



Australian Government

Department of Health, Disability and Ageing

National Disability Insurance Scheme Reforms

Impact Analysis

Prepared by the Department of Health, Disability and Ageing

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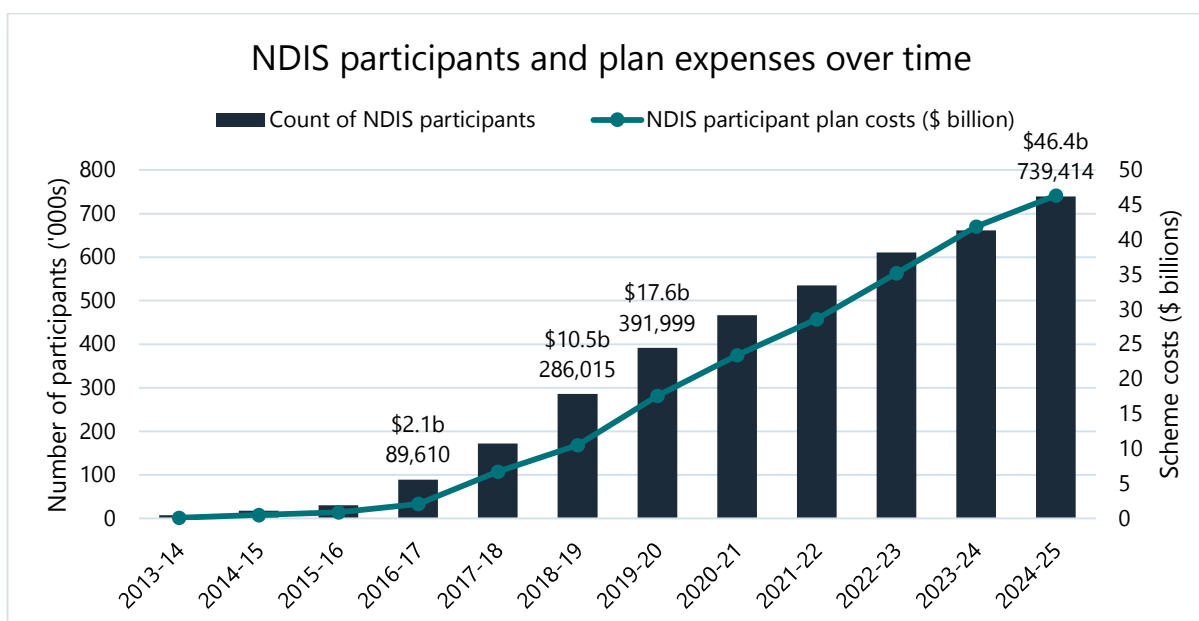
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Executive Summary

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 TIME¹



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.

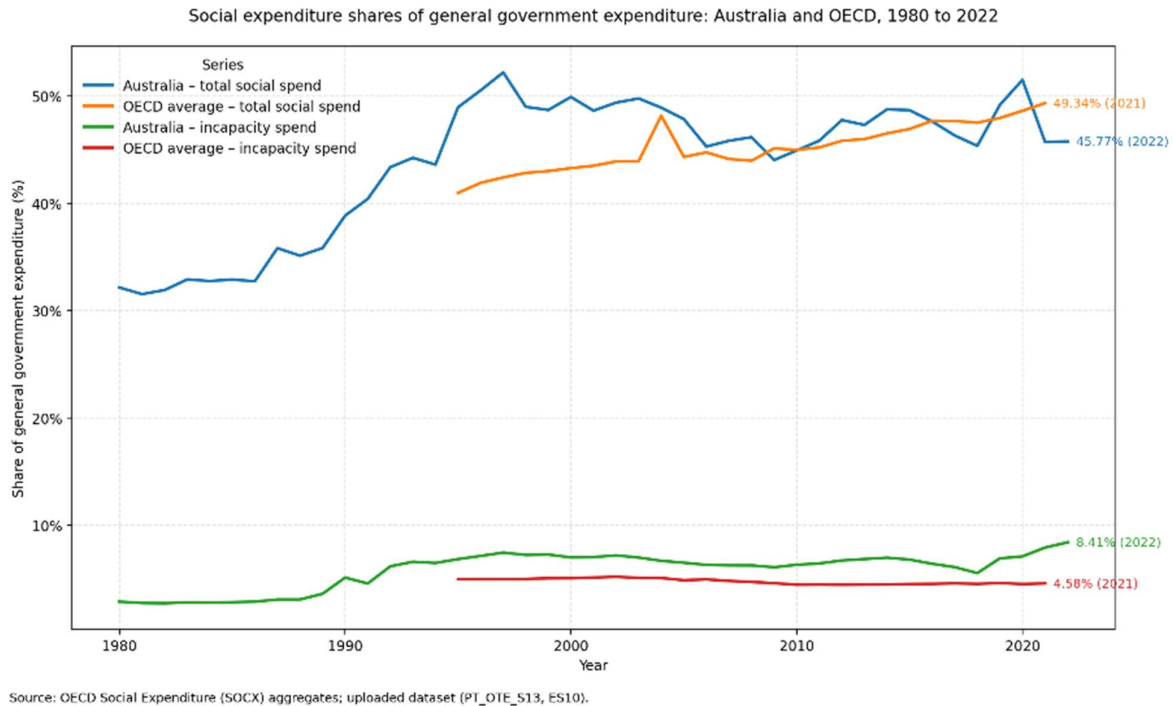
Sustainable and equitable distribution of resources are the cornerstones of social support systems. The role of government is to ensure the needs of citizens are not just met, but distributed effectively across the whole community, and this requires constant attention. Distributional effects of social 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

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

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

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 2025/26](#), 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

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 No.2. 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 reforms⁹⁴

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 participant's 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 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

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 \$13,460¹⁰⁶ 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.

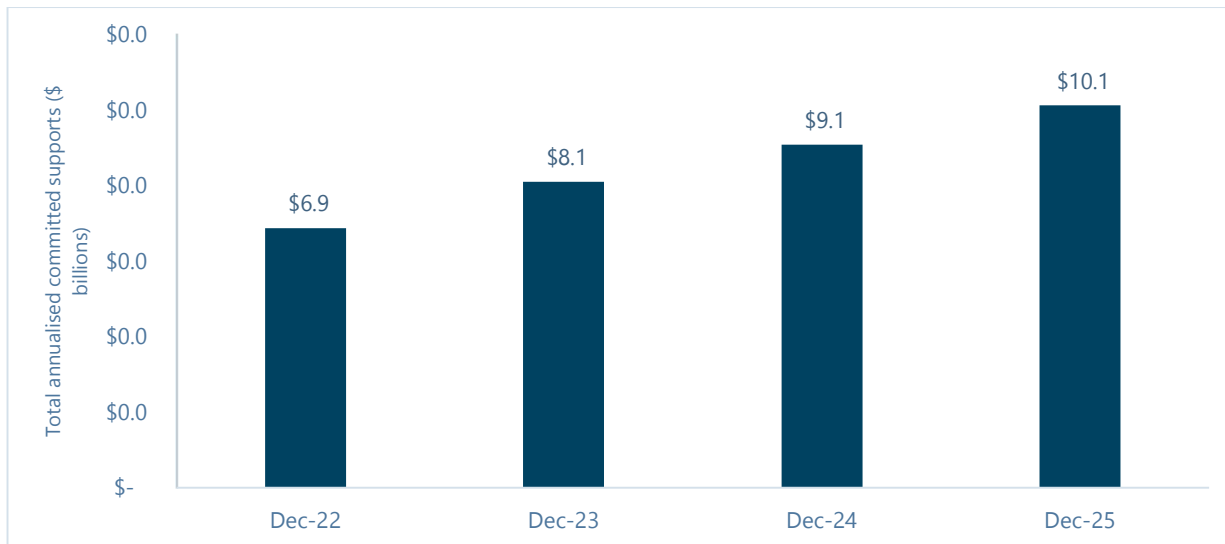
¹⁰⁶ NDIA (2026), [Explore data](#); NDIA (2026), Internal analysis of distribution of participant budgets by select support categories at 31 December 2025, unpublished

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 <i>NDIS Financial Sustainability Framework</i> 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.
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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

FIGURE 5. NDIS PARTICIPANTS WITH COMPENSATION BY PRIMARY DISABILITY – 31 MARCH 2025

Primary Disability	Participants with compensation at 31 March 2026	Distribution (as a percentage of all participants with compensation)
Acquired Brain Injury (ABI)	2,630	32%
Spinal Cord Injury	1,283	15%
Other Physical	1,226	15%
Psychosocial disability	1,005	12%
Cerebral Palsy	395	5%
Intellectual Disability	339	4%
Autism	225	3%
Other Neurological	194	2%
Stroke	193	2%
Visual Impairment	130	2%
Hearing Impairment	96	1%
Multiple Sclerosis	64	1%
Other ¹²²	512	6%
Total	8,292	100%

It should be noted that the Agency does not directly record the impairment for which compensation has been provided. The NDIA defines primary disability as the impairment that has the greatest impact on participant's day-to-day functioning. This means some prospective NDIS participants who have received compensation will still be able to access the scheme for support related to a different impairment. In reality, the numbers of prospective participants excluded from the scheme as a result of these changes will likely be lower once disabilities that meet the access criteria are considered.

Of all NDIS participants in receipt of compensation, 63 per cent are male, 36 per cent are female, and 1 per cent have not identified or disclosed their gender. Similar to the wider NDIS population, 8 per cent of participants receiving compensation identify as First Nations, and 9 per cent identify

¹²² Note: "Other" disability group includes those with a primary disability of: Developmental Delay, Global developmental delay, Down Syndrome and Other Sensory / Speech, Other and those with missing information on their primary disability.

as Culturally and Linguistically Diverse. The majority of participants live in major cities (63 per cent), and only 2 per cent reside in remote or very remote locations.¹²³

The proposal is intended to limit the number of instances where a person becomes eligible for the Scheme, and receives no (or very little) support under the Scheme on account of already having access to other services. The practical impact of these changes on the supports and services that people with disability can access from a whole-of-system perspective is, therefore, expected to be limited.

Alternative service systems would include state and territory compensation schemes (workplace and motor vehicle accident compensation schemes). According to Safe Work Australia, there were 146,700 serious work claims across Australia in 2023-24 (the last year data is available) with a median compensation paid of \$16,300.¹²⁴ In terms of motor vehicle accidents, the Bureau of Infrastructure and Transport Research Economics estimates that in 2020, 3,819 people suffered disability as a result of road crashes.^{125 126} Unlike serious work injury claims, there is no central collection of statistics on the number of motor vehicle accident claims across Australia. The impacts are therefore anticipated to occur only to prospective participants who have received compensation.

It should be noted that states and territory motor vehicle insurance provides differing coverage, including in terms of running fault/no-fault schemes. This means that some people who are at fault in a motor-vehicle collision, would remain eligible for the NDIS in some jurisdictions.

Expected impact of limiting unscheduled reassessments

Limiting who may initiate and the circumstances in which unscheduled reassessments can be requested will reduce the frequency of participants requesting and having changes made to their plan. In 2025, 16 per cent of the NDIS population had at least one unscheduled reassessment, indicating potentially high rates of changing support needs.¹²⁷ While higher, the differences in proportion for First Nations participants, Culturally and Linguistically Diverse participants, participants in remote and very Australia and female participants are more marginal in comparison (see Figure 6).

¹²³ NDIA, Internal analysis of NDIS participants also receiving compensation at 31 March 2025, unpublished.

¹²⁴ Safe Work Australia (n.d.), [Workers' compensation | dataswa](#), accessed 1 May 2026.

¹²⁵ Bureau of Infrastructure and Transport Research Economics (2022), '[Social Cost of Road Crashes](#)'

¹²⁶ Bureau of Infrastructure and Transport Research Economics (2022), '[Social Cost of Road Crashes](#)'

¹²⁷ NDIA, Internal analysis of plan inflation as at 31 December 2025, unpublished. Note: The proportion is calculated as the number of participants with at least one unscheduled plan reassessment as a percentage of all participants at 31 December 2025. This would include participants who had an unscheduled reassessment and left the Scheme during 2025.

