



Bills Digest | 25 May 2026

National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026

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Key points

- The [National Disability Insurance Scheme Amendment \(Securing the NDIS for Future Generations\) Bill 2026](#) (the Bill) is the third tranche in the Albanese government's [announced series](#) of legislative amendments in response to the [Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability](#) and the [independent review of the NDIS](#). It also draws on the 2024 advice of the [NDIS Provider and Worker Registration Taskforce](#), and the findings of the Australian National Audit Office 2019 report into the [National Disability Insurance Scheme Fraud and Control Program](#).
- The Bill is primarily aimed at reducing projected growth in NDIS expenditure and participant numbers, while strengthening fraud controls, provider regulation and governance arrangements.
- The Bill will make several significant amendments to the operation of the NDIS, including:
 - introducing a power for the Minister to reduce funding for specified groups of supports
 - amending access and planning arrangements, including by defining functional capacity, limiting participant-requested plan reassessments, expanding the circumstances in which a person's plan can be suspended, strengthening the link between supports and eligible impairments, changing reasonable and necessary support provisions, and allowing consideration of access to other service systems
 - strengthening fraud, compliance and regulatory arrangements, including by changing the definition of NDIS provider, introducing civil penalties, expanding information-gathering powers, imposing record-keeping requirements, changing claims timeframes and amending plan management arrangements

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- establishing a Ministerial pricing mechanism for NDIS supports and permitting automated administrative decision-making within the NDIS
- facilitating implementation of new framework planning arrangements and providing for transitional arrangements.
- The Bill was referred to Senate Community Affairs Legislation Committee on 14 May 2026 for inquiry, with the [final report due 16 June 2026](#).

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Date of introduction: 14 May 2026

House introduced in: House of Representatives

Portfolio: Health, Disability and Ageing

Commencement: Sections 1-3 and Schedule 5 commence on Royal Assent. Schedule 1 (Parts 1 to 3), Schedule 2 (Parts 1 to 4), and Schedules 3 and 4 commence the seventh day after Royal Assent. Schedule 1 (Parts 4 and 7) commence on 1 October 2026. Schedule 2 (Part 5) commences on 1 December 2026. Schedule 1 (Parts 5 and 6) commence on 1 February 2027. Schedule 1 (Parts 8 and 9) commence on 1 January 2028. Schedule 2 (Part 6) commences on the earlier of Proclamation or the first day of the first calendar month 24 months after Royal Assent.

This is a preliminary Bills Digest produced to assist early consideration of the Bill. It provides some background and links to relevant resources. It will be replaced with a more comprehensive Bills Digest in due course.

The links to the Bill, its Explanatory Memorandum and second reading speech can be found on the [Bill's home page](#), or through the [Australian Parliament website](#).

When Bills have been passed and have received Royal Assent, they become Acts, which can be found at the [Federal Register of Legislation website](#).

All hyperlinks in this Bills Digest are correct as of May 2026.

Purpose of the Bill

The purpose of the National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 (the Bill) is to amend the [National Disability Insurance Scheme Act 2013](#) (the Act) and other Commonwealth Acts to:

- introduce mechanisms intended to support the financial sustainability of the Scheme, including a power for the Minister to reduce funding for specified groups of supports
- amend access and planning arrangements, including by defining functional capacity, limiting participant-requested plan reassessments, expanding the circumstances in which a person’s plan can be suspended, strengthening the link between supports and eligible impairments, changing reasonable and necessary support provisions, and allowing consideration of access to other service systems
- strengthen fraud, compliance and regulatory arrangements, including by changing the definition of NDIS provider, introducing civil penalties, expanding information-gathering powers, imposing record-keeping requirements, changing claims timeframes and amending plan management arrangements
- establish a Ministerial pricing mechanism for NDIS supports and permit automated administrative decision-making within the NDIS
- facilitate implementation of new framework planning arrangements and provide for transitional arrangements.

