



Committee Secretary  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600

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Dear Committee Members

**RE: Inquiry into the National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026**

### **Our Position**

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Community Mental Health Australia (CMHA) has long held that quality psychosocial support should be available to every Australian who needs it, not only those who can clear the NDIS eligibility threshold.

The proposed changes to the NDIS represent an opportunity for the Australian Government to redirect funding to ensure people with disability who do not clear the NDIS eligibility threshold are still able to access supports, including community-based psychosocial supports.

The implementation of supports outside of the NDIS, such as Foundational Supports and the Inclusive Communities Fund, must occur prior to the changes to assessing access based on functional capacity commence as planned on 1 January 2028, so that there is somewhere for people to go. Transition without an established alternative is not a transition but a gap, and gaps of this kind cost lives.

CMHA makes the following recommendations to ensure Australians with disability can access the supports they need:

- Foundational Supports and the Inclusive Communities Fund are co-designed with people with lived experience, and operational at scale in all jurisdictions before any NDIS eligibility tightening takes effect.
- Expand funding for the Inclusive Communities Fund to ensure community-based services can meet the needs of people exiting the NDIS and the existing unmet need for psychosocial supports outside of the NDIS
- Embed protections for people with psychosocial disability in primary legislation, not deferred to NDIS rules, including on permanence, functional capacity assessment, and plan reassessments and suspension.
- The community mental health sector is recognised and resourced as the primary delivery system for Foundational Supports, with sustainable funding and workforce investment.
- Aboriginal and Torres Strait Islander peoples and people with lived experience of mental health challenges and their families are genuinely at the centre of design, governance and accountability for the reformed NDIS, Foundational Supports and the Inclusive Communities Program.
- Automated decision-making is excluded from all eligibility, planning and funding decisions affecting people with psychosocial disability.

### **The Opportunity in This Reform**

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The community mental health sector has long argued that the NDIS, important as it is, was never designed to carry the full weight of psychosocial support in Australia. The Australian Government's own data shows around 500,000 Australians live with serious mental health challenges who do not qualify for the NDIS, cannot afford private care, and have had nowhere to go.

Changes to the NDIS present an opportunity to better align supports outside the scheme, particularly for individuals with psychosocial disability. The broader ecosystem of community-based supports was always

intended to sit alongside the NDIS but has been hollowed out since its introduction. As a result, service gaps have driven people towards the NDIS, even where their needs could be better met through accessible, place-based supports.

CMHA cautiously welcomes the shift towards greater investment in supports that build recovery, strengthen capacity, and enable people to live connected, contributing lives. These supports should not be limited to current or former NDIS participants, but instead seen as an opportunity to build community sector capacity to address unmet psychosocial need.

This opportunity will only be realised if it is implemented carefully. Governments must get the sequencing right to avoid gaps in support for those leaving the NDIS. The right people must be involved in designing programs and allocating funding, and there must be a workforce with the scale, skills, and experience required to deliver what is needed.

The community mental health sector, comprising community-managed non-government organisations delivering recovery-oriented, trauma-informed psychosocial support across Australia, is the natural home of community supports. These are the organisations with the relationships, the practice expertise, the cultural competence and the trust in communities to deliver the kind of support that cannot be produced in a clinic or an administrative system. We are ready to do this work. We have been doing it for decades, often without adequate funding.

Reform that expands access to psychosocial support beyond the NDIS boundary, done well, with the right people at the table and properly resourced, is reform worth having. The question is whether the conditions for that reform are in place. They are not yet.

## The Sequencing Problem

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No one should leave the NDIS without a funded, accessible alternative already in place. This is not a new position for CMHA. It is what we have been saying consistently, and it is what the evidence demands.

CMHA appreciates that the changes to access are based on functional capacity and not based on diagnoses, but in practice, people with psychosocial disability are among the most likely to be affected by the Bill's eligibility tightening. The new functional capacity definition, the tightened permanence test, plans for suspension and revocation, and the stricter 'directly arising' requirement all create additional barriers for a cohort whose disability is episodic, fluctuating and difficult to quantify in a standardised assessment. Many of these Australians are already underrepresented in the NDIS and overrepresented among those who disengage from systems that are hard to navigate.