FIGURE 6 PARTICIPANTS WITH AT LEAST ONE UNSCHEDULED REASSESSMENT IN 2025¹²⁸

Cohort	Participants with at least one unscheduled reassessment in the year	Total Scheme population at the end of the year	Incidence of unscheduled reassessment in the year
First Nations participants	10,921	63,381	17%
Female participants	50,569	290,064	17%
Culturally and Linguistically Diverse participants	13,110	66,517	20%
Remote Australia (MM6 and MM7)	2,319	11,714	20%
Participants in SIL	13,759	36,755	37%
All participants	124,030	761,442	16%

The total plan inflation rate (excluding indexation) was 21 per cent from unscheduled plan reassessments in 2025. Figure 7 shows that the total plan inflation rates from unscheduled reassessments were marginally higher than the average for First Nations participants, Culturally and Linguistically Diverse participants, females and those with an 'Other' gender status. Plan inflation from unscheduled plan reassessments for participants residing in remote and very remote Australia had the largest difference compared to overall participants, suggesting this group could be disproportionately affected by a limiting of unscheduled reassessments.

FIGURE 7. TOTAL PLAN INFLATION (EXCLUDING INDEXATION) FROM UNSCHEDULED REASSESSMENTS IN 2025¹²⁹

Cohort	Total plan inflation rate from unscheduled reassessments in 2025 (excluding indexation)
Culturally and Linguistically Diverse participants	22%

¹²⁸ NDIA, Internal analysis of plan inflation as at 31 December 2025, unpublished. Note: The proportion is calculated as the number of participants with at least one unscheduled plan reassessment as a percentage of all participants at 31 December 2025. This would include participants who had an unscheduled reassessment and left the Scheme during 2025.

¹²⁹ NDIA, Internal analysis of plan inflation as at 31 December 2025, unpublished. Note: Total plan inflation rate is calculated as the total dollar increase in plan budgets (excluding from indexation) compared to total value of plan budgets prior to the unscheduled plan reassessment.

Cohort	Total plan inflation rate from unscheduled reassessments in 2025 (excluding indexation)
Female participants	22%
First Nations participants	25%
Other Gender status	25%
Participants residing in remote and very remote Australia (MM6 and MM7)	41%
Average inflation rate	21%

Conversely, while more participants in SIL have at least one unscheduled plan reassessment, the resulting total plan inflation from their unscheduled plan reassessment was substantially lower at 12 per cent.¹³⁰

The outcome of this reform would be that in some instances, adjustments to goals, supports and funding would not be made due to not meeting the new threshold. Impacts will range from minimal to moderate. Requests for additional or different funding may be able to be managed through flexible use of budgets and increased utilisation of budgets. This would depend on current utilisation of participant budgets. As at December 2025, 32 per cent of participants have used 50 per cent or less of their annual plan, and 22 per cent have spent between 50 and 75 per cent.¹³¹

However, careful policy design and execution of safeguards (such as plan variations) will be necessary to ensure that participants are not placed at risk. For example, a non-permanent change to a participant's informal supports may still impact on the participant's disability support needs. An example could be a three year old with mobility impairment who does not have any core funding but whose sole parent carer (without any informal support themselves) breaks their arm and is not able to provide the same level of personal care and support for a short period. The change in the child's caring arrangement is not permanent and would not meet the revised criteria for an unscheduled reassessment but should instead be addressed through a plan variation. While this may still result in an increased plan value, the increase would be short term rather than permanent. Appropriate triage processes would need to be in place to ensure requests involving significant risk were considered in a timely manner.

¹³⁰ NDIA (2026), Internal analysis of plan inflation as at 31 December 2025, unpublished. Note: Total plan inflation rate is calculated as the total dollar increase in plan budgets (excluding from indexation) compared to total value of plan budgets prior to the unscheduled plan reassessment.

¹³¹ NDIA, Quarterly Report Supplement E National 2025-25 (Q2), Table E.45. Note: Data is as at 31 December 2025. However it only considers participants with initial plans approved up to 30 June 2025, and includes committed supports and payments for supports provided up to 30 September 2025. This gives some allowance for the timing delay between when the support is provided and when it is paid. Plans less than 31 days in duration have been excluded.

Limiting requests for plan reassessment to participants, guardians, nominees and child representatives will require careful legislative and policy design to uphold the rights and ensure accessibility for participants with communication and decision support needs. As at December 2025, 237,253 (or 65 per cent) of all NDIS participants aged 19 or over have a disability that may affect the way they think and sometimes these participants will need support to make decisions.¹³² There may also need to be diverse cultural approaches to decision making for participants and carers from First Nations (8 per cent or 63,381 participants) and Culturally and Linguistically Diverse backgrounds (9 per cent or 66,517 participants).¹³³

People with disability have a right to access decision supporters, including for navigating the administrative complexity of the NDIS, which for some people with low literacy or from diverse cultural backgrounds is not possible without support. Reforms will need to avoid impinging on this right and ensure that decision-support can be enabled, with appropriate consent.

Importantly, existing participant safeguards would continue to be available such as:

- The ability for an NDIA delegate to initiate a plan reassessment when they become aware of a significant change in circumstances and the participant does not have a nominee or guardian and is unable to initiate the request themselves, acknowledging that in 2025, agency-initiated plan reviews made up only 1 per cent (740) of unscheduled reassessments.¹³⁴
- Plan variations where a participant is experiencing an emergency or crisis situation resulting in short term changes to their support needs.
- Discretionary check-ins conducted by NDIA staff where a risk (or potential risk) for a participant is identified.

Resetting SSCP budgets

Resetting SSCP budgets will affect 393,401 (52 per cent) of NDIS participants who currently have SSCP funding in their plans.¹³⁵ At 31 December 2025, the average annualised SSCP budget for participants in SIL as at 31 December 2025 is \$84,030 and for participants not in SIL, the average is \$29,985. However the range in SSCP funding is wide. For participants in SIL, it can range from around \$40,000 to over \$130,000. For participants not in SIL, it can range from around \$4,000 to

¹³² NDIA (2026), Internal analysis of NDIS participants by primary disability as at 31 December 2025, unpublished. Note: This is based on a count of participants aged 19 and over with a primary disability of psychosocial, autism, intellectual disability, developmental delay, global developmental delay and acquired brain injury.

¹³³ NDIA (2026), [Quarterly Report to Disability Ministers for Q2 202526](#), pages 19,104

¹³⁴ NDIA (2026), Internal analysis of plan inflation as at 31 December 2025, unpublished. Note: There were 138,910 unscheduled plan reassessments in 2025. This is comprised of participant-requested reassessments, NDIA-initiated reassessments, plan reassessments driven by the review of reviewable decisions (RoRD), outcomes from the ART, and other reasons. Participants can have more than one unscheduled plan reassessment in the year.

¹³⁵ NDIA (2026), [Explore data](#), accessed 5 May 2026.

around \$65,000.¹³⁶ This means that SCCP as a proportion of a participant's total budget also varies, but is on average around 20 per cent.¹³⁷

A 50 per cent reduction in a participants' SCCP budget allocation will not result in a corresponding 50 per cent reduction for most participants' SCCP spending. This is because most participants do not use their full SCCP budget. In the 6 months ending 30 September 2025, the average utilisation rate of SCCP Budgets was 80 per cent for SIL participants and 86 per cent for non-SIL participants.¹³⁸

There is scope for participants to negotiate lower prices with SCCP providers, which would help offset a reduction in total budget allocations. For example, in the 12 months to December 2025, the NDIA found that 77 per cent of SCCP payments were charged at the price limit and a further 9 per cent at 90-99 per cent of the price limit.¹³⁹ Given the majority of payments are claimed at or near the price limit, participants could negotiate lower prices and retain a similar number of support hours despite a reduced budget.

Participants in SIL may be disproportionately impacted as there are 36,360 (or 99 per cent) of all SIL participants with SCCP budgets. This is significantly higher than the overall share of 52 per cent across all NDIS participants.¹⁴⁰ These changes may increase the rate of participants in SIL requesting an unscheduled plan reassessment or plan variation for their SCCP budgets.

Other cohorts that are more affected by this option than the average include women and girls, participants with an undefined gender, participants residing outside major cities (MM1) and regional centres (MM2), and Culturally and Linguistically Diverse participants. Reductions in budgets in regional areas may exacerbate provider viability in already thin markets, impacting on participant choice and control. First Nations participants are slightly less likely to have SCCP in their

¹³⁶ NDIA, Internal analysis of distribution of participant budgets by select support categories as at 31 December 2025, unpublished. Note: The range for annualised SCCP budgets are rounded to the nearest \$1,000 and are based on the 10th percentile and 90th percentile rather than the minimum and maximum to remove outliers.

¹³⁷ NDIA (2026), [Explore data](#), accessed 5 May 2026. Note: Total committed supports for SCCP and in plans are based on the funding allocated to participants over the six-month exposure period (1 July 2025 to 31 December 2025)

¹³⁸ NDIA, Internal analysis of utilisation by select support categories as at 31 December 2025, unpublished. Note: These utilisation rates are based on the Scheme experience for the 6 months ending 30 September 2025, measured using payments up to 31 December 2025.

¹³⁹ NDIA, Internal analysis on NDIS payments and price limits over 12 months to 31 December 2025, unpublished. Note: The analysis was based on total NDIS payments made in the 12 months to 31 December 2025. Payments that were self-managed and not subject to price controls (such as supports requiring quotes) were excluded from the analysis.

¹⁴⁰ NDIA (2026), [Explore data](#), accessed 5 May 2026; NDIA (2026), Quarterly Report to Disability Ministers for Q2 2025-26, pages 7,70; NDIA (2026), Internal analysis of distribution of participant budgets by select support categories at 31 December 2025, unpublished.

budgets, but do have higher average SCCP budgets and will experience a higher dollar value reduction on average.

Similarly, participants residing in remote locations (MM6) and very remote locations (MM7) will experience a higher dollar value reduction relative to the average. For other groups, the dollar impact will be smaller, including for females, participants with an 'other' gender status and participants in MM5 locations. However, these groups are also starting from lower average budgets.

FIGURE 8. PARTICIPANTS AND THEIR SCCP BUDGETS BY DEMOGRAPHIC CHARACTERISTICS – AT 31 DECEMBER 2025¹⁴¹

Cohort	Number of participants with SCCP funding	Proportion of participants with SCCP funding	Average SCCP funding	SCCP funding as % of total committed supports
First Nations participants	30,987	49%	\$17,600	20%
Culturally and Linguistically Diverse participants	38,260	58%	\$17,500	22%
Female participants	165,107	57%	\$17,100	21%
Participants with undefined or 'Other' gender	5,177	56%	\$11,700	23%
Participants residing in rural areas (MMM3 to MMM5)	76,959	53%	\$16,700	23%
Participants residing in remote locations (MMM6)	3,590	51%	\$21,500	19%
Participants residing in very remote locations (MMM7)	2,599	55%	\$17,900	21%
Participants in SIL or SDA	40,728	98%	\$41,100	17%
All participants	393,401	52%	\$17,500	21%

This option would also impact on the ability for the 84,996 children and young people aged 18 and under to undertake some social and community participation because of their relatively smaller

¹⁴¹ NDIA (2026), [Explore data](#), accessed 5 May 2026. Note: Note: All data is as at 31 December 2025. Total and average committed supports for SCCP and in plans are based on the funding allocated to participants over the six-month exposure period (1 April 2025 to 30 September 2025). Committed supports are not annualised.

average budgets. While there are expectations on all parents to provide substantial care and support for their children, these expectations reduce as children and young people age. Social and community participation can also assist in sustaining informal care arrangements and funding a wide range of supports including customised employment, which would be constrained under the resetting of budgets.

FIGURE 9. PARTICIPANTS AND THEIR SCCP BUDGETS BY AGE GROUP – AT 31 DECEMBER 2025¹⁴²

Age group	Number of participants with SCCP funding	Proportion of participants with SCCP funding	Average SCCP funding	SCCP funding as % of total committed supports
0 to 8	2,637	2%	\$4,400	0%
9 to 14	39,260	26%	\$5,200	8%
15 to 18	43,099	55%	\$8,200	19%
19 to 24	54,316	78%	\$17,600	28%
25 to 34	57,010	85%	\$21,800	29%
35 to 44	47,187	86%	\$21,900	26%
45 to 54	51,386	87%	\$21,000	24%
55 to 64	62,033	88%	\$20,800	22%
65+	36,473	86%	\$19,900	20%
All	393,401	52%	\$17,500	21%

Participants with certain primary disabilities are expected to be more affected by the reductions to SCCP funding. Some disability types require limited day-to-day support for activities of daily living, but require significant support to access the community.