Structure of the Bill

The Bill has 5 Schedules:

- **Schedule 1** contains proposed access and planning amendments and a new definition of functional capacity
- **Schedule 2** contains proposed fraud, compliance and provider regulation amendments
- **Schedule 3** contains proposed governance amendments, including changes relating to pricing and automated administrative actions
- **Schedule 4** contains proposed technical amendments to support the implementation of new framework planning from a previous amendment
- **Schedule 5** contains transitional provisions.

Background

The Bill is the third in the Albanese government’s [announced series](#) of legislative amendments in response to the [Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability](#) and the [independent review of the NDIS](#). It also draws

on the 2024 advice of the [NDIS Provider and Worker Registration Taskforce](#), and the findings of the Australian National Audit Office 2019 report into the [National Disability Insurance Scheme Fraud and Control Program](#).

The Bill specifically responds to an imperative to reduce the rate of expenditure growth for the Scheme. In 2022–23 expenditure on the NDIS increased 22% from the prior financial year (p. 55). The Albanese government has previously committed to an [8% growth rate](#) for NDIS expenditure by 1 July 2026, with the latest growth rate figure at [11.3% for the 12 months](#) to March 2026 ([NDIS Quarterly Report Q3 2025-26](#), p. 12).

On 22 April 2026, Health Minister Mark Butler made [an address to the National Press Club](#) on further proposed reforms to the NDIS to moderate expenditure growth of the Scheme, stating that the Government is aiming to reduce projected NDIS spending from more than \$70 billion to around \$55 billion by 2030.

The [2026–27 Budget](#) projects a reduction in NDIS expenditure growth of \$37.8 billion over four years based on the reforms (p. 108).

Importantly, under the reforms proposed by this Bill and the previous amendments to the NDIS Act, the costs of the NDIS will continue to rise per year but at a lower rate than previous trajectories indicated (for trends see: [Annual Financial Sustainability Report 2024-25](#)).

Minister Butler’s [address to the National Press Club](#) identified multiple drivers of Scheme expenditure growth. These include increases in participant numbers, growth in average plan costs and fraud and integrity concerns.

Functional capacity

The concept of functional capacity has been part of determining eligibility to the NDIS since commencement.

Section 24 of the Act contains the disability requirements for eligibility to the NDIS, specifically that ‘the impairment or impairments result in substantially reduced functional capacity’. However, the Act does not currently contain a definition of functional capacity or substantially reduced functional capacity.

Generally, the concept of functional capacity is associated with the biosocial model of disability and refers to capacity resulting from the interaction between a person’s disability condition and the environmental and social factors they encounter.

A commonly cited definition of functional capacity is from the World Health Organization’s (WHO) [World Report on Ageing and Health](#) (2015) which defines it as:

the health-related attributes that enable people to be and to do what they have reason to value; it is made up of the intrinsic capacity of the individual, relevant environmental characteristics and the interactions between the individual and these characteristics. (p. 227)

The WHO also maintains an internationally recognised tool for assessing functional capacity known as the [International Classification of Functioning, Disability and Health](#) (ICF) which includes a wide variety of influential factors including access to assistive technology, environmental factors such as air quality or physical accessibility, and interpersonal relationships.

The 2023 [NDIS Review recommendations](#) included actions to adjust eligibility and needs assessment based on functional capacity:

Recommendation 3: Provide a fairer and more consistent participant pathway

Action 3.1: The **National Disability Insurance Agency** should introduce a more consistent and robust approach to determining eligibility for access to the NDIS based on transparent methods for assessing functional capacity.

...

Action 3.4: The **National Disability Insurance Agency** should introduce new needs assessment processes to more consistently determine the level of need for each participant and set budgets on this basis.

In his [Press Club address Minister Bulter stated](#) that the ‘access lists’ for entry to the NDIS based on disability diagnosis will be removed, and replaced with criteria for functional capacity:

The Bill I intend to introduce in the Budget sittings will allow us to introduce standardised, evidence-based assessments of a person’s functional capacity to determine access to the Scheme.

