in cost, and the sustained media attention on this, is causing public confidence in the NDIS to fray. Just 42 per cent of Australians think the NDIS offers value for money, compared to 79 per cent for Medicare.⁴

Reining in NDIS growth is also particularly important for the government's overall fiscal position. The government has identified \$63.8 billion in savings and reprioritisations across the Budget; the NDIS reform package accounts for \$37.8 billion of that, or about 60 per cent

Figure 1.1: NDIS reforms account for most of the 2026 Budget's stated savings

Selected major measures contributing to \$63.8 billion in savings and reprioritisations in the 2026 federal Budget



Source: Grattan analysis of Department of the Treasury (2026a).

1. Department of the Treasury (2026a, Table 6.9.2, p. 234).

2. Bennett et al (2025a, p. 9).

3. NDIA (2026a, p. 15).

4. Karvelas (2026).

(see Figure 1.1).⁵ The savings start at \$2 billion in 2026-27, before rising to \$7.4 billion in 2027-28, \$11.8 billion in 2028-29, and \$16.6 billion in 2029-30 (see Figure 1.2).⁶

1.1 Structural adjustments to dampen growth are vital

The government's target of 5-to-6 per cent annual growth in NDIS costs in the medium term is reasonable. This level of growth would cover inflation and population growth, and would be similar to growth in other more mature social programs such as Medicare.⁷

The government is right to focus on fixing flaws in the scheme's design, including inconsistency in eligibility and budget-setting, over-reliance on markets, and inadequate governance. But the operational effort required to deliver these reforms is significant.

NDIS reform to date has been slow and difficult. A previous attempt to introduce mandatory independent assessments in 2021 was abandoned after poor pilot results and intense criticism from advocates.⁸ And more recently, it took governments two-and-a-half years to agree on Thriving Kids – only one part of the wider re-establishment of non-NDIS disability supports that is needed.⁹

5. Department of the Treasury (2026a).

6. Parliament of Australia (2026).

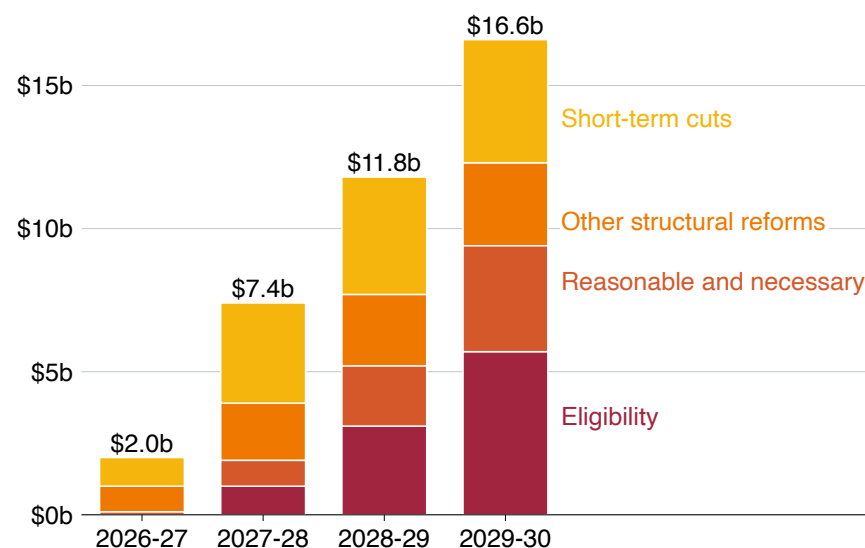
7. Aged care payments are projected to grow by 5.4 per cent a year over the medium term, while Medicare is projected to grow by 5.1 per cent a year: Department of the Treasury (2026a, pp. 109–110).

8. Dickinson and Kavanagh (2021).

9. In December 2023, National Cabinet agreed to jointly design foundational supports: Albanese (2023). Between February and April 2026, bilateral agreements were signed with seven jurisdictions: Federal Financial Relations (2026). Queensland has not reached a bilateral agreement.

Figure 1.2: NDIS reforms are expected to deliver increasing savings over the next four years

Annual reduction in projected NDIS payments from the 2026 Budget measures



Notes: Short-term cuts include the reset to Social and Community Participation and Capacity Building Daily Activities budgets. Reasonable and necessary includes measures to strengthen guidance around reasonable and necessary and New Framework Planning. Other structural reforms include measures related to direct commissioning of plan management and support coordination, mandatory registration, fraud, and ministerial pricing. Eligibility measures include the access changes to enable the Thriving Kids rollout and the Objective Test of Substantially Reduced Functional Capacity.

Source: Parliament of Australia (2026).

And despite savings measures introduced in the 2024 Budget,¹⁰ costs have continued to rise at an unacceptable rate.

Most of the federal government's proposed reforms tackle longstanding structural issues. This is a good thing. But the runway for delivery is ambitious, and failure to effectively implement any part of the program on time risks large numbers of people falling through the cracks and missing out on the supports they need.

1.2 But blunt short-term savings measures risk undermining the scheme

The Budget proposal also includes short-term measures that will deliver \$13.2 billion of the savings projected over the next four years.¹¹ This represents more than a third of total NDIS savings from the package, bringing growth down to 1.1 per cent a year over the period.¹² These measures are more concerning.

The government is proposing a 50 per cent reduction to budgets for Social and Community Participation Supports and 10 per cent reductions to Capacity Building Daily Activities budgets.¹³

Social and community participation is central to the purpose of the scheme. An across-the-board cut of this magnitude to these budgets will have a devastating impact on many people on the scheme, particularly those with higher support needs.

The case for such deep, early cuts has not been sufficiently made and is underpinned by dubious policy logic. The scheme can be put on a

sustainable footing for the long term without resorting to blunt cuts to add to budget savings in the short term.

And even if early savings were necessary, such a deep cut to Social and Community Participation Supports is far from the best way to achieve them.

There is a real risk of government hitting the growth-reduction target while missing the point: relying on blunt cost reductions that worsen outcomes for people on the NDIS while underlying design issues take more time to resolve.

1.3 What this submission does and does not cover

This submission addresses what we consider to be the most significant policy issues related to the government's *Securing the NDIS for future generations* package of proposed reforms. It makes recommendations for changes to the policy intentions of the package, including additions that would improve it.

We have not exhaustively addressed every component of the reforms, or every potential impact.

This submission focuses on the policy intent and practical implications of the proposed legislation, rather than its precise legal drafting or technical operation. We have not proposed alternate wording for the legislation to address our recommendations.

10. Department of the Treasury (2024a, p.7, 29–30). The *National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Act 2024* commenced on 3 October 2024.

11. Parliament of Australia (2026).

12. Grattan analysis of Department of the Treasury (2026a, Table 6.9.2, p. 234).

13. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 205).

2 Most of the reforms address longstanding structural issues

To bring NDIS growth down to the target of 5-to-6 per cent a year, significant structural changes are necessary.

The areas the government is focusing on are generally the right ones, though the changes create the risk of people missing out on supports they genuinely need.

Implementation will require nuance and presents a huge challenge. The program of reforms is ambitious, and failure to effectively deliver any part on schedule risks large numbers of people falling through the cracks.

2.1 Eligibility

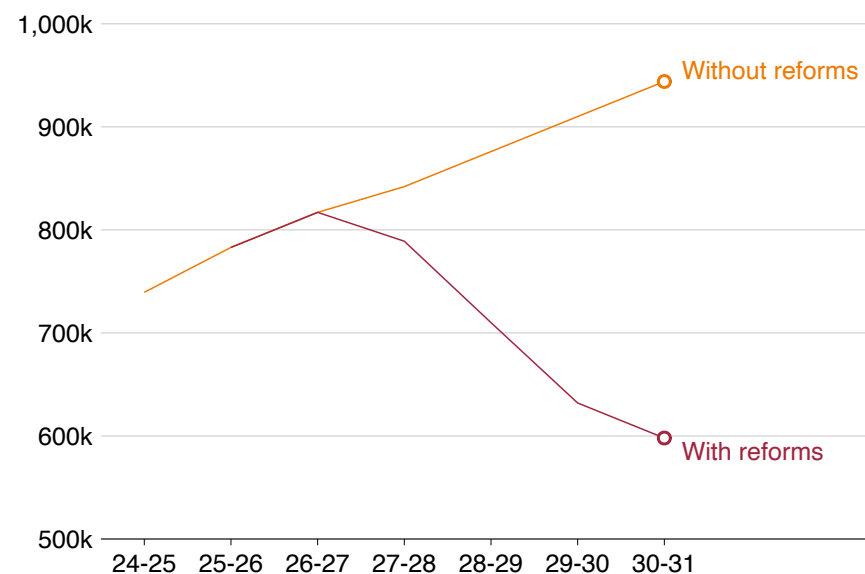
A series of changes to eligibility criteria is expected to reduce the number of people in the NDIS to 598,000 in 2030-31, down from the 944,000 that otherwise would have been on the scheme at that point in time, a drop of more than a third (see Figure 2.1).¹⁴

The government plans to move away from diagnosis lists and instead rely on an assessment of functional capacity to determine entry into the NDIS. This change is consistent with the original intention of the scheme, which was to cover people with permanent and significant disability.