For example, 30 per cent of total plan budgets for participants with psychosocial disability as their primary disability is committed to SCCP (**Error! Reference source not found.**). Acknowledging circumstances differ, participants with psychosocial disability may require less support with activities of daily living compared to someone with a physical disability. Conversely, due to social, environmental and disability related factors, they may experience significant barriers to accessing the community.

Other than participants with a primary disability of psychosocial disability, participants with a primary disability of visual impairment, Down syndrome, and Intellectual Disability may be more

¹⁴² NDIA (2026), [Explore data](#), accessed 5 May 2026. Note: Note: All data is as at 31 December 2025. Total and average committed supports for SCCP and in plans are based on the funding allocated to participants over the six-month exposure period (1 April 2025 to 30 September 2025). Committed supports are not annualised.

affected by this change. For these cohorts, total committed supports for SCCP budgets are higher than the overall Scheme proportion.

FIGURE 10. PARTICIPANT AND THEIR SCCP BUDGETS BY PRIMARY DISABILITY – AT 31 DECEMBER 2025¹⁴³

Primary disability	Number of participants with SCCP funding	Proportion of participants with SCCP funding	Average SCCP funding	SCCP funding as % of total committed supports
ABI	18,008	90%	\$24,600	21%
Autism	131,847	41%	\$11,200	20%
Cerebral Palsy	12,284	66%	\$28,100	18%
Developmental Delay	231	0%	\$3,600	0%
Down Syndrome	9,329	79%	\$28,900	28%
Global Developmental Delay	153	1%	\$5,500	0.3%
Hearing Impairment	5,679	19%	\$7,200	15%
Intellectual Disability	76,412	78%	\$23,000	26%
Multiple Sclerosis	9,570	78%	\$14,600	17%
Other	8,252	62%	\$18,800	18%
Other Neurological	20,697	80%	\$21,800	17%
Other Physical	13,429	66%	\$15,200	19%
Other Sensory Speech	479	26%	\$7,900	18%
Psychosocial Disability	63,131	96%	\$18,700	30%
Spinal Cord Injury	5,118	79%	\$19,700	14%
Stroke	9,947	92%	\$20,500	19%
Visual Impairment	8,732	79%	\$13,233	34%
Total	393,401	52%	\$17,500	21%

Due to the gendered nature of caring, women are more likely to be impacted by changes to the supports available or provided to the people they care for. 67.7 per cent of primary carers were women in 2022.¹⁴⁴ Changes are likely to increase informal caring responsibilities, which may impact

¹⁴³ NDIA (2026), [Explore data](#), accessed 5 May 2026. Note: All data is as at 31 December 2025. Total and average committed supports for SCCP and in plans are based on the funding allocated to participants over the six-month exposure period (1 April 2025 to 30 September 2025). Committed supports are not annualised.

¹⁴⁴ [Disability, Ageing and Carers, Australia: Summary of Findings, 2022, Australian Bureau of Statistics](#)

levels of social and economic participation for female carers. Opportunities to increase gender equality will be considered as part of the design and evaluation of future market reforms to delivering social and community participation and capacity building activities.

While the reduction in budgets will likely lead to a reduction in participant's ability to access the community, it is not expected to be as significant as a 50 per cent budget reduction. There are three key reasons for this.

1. Participants can use their Core support budgets flexibly across the daily activities, SCCP, consumable and transport support funding categories. Overall utilisation of SCCP budgets (85 per cent) is skewed by participants who access more SCCP than they are funded for (i.e., spend above 100 per cent).¹⁴⁵ While reduced SCCP budgets would constrain some participants' spending on SCCP, participants with low utilisation of their SCCP budgets are less likely to be affected.
2. Some SCCP activities are offered in group settings, which attracts lower pricing. As such, some participants will be able to substitute 1:1 SCCP activities with group activities. This would result in participants retaining the same or similar number of SCCP hours, but in group settings.
3. The Australian Government has announced the \$200 million Inclusive Communities Fund to rebuild capability among community organisations and strengthen community-based inclusion. This will help to mitigate the impact of reduced SCCP by building up inclusive group based services that could be accessed by participants.

There are significant benefits that can be derived from meaningful and effective community participation. However, the decision to reduce this budget was preferred over others because it does not impact the health and safety of participants. SCCP supports do not provide support for daily living activities critical to a person's health and wellbeing, such as toileting, showering, meal preparation, and household tasks like cleaning. This change will bring SCCP supports more in alignment with other parts of the care and support economy.

Robust monitoring and evaluation will be required to identify risk to participants and the impacts of reform. These include impacts on policy priorities under Australia's Disability Strategy – full participation in social, recreational, sporting, religious and cultural life - but also:

- Ability to access supports that meet needs.
- Safety from violence, abuse, neglect and exploitation.
- Impacts on gender equality and prevention of violence.
- Employment rates and transitions from education to employment.
- Financial independence.

¹⁴⁵ NDIA, Internal analysis of utilisation by select support categories as at 31 December 2025, unpublished. Note: These utilisation rates are based on the Scheme experience for the 6 months ending 30 September 2025, measured using payments up to 31 December 2025.

- Acknowledging and supporting the role of informal support.¹⁴⁶

Interaction with other reforms will also need to be monitored for unintended consequences, such as increased rates of unscheduled reassessment requests for daily activity funding (which is able to be spent flexibly on SCCP) and / or requests for Capacity Building SCCP funding.

Resetting CBDA budgets

Resetting CBDA budgets through a 10 per cent reduction will affect the majority of participants, with 99 per cent (752,454) currently funded for CBDA.¹⁴⁷ Participants currently have an average annualised CBDA budget of \$13,460, which equates to around 69 hours of therapy supports per year or 1.3 hours per week.¹⁴⁸

Due to the small scale of the reduction, this reform is not expected to have a material impact on participants with CBDA budgets less critical to the health and safety of participants than others (such as nursing care). Furthermore, overall utilisation of CBDA budgets is 61 per cent as at 31 December 2025.¹⁴⁹ For most participants, the reform will not impact their CBDA spending and would likely result in increased utilisation rather than needing to reduce services.

This option is expected to have a greater impact on children aged 0 to 14 who have higher annualised CBDA budgets and higher proportions of their budgets assigned to this support category.

FIGURE 11. PARTICIPANTS AND THEIR CBDA BUDGETS BY AGE GROUP – AT 31 DECEMBER 2025¹⁵⁰

Age group	Number of participants with CBDA funding	Proportion of participants with CBDA funding	Average CBDA funding	CBDA funding as % of total committed supports
0 to 8	166,507	100%	\$9,900	69%
9 to 14	152,322	100%	\$6,800	42%
15 to 18	77,614	99%	\$5,600	23%

¹⁴⁶ Commonwealth of Australia (Department of Social Services), Australia's Disability Strategy 2021-2031, 2024 update: Building a more inclusive Australia.

¹⁴⁷ NDIA (2026), [Explore data](#), accessed 5 May 2026

¹⁴⁸ NDIA, Internal analysis of distribution of participant budgets by select support categories at 31 December 2025, unpublished. Note: Average therapy hours funded per year and per week is based on the 2025-26 NDIS price limit of \$193.99 for therapy supports.

¹⁴⁹ NDIA (2026), [Explore data](#), accessed 5 May 2026. Note: Utilisation rates are calculated as the ratio between payments and committed supports for the six-month exposure period from 1 April 2025 to 30 September 2025, based on data as at 31 December 2025.

¹⁵⁰ NDIA (2026), [Explore data](#), accessed 5 May 2026. Note: All data is as at 31 December 2025. Total and average committed supports for CBDA and in plans are based on the funding allocated to participants over the six-month exposure period (1 April 2025 to 30 September 2025). Committed supports are not annualised.

Age group	Number of participants with CBDA funding	Proportion of participants with CBDA funding	Average CBDA funding	CBDA funding as % of total committed supports
19 to 24	68070	98%	\$5,100	10%
25 to 34	65,356	97%	\$4,800	7%
35 to 44	53738	98%	\$5,100	7%
45 to 54	57,771	98%	\$5,400	7%
55 to 64	69,683	98%	\$5,700	7%
65+	41,393	98%	\$5,600	7%
All	752,454	99%	\$6,600	15%

This change may more significantly impact participants residing in remote MM6 and very remote MM7 who have higher than average CBDA budgets and will experience a higher dollar value reduction in their budget. Participants in very remote locations also have higher proportions of CBDA as a share of total committed supports.

FIGURE 12. PARTICIPANTS AND THEIR CBDA BUDGETS BY REMOTENESS – AT 31 DECEMBER 2025 ¹⁵¹

Remoteness	Participants with CBDA budget	Proportion of participants with CBDA funding	Average CBDA budget	CBDA as a share of total committed supports
Major Cities (MM1)	515,562	99%	\$6,800	16%
Population > 50,000 (MM2)	82,499	99%	\$6,400	14%
Population between 15,000 and 50,000 (MM3)	61,429	99%	\$6,100	14%
Population between 5,000 and 15,000 (MM4)	32,982	99%	\$6,100	15%
Population less than 5,000 (MM5)	48,315	99%	\$6,200	18%
Remote (MM6)	6,965	99%	\$8,600	15%

¹⁵¹ NDIA (2026), Explore data, accessed 5 May 2026. Note: All data is as at 31 December 2025. Total and average committed supports for CBDA and in plans are based on the funding allocated to participants over the six-month exposure period (1 April 2025 to 30 September 2025). Committed supports are not annualised.

Remoteness	Participants with CBDA budget	Proportion of participants with CBDA funding	Average CBDA budget	CBDA as a share of total committed supports
Very Remote (MM7)	4,668	99%	\$9,000	19%
Missing	34	97%	\$66,700	42%
All participants	752454	99%	\$6,600	15%

Tightening “reasonable and necessary” supports criteria

Tightening ‘reasonable and necessary’ supports criteria will apply to new and existing participants, as they receive their first plan or are reassessed after 1 February 2027. Participants are likely to have some of their funding for NDIS supports reduce, leading to lower overall NDIS spending.

As at 31 December 2025, average annualised budgets are \$85,100¹⁵², or around \$42,000 in average committed supports at 31 December 2025.¹⁵³ Figure 13 shows the variation in average committed supports for different demographics.

FIGURE 13: AVERAGE COMMITTED SUPPORTS BY KEY PARTICIPANT DEMOGRAPHICS – AT 31 DECEMBER 2025

Cohort	Number of participants	Average committed supports
First Nations participants	63,381	\$42,200
Culturally and Linguistically Diverse participants	66,517	\$46,500
Female participants	290,064	\$45,300
Participants with an undefined or other gender	9,175	\$28,500
Participants residing in rural areas (MMM3 to MMM5)	144,597	\$39,000
Participants residing in remote locations (MMM6)	7,040	\$56,700
Participants residing in very remote locations (MMM7)	4,704	\$47,500

¹⁵² NDIA, [Quarterly Report Supplement E National 2025-26 \(Q2\)](#), Tables E.110

¹⁵³ NDIA (2026), [Explore data](#), accessed 5 May 2026. Note: Average committed supports are based on the total committed support allocated to participants over the six-month exposure period (1 April 2025 to 30 September 2025) divided by the number of participants with approved plan(s) at the end of the 31 December 2025.

Cohort	Number of participants	Average committed supports
Participants in SIL or SDA	41,459	\$241,500
All participants	761,442	\$42,500

However, there are elements of the option that will have a greater impact on some groups. The existing requirement that a funded support must be necessary to address the needs of the participant arising from an impairment in relation to which the participant meets the disability requirements will be clarified to ensure there is a direct link. While there is no data available to indicate the numbers of participants with funding for secondary impairments considered not to meet access criteria, First Nations Australians are more likely to experience chronic disease due to the cumulative impacts of historical, social and systemic inequalities. The following examples are provided to describe the interaction between eligible impairments and other support needs (for example, health needs):

- A participant with diabetes is unlikely to meet access requirements for that impairment alone. But for participants with diabetes and a significant cognitive impairment they are unable to manage their diabetes safely. Because they need support for diabetes management as a direct result of their cognitive impairment, they would be eligible for support.
- A participant with Intellectual Disability and eating disorder develops mobility issues due to obesity. The Scheme would fund supports related to their Intellectual Disability, but mainstream health services would be responsible for providing supports for their mobility needs and health conditions related to their obesity.