In line with the Scheme’s original intent, access will be based upon a significant reduction in a person’s functional capacity that impacts their day-to-day living.

It will also remove the use of lists that decide on a participant's eligibility based on diagnosis alone.

The most recent version of the National Disability Insurance Agency’s (NDIA) guidelines for [Applying to the NDIS](#) (published [online](#) 10 December 2024) includes the ‘access lists’ for conditions categorised as List A (i.e. those that are likely to meet the disability requirements) (pp. 32–34) and List B (i.e. those that are likely to result in a permanent impairment) (pp. 34–41).

[According to Minister Butler](#), the access lists will be replaced with standardised assessments of functional capacity, with an expectation of this and other eligibility measures reducing the number of participants on the NDIS:

While new eligibility rules need to be worked through, our initial modelling will see the number of people on the scheme reduce to around 600,000 by the end of the decade instead of growing to well over 900,000.

As at 31 March 2026 there are a total of 774,456 NDIS participants ([NDIS Quarterly Report Q3 2025–26](#), p. 15). Should the Government reach its target number of participants, there would be around 174,000 fewer participants than are currently in the Scheme, as well as substantially lower growth than earlier projections.

On changes to functional capacity definitions and measurements, NDIS expert Dr. Georgia van Toorn [noted that](#):

The shift to a more needs-based approach to assessment is a welcome one. But its effectiveness will ultimately depend on the integrity of the assessment tools and, crucially, the professionals using them.

Where computational systems are used to support decision-making, they must be carefully designed to augment professional expertise and be flexible enough to accommodate individual circumstances...

If algorithms are going to determine who gets support and who goes without, then the entire apparatus – including the algorithm itself, its modelling, classification rules and training data – must be open to scrutiny.

Social and community participation supports

Minister Bulter's [address](#) noted a planned reduction in the funding category of social and community participation supports.

Social and community participation supports provide funding for activities that connect a person to social outcomes and community; such as support to attend activity classes like choir or dance, or support visiting a library, or sports participation.

As described in the [NDIS guidelines for Social and recreational supports](#), the NDIS funds additional support required to attend social and community activities based on a person's needs.

The NDIS does not fund ([p. 3](#)):

- the basic cost of the activities that everyone would be expected to pay for, like entry fees, registration and membership fees
- standard equipment a person needs to take part in a social or recreation activity, like a standard tennis racket or soccer shoes
- participation in activities at professional or elite level
- support for a young child to attend or participate in social or recreation activities where parents would normally be expected to stay and support their child.

In his [speech](#), Minister Butler described a 'reset' to funding for social and community supports, returning NDIS participants to 2023 funding levels:

In terms of the average actual spend by participants this will take people back to where they were in 2023.

The average plan spend this year is about \$31,000, up from around \$14,000 five years ago.

Over the next two years our changes will bring that figure back down to about \$26,000 – back to where it was in 2023.

Without our changes, that figure will have been more like \$33,000.

Based on [the latest NDIS payments data](#), as at 31 March 2026:

- spending for *Core supports: Social Community and Civic Participation* was \$11.9 billion for 368,692 participants
- spending for *Capacity building: Social Community and Civic Participation* was \$0.25 billion for 52,474 participants.¹

The proposed replacement for the reduction in social and community participation supports funding is [Foundational Supports](#), which are supports outside of the NDIS for all people with disability (including those on the NDIS) and funded by all Australian governments.

1. Note that these participant numbers should not be combined due to risk of double counting as some participants may receive both Core and Capacity building supports.