CMHA is particularly concerned that the Bill tightens NDIS access and reinforces the role of other service systems before the broader reform architecture outside the NDIS is fully settled and consistently available. The Government has announced parallel measures, including Foundational Supports and a \$200 million Inclusive Communities Fund, as part of its wider reform agenda. However, these measures remain part of a broader implementation process involving further consultation, intergovernmental work and staged rollout. Tightening NDIS access in advance of this system being ready is not reform. It is risk transfer onto the most vulnerable.

The result, without the necessary preconditions in place, is predictable: increased crisis presentations in emergency departments, greater demand on an already strained acute mental health system, preventable deterioration for individuals and higher long-term costs to governments across the board. This is the pattern that community mental health organisations have witnessed every time support has been withdrawn before alternatives are ready.

## Specific Concerns for People with Psychosocial Disability

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### Permanence and 'All Appropriate Treatment' (Schedule 1, Part 8)

The Bill introduces a tightened permanence test requiring that a person has undertaken 'all appropriate treatment' before their impairment can be considered permanent. For people with psychosocial disability, this creates a specific and serious risk. Recovery from mental ill health is non-linear. What constitutes 'appropriate treatment' for complex mental health presentations is contested and context-dependent. Many evidence-based supports for people with lived experience, including peer support, psychosocial recovery coaching and community participation, do not fit neatly within a biomedical definition of treatment.

Critically, the Bill defines appropriate treatment as applying regardless of whether a person's financial circumstances or geographical location prevent them from accessing it. A person in regional or remote Australia, or a person without financial means to access specialist care, can be assessed against a treatment standard they have no realistic means of meeting. Explicit protections for people with psychosocial disability, including recognition of recovery-oriented and peer-led supports as evidence-based, must be in the primary legislation, not deferred to NDIS rules.

### **Functional Capacity Assessment (Schedule 1, Part 1)**

The Bill's definition of functional capacity, assessed without assistive supports, technology or environmental context, fundamentally misunderstands how psychosocial disability presents. A person's capacity on the day of an assessment may bear little resemblance to their functional reality across a week, a month or a year. Snapshot assessments systematically undercount the support needs of people with episodic mental ill health.

The assessment tools and thresholds to be used under this framework have not yet been developed. CMHA calls for genuine co-design of the assessment framework with people with lived experience and the community mental health sector before any thresholds are finalised, and for explicit legislative requirements that those thresholds reflect the fluctuating, episodic nature of psychosocial disability.

### **Plan Funding Reductions and Community Participation Supports (Schedule 1, Parts 4 and 6)**

The Bill introduces new Ministerial power under proposed section 34A to impose percentage-based reductions to categories of supports across plans, explicitly allowing funded amounts to fall below the full cost of reasonable and necessary supports. While section 34A(3) requires the Minister to have regard to the safety of participants when making such a determination, this obligation is not defined, is not enforceable by individual participants, and does not require assessment of impact on specific cohorts before a determination takes effect. Because section 34A determinations operate as legislative instruments rather than individual decisions, there is no mechanism for a participant to seek review of a determination on the basis of their individual circumstances.

Government data shows that people with psychosocial disability have a higher proportion of their plans allocated to Social, Civic and Community Participation supports than most other participant groups. These are not discretionary extras. They are central to recovery, social connection and preventing deterioration.

The evidence that community participation prevents hospitalisation, crisis and long-term system dependence is strong. Cutting it produces costs elsewhere, in emergency departments, in inpatient beds, in crisis services, that far exceed any scheme-level saving. Applying category-wide reductions to these supports without individual reassessment is not consistent with a rights-based approach to disability support.

### **Plan Suspension for Uncontactable Participants (Schedule 1, Part 7)**

The Bill allows the NDIA to suspend a participant's plan if they cannot be contacted, and to revoke participant status after 90 days. For people with psychosocial disability, periods of being uncontactable are often a symptom of the very disability the NDIS is meant to support: acute episodes, hospitalisation, housing instability and social withdrawal. Losing NDIS access at the moment of greatest need is not a neutral administrative outcome. It is a safeguarding failure. Explicit legislative protections must ensure that suspension is never applied to people who are uncontactable because of their disability.