Changes may increase expectations of informal supports. The option includes a more vigorous consideration of what informal supports are reasonable for delegates to consider. This is likely to have direct flow on impacts to family members and kin (particularly of younger people) and may impact on the role of informal support under Australia's Disability Strategy.¹⁵⁴ Given most carers are female, these impacts may be disproportionately experienced by women.¹⁵⁵

Changes also have the potential to affect certain Closing the Gap outcomes.¹⁵⁶

Greater clarity about the role of informal supports, especially for children, and additional safeguarding measures are proposed. Delegates will need to consider whether relying on family,

¹⁵⁴ Commonwealth of Australia (Department of Social Services), Australia's Disability Strategy 2021-2031, 2024 update: Building a more inclusive Australia.

¹⁵⁵ Commonwealth of Australia (Department of Social Services), Australia's Disability Strategy 2021-2031, 2024 update: Building a more inclusive Australia.

¹⁵⁶ [Closing the Gap targets and outcomes | Closing the Gap](#)

carers, informal networks or the community would expose a participant to a material risk of harm, abuse or neglect.

Some of the proposed changes will provide greater clarity in assessing considerations such as whether a support is effective and beneficial or value for money for a participant by codifying existing rules and making it clear what a delegate must consider. However, implementation will need to carefully consider and mitigate the risk of disproportionate impacts on First Nations or Culturally and Linguistically Diverse participants, individuals who need support with decisions or who have low literacy or numeracy skills.

Requirements to consider the comparative costs of purchasing or leasing assistive technology, vehicle modifications and home modifications are likely to have greater impact on participants with physical disability. As at 31 December 2025, there are 57,731 participants with primary disabilities of Cerebral Palsy, Multiple Sclerosis, Other Physical Disability or Spinal Cord Injury.¹⁵⁷ Importantly, changes would not mean supports could not be purchased or provided, but leasing would be prioritised where a participant's circumstances are likely to change. Sensitive communication and implementation of decisions will be important where participants are living with a rapidly progressive degenerative condition.

At this stage, it is difficult to assess the impact of this element as the details will form part of a legislative instrument design that is still subject to further work. For example, limitations on the level of transport funding may have a greater impact on NDIS participants in remote and regional areas where public transport is limited to taxis. Pricing is one way to ameliorate this impact.

4.1.2.2 Expected impact on NDIS providers and the market

Access

The changes to access would contribute to returning the Scheme to its original intent of supporting people with significant and permanent disability. While businesses providing NDIS supports may see easing of demand, people who no longer meet access to the Scheme could receive support through other funded services, in the private market.

As noted earlier in this analysis, some elements of the budget package such as access reforms to support Thriving Kids and establishing thresholds for substantially reduced functional capacity will require their own detailed analysis at a later date as the design is still subject to consultation and further work.

Actuarial modelling of the expected number of prospective participants expected to be affected by the access changes in this analysis as a result of the strengthened permanence criteria and tighter access for people eligible for support through other services systems is low. An indeterminable, but likely very few, new entrants who would be supported by other service systems.¹⁵⁸

¹⁵⁷ NDIA(2026), Supplement E to Quarterly Report to Disability Ministers for Q2 2025-26, Table E.16

¹⁵⁸ NDIA, Internal analysis, unpublished.

The impact on NDIS provider business is expected to be minimal. The NDIS-like supports provided through state and territory compensation are already excluded from the plans of participants who are receiving compensation, and the number of impacted participants is small in the context of the overall market. Similarly, strengthening the interpretation of permanence is not expected to affect many participants in the context of the overall market and is therefore not expected to greatly impact providers.

Supports and reassessments

Limiting who may request unscheduled plan reassessments will remove the ability for support coordinators and / or plan managers to initiate requests for unscheduled reassessments. This, combined with tightening the criteria for accepting unscheduled reassessments to those where there is significant change, is intended to reduce the rate of plan inflation. It will also help address actual or perceived conflicts of interest by removing provider involvement in activities where they have a financial incentive to increase plan size, although behavioural changes will need to be monitored to determine effectiveness.

There were around 276,000 active NDIS providers in the December 2025 quarter. Of these, 111,000 providers delivered SCCP supports, of which 100,800 (91 per cent) are unregistered.¹⁵⁹ In the 6 months to 31 December 2025, around 56,000 providers delivered SCCP supports to only one participant - many of these are individual support workers operating as a small provider.¹⁶⁰ While the reforms are significant and will be disruptive to providers, the latent demand for disability support workers in the NDIS, and the growth in other parts of the care and support economy, means it is not expected that resetting SCCP budgets will create significant employment shocks for experienced support workers.

However, there are risks of participants offsetting the reductions in their SCCP budget by drawing funds from other areas of core budget.

The smaller reduction in CBDA budgets and spend is expected to have a lower impact on the NDIS market. In the December 2025 quarter, there were 82,000 CBDA providers and of these, only about 9,000 were registered NDIS providers.¹⁶¹ The impact on the allied health or therapy provider market is not expected to create significant employment or provider viability shocks, especially given there is latent unmet demand across the care and support economy.¹⁶² The reduction to CBDA budgets help bring the NDIS funding levels more in line with other parts of the care economy such as Aged Care Support at Home, veterans' care and Medicare, and presents minimal risk to participant safety.

¹⁵⁹ NDIA, Supplement E to NDIS Quarterly Report for Quarter 2 of 2025-26, Table E.95

¹⁶⁰ NDIA, Supplement E to NDIS Quarterly Report for Quarter 2 of 2025-26, Table E.95; NDIA, Internal analysis to support the 2025-26 Annual Price Review

¹⁶¹ NDIA, Supplement E to NDIS Quarterly Report for Quarter 2 of 2025-26, Table E.95

¹⁶² Details by region can be searched at [Care Sector Demand Map | Department of Social Services, Australian Government](#)

Reduction in NDIS growth will also help ease capacity constraints in the care sector. The care sector has experienced rapid employment growth over recent years and robust demand is expected to continue going forward.¹⁶³ Data shows there is a significant shortage of workers in the sector. Lower NDIS spending will ease demand for labour in the care and support sector, and may make it easier to fill roles in occupations where there are nation-wide shortages such as community aged care support workers.¹⁶⁴ Although unlikely, reduced competition for staff could put downwards pressure on some labour costs in the sector. This would lower service provision costs, meaning government can deliver care services more cost effectively, and reduce the need for service providers to pass cost pressures on to consumers.

Reforms that reduce the demand for NDIS services in the market will disproportionately affect women who make up approximately 68 per cent of the care and support workforce.¹⁶⁵ The magnitude of impact on providers is dependent on which supports are reduced and the percentage those supports represent of provider revenue and the extent to which the current demand for effected NDIA supports is currently met through market supply. All things being equal, providers with smaller revenue streams will be more significantly impacted by reductions in supply.

Tightening the definition of reasonable and necessary supports will also reduce NDIS funding and demand for services across all support categories.

Collectively, if reforms result in increased stress on provider viability, then governments may need to prevent market failure and ensure essential services continue.

4.1.2.3 Expected impact on government

Access

Access changes to strengthen the operation of permanence in-line with the original intent, and changes to exclude prospective participants that receive compensation through state and territory compensation, will both contribute to the 5 to 6 per cent growth target set by National Cabinet.

The changes may result in an increase in demand for other mainstream services systems, including private sector services.

Supports and reassessments

Collectively, the reassessment and supports option will contribute to the Australian Government achieving the 5 to 6 per cent growth target set by National Cabinet through reducing participant plan budgets and total plan inflation. Although plan utilisation may increase, overall participant

¹⁶³ Jobs and Skills Australia (2025), [Employment Projections - Industry outlook](#), accessed 1 May 2026

¹⁶⁴ Jobs and Skills Australia (2026), [Occupation Shortage List](#), accessed 1 May 2026

¹⁶⁵ ABS (2022), [Disability, Ageing and Carers, Australia: Summary of Findings](#), ABS website, accessed 1 May 2026

plan spending is expected to reduce as a result of resetting plan budgets. The reforms will enhance cross system equity in the care and support economy.

Changes could likely impact on other government service systems at both state and territory and Commonwealth levels. A collaborative approach to design and implementation of reform as well as a robust monitoring and evaluation approach is needed to manage flow on impacts to systems like education, social security, health, child protection and employment. For example, children whose SCCP budgets are reduced may re-engage with mainstream out of school hours and vacation care programs, which could increase demand for inclusion support funding.

The Australian Government is investing \$200 million to establish an Inclusive Communities Fund to rebuild capability among community organisations to host genuine participation activities. The Australian Government will work closely with the disability community to identify where investment is most needed and likely to result in improved inclusion for people with disability.¹⁶⁶

Limiting the circumstances and people who can initiate plan review requests are expected to reduce unscheduled reassessments from 12,000 per month down to 5,000-6,000 per month.¹⁶⁷ While this will free up NDIA workforce capacity at a headline level, there may be higher workloads in plan variations, complaints and internal reviews as well as an increase in ART applications in the short term. Tightening of reasonable and necessary criteria and reductions to SCCP and CBDA budgets may also increase the workload in complaints and review areas, including the ART.

4.1.3 Option 3: More substantial eligibility changes

4.1.3.1 Expected impact on NDIS participants

More substantial changes to NDIS eligibility arrangements than Option 2 would, by definition, impact more NDIS participants (current and potential). This would have a negative impact on those affected, with the degree to which the impact is mitigated dependent on the availability and quality of supports outside the NDIS.

4.1.3.2 Expected impact on NDIS providers and the market

More substantial changes to NDIS eligibility arrangements would negatively impact NDIS providers, through less demand for their services. Some NDIS providers may choose to exit the market or start or explore increasing the delivery of services in other care sectors.

4.1.3.3 Expected impact on government

This option would put more pressure on other support systems, including demand-driven programs, to support people with disability no longer eligible for the NDIS. The fiscal impact for

¹⁶⁶ [Australia's Disability Strategy 2021–2031 - 2024 Update: Building a more inclusive Australia](#)

¹⁶⁷ NDIA (2026), Internal analysis of plan reassessments and plan inflation in the 6 months to 31 December 2025, unpublished

government would depend on the long-term cost of supporting more people outside the NDIS, noting the risk that if supports are inadequate some people may seek to enter (or re-enter) the NDIS at a higher cost.

4.1.4 Option 4: More substantial changes to NDIS supports

4.1.4.1 Expected impact on NDIS participants

Applying a broadscale reduction in budgets would impact all participants. The modelling for this option was not undertaken beyond an initial cost impact. Broadscale reductions have differential impacts where participants have high plan utilisation rates. Where participants have lower utilisation rates, percentage reductions have a lesser impact, noting that utilisation does not always directly correspond to demand, particularly in areas where there are thin markets.

4.1.4.2 Expected impact on NDIS providers and the market

Reductions in support budgets would suppress demand for these services and may have a negative impact on NDIS providers. This option is likely to heighten provider viability risks, drive market exits, and disrupt the disability support workforce. Continued provider withdrawal from particular regions or service types would further concentrate thin markets, reducing participant access to supports where they live. Reduced funding in participant plans would also place downward pressure on the workforce, with employment funded through the NDIS potentially declining. Many workers rely on employment across multiple providers to maintain sufficient income levels,¹⁶⁸ and may be faced with a smaller pool of providers to work for.

4.1.4.3 Expected impact on government

This option would put pressure on other support systems, including those funded by government, to provide supports no longer funded by the NDIS. The fiscal impact for government would depend on the long-term cost of providing more supports outside the NDIS, noting the risk that if supports are inadequate some people may need additional NDIS supports at a later date and potentially at a higher cost.