The new section 9B will define functional capacity and enable the use of the new definition in assessments to determine eligibility, expected to commence from 1 January 2028.¹⁵

Figure 2.1: NDIS reforms are expected to significantly reduce the number of people on the scheme

Total number of people on the NDIS with and without planned reforms



Notes: The number of people shown in 2024-25 is the actual number. All other numbers are projections.

Source: Parliament of Australia (2026).

14. Parliament of Australia (2026).

15. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 15).

Clarification of eligibility criteria is welcome and important. Far more people are in the scheme than it was designed for, and once in the scheme, they tend to stay for the long term. This includes many people not envisaged as being part of the scheme, such as people with chronic health conditions.¹⁶

A clear, objective set of eligibility criteria will make growth in the number of people on the scheme more predictable and assist in improving the scheme's long-term sustainability. A more objective threshold could also ensure more consistent and equitable decisions.

However, implementation will not be simple. In originally recommending eligibility criteria grounded in the measurement of function, the Productivity Commission noted in 2011 that there was no single assessment tool that could be applied to the expected diversity of disabilities supported by an NDIS.¹⁷ That remains the case today.

In 2021, the Morrison government sought to introduce mandatory independent functional assessments using a suite of assessment tools mapped to the International Classification of Functioning. While intended to make the scheme fairer, the proposed approach attracted intense criticism and was ultimately discarded.¹⁸

There is little to suggest that determining a fair, evidence-based means of assessment that captures fluctuating conditions, cultural contexts, and complexity will be any easier this time around.

The self-imposed 18-month timeframe for commencement of implementation is ambitious. It will require a similar approach to that attempted in 2021, since this is not sufficient time to design, test, and validate a new instrument, regardless of how knowledgeable the Technical Advisory Group established for this purpose may be.

Beyond functional capacity, new subsections introduced to sections 24 and 25, and a new section 25A, will clarify the definition of permanence, including what constitutes appropriate treatment.¹⁹ These criteria help identify the intended beneficiaries of the NDIS by identifying applicants whose needs are most appropriately and effectively met through treatments in the health and mental health systems rather than disability supports.

Permanence criteria have become an increasingly porous boundary to the NDIS in recent time as a result of Full Federal Court interpretations of legislative provisions that widen eligibility well beyond the intended scope of current operational guidelines.²⁰ The result is that many people with chronic health and mental health conditions – such as arthritis, diabetes, PTSD, or anorexia nervosa – could qualify for the NDIS, not because their needs are best met through disability supports, but because they lack access to affordable health and mental health care.

These are all important needs to be met, but meeting them through the NDIS blurs the line between the health and disability systems and invites cost shifting from health budgets — a trend that risks further undermining the scheme's long-term sustainability.

The government's proposed changes make sense in this regard. But it will be important that the impact of these amendments is contained to strengthening the legal basis for the continued use of existing operational guidelines in assessing permanence, rather than constituting any change to current policy settings.

16. Bennett et al (2025a, p. 10), and Productivity Commission (2011, Appendix H).

17. Productivity Commission (2011, p. 19).

18. Dickinson and Kavanagh (2021).

19. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 61).

20. e.g. Administrative Appeals Tribunal of Australia (2022).

2.2 Reasonable and necessary

The NDIS is transitioning to a ‘new framework planning’ approach that will use a standardised process of assessment as the starting point for determining a reasonable and necessary budget in future. This measure has been delayed for a second time and is now due to start on 1 April 2027.²¹

As a consequence of this delay, the government’s legislative amendments seek to tighten the interpretation of existing reasonable and necessary criteria that apply to ‘old framework plans’, which are all existing and prospective plans under the current system. This includes the inclusion of specific consideration of principles relating to NDIS sustainability in all planning decisions through the new section 17B, as well as other specific amendments to existing sections.²²

Among these, a new paragraph 34(1)(g) introduces a clarified test relating to whether a requested support should more appropriately be funded or provided through a different scheme or government service system,²³ and replacement paragraph 34(1)(aa) further strengthens wording first introduced in 2024 amendments that requires a support to directly relate to an impairment that met the eligibility requirements to be funded.²⁴

These amendments address real concerns – for example, existing wording in section 34 intended to differentiate the role of the NDIS has been interpreted in ways that mean the scheme can be deemed responsible for a support which may be unavailable because another

service system has failed to meet its responsibilities.²⁵ This is a guilt-edged invitation to cost shifting.

Similar to the permanence criteria, these amendments seek to reinforce what government considers to be the original policy intent behind existing provisions, rather than denoting any shift in policy.²⁶ But the devil will be in the detail of how these amendments are operationalised – it is not straightforward to unpick what specific needs relate to a specific impairment. Rules should be developed to clarify the intended application of these strengthened criteria.

2.3 Direct commissioning

The government is starting a process to directly commission plan management, support co-ordination, and Supported Independent Living (SIL). This will involve determining preferred panels of providers for these services.

Section 73EA will enable direct commissioning of plan management by limiting registered plan management providers to only those with a deed of arrangement with the NDIA.²⁷ The new plan management panel will commence from 1 October 2027; the new support coordination panel from 1 July 2028.²⁸ Consultation and design of a commissioning approach for SIL will commence in July 2026.²⁹

This change is welcome; a pure market-based approach has not delivered the best results for all service types. In some cases, it has created inefficiencies, and thin markets in some areas have made it difficult for people to purchase the services they need.

21. Butler (2026).

22. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 48).

23. *Ibid* (p. 51).

24. *Ibid* (p. 25).

25. e.g. Administrative Appeals Tribunal of Australia (2019).

26. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, pp. 24, 46).

27. *Ibid*.

28. Department of Health, Disability, and Ageing (2026).

29. *Ibid*.

Commissioned services can be effective. They can be more efficient, achieve economies of scale and provide funding certainty where that is warranted. Direct commissioning can also help governments better oversee service quality and ensure that people are directed to supports for which there is a strong evidence base. This can help cut wasteful spending on ineffective services.

It makes sense for intermediaries such as support coordinators and plan managers to be commissioned directly by government, considering both the highly variable quality that exists today and the key role these functions can play in improving the integrity of the program.

Including Supported Independent Living in this reform could also be an important lever for change and improvement, but much will depend on how the commissioning approach is designed and implemented. The result must not be the entrenchment of the existing group-home model but a genuine market shift towards better, safer, and more sustainable supports as we outline in section 4.3.1 on page 24.

2.4 Pricing

The Bill will transfer responsibility for pricing decisions to the Minister for Disability and the NDIS. A new section 45C will give the Minister power to make a pricing determination.³⁰

This is likely to be an improvement on the current system of annual pricing reviews. It would improve clarity of accountability for NDIS pricing, and allow faster decision-making and closer alignment to the government's broader fiscal strategy. Using price as a cost-saving lever is less likely to affect people on the scheme than cutting individual budgets.

30. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, pp. 115–122).

The government will also commence consultation on differentiated pricing for registered and unregistered providers. This could enable prices to better reflect real provider costs.

2.5 Foundational supports

With the new eligibility criteria expected to result in 346,000 fewer people on the scheme in 2030-31 than would otherwise have been,³¹ the availability of high-quality alternative services for those who no longer qualify is vital.

Without well-funded and carefully scoped foundational supports, there is a risk people will be left without the help they need when changes to NDIS eligibility commence from January 2028.

The federal government has committed \$5 billion as a 50 per cent share of funding agreed with states and territories for foundational supports. This includes \$2 billion for Thriving Kids, and \$3 billion in a contingency fund.³²

But it will be a tall ask to design, agree on, and implement this new system in time for January 1, 2028, when the new eligibility rules will come into place. It has taken governments two-and-a-half years just to agree on the design and funding of the Thriving Kids scheme.

The federal government should immediately clarify what additional foundational supports it intends to establish and when, with the application of new eligibility assessments sequenced to reflect their availability for impacted cohorts.

The government should target foundational supports that focus on people who will not receive support from the NDIS under new eligibility

31. Grattan analysis of Parliament of Australia (2026).

32. Department of the Treasury (2026b, p. 107).

criteria, and services where a direct commissioning approach can be a more effective way of ensuring access to evidence-based supports.

Early intervention programs, and supports for children with developmental delays and disability that are aimed at building independence and social skills, should be a priority. The Thriving Kids initiative is likely to be inadequately funded to meet demand, and only covers children aged 8 and younger. The program should be upscaled and extended to all school-aged children.