The concept of foundational supports and community inclusion was foremost in the [recommendations of the NDIS Review](#):

Recommendation 1: Invest in foundational supports to bring fairness, balance and sustainability to the ecosystem supporting people with disability

Recommendation 2: Increase the scale and pace of change in mainstream and community inclusion and accessibility and improve the connection between mainstream services and the NDIS

As of 2 February 2026, National Cabinet finalised the [National Agreement on Foundational Supports](#), with an expected expenditure of around \$10 billion over 5 years:

The Parties co-fund Foundational Supports on an ongoing and equal basis. The maximum funding available for the first five years of this Agreement is capped at \$10 billion, with 50 per cent provided by the Commonwealth and 50 per cent provided collectively by the States on a per capita basis. The funding for the following five years will remain capped at a level consistent with the initial funding envelope. (p. 3)

\$4 billion of this \$10 billion figure for foundational supports has [been committed to the Thriving Kids program](#) aimed at early intervention for children under 9. This is not a replacement for a reduction in social and community support funding for adults in the NDIS.

In the [2026–27 Budget](#) the government provided \$200.0 million over three years for alternative options to social and community supports:

The Government has also provisioned \$200.0 million over three years from 2026–27 to establish an Inclusive Communities Fund to support community organisations to deliver group based social and community participation activities and individual capacity building support for NDIS participants, with funding held in the Contingency Fund pending further design and consultation with the disability community. (pp. 107–8)

In May 2026 an [Office of Impact Analysis](#) report identified that NDIS participants with psychosocial disability will be most impacted by a reduction in social and community participation funding, as well as:

...participants with a primary disability of visual impairment, Down syndrome, and Intellectual Disability may be more affected by this change. For these cohorts, total committed supports for SCCP [social and community participation] budgets are higher than the overall Scheme proportion. ([National Disability Insurance Scheme Reforms Impact Analysis](#), pp. 59–60)

Provider registration

In [his speech](#) Minister Butler announced the intention to expand categories for mandatory provider registration including for personal care, daily living supports, and supports provided in closed settings:

Not every provider needs to be fully registered. We don't need to monitor retail purchases from a chemist the same way we monitor close personal care of vulnerable people.

But we will expand categories of mandatory registration to include the higher risk activities – **personal care, daily living supports, and supports provided in closed settings.** [emphasis added]

Further details were [provided](#) in response to a question from a journalist:

...we need to build out our registration system so we're confident that particularly providers of really close services are registered and comply with a whole range of quality indicators. And the measures I announced today mean that **90 per cent of all payments will go to registered providers**. But the really critical thing that we announced today is to move to a digital payment system. That means that **everyone receiving a payment through the NDIS will have to basically declare themselves**, and we'll be able to compare data between government agencies. We'll be able to trace where payments are going. It's about building, really, a series of measures that together will give taxpayers and participants more confidence that the money from taxpayers is going to where it actually needs to be. [emphasis added]

Currently NDIS providers of certain classes of supports under participants' plans must be registered under section 73E of the Act to provide those classes of supports. Part 2 of the [National Disability Insurance Scheme \(Provider Registration and Practice Standards\) Rules 2018](#) defines which supports require mandatory registration (including specialist disability accommodation, use of regulated restrictive practices, and undertaking a behaviour support assessment or behaviour support plan).

The [NDIS Review recommendations](#) include a 'risk proportionate model' for providers:

Recommendation 17: Develop and deliver a risk-proportionate model for the visibility and regulation of all providers and workers, and strengthen the regulatory response to long-standing and emerging quality and safeguards issues.

The [NDIS Provider and Worker Registration Taskforce](#) (the Taskforce) was established to design the implementation of Recommendation 17. The Taskforce considered graduated, risk-based registration settings, including which supports might attract mandatory registration requirements.

The Taskforce produced a list of the services and supports that must be included in their proposed registration model. For example, the list includes housing or home and living support; day programs in centre-based environments; in-home care to maintain hygiene mobility, social and economic participation; and support to access to the community or engage in social participation. For the full list see the [Taskforce's final report](#) (p. 24).