4.2 Plan management reforms

4.2.1 Option 1: Status Quo

4.2.1.1 Expected impact on NDIS participants

Without changes to the existing plan management market there would continue to be instances of inconsistent and low-quality service offerings, as well as unscrupulous providers. This would impact participants as some plan managers would continue to:

¹⁶⁸ [Labour Account Australia, December 2025 | Australian Bureau of Statistics](#)

- a. Fail to support participants to manage their plans effectively, including leaving participants without adequate supports, depletion of funds and misuse of funds.
- b. Demonstrate sharp practices such as inducements to change providers, refusing to release funds when participants wanted to change plan managers, and automatic service rollovers without participant consent.
- c. Be incentivised by conflicts of interest, such as also providing support coordination, downstream services or providing a range of services to a sole participant (for example support coordination and core supports), rather than participant outcomes.
- d. Have poor or no complaints handling and communication.

4.2.1.2 Expected impact on the plan management market

The NDIA has estimated that around 90 per cent of plan management providers show significant indicators of fraud,¹⁶⁹ and that this is negatively correlated to provider size.

Without changes, the plan management market would continue with some providers with unscrupulous and fraudulent motives, poor quality, variable services and capability, limited quality controls and weak mechanisms and conflicts of interest.

Roughly a quarter of the market would continue to be small, low-capability providers.¹⁷⁰ Many of whom are inactive or marginally active, and who are more likely to show significant indicators of fraud.

4.2.1.3 Expected impact on other NDIS providers

NDIS providers would continue to experience instances of improper invoicing, complaints management, and payment integrity issues such as non-payments, wrong payments, late payments and over-payments.

4.2.1.4 Expected impact on government

The NDIA would continue to incur significant costs for payments to plan managers. Plan management fees made up \$646 million of total payments in the 12 months to 31 December 2025.¹⁷¹

If the current settings do not change, the NDIA would continue to face significant losses due to fraudulent practices and payment integrity failures driven by unscrupulous or poor-quality plan managers. Without reform, these patterns are likely to persist, undermining Scheme integrity, exposing participants to harm and increasing financial losses to the NDIS.

¹⁶⁹ Australian Senate (2024), [Senate Estimates – Community Affairs Legislation Committee - 3 June 2024](#), p.126

¹⁷⁰ NDIA, Internal analysis to support the 2025-26 Annual Price Review, unpublished. Note: Small providers are defined as those servicing 10 or fewer NDIS participants in the 6 months to 31 December 2025.

¹⁷¹ NDIA (2026), Supplement E to NDIS Quarterly Report for Quarter 2 of 2025-26, Tables E.115 and E.116

4.2.2 Option 2: Plan management panel

4.2.2.1 Expected impact on NDIS participants

Under this option, plan managed participants would receive more consistent and higher quality services from their plan management provider.

Some participants would continue to access plan management services through their existing plan management provider, if their plan management provider was successfully chosen to be part of the NDIA-commissioned panel. Other participants would be required to transition to a new plan management provider on the NDIA-commissioned panel.

There would be a 6-month transition period for participants after the panel was implemented. During the transition period, participants could continue to access plan management services from their existing plan management provider, even if the plan management provider was not chosen to be part of the NDIA-commissioned panel.

Some participants could initially react negatively to having to change plan management providers. Participants who are required to transition to a new plan management provider would need to select a new plan management provider from the NDIA-commissioned panel. The NDIA would support these participants to be onboarded to a new plan management provider. It is assumed that transitioning to a new plan management provider would require up to 3 hours of effort per participant. Using the OIA's non-work-related labour cost of \$37/hour, the regulatory burden on individuals is \$27.8 million.

4.2.2.2 Expected impact on the plan management market

This option would benefit plan management providers who are selected to join the NDIA-commissioned panel. Whilst these providers will benefit, it is to be noted that for selected providers who are a part of the commissioned model, there will be additional regulatory requirements (and associated costs). These providers would likely benefit through:

- a. More restrictive market entry conditions, with all plan-managed participants having to choose between a smaller number of plan managers. This would support economies of scale and operational efficiencies.
- b. Clearer service offering and performance expectations.

Under this option, there would be significant contraction of the current market of approximately 1,400 active providers who have made a claim in the most recent financial quarter,¹⁷² many of whom no longer being eligible to provide plan management services.

It is estimated that a number of plan management provider businesses may close as a result of this option. The majority of plan management providers would be expected to exit the plan management market but may continue to deliver other disability services and therefore continue

¹⁷² NDIA, Quarterly Report to Disability Ministers for Q2 2025-26, pages 68-69

business operations. This would remove conflict There would likely be market consolidation prior to and during the panel's implementation.

Plan management providers on the NDIA panel will be ineligible to provide other NDIS services. This will minimise conflicts of interest and reduce fraud.

The exiting of plan management providers from the market could likely result in job losses for workers at providers who were not selected to be on the NDIA's plan management provider panel. Some workers at plan management providers who exit the market may be able to be employed by other plan management providers on the panel.

There would also be administrative costs associated with complying with and reporting on aspects of the panel conditions for successful plan managers. This may include attending regular contract management meetings and producing performance and integrity reports. The regulatory burden cost is estimated to be \$1.5 million total. These costs would not be passed on to participants as the price for plan management services would continue to be set by the NDIA.

4.2.2.3 Expected impact on NDIS providers

There would be a minor impact for NDIS service providers who would need to send invoices to new plan managers, as participants transition between exiting plan managers and panel members.

Support coordinators and other relevant intermediaries would be expected to support participants to transition from an exiting plan management provider to a provider on the NDIA-commissioned panel. This support is part of their usual service offering.

Plan management functions are distinct and separate from support coordination functions. Currently, a number of providers deliver both plan management and support coordination services. While commissioning of plan management and support coordination services will occur through separate processes, the NDIA would consider synergies where appropriate.

The expected regulatory burden costs of this option are outlined as follows.

FIGURE 14: AVERAGE ANNUAL REGULATORY COSTS (FROM BUSINESS AS USUAL) FOR A COMMISSIONED PLAN MANAGEMENT PANEL MARKET

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$1.5	\$0	\$27.8	\$29.3

4.2.2.4 Expected impact on government

There is an anticipated reduction in Scheme costs under this option. The NDIA expects that total plan management fees could be reduced, as the NDIA would be able to negotiate or set lower prices for panel members who would benefit from greater economies of scale.

Other savings to the Scheme may be achieved through improved integrity and reduction in fraud and error by eliminating unscrupulous and poor-quality plan managers and data sharing intelligence. A higher-quality plan management market would result in greater value of noncompliant claims from being processed by the NDIA. There would be reduced regulatory and compliance enforcement costs for the NDIS Commission due to a smaller plan management market. There would be staffing and administrative costs for the NDIA to implement the plan management panel.

4.2.3 Option 3: Abolish the plan management market

4.2.3.1 Expected impact on participants

Shifting plan management functions to the NDIA is likely to improve participants' experience in receiving a consistent and simplified service. Exploitative and sharp practices from the plan management market and NDIS providers would be reduced significantly. The NDIS Review suggested that this option has the greatest potential to reduce fraud.

Participants would have reduced choice of plan manager. All plan managed participants would have to transition to a plan manager who is on the commissioned panel, or change plan management method to be agency or self-managed. The NDIA would need to invest in significant support to manage this change.

It is assumed that transition activities – similar to those described in Option 2 – would require 3 hours of effort per participant.

4.2.3.2 Expected impact on the plan management market

The impact on the plan management market would be significant. Approximately 1,400 active plan management providers,¹⁷³ would no longer be eligible to deliver plan management services.

People currently employed in the provision of plan management services would be impacted, although many of these workers also deliver other NDIS services. Under this option, the NDIA could seek to hire from this cohort as the NDIA scales up in-house plan management services.

4.2.3.3 Expected impact on other NDIS providers

While there would be an initial impact on other NDIS service providers as they adjust to new invoicing processes, they would experience a more consistent and higher quality claiming experience.

Support coordinators and other relevant intermediaries would be expected to support participants to transition from a plan management provider to an NDIA-managed function.

¹⁷³ NDIA, Quarterly Report to Disability Ministers for Q2 2025-26, pages 68-69

4.2.3.4 Expected impact on government

The NDIS would require significant investment in systems and technology, workforce, change management and legislative change to support the transition of additional participants to an Agency managed approach. This cost is unknown but expected to be higher than option 2 in the short-medium term.

Following full implementation, it is expected that longer term costs to government would likely be lower than status quo.

The NDIS would benefit from significant economies of scale, and costs to deliver the plan management function would likely be less than the current fees paid to plan management providers. However, a significant NDIA workforce would likely be required under this option.

Enhanced claim and payment controls would reduce fraud-related leakages from Scheme costs. The NDIS Commission would no longer be required to register or regulate plan management providers.

4.3 Support coordination reforms

4.3.1 Option 1 – Status Quo

4.3.1.1 Expected impact on participants

Some participants would continue to access inconsistent and poor quality support coordination services due to the continuation of issues identified in the current market.¹⁷⁴ The need for effective navigation-type services delivered by support coordinators will increase due to significant system change caused by other disability reforms. This includes the introduction of flexible budgets through NFP reforms and the rollout of Thriving Kids.

These risks are likely to continue and include risks to the wellbeing and safety of people with disability. This may result in participants who experience complex needs and barriers to navigation being disproportionately disadvantaged as NFP reforms roll out. This is due to the high level of choice and self-navigation likely to be required, with variations in participants' capability. This option would have minimal impact on existing challenges people with disability experience when looking for services.

4.3.1.2 Expected impact on the support coordination market

If support coordination is not reformed, the existing provider market would remain difficult to manage, with inconsistent quality and weak safeguards. Unregistered providers would continue operating without clear expectations, accountability or consistent oversight, with high risk of poor practice and variable participant outcomes.

¹⁷⁴ NDIS Review (2023), [Final Report - Working together to deliver the NDIS](#), page 100

4.3.1.3 Expected impact on other NDIS providers

There would be minimal impacts on other NDIS providers. In the absence of reforms to increase role clarity, support coordination would likely continue to be poorly understood and inconsistently provided, duplicating other functions and with limited oversight and accountability.

4.3.1.4 Expected impact on Government

This option would not result in any direct savings in the Scheme and fail to address existing service quality and integrity issues. In the absence of changes to existing arrangements, government will need to manage high levels of reform risk and risks to the safety and wellbeing of people with disability.

4.3.2 Option 2 – light touch reform to existing support coordination market

4.3.2.1 Expected impact on participants

Participants may experience an increase in the quality of support coordination services as a result of providers being registered. Some participants may experience service disruption and the need to find new support coordinators if mandatory registration results in some providers exiting the market.

4.3.2.2 Expected impact on the support coordination market

There are approximately 10,000 support coordination providers in the current market.¹⁷⁵ Providers would be required to register, which is a significant change to the current market. This may result in a consolidation of the support coordination market, including some potential provider exits. There would be some improvements in the quality and safety of support coordination services delivered by the market, but key issues around market inefficiency and integrity would not be addressed.

The expected regulatory burden costs of this option are outlined as follows. This includes an estimated \$2,738,024 administrative costs, \$134,734 in substantive compliance costs and \$67,367 in delay costs. A range of assumptions have been incorporated in the estimated regulatory costs in the table above. This includes that proposed changes will have no direct regulatory impact on participants or the community. The model also assumes the reforms will be applied to the existing market, so the impact of regulatory burden changes has been identified for existing providers in the system to become registered using the certification and audit process. Inputs used to model regulatory costs could also change over time.

¹⁷⁵ NDIA (2026), [Quarterly Report Supplement E National 2025-26 \(Q2\)](#), Table E.95

FIGURE 15: AVERAGE ANNUAL REGULATORY COSTS (FROM BUSINESS AS USUAL) FOR MANDATORY REGISTRATION OF SUPPORT COORDINATION

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$2.94	\$0	\$0	\$2.94

4.3.2.3 Expected impact on other NDIS providers

There would be minimal impacts on NDIS service providers. In the absence of reforms to increase role clarity, support coordination would likely continue to be poorly understood and inconsistently provided, duplicating other functions and with limited oversight and accountability.

Plan management functions are distinct and separate from support coordination functions. A number of providers deliver both plan management and support coordination services. While commissioning of plan management and support coordination services will occur through separate processes, the NDIA would consider synergies where appropriate.

4.3.2.4 Expected impact on Government

The Australian Government would likely face calls to increase support coordination prices in response to registration requirements. Should this not occur there may be market exits and reduced support coordination claims and payments (and potential cost savings). While registration would help increase government oversight to improve service quality, it would not fully address underlying market efficiency and integrity issues. In the absence of changes to existing arrangements, it is likely that the Australian Government will need to manage high levels of reform risk and risks to the safety and wellbeing of people with disability.