Scale is important. Too few services can mean either not enough spots for each service and long wait-lists, or a little bit of help for everyone but not nearly enough. Foundational supports must be a good substitute for individualised funding: if disability supports for children outside the NDIS are patchy or hard to access, demand for the NDIS will continue to grow.³³

Another essential step is to develop a new National Psychosocial Disability program to provide evidence-based, recovery-oriented supports for adults with psychosocial disability. This is an area of significant unmet need.³⁴

The program should deliver consistent services nationwide, tailored to the needs of different regions. It should fund individual support facilitation, evidence-based and recovery-oriented psychosocial supports, and regional coordination, with a specific service response to meet the needs of First Nations people.³⁵

2.6 Fraud and integrity

The Bill contains several measures aimed at improving the integrity of the NDIS, including measures relating to registration, civil penalties,

information gathering, retention of records, and reducing claim times. These measures are generally welcome.

Fraud is a real problem and tackling it is essential to the scheme's integrity, and maintaining public support. But fraud is unlikely to be a big driver of cost growth. And investment in fraud and compliance initiatives, while necessary, will not deliver big savings.

Treasury has estimated the savings from fraud measures at \$0.9 billion over four years,³⁶ only 2 per cent of the total savings from this reform package, and 0.5 per cent of total scheme costs.³⁷ Despite the government's heavy narrative reliance on the problem of 'shonks, grifters, fraudsters, and crooks' in the NDIS,³⁸ few of the savings in this package will be delivered by cracking down on fraud.

The \$280.1 million over five years (and \$53 million per year ongoing)³⁹ in this budget to continue the Fraud Fusion Taskforce and invest in the NDIA to continue to detect and respond to fraud and non-compliant payments makes \$769 million of new money committed to fraud and integrity initiatives over the past five budgets.⁴⁰

Registration requirements also risk increasing regulatory cost for suppliers, and constraining valuable choice and flexibility for people

36. Parliament of Australia (2026). This amount includes savings from making the Minister responsible for pricing as well as fraud measures.

37. Grattan analysis of Parliament of Australia (2026) and Department of the Treasury (2026a, Table 6.9.2, p. 234).

38. Butler (2026).

39. Department of the Treasury (2026b, p. 107).

40. The federal government invested \$126.3 million in 2022 to establish the Fraud Fusion Taskforce (Department of the Treasury (2022, p. 9)), \$194.3 million in 2024 to better detect and prevent fraud (Department of the Treasury (2024b, p. 172) and Department of the Treasury (2024c, p. 295)), and \$168.1 million in 2025 for the Crack Down on Fraud program and improving the NDIA's ability to detect and respond to fraud and non-compliant payments (Department of the Treasury (2025, p. 73)).

33. Bennett et al (2025a).

34. Health Policy Analysis (2024).

35. Bennett et al (2025b).

on the scheme. It will be important for the necessary extension of mandatory registration to be balanced with opportunities for disabled people to make choices about the supports they purchase, including by directly employing their own staff.

Review intervals should be specified in the legislation, with findings tabled in parliament.

2.7 Plan reassessments

The new section 48A specifies that requested reassessments can only be approved if there is a significant, and ongoing change in functional capacity resulting in a substantial reduction in ability to perform daily activities, or an unanticipated, significant, and ongoing change in living, education, or work arrangements or network of informal support.⁴¹

This specification is appropriate, but the government should track the implementation of this measure carefully through audits to ensure that people with a real need for re-assessment are not being denied it.

2.8 Post-implementation review

A mandatory post-implementation review mechanism should be added to the reform package. The scale and complexity of the changes being introduced – and the significant number of people whose supports and services will be affected – mean that ongoing evaluation is vital. A cyclical review process, aligned with the staged rollout of reforms, should assess the impact of savings measures on people on the NDIS, identify any unintended consequences, and assess whether replacement services are operating effectively.

This would allow the government to make adjustments before problems become entrenched, and delay proposed changes until complementary programs are in place.

41. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 21).

3 But some of the short-term savings measures are blunt and poorly designed

Alongside structural reforms, the Bill would allow government to reduce funding for whole categories of supports in existing NDIS plans. This is a blunt savings mechanism. It risks reducing support for people without showing that their individual needs have changed, that their plans were wrongly calculated, or that the supports are poor value in their circumstances.

To enable these reductions, the Bill would give the Minister power to reduce funding for groups of supports to ensure the scheme's financial sustainability. This power is sweeping. The government's first proposed use for this power — reducing funding for Social and Community Participation and Capacity Building Daily Activities — would undermine core objectives of the NDIS: supporting people to live independently, build capability, exercise choice and control, and participate in their communities.

3.1 The legislation creates a broad power to reduce funding for supports

Proposed section 34(a) would create a new mechanism for reducing funding in plans.⁴² The Bill's Explanatory Memorandum describes this mechanism as 'support determinations' – an instrument that can reduce funding for a specified group of supports in old framework plans by operation of law.⁴³ The Minister could determine a percentage lower than 100 per cent by which a funding component amount for a specified

group of supports is reduced, where this is said to be necessary for the financial sustainability of the scheme.

This is a significant power. It is not limited to the two support categories identified in the Explanatory Memorandum – it could apply to any support category.

As currently drafted, this is a broad fiscal lever that can reduce whole categories of funding without establishing that an individual's needs have changed, that their plan was wrongly calculated, or that the supports being reduced are poor value in their particular circumstances.

The breadth of this power is especially concerning because 'financial sustainability' is a broad criterion. If structural reforms to access, planning, budgeting, pricing, foundational supports, or fraud control are delayed or under-deliver, which as Chapter 2 establishes is a real risk, this lever could act as a fallback mechanism for achieving savings through further category-level reductions. The first proposed use of the power is therefore not the only issue. The legislation would create an ongoing capacity for future Ministers to make further reductions to support categories across the NDIS.

3.2 The proposed use of the power would undermine core NDIS objectives

The issue is not just with the broad construction of the legislative instrument to make the cuts. The proposed cuts are also problematic.

The government is proposing a 50 per cent reduction to Social and Community Participation Supports budgets and a 10 per cent reduction to Capacity Building Daily Activities budgets.⁴⁴ These support

42. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026* (2025).

43. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 29). 'Old framework plans' are plans that were made under the current NDIA planning framework rules. The government is planning to transition people to new framework planning from 1 April 2027: [ndis-reforms-timeline](#).

44. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 205). We have

categories account for about a third of total NDIS expenditure (see Figure 3.1).⁴⁵

3.2.1 Social participation is a critical category of support in the NDIS

Social and community participation is central to the purpose of the NDIS. The statutory objects of the NDIS Act expressly include supporting the independence and social and economic participation of people with disability, and enabling people with disability to exercise choice and control in pursuing their goals and planning their supports.⁴⁶

The government's own explanatory material recognises this, stating that Social and Community Participation supports are 'central to the objectives of the scheme' and remain critical to wellbeing and inclusion.⁴⁷ The government also acknowledges research showing that community participation can provide a sense of belonging, increase confidence, build skills and social networks, and reduce isolation.⁴⁸

But the rationale for the reduction appears to treat these supports as lower priority because they are less directly connected to immediate health and safety than supports such as toileting, showering, meal preparation, and cleaning.

The Department says the 'reasonable and necessary' funding criteria require the NDIS to prioritise supports addressing substantial and enduring limitations in core daily functioning, such as personal care,

interpreted Social and Community Participation Supports as including both core and capacity building support categories related to Social and Community Participation, given the government's lack of specificity.

45. NDIA (2026b).

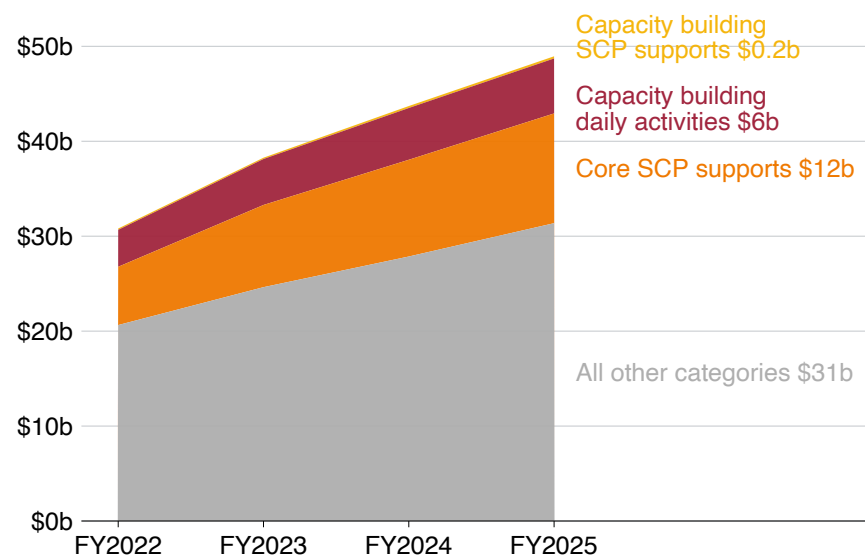
46. *National Disability Insurance Scheme Act 2013* (2013, Sections 3 and 4).

47. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 203).

48. Ibid.

Figure 3.1: The three categories targeted for cuts account for about a third of total NDIS spending

Total payments by support category, FY2022 to FY2025



Note: SCP = Social and Community Participation.

Sources: NDIA (2021), NDIA (2022a), NDIA (2023), NDIA (2024), and NDIA (2025).

mobility, communication, safety, and self-management.⁴⁹ It also says that since participation-focused supports are often more influenced by environmental, social, and systemic factors, and may involve greater shared responsibility with families, communities, and mainstream services, reasonable and necessary funding decisions should give 'greater weight' to core daily functioning.⁵⁰

But the legislation does not support this hierarchy. The reasonable and necessary criteria do not require supports that address personal care or mobility to be prioritised. In fact, the Act expressly requires decision-makers to consider whether a support will assist a person to undertake activities that facilitate 'social and economic participation', on an equal basis with other factors, such as value for money, the likely benefit, and what it is reasonable to expect from families, carers, and informal networks.⁵¹ Participation is not an optional extra within the statutory framework. It is one of its central purposes.

That is consistent with the logic of the NDIS access criteria. Under section 24, a person may qualify for the scheme where an impairment substantially reduces their functional capacity in one or more specified domains, including social interaction, and if the impairment affects the person's 'capacity for social or economic participation'.⁵² The legislation does not elevate mobility, self-care, or self-management above social interaction as more legitimate grounds for access.

Funding decisions refer back to these access criteria, since a funded support must address a need arising from an impairment that was found eligible.⁵³ Proposed Social and Community Participation budget cuts therefore create the absurd possibility that someone could qualify

for the NDIS because an impairment substantially limits their social interaction, have a delegate agree that a support would improve their social participation, be beneficial, and represent value for money, only for the funding for that support to be cut in half, despite it addressing the very – perhaps only – need for which access was granted in the first place.

This contradiction will become even more pronounced when the government proceeds with a standardised functional capacity assessment to determine NDIS eligibility. Any credible assessment tool will need to reflect the organising framework of the World Health Organisation's International Classification of Functioning, Disability, and Health, which already underpins the NDIS legislation.⁵⁴ That framework does not confine disability to deficits in physical functioning. It explicitly recognises barriers to participation in community, social, and civic life as central aspects of disability, and treats both medical and social responses as legitimate and necessary.⁵⁵

The result is a striking inconsistency in policy design. The government proposes to assess disability using a framework that rejects distinctions between 'physical' and 'social' forms of impairment, while simultaneously introducing funding policies that implicitly prioritise physical functioning over social and community participation. In effect, the scheme would measure disability one way, but fund it another.

That is too narrow a view of disability support. Social and community participation should not be treated as a lower-order support simply because it is less directly connected to immediate physical care.

The comparison with aged care also does not provide a sound basis for the reduction. The explanatory material points to aged care package

49. Ibid (p. 203).

50. Ibid (p. 202).

51. *National Disability Insurance Scheme Act 2013* (2013, Section 34).

52. Ibid (Section 24).

53. Ibid (Section 34).

54. *National Disability Insurance Scheme (Supports for Participants) Rules 2013* (2025, p. 4.6), and *National Disability Insurance Scheme (Becoming a Participant) Rules 2016* (2018, p. 7.5).

55. World Health Organisation (2001).

levels to suggest that NDIS community participation budgets are out of step with the broader care economy.⁵⁶ But these are not like-for-like supports, nor are the cohorts directly comparable. ABS data show that people with disability face substantially higher barriers to social and community participation than older Australians. In 2022, people aged 15 and older with disability were nearly 20 percentage points more likely than older Australians to report barriers to participating in social and community activities.⁵⁷

The fact that NDIS community participation budgets are higher than aged care package levels is not, in itself, evidence of excess or poor value. What matters is whether the spending reflects real disability-related need and the nuances of the disability support services market.

Social connection is a recognised determinant of wellbeing and health, and people with disability already face elevated risks of isolation and loneliness.⁵⁸ Reducing social and community participation supports therefore risks cutting support in an area where people with disability already face significant disadvantage.

A scheme that funds only the minimum required to keep people clean, fed, and safe would not deliver the NDIS promised to Australians with permanent and significant disability.

3.2.2 Blunt cuts to social participation will be inequitable

The proposed reductions are blunt and inequitable. A flat percentage reduction does not fall evenly. It has the largest dollar impact on people with the largest assessed community participation budgets – budgets which are higher to reflect higher assessed support needs in that area.

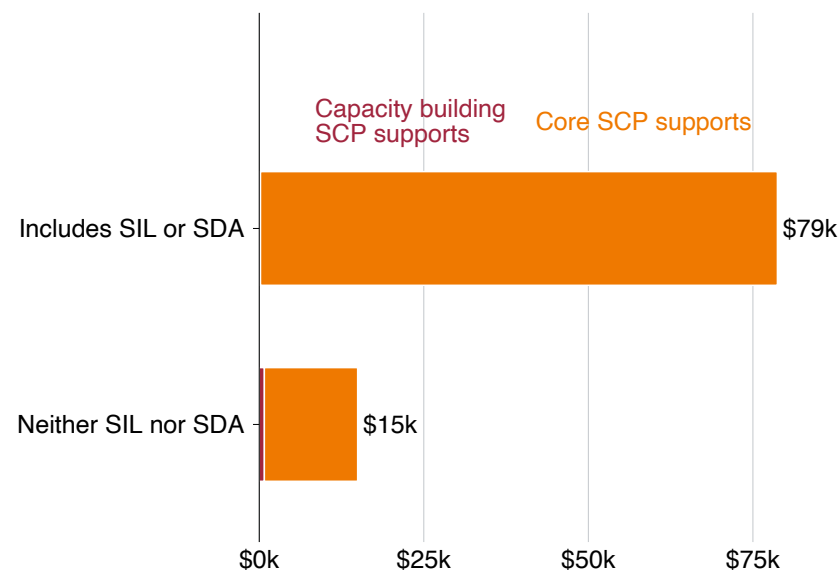
56. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 202).

57. ABS (2024).

58. AIHW (2024, p. 152).

Figure 3.2: People on the NDIS requiring living supports receive about five times as much in social supports as others

Average committed supports for Core Social and Community Participation and Capacity Building Social and Community Participation across all people on the NDIS by SIL/SDA status, 2025



Notes: SCP = Social and Community Participation. SIL = Supported Independent Living. SDA = Supported Disability Accommodation.

Source: Grattan analysis of NDIA (2026c).

This is clear from the government's own data. The proposed measure appears to apply across both Core and Capacity Building Social and Community Participation supports. In the past year, plans which included Supported Independent Living or Specialist Disability Accommodation – supporting the people on the NDIS with the highest level of need – had an average budget of about \$79,000 for those supports, compared to \$15,000 for others (see Figure 3.2).⁵⁹

A 50 per cent reduction would therefore imply an average annual reduction of about \$40,000 in these budgets for people in the SIL/SDA group – compared to only \$7,500 for people who aren't in this group.⁶⁰

This is not only a SIL issue. The same pattern appears across functional capacity. People in lower-function bands are much more likely to use community participation supports and have higher average dollar allocations (see Figure 3.3).⁶¹

The variation is also material across disability groups. Social and community supports make up more than a quarter of the average plan for people with a visual impairment, psychosocial disability, Down syndrome, or intellectual disability, whereas it makes up about a fifth or less of average plans for other disability groups (see Figure 3.4).⁶²

The people facing the largest dollar reductions are likely to include many of the people least able to replace lost support through informal networks, mainstream activities, or lower-intensity group services. For people with profound functional limitations, these supports are often the practical bridge between a funded plan and actual community life.⁶³ A blunt percentage reduction risks deepening the social and community exclusion the NDIS is intended to reduce.

