



**Mental Health  
Australia**

# **2026-27 Federal Budget Summary**

12 May 2026

**Mentally healthy people,  
mentally healthy communities**

[mhaustralia.org](https://mhaustralia.org)

# Contents

Overview	1
Mental health measures	2
Health system reform measures	4
National Disability Insurance Scheme and Foundational Supports	5
Social determinants of mental health	7



## Overview

The 2026-27 Federal Budget provides welcome cost of living relief and taxation changes to improve intergenerational fairness – but offers nothing new to address urgent mental health needs.

Measures intended to improve housing affordability for young people, tackle rising fuel pressures, and increase tax relief for working people represent important progress to address key drivers of mental distress.

However, with demand for mental health support increasing and young people naming mental health as the top issue on their minds – this Budget does very little to improve or expand the current mental health system.

The limited mental health measures included in the Budget prevent overall reduction in supports by extending some lapsing initiatives and confirming funding to extend the current National Mental Health and Suicide Prevention Agreement for a further 12 months in partnership with State and Territory Governments.

As previously announced, the Budget also includes a \$42.6m **mental health support package in response to the Bondi terror attack**, and \$13.9m to **expand 13YARN** to deliver a culturally safe crisis support text service.

These are important measures which response to acute community need and sector advocacy. However, without any progress on systemic priorities - highlighted in Mental Health Australia's **Pre-Budget Submission**, the sector and governments will continue to play catch-up to meet community need.

Unfortunately, this Budget also perpetuates uncertainty for:

- Ongoing direction and independence of the National Mental Health Commission and the National Suicide Prevention Office
- Timeline and scale of investment in psychosocial supports outside the NDIS
- Funding source and parameters for the negotiation of the next National Mental Health and Suicide Prevention Agreement

There is also no further clarity on the suite of NDIS changes recently announced by Minister Butler. The information provided continues to raise more questions than answers – although some of these questions may be addressed through legislation expected to be introduced to Parliament later this week.

Mental Health Australia will continue working with members and government to understand and influence the impact and implementation of these changes, and advocate for progress on urgent systemic mental health reform.

Specific budget measures from **Budget Paper 2** are outlined below.



## Mental health measures

### National Mental Health and Suicide Prevention Agreement extension

The Australian Government will provide \$277.5 million in 2026-27 to extend the National Mental Health and Suicide Prevention Agreement to 30 June 2027. Funding includes:

- \$206.8 million in 2026–27 for existing mental health and suicide prevention activities under the Agreement
- \$70.4 million in 2026–27 to extend terminating mental health and suicide prevention activities under bilateral schedules, including:

#### **Suicide prevention, postvention and aftercare services**

- \$14.1 million to extend postvention services nationally
- \$2.6 million to extend existing trial initiatives to provide aftercare for people who may not have presented to a hospital
- \$2.0 million to extend work on establishing a national Distress Intervention program trial

#### **Perinatal screening**

- \$4.9 million to extend work to achieve universal perinatal mental health screening across public antenatal and postnatal care settings

#### **Support for people experiencing eating disorders**

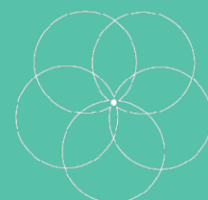
- \$4.4 million to extend supports for people with eating disorders and their families

#### **Other jurisdictional-specific measures**

- \$24.7 million to extend mental health services to adults in Victoria
- \$7.7 million to extend temporary Head to Health Clinics to provide Victorians mental health support, with no referral or appointment needed
- \$1.7 million in 2026–27 to extend access to culturally appropriate, multidisciplinary mental health and wellbeing services for Aboriginal and Torres Strait Islander peoples and improve service integration in South Australia
- \$4.1 million to extend universal aftercare services for South Australians discharged from hospital following a suicide attempt
- \$2.9 million to extend work to address gaps in the system of mental health care in Queensland
- \$1.4 million to extend work to address system gaps and unmet need, and improve access to youth mental health services in the Australian Capital Territory.

### Mental health support in schools

The Government will provide \$3.1 million over four years from 2025–26 to **continue the child and youth mental health support for students in Years 7 to 9** at public secondary schools across Australia.



## Suicide prevention

The Government will provide \$1.7 million over two years from 2025–26 to continue contributing to **four safe spaces established by the Brisbane North Primary Health Network** to provide an after-hours, peer-led alternative to emergency departments for people in mental health crisis or suicidal distress in Queensland.

## Support for people experiencing eating disorders

The Government will provide \$0.6 million in 2026–27 in additional funding to support a national platform which brings together information and resources that establish standards for the prevention and treatment of eating disorders.

## Aboriginal and Torres Strait Islander mental health

The Government will provide \$18.9 million over four years from 2026–27 (and \$5.1 million per year ongoing) to help **13YARN manage growing call volumes**, continue vital community and digital engagement and train and upskill crisis supporters **to deliver text based support** to First Nations people.