4.3.3 Option 3 – Commission a new support coordination and connection service with capped program expenditure

4.3.3.1 Expected impact on participants

This option would deliver better user experience and outcomes for participants.

Its anticipated impacts include transition to a new service for many participants. In the near term, it would involve some disruption to participants who currently access support coordination. This includes the potential need for some to find new providers due to providers exiting the market. In the longer term, it is intended to deliver higher quality and greater consistency of service, particularly for those participants with more intensive coordination and connection needs.

The proposed timing of this option aims to minimise disruption to participants during the transition phase of NFP reform.

A range of decisions about the working model will be required during implementation, and this will shape future-state impacts on participants. For example, the level of support people receive under a new commissioned service to ensure it is matched to their level of need. This will likely involve trade-offs across service intensity and scope so that people with more complex needs receive the right support within the program capped funding constraints. Decisions about trade-offs would be informed by further analysis of commissioning processes, market readiness and cost benefits.

In a future state, the new support coordination and connection service would enable participants to better manage their more flexible budgets introduced under NFP reforms.

4.3.3.2 Expected impact on the support coordination market

This option would create significant change to the support coordination market and functions. A new commissioned service would be established that improves market integrity and oversight, addressing systemic issues with the current market. It is also likely to reshape the support coordination market, including the possibility of new entrants and the exit of a significant number of existing support coordination providers. Providers engaged through the commissioned service may have additional compliance and reporting obligations.

4.3.3.3 Expected impact on other NDIS providers

This option would provide the opportunity to merge duplicative functions currently delivered by support coordinators and partners in the community. This would have implications for how partner services are delivered in the future. Any potential opportunities to reform partner functions, including in the context of support coordination reform, is subject to Australian Government consideration.

4.3.3.4 Expected impact on Government

Implementing a commissioned support coordination and connection service makes it possible to guarantee a reduced funding envelope and commensurate savings for government. Under the current model, payments for support coordination are demand driven and have no cost control mechanisms, apart from the setting and allocation of budgets by the NDIA in the planning process. A commissioned service increases oversight and control of the service budget.

Introduction of a new high quality support coordination and connection service would make it easier for people with disability to find the right supports they need, when they need them. This option would also support the broader rollout of other disability reforms, including connecting participants to supports deemed effective and beneficial under the clarification of 'reasonable and necessary' and planning supports under more flexible budgets under the NFP. It is likely this direction of reform would involve a higher degree of government control and oversight of market outcomes compared to the current state, including consideration of workforce skills and capability. This option would also incur implementation costs, including resourcing, to implement.

4.3.4 Option 4 – Commission a new support coordination service with a tighter cap on program expenditure

4.3.4.1 Expected impact on participants

This option would deliver better user experience and outcomes for participants. It would involve some disruption to participants who currently access support coordination. This includes the potential need for some to find new providers due to providers exiting the market. Timing of this option would also minimise disruption to participants during the initial transition phase of NFP reform.

The tighter cap on funding to deliver a new commissioned service would require a tradeoff in the number of participants who could access the new service. This would likely result in a significant reduction in the number of participants who can access support coordination services.

The resulting unmet need could result in participants experiencing challenges due to lack of adequate support to help manage their flexible budgets. It would also exacerbate broader challenges experienced by people with disability when trying to find services.

4.3.4.2 Expected impact on the support coordination market

This option would create significant change to the support coordination market and functions. A new commissioned service would be established that improves market integrity and oversight, addressing systemic issues in the current market.

This option is likely to result in a consolidation of the support coordination market, including the exit of a significant number of support coordination providers. Providers engaged through the commissioned service may have additional compliance and reporting obligations. The tighter cap on funding available to deliver the new service may raise viability concerns for providers who would be commissioned to deliver this service.

4.3.4.3 Expected impact on other NDIS providers

This option would provide the opportunity to merge duplicative functions currently delivered by support coordinators and partners in the community. This would have implications for how partner services are delivered in the future. Any potential opportunities to reform partner functions, including in the context of support coordination reform, is subject to Australian Government consideration.

4.3.4.4 Expected impact on Government

This option would provide the greatest savings for government. These savings may be undermined in the long term due to the potential adverse impacts on some participants and sector viability. There may also be some additional costs to government required to implement this option, subject to any further design work and government considerations.

This option would support the rollout of NFP reform. However, significant cost constraints would limit the ability of providers to recruit the skilled workforce required to connect participants to providers of effective and beneficial supports under the new definition of reasonable and necessary. This direction of reform would involve a higher degree of government control and oversight of market outcomes compared to the current state. This option would also incur implementation costs, including resourcing, to implement.

5. Consultation

5.1 Introduction

Extensive consultation with people with disability, their families and the disability community informed the NDIS Review. The review considered 3,976 submissions to provide a set of recommendations to: put people with disability back at the centre of the NDIS; restore trust confidence and pride in the NDIS; and ensure sustainability of the NDIS for future generations. The reforms canvassed in this Impact Analysis relies on consultation from the NDIS Review and the detail below reflects the thoughts and sentiments of the thousands of people who contributed to the Review.

The NDIS Review had an extensive approach to consultation, including a combination of the following:

- Communication platforms and submission process.
- Webinars, roundtables, workshops and small meetings in person, over the phone and online.
- Partnering with organisations to hold workshops, meetings and focus groups.
- Interviews and focus group sessions with sector and technical experts.
- Participatory engagement with people with lived experience.
- Engagement with state and territory governments.

The NDIS Review undertook a multi-stage approach to working with NDIS stakeholders, with a specific focus on ensuring that NDIS participants had opportunities to contribute. The review team spoke to more than 1,000 people with a disability, representing 2,000 hours of direct engagement.¹⁷⁶ Disability Representative Organisations also contributed both their expertise and ensured that systemic barriers to participation were addressed in their engagement with NDIS participants and other people with disabilities. Twenty-six ideas testing sessions followed initial engagement work, to support the design of recommendations. This means that the recommendations of the NDIS Review took into account the views of those consulted and went further to test recommendations with stakeholders. It is difficult, therefore, to articulate how the consultation shaped the final recommendations of the NDIS Review specifically as contested ideas have not been published but resolved as part of the two-stage consultation. Published material from these consultations is referenced in the NDIS Review Final Report as well as in the reporting of consultation feedback by the NDIS Review.

The NDIS Review considered the entire disability support eco-system in its scope, and made recommendations based on feedback from the community that the accessibility and appropriateness of supports outside the NDIS was critical to the reform agenda ahead. This Impact

¹⁷⁶ NDIS Review (2023), [A guide for people with disability and their families](#), page 5

Analysis considers a narrower range of reforms to the NDIS, which are interconnected with the broader eco-system development, despite being presented somewhat separately here. Nevertheless, findings and consultation outcomes of the NDIS Review have been considered in the development of these options. So too has the further consultation findings of the NDIA and the Department in the ongoing development of reforms, including consultation on Thriving Kids, intermediary navigation-like supports, and legislative changes for access and supports.

Consultation has also occurred between the Australian Government and the states and territories, resulting in commitments made by National Cabinet. This has included commitments to the *NDIS Financial Sustainability Framework* in 2023 and the 5 to 6 per cent, or lower, annual growth target in 2026.

Reform has also considered findings from other recent consultation processes, where relevant. This includes the parliamentary inquiry into Thriving Kids, which received 404 submissions, 19 supplementary submissions, 1,194 survey responses and held 7 days of public hearings. It also includes findings from the Thriving Kids Advisory Group, which engaged with 68 stakeholders over 6 in-depth workshops as part of their consultation process.

Further consultation will be undertaken to support reform design. This will also include consultation with people with disability and their families, carers and advocates that will be focused on listening to feedback, testing proposed rules and processes, and sharing information about transitions as it becomes available. This ongoing consultation and engagement on NDIS reforms will occur with the:

- Disability Reform Ministerial Council.
- NDIS Reform Advisory Committee.
- Disability Representative Organisations.
- NDIS Evidence Advisory Committee.
- Industry Chief Executive Forum.
- Independent Advisory Council.

The below table provides indicative timeframes of planned consultation for measures in the Securing the NDIS for future generations Bill.

Timeframe	Measure
1 July 2026	Consultation/market readiness testing begins on: - design of a commissioning approach for home and living supports for SIL participants who need 24/7 support to ensure participants receive the best supports and address provider viability challenges - expanding differentiated pricing for unregistered providers - design of the Inclusive Communities Fund and market reforms for social and community participation and capacity building activities to ensure genuinely inclusive activities are available in the market
Early August 2026	Consultation begins on: - updated New Framework Planning rules - new eligibility assessment process to determine access to the Scheme
31 August 2026	Consultation concludes for: - expanding differentiated pricing for unregistered providers - design of the Inclusive Communities Fund
30 September 2026	Consultation concludes for: - updated New Framework Planning rules¹⁷⁷ - new eligibility assessment process to determine access to the Scheme
31 October 2026	Consultation concludes for: commissioning SIL market reforms for social and community participation and capacity building activities

Not all of the measures included in this table are detailed in this Impact Analysis, but have been included for a holistic view of the whole package of proposed reforms. Figures in bold are those detailed in this Impact Analysis.

The consultation feedback below gives a sense of how interconnected NDIS supports and access are to people's experience in communities and with mainstream systems. The Government is committed to consulting with the States and disability community on long-term, structural reforms.

¹⁷⁷ Noting significant consultation on New Framework Planning has already been undertaken.

5.2 Proposals impacting access

5.2.1 Access changes

The NDIS Review had an action (action 3.9) for the Australian Government to consider updating and clarifying legislation to support a more effective approach to determining access. This included strengthening the operation of the permanence criteria when considering access and eligibility to the Scheme. Submissions to the NDIS review heard that the current process for requesting eligibility is cumbersome, unclear and difficult to navigate. This is in addition to outcomes being inconsistent and inequitable. The review included the following, highlighting these challenges:

"I have been unable to access the NDIS because the application process is so horrible to engage with... The NDIS needs to serve all disabled people, not just those who can work the system" – person with disability

"Current forms are cumbersome and inefficiently designed, with an emphasis on the requirement for the use of correct phrasing to obtain approvals" – Royal Australian College of General Practitioners

"Specialists are not trained in completing NDIS Access Request Forms... and nor should they have to be..." – carer

Further consultation on the impact of changes to access and eligibility criteria to establish a definition of substantially reduced functional capacity will be undertaken through the establishment of a Technical Advisory Group (TAG).

Consultation on the new eligibility assessment process based on functional capacity will commence from August 2026. The Australian Government will consider the advice and work with state and territory governments in establishing a threshold for substantially reduced functional capacity that will be used to determine eligibility for the Scheme.

Proposals to tighten the assessment of eligibility to the Scheme based on permanence and access to other service systems will be of heightened interest. This is due access being limited for people with conditions and/or access to other systems that some other people have been granted access for prior to implementation of these changes.

5.2.2 Limit access based on other service systems and based on permanence

Limiting access based on access to other service systems, and based on permanence are two separate proposals in this package of reform. These are both proposed to be enacted through the passage of legislation, to become effective from January 2028.

The original report of the Productivity Commission on the establishment of the NDIS envisaged that mainstream service systems, such as health, ageing, state and territory compensation schemes, and other systems would remain playing a key role in supporting people with disability, and that

the NDIS would not replace but rather complement these systems. The NDIS review found that participants and providers alike find the interfaces between the NDIS and these other systems confusing and hard to navigate. By limiting access to the NDIS based on access to other service systems (like compensation schemes delivered by the states and territories), participants, providers and the broader disability community in Australia will be clearer on who the NDIS is responsible for supporting.

The supporting analysis of the NDIS review found that the 2022 Federal Court decision in *National Disability Insurance Agency v Davis* is likely to have significant implications for the permanence eligibility criteria. Currently, an applicant is required to have an impairment(s) that is, or is likely to be, permanent. This has led to unclear boundaries between people who are best supported by the NDIS, and those who should be supported by other mainstream service systems, like the health system. The NDIS Review found that the relationship between the NDIS and the health system remains ambiguous.