59. NDIA (2026c).

60. Grattan analysis of NDIA (ibid).

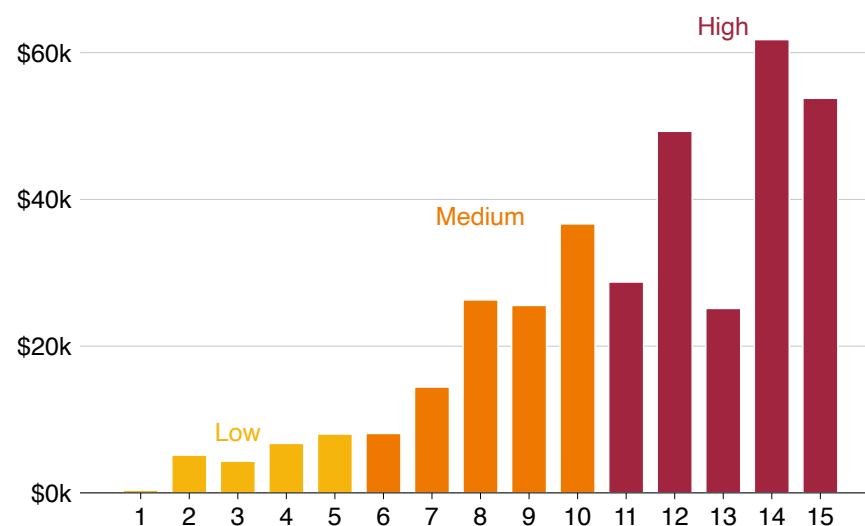
61. Grattan analysis of NDIA (ibid).

62. Grattan analysis of NDIA (ibid).

63. NDIA (2022b).

Figure 3.3: Core social support spending is concentrated among people with higher functional need

Average committed supports for Core Social and Community Participation across people in each function level, 2025



Note: Function levels 1–5 are high function and so therefore deemed to have low functional needs, 6–10 are medium function and have medium functional needs, and 11–15 are low function and therefore have high functional needs.

Source: Grattan analysis of NDIA (2026c).

3.2.3 Proposed mitigations are not real substitutes

The government suggests that some risks will be mitigated because people will still be able to access services at lower frequency, or through shared and group supports charged at lower rates.⁶⁴ This will be true for some people. But it will not be realistic or appropriate for all. For many, particularly those with more complex needs, community participation depends on the right individualised support.⁶⁵

The \$200 million Inclusive Communities Fund is welcome, but is unlikely to mitigate the near-term risks of the proposed reduction. The Fund is currently being held in the Contingency Reserve pending further design and consultation with the disability community.⁶⁶

Building effective community supports takes time, commissioning capability, and local service infrastructure. Grattan Institute previously estimated that more than \$700 million per year would be needed to fund General Foundational Supports: low-level disability supports delivered in the community.⁶⁷ That estimate suggests the proposed Fund is materially smaller than the scale of investment likely to be needed, and in any event will not provide an immediate substitute for individualised NDIS supports already being reduced.

3.2.4 Families and informal carers will have to pick up the slack

These savings won't be achieved without shifting costs onto families and informal carers.

Social and community participation supports help people who access the NDIS to spend time outside the home, build relationships, reduce

64. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 203).

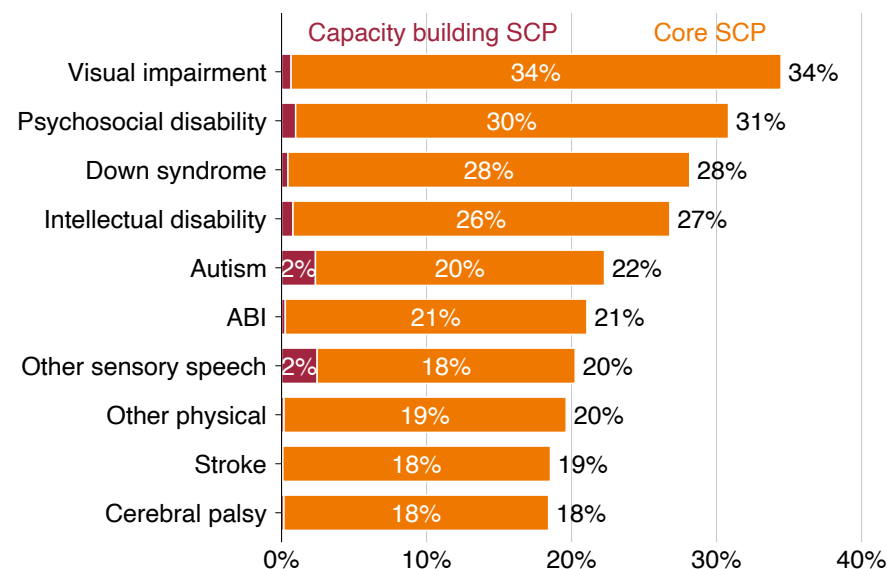
65. NDIA (2022b, pp. 60–63).

66. Department of the Treasury (2026b, p. 108).

67. Bennett et al (2025a, p. 94).

Figure 3.4: Affected supports are especially material for some disability groups

Social and Community Participation committed supports as a share of total committed supports by primary disability, 2025



Notes: SCP = Social and Community Participation. ABI = Acquired Brain Injury. Primary disability groups with lower proportions not shown.

Source: Grattan analysis of NDIA (2026c).

isolation, and participate in ordinary community life.⁶⁸ Reducing these supports does not remove the underlying need. It makes it more likely that parents, partners, siblings, and other informal carers will be expected to fill the gap. The government acknowledged this in its explanatory materials – and that this would disproportionately affect women who make up a majority of primary carers.⁶⁹

This is completely at odds with the intended purpose of the NDIS – to support independence, social and economic participation, and choice and control, while taking account of what it is reasonable to expect families, carers, and informal networks to provide.⁷⁰ It would be a poor outcome if fiscal savings were achieved by increasing unpaid caring responsibilities, particularly when those responsibilities already fall disproportionately on women.⁷¹

3.2.5 Cutting capacity building may be short-sighted

Capacity building is intended to build skills, independence, and capability over time. In principle, effective capacity-building supports should reduce reliance on more intensive supports over the long term. It is therefore unsurprising that the Capacity Building Daily Activities support category makes up a significant share of payments for younger people on the NDIS.

This support category makes up a much larger share of average payments for children and teenagers than for adults. In the past year, Capacity Building Daily Activities accounted for about 65 per cent of average payments for people on the NDIS aged 0 to 8, and 36 per cent

for those aged 9 to 14 (see Figure 3.5).⁷² For adult age groups, the equivalent share was generally about 5-to-7 per cent.⁷³

Childhood and adolescence are critical periods for building functional skills, routines, independence, and capability.⁷⁴ Reducing supports in this category may save money in the short term, but risks weakening supports that could reduce future reliance on more intensive assistance.

The timing of the government's reforms compounds this risk. Some children under 9 are intended to be supported through Thriving Kids, which is due to begin rolling out from 1 October 2026 and reach scale from 1 January 2028.⁷⁵ That is the same period in which support category reductions are intended to begin being phased in.⁷⁶ This places significant pressure on government to ensure that alternative supports are available before NDIS supports are reduced.

For children who are not eligible for Thriving Kids, including older children and children with needs outside the program's scope, there is no clear substitute for supports that build day-to-day functional skills.

3.3 Savings should come from better reform

The NDIS needs reform. But savings should come from better reform, not blunt category reductions.

The government should ensure that NDIS funding is spent on supports that are effective, high quality, and value for money. Previous Grattan analysis has identified supports that are poorly aligned with the best available evidence, and areas where commissioned services may

68. NDIA (2022b, pp. 33–35).

69. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, pp. 230–231).

70. *National Disability Insurance Scheme Act 2013* (2013, ss 3, 4, 34(1)(e)).

71. ABS (2024).

72. Grattan analysis of NDIA (2026c).

73. Grattan analysis of NDIA (ibid).

74. NDIA (2026d).

75. Department of Health, Disability and Ageing (2026).

76. Ibid.

deliver better outcomes than individualised funding.⁷⁷ What's needed is targeted, evidence-informed reform — not blunt percentage reductions across support categories central to independence, capability-building, and community participation.

As discussed in Chapter 2, the government has proposed significant reforms which, if implemented well, could deliver sustainable savings without undermining the purpose of the NDIS. But cutting plans under the old system before the new system is ready risks weakening public confidence at the very moment the government needs to build trust in a new planning and budgeting model.

3.3.1 The case for deep early cuts has not been made

The government has not shown why savings need to be delivered this deeply, this early.

Savings from structural reforms (outlined in Chapter 2) will begin slowly, with \$0.9 billion in 2026-27, increasing to \$12.3 billion in 2029-30.⁷⁸ This slower pattern of savings is because many of the government's substantive reforms are not due to roll out for another one-to-two years. Thriving Kids will begin to be rolled out in October 2026 but won't be fully implemented until January 2028. New Framework Planning is being prepared for rollout from 1 April 2027.⁷⁹ Changes to access based on functional capacity will not commence until 1 January 2028.⁸⁰

Once operational, these measures are likely to put the NDIS on a sustainable growth trajectory.