The Taskforce also recommended that consideration be given:

... to capturing disability supports and services not funded by the NDIS but provided to people with disability, which are not otherwise regulated for quality and safe service delivery to people with disability. Examples might include Foundational Supports when the final form is determined. (p. 24)

State and Territory financial contributions

Commonwealth and state and territory governments contribute to the pool of funds used to fund the NDIS under the NDIS [intergovernmental agreements](#). The majority of funding is provided by the Commonwealth government.

In 2023, [National Cabinet committed](#) to the NDIS Financial Sustainability framework, which appears to focus on expenditure moderation. The framework has not been publicly released, and the Government has [claimed public interest immunity](#) on the ground that disclosure would prejudice relations between the Commonwealth, the states and the territories.

From 2019–20, under [bilateral agreements with the Commonwealth](#), each state had a fixed dollar baseline established for its NDIS contributions, which escalated by a fixed 4 per cent per year for inflation and population. This cap has now been raised to [eight per cent per year from 1 July 2028](#).

The 2026–27 Budget states that:

National Cabinet agreed that the escalation rate of state and territory NDIS contributions would be in line with actual NDIS expenses growth, capped at eight per cent, from 1 July 2028. Reduced NDIS expenditure as a result of reforms in this measure will reduce the cost of the scheme to states and territories by \$2.8 billion over two years from 2028–29. ([2026-27 Budget Paper No. 2](#), p. 108)

Policy position of non-government parties/independents

At the time of publication, limited discussion of the Bill has occurred in Parliament.

In April 2026, the Shadow Minister for Health and Aged Care, Senator Anne Ruston, [stated](#) that the Coalition’s position was:

... that we will support any sensible reforms, practical, sensible reforms that restore the integrity and the sustainability of the NDIS and make sure that it is here for future generations of the people it was originally designed for. So, we very much support and are happy to work with the Government but we need more details about what the changes the Minister is actually proposing mean on the ground, because we need to make sure that there's proper planning that sits behind what they're doing. But the principle of making sure we've got a sustainable NDIS into the future for the people it was designed to support is something the Coalition has always supported.

During debate on referral of the Bill to the Senate Community Affairs Legislation Committee, [Senator Jordan Steele-John](#) of the Australian Greens stated that the proposed timeline for the final report was not adequate for scrutiny and proposed an amendment in Senator Nick McKim’s name to extend the reporting date to 6 August 2026. The proposed amendment to extend the inquiry deadline was not supported by the Senate, and the originally proposed date of 16 June 2026 stands.

Senator Steele-John [stated](#) the Bill is:

...proving to be the vessel for terrifying changes for disabled people, for the redefinition of what disability itself means in the eyes of the government, and the provision to the minister of vast new powers that will give government control over the lives of disabled people and our families, that will strip agency from our hands, that will reduce our choices.

Financial implications

The financial implications of the Bill were highlighted in the 2026–27 Budget, which stated a projected reduction in expenditure growth of \$37.8 billion over four years from 2026–27 ([2026–27 Budget Paper No. 2](#), p. 108).

The Budget also described a projected growth rate of expenditure under 2% within the next four years. A 2% growth rate is significantly lower than the [22% expenditure growth in 2022–23](#) (p. 55), and is also lower than the [growth rate of around 5%](#) which Minister Butler notes is seen in other social programs such as Medicare and child care.

The Budget stated that:

Nominal growth in the NDIS is projected to decline from over 10 per cent in 2024–25 to an average of around 2 per cent between 2025–26 and 2029–30. As a share of GDP, NDIS expenditure is expected to decline from 1.7 per cent in 2025–26 to 1.6 per cent in 2028–29 and 1.5 per cent in 2029–30. Without the Government’s recent changes, NDIS expenditure as a share of GDP would have been projected to exceed 2 per cent by 2029–30. Spending growth across other levels of government is also expected to moderate. ([2026-27 Budget Paper No. 1](#), p. 71)

Even accounting for these projected reductions in expenditure, the NDIS is still projected to continue to be the third largest spending program after *Revenue Assistance to the States and Territories* and *Support for Seniors* ([2026–27 Budget Paper No. 1](#), p. 221).

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