Under the APTOS, state and territory health systems are currently responsible for early intervention and treatment of chronic health conditions. By clarifying the definition of permanence and ensuring that only people with both significant and permanent disability are eligible for the NDIS, participants (prospective and existing), the disability community, providers and broader community in Australia will become clearer on who is eligible for the NDIS.

This change will not become effective until January 2028, which will allow all stakeholders across the community to prepare for the change.

5.2.3 Access reforms to support the rollout of Thriving Kids

The NDIS Review consulted extensively with people with disability, their families, and the disability community.

The review heard there are limited supports focused on early intervention, prevention or low intensity support needs for people with disability outside the NDIS, including children with emerging developmental concerns.

Consistent with this, the review found that the lack of accessible, affordable foundational supports has turned the NDIS into an “oasis in a desert”, increasing inequity between those inside and outside the Scheme and pushing people to seek NDIS access because there is “nowhere else to go”.

A lack of supports outside the NDIS for children with developmental concerns, or disabilities, was identified by the review as a key gap in the broader disability ecosystem.

The Australian Government has reached agreement with states and territories to invest \$10 billion into foundational supports outside the Scheme. As a first step, states and territories have agreed on the Thriving Kids National Model, which will support children aged 8 and under with developmental delay and/or autism with low to moderate support needs.

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. The details of these arrangements are subject to further agreement between the Australian and state and territory governments.

It should be noted that the NDIS Review explicitly acknowledged that changes to access will be needed to support the rollout of foundational supports stating “Changes to access and budget setting processes for children and young people should only be implemented once widespread foundational supports are in place”.¹⁷⁸ The proposed changes to NDIS eligibility to support Thriving Kids are intended to commence on 1 January 2028 once the full rollout of Thriving Kids has been completed – in-line with the review.

5.3 Proposals impacting plan reassessments and budget setting

5.3.1 Limiting unscheduled reassessments

The NDIS Review recommended that reassessments should be scheduled to align with key life transition points where relevant.¹⁷⁹ The 2023 review and other key reviews into the NDIS (for example, the Tune Review) have heard that participants do not want or need to hear from the NDIA unless they are requiring support, or need a change to the supports they are receiving. A more consistently applied reassessment process will assist in addressing issues observed by the NDIS Review in relation to the planning cycle and resource allocation:

People also do not trust the NDIA to respond in a timely or adequate way if circumstances change.¹⁸⁰

Confidence in plan reassessments being available for significant change is one component. The link between unscheduled reassessments and plan inflation also contributes to rising budgets. Overall, the use of reassessments to increase plan values is expected to reduce. It is important that this change is clearly articulated and that the NDIA continues to support participants and manage individual risks and changes of circumstances as they arise.

5.3.2 Resetting budgets in old framework plans (SCCP and CBDA)

This level of support does not always correspond with better outcomes, and has led to community programs funded outside of the NDIS becoming less available.

The reforms announced in the 2026-27 Budget include a decision to reduce the funding levels of two categories of support, SCCP and CBDA, as well as an investment of \$200 million to build

¹⁷⁸ NDIS Review (2023), [Final Report - Working together to deliver the NDIS](#), page 41

¹⁷⁹ NDIS Review (2023), [Final Report - Working together to deliver the NDIS](#), page 93

¹⁸⁰ NDIS Review (2023), [Final Report - Working together to deliver the NDIS](#), page 31

community capability in inclusion. This is proposed in response to the need to reduce the volume of supports in order to preserve the sustainability of the NDIS. It also responds to the concern expressed by the NDIS Review that:

Community supports for all people with disability, as originally proposed, have not been delivered. As a result, the NDIS has become an oasis in the desert. This has had a significant impact on the cost of the scheme. It has also left people who are not in the NDIS without support. This is deeply unfair.¹⁸¹

Focusing on what is reasonable and necessary to expect the NDIS to fund connects with repeated concerns that the idea of NDIS as an 'oasis in the desert'. The review found that the inconsistency of application of reasonable and necessary was causing inconsistent planning decisions, which in turn have seen SCCP and CBDA funding be provided at much greater volumes than would be considered reasonable.

Resetting participant's support budgets in old framework plans is likely to cause a high level of concern amongst the disability community. It is important that the mitigating effect of plan utilisation on budget reductions is communicated, as well as the misalignment with other social care systems where evidence based benchmarking exists.¹⁸²

This measure should not be considered to have undergone specific consultation to date.

5.3.3 Reasonable and necessary changes

Consultation conducted throughout the NDIS Review found that participants found it difficult to understand what supports are considered reasonable and necessary or how the NDIA applies it when making decisions for old framework planning.

"Arbitrary rules - what is reasonable and necessary to me is not the same as it is to my planner... Being told a service is not reasonable and necessary by your planner but knowing someone (whom is in the exact same situation) else's planner has approved it." – Participant

¹⁸³

Greater clarity for participants and planners about the definition of reasonable and necessary will create more consistent decisions on the type and amount of supports that the NDIS will provide. While providing greater clarity on what is considered to be a reasonable and necessary supports was a recommendation of the NDIS Review¹⁸⁴, this measure was not the topic of specific consultation.

¹⁸¹ NDIS Review (2023), [What we have heard: Moving from defining problems to designing solutions to build a better NDIS](#), page 3

¹⁸² NDIS Review (2023), [Final Report - Working together to deliver the NDIS](#), page 262

¹⁸³ NDIS Review (2023), [What we have heard: Moving from defining problems to designing solutions to build a better NDIS](#), page 10-11

¹⁸⁴ NDIS Review (2023), [Final Report - Working together to deliver the NDIS](#), page 92

5.4 Commissioning plan management, support coordination and home and living supports

Plan management and support coordination reform has been informed by findings from the NDIS Review, including recommendations 4 and 10. It was also informed by the following consultations and reviews:

- The [NDIS Quality and Safeguards Commission own motion inquiry into support coordination and plan management](#) (2023).
- The [Disability Royal Commission final report](#) (2023) including recommendations 9.4, 10.2, 10.3 & 10.4.
- The [Tier 2 Tipping Point](#) research report (2022).
- The [IAC supporting LACs to be LACs](#) (2021).
- The [Tune Review](#) (2019) including recommendations 3 & 16.
- The [IAC Support coordination](#) paper (2018).

As part of these processes, the Australian Government conducted intensive engagement with the disability sector.

5.4.1 Addressing quality, integrity and fraud

Recent reviews and consultations have highlighted issues with integrity of the plan management and support coordination markets. This includes issues around service quality, sharp practice, fraudulent behaviour and conflicts of interest. The NDIS Quality and Safeguards Commission's Own Motion Inquiry in 2023 identified the need to strengthen regulatory action and market stewardship to respond to poor quality plan management and support coordination services. In the context of 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.

The Disability Royal Commission recommended making it clearer that it is not appropriate for support coordination providers to be the provider of any other funded supports in a participant's plan. It also recommended work be undertaken to improve the quality and consistency of support coordination services, with a specific focus on participants with intersectional and complex needs. For example, participants living in remote and very remote locations, First Nations and Culturally and Linguistically Diverse people with disability, and people with disability experiencing housing insecurity or homelessness.

These findings informed direction on opportunities to improve government oversight of the plan management and support coordination markets to address quality and integrity issues. Findings will also continue to inform detailed design of plan management and support

coordination reform, including how commissioning approaches can ensure service quality and minimise conflicts of interest. It will also inform how detailed service design will better meet the needs of participants with intersectional and complex needs.

5.4.2 Plan management reform

Recent reviews have identified quality concerns related to smaller plan management providers. The NDIS Review and the NDIS Commission's Own Motion Inquiry into Support Coordination and Plan Management found:

- Inconsistent quality and standards of plan management services and systems
- Low barriers to entry and insufficient oversight, resulting in conflicts of interests
- Fraud and poor governance
- Inconsistent provider integrity in supporting participants

Other recommended actions from recent reviews and inquiries have been implemented or could be implemented in the future. Consistent with the actions arising from the NDIS Commission's Own Motion Inquiry, plan managers have been required to register with the NDIS Commission. This has established a baseline of consistent practice. However, the size of the plan management market has limited the capacity of the NDIS Commission to effectively oversee this market segment.

The NDIS Review noted that transitioning to fully electronic payments would effectively remove the need for a plan management market. However, this would require significant investment and additional time to implement fully. System improvements have commenced under Crack Down on Fraud Phase 1 and further improvements are proposed under Phase 2 investments.

The NDIS Review also recommended a clear transition path for existing plan managers. The NDIS Review noted the value of quality plan managers in supporting prevention, detection and response to non-compliance, sharp practice and fraud. The NDIS Review recommended signalling changes to the market to minimise disruptions, which the preferred reform model captures.

Finally, NDIA consumer surveys in 2024 identified that participants prioritise plan managers delivering process-related supports (processing invoices and providing budget support) and place less emphasis on plan managers delivering personalised services. Respondents considered that personalised services were beyond the scope of the plan manager's role and were the responsibility of other intermediaries (i.e. support coordinators and partners in the community).

Taken together, these findings suggest improving quality controls at the cost of personalisation would be acceptable to the plan management market.

5.4.3 Improving support coordination as a navigation-like service

The NDIS Review recommended supporting people with disability to better navigate mainstream and disability supports through commissioning a navigator function.

Subsequently the NDIA has undertaken a series of initial stakeholder engagement activities. In late 2024, a number of workshops occurred with intermediaries to identify current challenges with navigation-like services they deliver. From July 2025 to December 2025, the NDIA led a dedicated consultation and engagement process with over 370 stakeholders across more than 20 activities. This included co-design focus groups with participants, and workshops and consultations with disability sector organisations, peak bodies, advocacy groups and service providers.

Findings from recent reviews and consultations identified clear themes across the current state for support coordination and other intermediary navigation-like services. This included:

- Concerns about service complexity.
- Duplication and gaps in existing roles.
- Workforce challenges – particularly in regional, rural and remote areas.
- Provider exits driven by reform ambiguity.
- Challenges with service flexibility and responsiveness.

These co-design and engagement activities also enabled the NDIA to test initial ideas for reforming support coordination and other navigation-like intermediary functions. This included testing community and sector views on:

- Choice and control in a potential commissioned model.
- The value of geographically local versus a specialist workforce.
- Supported decision making and capacity building.
- Participant safeguarding.
- Dedicated pathways for First Nations peoples and children.

Initial engagement conducted by the NDIA also identified tensions between stakeholder expectations on workforce skills and capabilities, how the service could be delivered, and the overall scope of a reformed support coordination function (and other potential future intermediary functions delivering navigation-like support).

5.4.4 Commissioning home and living supports

The NDIS Review found that home and living decisions are inconsistent, inequitable and opaque. It reported that many participants with home and living supports have limited choice in where, how, or with whom they live. In addition to this, home and living supports are a high cost to the Scheme, and there are market challenges with some providers reporting that they are unable to remain viable.

Consultation on commissioning home and living supports will begin in July 2026. Consultation will seek to understand SIL market challenges faced by both participants and providers. Targeted consultation will hear from participants using SIL, their families and carers, SIL providers and industry representatives (including peak bodies and union representatives). Consultation will focus on the most effective model that balances participant needs and provider viability.

Consultation and design of SIL commissioning model will consider the impact of the commissioning of plan management and support coordination to ensure consistency.

6. Preferred options and implementation

Many of the options considered in this Impact Analysis are linked to the need for legislative reform. The passage of legislation introduced in the Winter Sitting will enable these proposed options to be implemented. This assumption underpins all the options considered and assessed.

6.1 Eligibility and support reforms

The preferred option for eligibility and support reforms is Option 2: A balanced approach of eligibility and support changes for the NDIS.

Option 2 is preferred as it is considered the most effective option with regard to meeting the objectives of the reforms, as outlined in Section 2 and rated in Section 4.

Option 2 would more effectively moderate annual Scheme cost growth than options 1, 3 and 4. The cost of the NDIS is determined by the number of participants in the Scheme and the cost per participant. Taking no action, as per option 1, would not moderate annual Scheme cost growth and would not assist in returning the Scheme to its original intent. Seeking to address only one of these cost determinants, as per options 3 and 4, would have a positive impact on moderating annual Scheme cost growth. However, by only focusing on eligibility or supports, options 3 and 4 would require reform that goes beyond returning the Scheme to its original intent to meet the growth target, and therefore have too great a negative impact on NDIS participants, as well as NDIS providers and the NDIS market.