In addition to these structural reforms, the government's more immediate proposed cuts to Social and Community Participation Supports

77. Bennett et al (2025a), and Bennett et al (2025b).

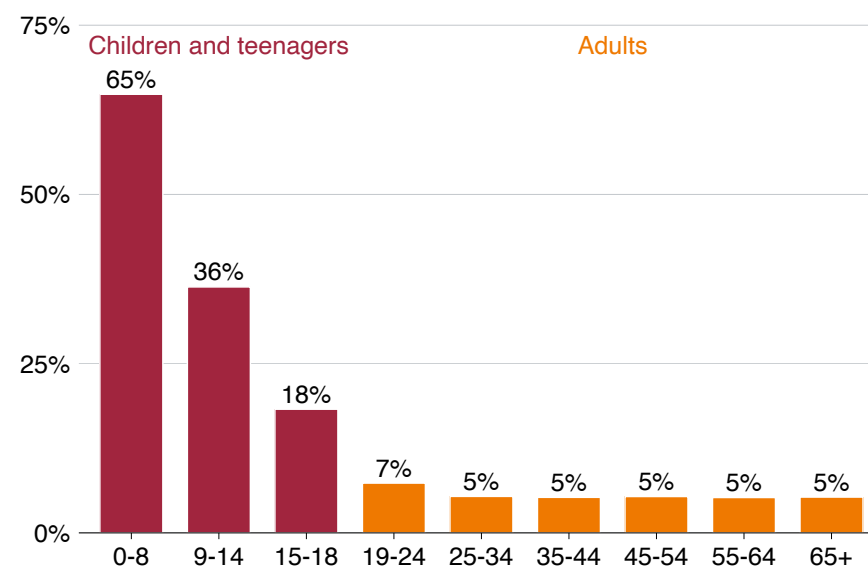
78. Grattan analysis of Parliament of Australia (2026).

79. Department of Health, Disability and Ageing (2026).

80. Ibid.

Figure 3.5: Capacity Building Daily Activities make up a much larger share of payments for children

Capacity Building Daily Activities as a share of average total payments by age group, 2025



Source: Grattan analysis of NDIA (2026c).

and Capacity Building Daily Activities funding are expected to deliver a step decrease in annual costs of about \$4 billion (see more detail in Appendix A).⁸¹

The government has not explained why that step drop is necessary. The real reform task is to moderate the scheme's growth trajectory over time, while leaving the NDIS better designed, more consistent, and better aligned with its original purpose. That requires eligibility reform, better planning and budget setting processes, pricing reform, commissioned alternatives where individualised funding hasn't worked, and better payment integrity. Those reforms take longer because they require design, consultation, infrastructure, and transition arrangements.

By contrast, the proposed support reductions are fast because they are blunt. They do not fix any underlying design problem in the NDIS. They may deliver early fiscal savings, but they do so in a way that leaves the NDIS worse.

3.3.2 Even if early savings were necessary, this is the wrong way to achieve them

Even if the government could establish a need for short-term savings of this magnitude, it has not shown that this was the best way to achieve them.

The government considered, and rejected, a 10 per cent reduction across plans.⁸² That option would also have been crude. But a general reduction would at least have been transparent about the purpose of the measure: achieving short-term fiscal restraint. It may also have preserved more choice and control by allowing people who use the

NDIS and their families to identify where savings could be found within their own plans.

The chosen approach is more troubling because it does not just save money. It makes a policy judgment about which parts of people's lives matter less. It protects supports more directly connected to immediate health and safety, while sharply reducing supports connected to social participation, community life, and capacity-building. It embeds a hierarchy of need that is difficult to reconcile with the objects of the NDIS.

The government is right to insist that NDIS funding should be effective, high quality, and value for money. But value for money should be assessed by evidence, not by assuming that social and community life is inherently less important than personal care. Savings should come from real policy reform.

The support determination power should therefore not proceed in its current form. At a minimum, it should be narrowed so that it cannot be used as a general fiscal lever to reduce whole categories of funding without stronger safeguards, published evidence, consultation, and protections for people with high support needs.

The NDIS needs reform. But the test is not whether the government can reduce projected expenditure quickly. The test is whether reform leaves the scheme more coherent, more effective, and better able to fulfil its original purpose. Blunt early cuts fail that test.

81. Expected savings are \$3.7 billion in 2027-28, \$4.1 billion in 2028-29, and \$4.3 billion in 2029-30: Parliament of Australia (2026).

82. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 207).

4 And there are missed opportunities to go further

The government's proposed package of NDIS reforms is appropriately ambitious, and mostly calibrated towards fixing real and longstanding structural issues with NDIS design – with the notable exceptions outlined in Chapter 3. But not all of the measures address the problems identified in the most effective ways, risking missed opportunities.

NDIS eligibility changes should go beyond the more accurate definition and measurement of function to also address the NDIS's long-standing failure to deliver effective early intervention. The adoption of multiple new assessment processes should be consolidated into a single assessment process for access and funding decisions. And plans to directly commission some NDIS services should be expanded to include psychosocial recovery programs and innovative housing and living supports.

4.1 Remove the early intervention criteria

It is clear that the absence of a specific definition of substantially reduced functional capacity in the NDIS Act has contributed to inconsistent decision making about eligibility for the program, which has unintentionally widened access.⁸³ Measures to clarify the definition and to link this definition to a more consistent method for measuring function are welcome.

But the application of criteria to assess functional capacity, as well as the interpretation of permanence which is also addressed by the government's reform measures, are not the only problems with the access criteria. The application of early intervention criteria, where the bar to entry is less about functional impact and more about the

likelihood of early intervention support reducing future need, are just as problematic.

Similar to the disability requirements, the NDIS Act provides no specific thresholds to assist with the consistent determination of the early intervention criteria, with means that entry to the scheme hinges entirely on a clinician's judgment.

And once people are on the NDIS, the program's heavy reliance on individualised funding as a pathway to medicalised supports has not proved well suited to deliver what most people need from early intervention, particularly the children with developmental delay or disability who make up the majority of entrants under these criteria.⁸⁴

The market-based model of the NDIS has made it hard to deliver support in ways that conform to well-established principles of early intervention best practice that require evidence-based support to be integrated into the mainstream settings where children live, learn, and play.⁸⁵ The model has instead incentivised providers' pursuit of ongoing business, often at the expense of high-quality early intervention.

It has proved impossible for the NDIA to operationalise two very different individualised funding pathways with different policy objectives – early intervention versus lifetime disability support – in a way that

83. Bennett et al (2025a).

84. Ibid (p. 30).

85. Department of Social Services (2024, pp. 24–25), Dimmock et al (2024), and Trembath et al (2022).

delivers optimal results for children and families.⁸⁶ There is no reason to assume that this will improve as a result of the proposed reforms.

Foundational supports are the right idea to deliver early intervention for children with developmental delay or disability, since they afford government the opportunity to commission evidence-based services and better incentivise early intervention results. Thriving Kids is a good start, albeit too narrow in scope and funding as outlined in Chapter 2.

But the government's eligibility changes leave the current early intervention criteria in section 25 intact.⁸⁷ Under the proposed changes, a more objective threshold will be introduced that could help strengthen the application of these criteria, but this will leave two separate systems – foundational supports and the NDIS – both responsible for the delivery of early intervention.

There is no clear logic for creating two early intervention pathways, one dependent on individualised funding – a looser, and less effective, method of allocating resources – and one through foundational supports which uses commissioned services. Especially where the looser method is to be applied to people with higher levels of need. This is not the optimal design for either system and creates another complex system interface.

Foundational supports should be available to people who need some support but are not best served by lifelong disability support delivered through an individualised plan. This should include a range of early intervention supports of differing types and intensities. These services

should substitute for rather than duplicate the supports currently provided under the NDIS early intervention criteria – including for all people under the age of 18 with developmental delay or disability who are supported through the NDIS early intervention approach.

It would be far simpler and clearer in terms of ongoing service responsibilities if the government were to excise the current early intervention criteria from the NDIS Act altogether, as we have previously proposed.⁸⁸ This would clarify the distinct roles of the NDIS and foundational supports, and immediately identify the priority cohort for reassessment under the new functional capacity test as being about 170,000 children and young people currently served under this criteria.⁸⁹

Children who are reassessed should be either transitioned out of the NDIS to Thriving Kids, or moved onto receiving lifetime supports under the NDIS disability requirements. Any adults on the NDIS under the early intervention requirements – for example, people with newly acquired disabilities or degenerative conditions – should be transitioned to the disability requirements, where any further tailoring to their early experience of the NDIS can be achieved through the use of stated supports.

4.2 Adopt a single assessment process

The introduction of standardised assessment processes in the NDIS has the potential to significantly improve the consistency, fairness, and predictability of decision making. If these reforms are well designed and implemented, they will improve results for disabled people and support the sustainability of the program.

But the government should also seek to ensure that any chosen assessment approach places the least burden possible on applicants

86. The NDIS introduced an early childhood early intervention approach in 2016, and initiated a 'reset' in 2020, informed by extensive national consultation: NDIA (2020). Despite these efforts, the 2023 Review of the NDIS concluded that 'the approach to supporting children with disability or developmental concerns and their families is not working': NDIS Review (2023, p. 388).

87. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026).

88. Bennett et al (2025a).

89. Ibid (p. 30).

and disabled people on the NDIS, and does so for the greatest gain and with the lowest administrative overhead. Nobody stands to benefit from excessive, repetitive, or overlapping assessment processes.

Yet the government's current plans involve precisely that – the design and implementation of two separate assessments for eligibility and budget setting, when one would suffice. The adoption of a new needs assessment process to inform funding decisions is planned for a delayed commencement from April 2027,⁹⁰ while a separate assessment of function is subsequently to be introduced in January 2028 to improve eligibility decisions.⁹¹

While functional capacity and reasonable and necessary supports are the animating concepts in the NDIS access and funding criteria, there is a clear and direct relationship between the two. For example, a permanent impairment assessed as resulting in substantially reduced mobility would be expected to result in a need for funded support in that area.

The same process can be used to determine someone's eligibility for the NDIS as well as their plan budget should they meet access requirements. This was the intention of the independent assessment process that was ultimately not progressed under the Morrison government in 2021.⁹² While the implementation of this reform was flawed, the idea behind it was better than the current government's plan to artificially separate the assessment of function and support needs as if they are somehow very different rather than complimentary constructs.

A person's eligibility should be assessed on the basis of their substantially reduced functional capacity, and their funding entitlement should

reflect the expected costs of providing a reasonable and necessary package of supports for someone with a similar level of function, support need, and environmental and personal context.

The information needed for both access and planning purposes is therefore very similar, so asking people to undergo two assessments is unnecessarily burdensome and duplicative. It doubles the bureaucratic load for no discernible benefit.

A single assessment process should instead be adopted that provides the information needed for both decisions by bringing together an assessment of function and support needs. This process, including any tools chosen, should be mapped to the International Classification of Functioning.⁹³

The single assessment process should be seen as a valuable intervention in itself, with the outputs from the process useful to NDIS applicants regardless of their eligibility. For example, a statement of assessed function and support needs resulting from this process could be a useful input for people with disability engaging with foundational supports or mainstream services.

The government should use the additional time it has allowed itself in advance of the commencement of New Framework Planning in April 2027⁹⁴ to bring these separate assessment processes together. The Technical Advisory Group that the government has committed to establishing to provide advice on the design and implementation of a new eligibility assessment model⁹⁵ should integrate within its terms of reference advice on how functional information can be used for planning purposes, as we have previously proposed.⁹⁶

90. Butler (2026).

91. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026, p. 11).

92. Joint Standing Committee on the National Disability Insurance Scheme (2021, pp. 8–9).

93. Bennett et al (2025a, p. 36).

94. Department of Health, Disability and Ageing (2026).

95. Department of Health, Disability, and Ageing (2026).

96. Bennett et al (2025a, pp. 35–38).

The NDIS Act should be amended to be clear that any assessment identified through rules for the purposes of assessing eligibility under section 24 can also be used for the purposes of assessing the person's need for supports under section 32L for the purposes of budget setting.

4.3 Expand commissioning priorities

The government's plan to directly commission some NDIS services rather than depend only on individualised funding used in the open market is a welcome development. The government can achieve better value and better results from having a firmer hand on the tiller through service commissioning where this is warranted and done well.

The areas identified as priorities for this approach – plan management, support coordination, and Supported Independent Living (SIL) – all have merit. But as we outline in Chapter 2, there are risks associated with the SIL focus, and there are also other areas that should warrant equal consideration.

4.3.1 Supported Independent Living is too narrow a focus for the reforms that are needed

SIL is a funding mechanism, created by the NDIS to enable payment for packages of in-home support for people with higher support needs, often in shared support settings.⁹⁷ It's most common for people with SIL funding to live in group homes.⁹⁸ These are houses where support is provided for several people under one roof. Many group homes have three or four residents, while some (known as 'legacy stock') have six or more people living together.⁹⁹

People who live in group homes tend to stay there for a long time. Nearly four out of five people have lived in their group home for

decades, having transferred into the NDIS from old state-run disability systems.¹⁰⁰ The NDIS was supposed to provide these disabled Australians with more choice and more opportunity to live independently in the community. But in practice little has changed since the scheme was introduced in 2013.¹⁰¹

The Disability Royal Commission heard extensive testimony that showed violence, abuse, neglect, and exploitation is common in group homes.¹⁰² And the NDIS Quality and Safeguards Commission found more than 7,000 serious incidents of abuse or neglect between 2020 and 2024 in a sample of seven of the largest providers of disability group homes.¹⁰³

There are many issues with the technical operation of SIL – including ensuring that providers can remain viable when operating with significant vacancies, which is common, particularly in legacy stock.¹⁰⁴ These issues do warrant consideration when designing a new commissioning approach. But fixing these issues should not be the government's primary objective – that would be like rearranging deckchairs on the Titanic, given the glaring inadequacies of the current system in delivering quality, safe, and sustainable support for the people that depend on it.

The right frame for direct commissioning in this area should be improving the effective and efficient delivery of a range of intensive in-home supports, reducing the NDIS's reliance on overly restrictive, institutional models of service, and enhancing results for the people that require this level of care. None of these things can be achieved through block

97. NDIA (2026e).

98. Bennett and Orban (2024, pp. 8–9).

99. NDIS Review (2023, p. 592).

100. Ibid (p. 561).

101. Bennett and Orban (2024).

102. Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (2023, Part C, p. 617).

103. NDIS Quality and Safeguards Commission (2023, p. 46).

104. The Ability Roundtable (2023, pp. 16, 21–22).

procurement of SIL, but they could be significantly progressed through a suitably bold and ambitious commissioning strategy.

There has been no mention of innovation in the government's reform proposals to date, despite the lack of innovation that has so far resulted from individual consumer purchasing in the marketplace. Any credible reform package for the NDIS should address this deficiency. Innovation in high-cost plans, particularly those including SIL, should be front and centre of NDIS improvement – after all, this is 28 per cent of the NDIS budget for only 5 per cent of the scheme's users.¹⁰⁵

The government should clarify its intentions for SIL commissioning and design a program of work that is not fixated on SIL vacancy rates, but holistically looks at how innovations in housing, support, and technology can improve results and reduce costs in this vital part of the scheme. Grattan's work has shown this is possible,¹⁰⁶ and the absence of action in this area is negligent.

4.3.2 Psychosocial support facilitation

Many people on the NDIS with psychosocial disability have limited informal support and need additional help to identify their recovery goals and engage with services. Currently, people with psychosocial disability have access to two supports to assist in these areas: Psychosocial Recovery Coaches and Support Coordinators.¹⁰⁷ But there is ambiguity about the intended functions of the two roles,¹⁰⁸ and government's current commissioning plans only mention the latter.¹⁰⁹

In our previous work we proposed that a Support Facilitator role should be commissioned, synonymous with the Psychosocial Recovery Navigator role recommended by the 2023 NDIS Review.¹¹⁰ We saw this role as being available to anyone accessing our proposed new National Psychosocial Disability Program – a foundational support outside the NDIS – as well as anyone in the NDIS with a primary psychosocial disability.¹¹¹

This was with the intention of smoothing transitions between support systems for people accessing services – we envisaged an intentionally porous boundary between these systems so that people can 'step down' from the NDIS to lower-intensity psychosocial supports outside the scheme – and to step back up if their needs increase again.¹¹²

The integrated design of our proposed Support Facilitator role would be integral to help people move between NDIS and non-NDIS services based on their changing needs, without severing or compromising their support relationship.

The government should extend the scope of its proposed direct commissioning of services to incorporate commissioning of psychosocial support facilitation, in parallel with the work that must also be progressed to establish a more comprehensive system of psychosocial supports in advance of eligibility changes from January 2028.¹¹³

105. Grattan analysis of NDIA (2025, Supplement E).

106. Bennett and Orban (2024).

107. NDIA (n.d.).

108. NDIS Review (2023, p. 507).

109. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026).

110. Bennett et al (2025b, p. 27), and NDIS Review (2023, p. 507).

111. Bennett et al (2025b, p. 27).

112. Ibid (p. 27).

113. *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 - Explanatory Memorandum* (2026).

Appendix A: The short-term cuts are unnecessary to hit the long-term growth targets

The government's proposed short-term cuts will deliver more than a third of the package's \$37.8 billion savings over the four years to 2029-30, but will do nothing to dampen the long-term growth rate of the NDIS. The government's stated growth target of 5-to-6 per cent a year would be achieved with or without the short-term cuts.