### **Automated Decision-Making (Schedule 3, Part 2)**

The Bill enables automated administrative decision-making, including for decisions that involve evaluative judgement, and explicitly provides that failures to comply with safeguards do not affect the validity of an automated decision. Psychosocial disability does not reduce to algorithmic criteria. The nuance required to assess a person's genuine support needs, their history, their fluctuating capacity and the context of their life, cannot be reliably automated. CMHA recommends that eligibility, planning and funding decisions affecting people with psychosocial disability be expressly excluded from automated processes, with human review guaranteed.

### **Impact on Aboriginal and Torres Strait Islander Participants**

Government data confirms that Aboriginal and Torres Strait Islander participants have higher average Social, Civic and Community Participation budgets and higher rates of plan inflation than other groups. This means they are disproportionately exposed to multiple measures in the Bill simultaneously. For Aboriginal and Torres Strait Islander peoples, community participation supports are integral to cultural connection,

healing and social and emotional wellbeing. Holistic, culturally safe, community-led support cannot be replaced by a clinical treatment model.

The cumulative impact of these changes on Aboriginal and Torres Strait Islander participants must be assessed as an equity and rights issue, in genuine partnership and co-design with Aboriginal and Torres Strait Islander peoples and their communities.

## **What We Are Calling For**

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Community Mental Health Australia wants this reform to succeed, because a well-designed system of psychosocial support that reaches more Australians is something our sector has been working toward for a long time. But the reform as currently structured risks doing harm in the process of doing good.

The community mental health sector, the network of non-government organisations delivering recovery-oriented, community-based support across Australia, is positioned to be the backbone of psychosocial supports delivered outside of the NDIS. We have the relationships, the expertise and the commitment. We do not yet have the funding certainty, the workforce investment or the commissioning frameworks that would make that a reality.

CMHA calls on the Committee to recommend the following changes to the drafting of the legislation and the implementation of the changes:

- Foundational Supports and the Inclusive Communities Fund are co-designed with people with lived experience, and operational at scale in all jurisdictions before any NDIS eligibility tightening takes effect.
- Expand funding for the Inclusive Communities Fund to ensure community-based services can meet the needs of people exiting the NDIS and the existing unmet need for psychosocial supports outside of the NDIS
- The community mental health sector, community-managed non-government organisations, is recognised in legislation and funding frameworks as the primary delivery system for psychosocial Foundational Supports, with sustainable investment and long-term commissioning certainty.
- Explicit protections for people with psychosocial disability are written into the primary legislation, including recognition that recovery-oriented and peer-led supports are evidence-based, functional capacity thresholds that reflect the episodic nature of mental health challenges, and safeguards preventing suspension or revocation of NDIS access during acute episodes.
- Appropriate treatment for the purposes of the permanence test accounts for financial, geographic and workforce access barriers, with an exemption framework that extends beyond medical reasons.
- Automated decision-making is expressly prohibited for eligibility, planning and funding decisions affecting people with psychosocial disability, with guaranteed human review.
- Aboriginal and Torres Strait Islander peoples are engaged as genuine partners in the design, governance and accountability of both the reformed NDIS and the Foundational Supports system, with self-determination at the centre.
- A cumulative impact assessment of all measures in the Bill on people with psychosocial disability, including Aboriginal and Torres Strait Islander participants, is completed and publicly released before the Bill proceeds.

The timing of the implementation of supports outside of the NDIS is critical to the success of these reforms, and there must be a workforce with the scale and skills ready to deliver supports. The people who need these supports have waited long enough, and they cannot afford to wait in a gap while the system catches up to the legislation.

Community Mental Health Australia welcomes the opportunity to appear before the Committee and to provide further information in support of this submission.

## **About Community Mental Health Australia**

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Community Mental Health Australia (CMHA) is the national peak body for the community mental health sector. We represent non-government organisations (NGOs), community-managed, non-profit organisations across Australia, that deliver recovery-oriented, trauma-informed mental health and

psychosocial support services to people living with mental health challenges, including those with severe and persistent mental ill health.

Our members are the organisations that have spent decades doing this work, in communities, alongside people, their families, carers and kin, including Aboriginal and Torres Strait Islander peoples. We understand the lived reality of psychosocial disability and the supports that make recovery and participation possible.

Yours sincerely



Kerry Hawkins  
Chief Executive Officer  
Community Mental Health Australia  
ceo@cmha.org.au