The balanced approach of option 2 is considered optimal. It will most effectively moderate annual Scheme cost growth in line with returning the Scheme to its original intent. Importantly, it would do this without any additional adverse impact on NDIS participants or NDIS providers and the NDIS market in comparison to option 3 and 4.

Option 2 is therefore considered, on balance, to be the preferred option.

Option 2 presents an implementation risk as reform elements are subject to the passage of legislation through Parliament. The potential for amendments could delay or alter implementation. Some elements require work with states and territories to design Rules. It would also require changes to NDIA operational practices, which may impact implementation timeframes.

The Department will work with states and territories, the NDIA and the NDIS Quality and Safeguards Commission to set up monitoring and governance arrangements for implementation of the NDIS reforms announced in the 2026-27 Budget. This will need to include monitoring the implementation of individual elements, but also the reform package as a whole. This will assist risks to not be realised, or their impact to be mitigated, where possible.

The table below includes an implementation timeline for all reforms included in the NDIS Reforms package announced in the 2026-27 Budget.

Implementation Timeline	Measure
7 days after Royal Assent of NDIS Amendment (Securing the NDIS for Future Generations) Bill	• Tighter criteria for unscheduled plan reassessments begins • Participants and providers have new requirements to retain records relating to NDIS claims • NDIA will have stronger compliance, enforcement and information-gathering powers to tackle fraud and non-compliance and respond faster to suspicious behaviour • The Minister for Disability and the NDIS will become the decision-maker on NDIS pricing
Mid-June 2026	• Technical Advisory Group established to provide advice on new eligibility assessment process based on functional capacity
1 July 2026	• Rollout of mandatory registration requirement begins for SIL and platform providers
1 October 2026	• Phased rollout of Thriving Kids supports begins, with children aged 8 and under with development delay and/or autism with low to moderate support needs and their families able to access supports outside the NDIS. • Participant support budgets for social, civic and community participation supports and capacity building daily activities are progressively reset as plans are reassessed or renewed
1 February 2027	• Changes to plan rollovers begin for all participants • Tighter assessment of reasonable and necessary support for new entrants begins
1 April 2027	• Participants start to transition to New Framework Planning
1 July 2027	• Rollout of expanded mandatory registration requirements for providers of higher risk activities like personal care, daily living supports, and supports provided in closed settings begins, with all providers in scope to be registered by December 2030 • Rollout of new enrolment system with a minimum basic level of identifiable information on most NDIS providers begins, with all providers in scope to be enrolled by December 2027
1 October 2027	• New panel of plan managers begins with 6-month transition period

1 January 2028	• Access changes begin for new applicants with existing participants reassessed over 3 years: ○ Eligibility determined based on a new standardised, evidence-based assessment of functional capacity as informed by the Technical Advisory Group ○ More consistent assessment of permanence and whether an impairment can be alleviated or treated ○ More consistent assessment of access to other compensation schemes. • Thriving Kids services are fully operational nationally. • Access changes for new applicants aged 0-8 eligible for Thriving Kids begin.
1 July 2028	• New support coordination and connection function with commissioned services begins
31 December 2030	• New Framework Planning transition period ends. All participants will have been transitioned to new framework plans

Not all of the measures included in this table are detailed in this Impact Analysis, but have been included for a holistic view of the whole package of proposed reforms. Measures in bold are those detailed in this Impact Analysis.

6.2 Plan management reforms

The preferred option for plan management reforms is Option 2 – establishing a commissioned panel of plan management providers.

The preferred option would have the greatest immediate benefits for NDIS participants, other NDIS service providers and government. It would improve the quality and consistency of plan management services, reduce the cost paid for plan management services, and exit poor and unscrupulous providers efficiently.

The preferred option would result in greater government savings over the short- to medium-term, and at a lower short-term cost, which aligns with the Australian Government's priority to ensure the sustainability of the NDIS.

The preferred option aligns with the NDIS Review's recommendation that work to enhance plan management providers' responsibility in protecting NDIS integrity should start immediately. The NDIS Review stated this work should then be refined as the NDIA's digital infrastructure and capability evolves.

Continuing with the status quo (Option 1) would result in continued Scheme losses due to fraudulent practices and payment integrity failures, which are driven by unscrupulous or poor-quality plan managers. This would negatively impact the Australian Government's priority to ensure the sustainability of the NDIS.

Option 3 could give the NDIA full control and oversight of all claims and payments to providers, and eliminate fees paid to plan management providers. However, the NDIA does not currently have the capacity or capability to onboard all plan managed participants. This would likely disrupt the service delivery of plan management services, leaving plan managed participants without support.

Option 3 would require significant investment in systems, technology, workforce, change management and legislative change in the short-medium term. While some of this investment is ongoing through the uplift of NDIS claims and payment systems, the initial cost to government would likely be higher than under the preferred option, and savings would unlikely be realised for 3-5 years. This option could be considered further once enhancements to NDIS claims and payments have been implemented.

6.3. Support coordination reform

The preferred option for support coordination reform is Option 3: commission a new support coordination service with capped funding. Option 3 is preferred as it has been assessed as having the greatest net benefits for NDIS participants, the sector and the Australian Government. This includes by addressing key issues around service quality, integrity and efficiency raised by the NDIS Review and other recent consultations. This would help achieve the intended objectives of collective NDIS reform outlined in Section 2.

Market readiness testing is required to inform the implementation design of a new support coordination and connection service. This, alongside insights from recent engagement with participants, the disability community and sector, would inform analysis of potential trade-offs across service intensity and scope so that people with more complex needs receive the right support within the program capped funding constraints. Detailed service design and implementation may have additional implications for the expected impacts of the new service. Any additional implications would be considered by the Australian Government, where appropriate, as part of the design and implementation process.

Under Option 3, the greatest number of participants would have access to high quality support coordination and connection services. This is because it would address key existing issues around service quality and integrity. This is unlike Options 1 and 2 (*do nothing* and *light touch reform*), which do not address key issues and are likely to exacerbate current risks to the wellbeing and safety of participants as a result. Option 3 is expected to directly contribute to improving access to quality intermediary services for people with disability, a key objective of collective NDIS reform. By doing so, it is anticipated that Option 3 will help restore confidence in the Scheme and the services it delivers.

While Option 4 (*commission a new service with a tighter funding cap*) would address existing service issues, it is likely to significantly limit the number of participants who could access support coordination services in the future. This would undermine outcomes for participants who are unable to access support to find services or navigate their plan under NFP reform as a result.

This, in turn, would likely impede key objectives of collective NDIS reform, including to ensure people with disability can access the supports they need.

Option 3 (and Option 4) would lead to the most significant change in the support coordination market. However, it is also expected to result in the greatest improvements to service quality and integrity by improving government oversight and control of services. This would help drive a more effective and efficient market. The current support coordination market (10,903 active providers as at 31 December 2025) would be consolidated as a result of reform. A competitive merit-based commissioning process would ensure the best organisations are selected to deliver this new service, who demonstrate the capability and capacity to deliver high quality services. The number of providers in a commissioned market would be influenced by detailed service design. Any opportunities to merge duplicative functions across other intermediary roles into a single, new service is subject to Australian Government consideration.

Option 1 would not result in any changes to the market, which would result in a continuation of current market issues including poor quality and unscrupulous providers. Option 2 may result in some improvement to service quality as a result of mandatory registration, however other systemic issues are likely to continue.

Option 3 would provide the greatest long-term savings to government through the delivery of a more effective, efficient support coordination and connection service. The cap on funding for the program's delivery would be a key driver of service efficiency. This is expected to support Scheme sustainability in the long-term by reducing growth in costs seen in current support coordination services.

Comparatively, Option 4 could provide greater savings in the short-term by implementing a greater funding cap on the new service. However, these savings are likely to be undermined in the medium to long-term due to the unmet need it would cause among participants. When people with disability cannot find and access the services they need, this can lead to poor outcomes. In some cases, this may include exacerbation of the challenges a person is experiencing and a need to access more intensive, higher cost supports in the long-term.

Options 1 and 2 would only result in minimal savings for government and fail to address key market issues that impact the wellbeing and safety of participants. As such, these options would have minimal to no contribution to key objectives of collective NDIS reform. This includes the objective to improve Scheme sustainability so the NDIS can support future generations.

7. Evaluation

7.1 Evaluation approach

The Department is developing an evaluation plan for the NDIS reforms announced in the 2026-27 Budget. This will include, but not be limited to, the reforms this Impact Analysis is focused on.

Given the degree of interdependence of its elements, evaluation of this package should not be confined to assessing individual reforms in isolation. Instead, it needs to consider the combined effects of the reforms operating together. Evaluation activity should focus on whether the reforms, taken as a whole, are achieving their shared objectives and managing trade-offs effectively.

The specific objectives of this reform package should be the central focus of evaluation in totality.

As outlined in Section 2, the objective of the reforms is consistent with the 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 of 5 to 6 per cent, or lower".¹⁸⁵

Specific reform objectives include:

- Slowing the growth of Scheme costs to a sustainable level (5 to 6 per cent, or lower).
- Ensuring the NDIS remains available to those with significant and permanent disability.
- Making eligibility requirements for the NDIS clearer, more consistent and equitable.
- Ensuring participants 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.

Success of the reforms 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.
- The consistency and accuracy of eligibility decisions.

¹⁸⁵ Heads of Agreement on the National Health Reform Agreement, National Disability Insurance Scheme reforms and Foundational Supports

- The quality of supports and services provided to participants.
- Improved integrity of the Scheme.
- Community support for the Scheme.

As noted in Section 2, 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.

To ensure successful and complete evaluation occurs, the Department will commence developing the evaluation approach and framework following announcement of the reforms in Budget 2026-27. This would assist in identifying data that needs to be collected early in the reform timeline to establish a baseline, and put in place any measures necessary to collect this data. This would enable a more rigorous evaluation at the time it is conducted. The Department also intends to seek the advice of the Australian Centre for Evaluation as part of developing the evaluation approach.

7.2 Responsibilities, data collection and future decision points

The NDIA, as the Australian Government agency with administrative responsibility for the NDIS, is responsible for the delivery of this package of reforms and managing Scheme sustainability.

DHDA, as the Australian Government agency with policy lead for the NDIS, is responsible for policy development, legislation and engagement with states and territories.

The Department considers a full evaluation of the NDIS reforms announced in the 2026-27 Budget should be undertaken in the 2030-31 financial year, with an interim evaluation undertaken in 2028-29. The role of states and territories in the evaluation will need to be considered, along with whether the engagement of a third party to lead the evaluation is appropriate. The Department intends to seek the advice of the Australian Centre for Evaluation as part of formalising the evaluation approach.

Existing Scheme reporting and monitoring can be leveraged for evaluative purposes. The NDIS Act establishes the NDIA and confers statutory functions that require it to manage, monitor and report on the financial sustainability and operation of the Scheme, as well as collect and publish Scheme data.

In practice, this includes annual reporting, regular public reporting, and the publication of performance and outcomes data, including quarterly reporting to disability ministers.

These obligations are reinforced through the NDIA's status as an Australian Government entity under the Public Governance, Performance and Accountability Act 2013 (PGPA Act), which imposes

mandatory planning, performance and accountability requirements to Parliament including annual reporting and budget-related accountability through Portfolio Budget Statements.

Some of the success determinants can be measured, at least in part, by proxies using existing data collection, surveys and reporting. This includes annual growth in the cost of the Scheme as published in or able to be derived from AFSR's and Budget publications, rates of participant employment and social and community participation, the characteristics of the cohort of eligible Scheme participants, participant satisfaction surveys, participant complaints, and regulatory data. Changes to social and community participation and capacity building budget levels can be measured through ongoing monitoring of average budget amounts, and through the utilisation rate of these supports.

The NDIS reforms announced in the 2026-27 Budget include strengthening the NDIA's investigative and enforcement capabilities, as well as improving how information is collected and monitored.

Other success measures require approaches more sensitive to sentiment. Proxy measures may be employed. Community support for the Scheme is a societal metric. It reflects whether the Scheme retains public confidence, legitimacy and social license. It goes beyond formal reporting frameworks and is inferred through several signals including complaints, appeals, media scrutiny and major reviews.

Evidence collected on the determinants of success will be used to inform the need for any further reforms to policy or operations, as well as inform an evaluation(s).