A.1 The short-term cuts will cause a one-off fall in annual NDIS costs

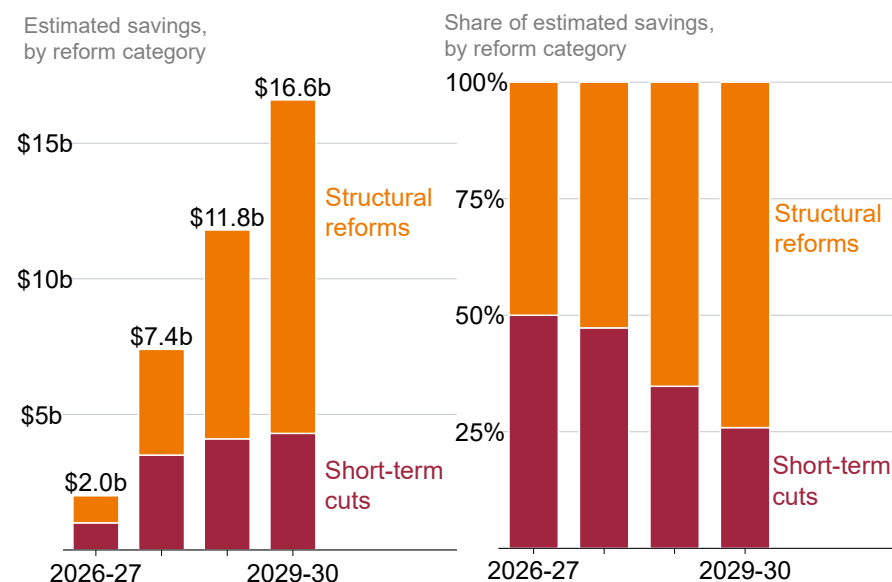
The short-term cuts will have an almost immediate effect on costs, reaching their full impact of about \$4 billion a year by 2028-29 (Figure A.1). After 2028-29, savings from the short-term cuts will plateau, increasing by only 5 per cent in 2029-30, while savings from the structural reforms will increase by about 60 per cent. These growth patterns mean the short-term cuts will contribute a shrinking proportion of total savings from the reform package, down from 50 per cent in 2026-27 to 26 per cent in 2029-30.

This plateauing of savings means the impact of the short-term cuts will be a step fall in annual scheme costs, rather than a dampening of the rate of long-term growth.

A.2 The government's scheme sustainability targets will be achieved with or without the short-term cuts

Over the next four years (the published forward estimates), the full package of reforms will drag NDIS cost growth down to 1.1 per cent a year, a cut in real terms. Without the short-term cuts, cost growth would be 3 per cent a year. This would still be a real cut in population-adjusted terms, and well below the government's target long-term NDIS growth rate of 5-to-6 per cent a year (Figure A.2 on the following page).

Figure A.1: The short-term cuts deliver a shrinking share of the NDIS savings



Source: Grattan analysis of Department of the Treasury (2026a, Table 6.9.2, p. 234) and Parliament of Australia (2026).

In the period after 2029-30, NDIS cost growth under the full package of reforms will be about 5 per cent,¹¹⁴ from a base cost of \$56 billion in 2029-30.¹¹⁵ Were the Bill to be passed with the short-term cuts removed, cost growth would still be about 5 per cent, but from a higher base cost of \$61 billion in 2029-30 (Figure A.3 on the next page).

A.3 How we derived our estimated savings

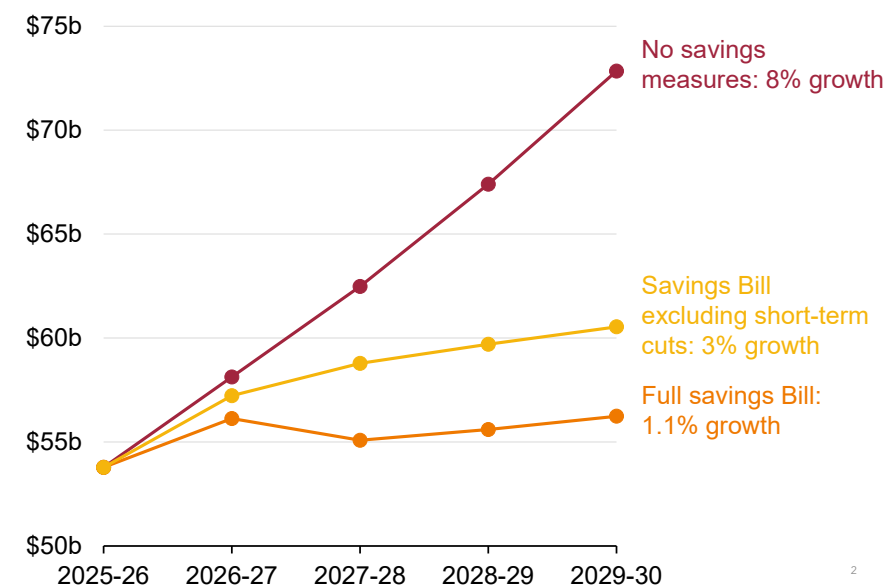
Over the four years to 2029-30:

- The 2026 Budget includes the scheme costs if the full savings package is passed.¹¹⁶
- The response of the Minister for the NDIS to Senate orders of 14 May 2026 includes an itemised breakdown of savings.¹¹⁷ We use this breakdown to calculate what total scheme costs would be over the four years to 2029-30 without any savings measures, or without the proposed short-term cuts.

After 2029-30:

- Minister Mark Butler said in his pre-Budget speech at the National Press Club that cost growth will be 5 per cent from 2030 if the full reform package is enacted.¹¹⁸
- Growth in savings from the short-term cuts between 2028-29 and 2029-30 is 5 per cent. We assume savings from the short-term cuts will continue to grow by 5 per cent a year from 2029-30 onwards. There is no reason to expect the savings from these measures will grow any faster than 5 per cent, because the support determination will already have taken effect for all active

Figure A.2: An NDIS savings Bill without the short-term cuts would deliver 3 per cent growth a year over the next four years
NDIS cost



Note: Includes both federal and state contributions to the cost of the NDIS delivered through the National Disability Insurance Agency, and the cost of the NDIS program administered by the federal Department of Health, Disability, and Ageing.

Source: Grattan analysis of Department of the Treasury (2026a, Table 6.9.2, p. 234) and Parliament of Australia (2026).

114. Butler (2026).

115. Department of the Treasury (2026a, Table 6.9.2, p. 234).

116. Ibid (Table 6.9.2, p. 234).

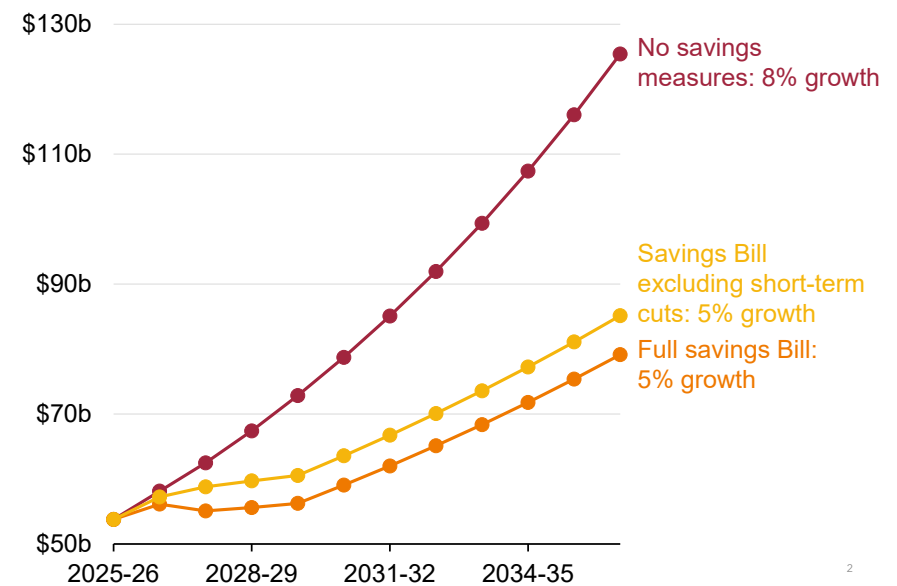
117. Parliament of Australia (2026).

118. Butler (2026).

'old framework' NDIS plans by that time. We use these estimates of savings from the short-term cuts to calculate what total scheme costs would be after 2029-30 without the short-term cuts.

- Without any savings measures, growth over the four years to 2029-30 will be steady at about 8 per cent a year. We assume growth would continue at 8 per cent a year after 2029-30 under this scenario.

Figure A.3: An NDIS savings Bill without the short-term cuts would deliver similar long-term growth from a slightly higher base NDIS cost



Note: Includes both federal and state contributions to the cost of the NDIS delivered through the National Disability Insurance Agency, and the cost of the NDIS program administered by the federal Department of Health, Disability, and Ageing.

Source: Grattan analysis of Department of the Treasury (2026a, Table 6.9.2, p. 234), Parliament of Australia (2026), and Butler (2026).

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