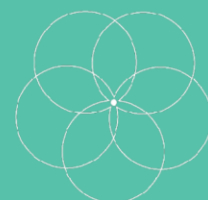
The Government will support **commissioning of two First Nations youth mental health services in remote locations** directly through the National Aboriginal Community Controlled Health Organisation to ensure they are community designed and led. These two services will replace two remote headspace services funded through the Government's 2025 election commitment More Free Mental Health Services.

## Government response to the antisemitic Bondi terrorist attack

In response to the Bondi terrorist attack, the Government will provide \$42.9 million over two years from 2025–26 to provide **immediate mental health supports** to the Jewish community, the broader Bondi community, first responders, children and young people. \$4.0 million in 2025–26 will also be provided to **Jewish House and JewishCare to support the victims and their families**.

## Mental health support for small businesses

The Government will provide \$8.2 million over three years from 2025–26 to extend the Small Business Debt Helpline financial counselling program and the **NewAccess for Small Business Owners mental health coaching program** to 30 June 2027.



## Health system reform measures

### Savings measure

The Government has identified a further \$2.7 billion over five years from 2025–26 from health, disability and ageing programs which will be reinvested in new or expanded health, disability and ageing services.

### Support for Veterans and their Families

The Government will provide additional funding of \$311.9 million over four years from 2026–27 (and an additional \$271.5 million over two years from 2030–31) to implement **responses to the Royal Commission into Defence and Veteran Suicide**. Funding includes \$29.8 million over three years to establish the National Veterans' Data Asset.

The Government will also provide \$16.6 million over two years from 2026–27 to undertake an **Independent Inquiry into Military Sexual Violence** in the Australian Defence Force, in response to Recommendation 25 of the Royal Commission into Defence and Veteran Suicide.

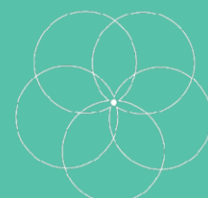
The Budget includes \$169.7 million over five years from 2025–26 (and \$58.8 million per year ongoing) to support veterans and their families through **increased allied health provider fees**. However, the Budget also outlines expected \$748.0 million in savings over three years from 2027–28 (and \$340.2 million per year ongoing) from the introduction of an **Annual Monetary Limit for veterans' allied health services**.

### Health research

\$24.3 million over two years from 2026–27 will be provided for an **uplift in operating resources for the National Health and Medical Research Council** to continue to fund health and medical research and build research capacity, and for a feasibility study for the establishment of a Research Grant Hub.

The Government will establish a **National Resilience and Science Council** to advise on Research, Development and Innovation objectives, priorities and performance and improve coordination of government research and development and industry initiatives as a first step in responding to the recommendations of the Ambitious Australia: Strategic Examination of Research and Development final report.

The Government has also made a provision for future spending of \$508.5 million over four years to increase disbursements from the **Medical Research Future Fund**, from \$650.0 million in 2025–26 increasing to \$1.0 billion annually from 2030–31, with funding to be held in the Contingency Reserve pending finalisation of the National Health and Medical Research Strategy.



## National Health Reform Agreement – hospital funding and Commonwealth investment in the public hospital system

The Government will provide \$220.3 billion over five years from 2026–27 to the states and territories for public hospital services and the implementation of the 2026–2031 Addendum to the National Health Reform Agreement (NHRA).

Funding includes \$24.4 billion over five years from 2026–27 in additional NHRA funding through the higher funding cap, and \$13.6 million over five years from 2026–27 to monitor health system performance and improve data sharing with the states and territories.

The costs of this measure will be partially offset by savings from reducing inappropriate billing of NHRA services to the Medicare Benefits Schedule (MBS), as agreed under the 2026–2031 Addendum to the NHRA.

To achieve the savings, the Government will provide \$210.6 million over eight years from 2025–26 to fast-track the delivery of new national digital health infrastructure, implement and monitor activities under the NHRA and MBS.

### Medicare Urgent Care Clinics

The Government will provide \$1.8 billion over five years from 2025–26 (and \$580.2 million per year ongoing) to **fund Medicare Urgent Care Clinics on an ongoing basis** to support Australians to access bulk-billed care for urgent, but not life-threatening, conditions.

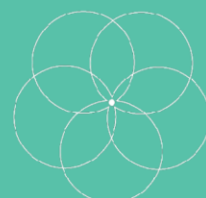
## National Disability Insurance Scheme and Foundational Supports

### Securing the National Disability Insurance Scheme for Future Generations

The Budget provides some figures and timeframes for recently announced NDIS Reforms. The reforms are expected to reduce growth in NDIS payments by \$37.8 billion over four years from 2026–27.

The Budget also includes new allocation of \$1.7 billion (over five years from 2025–26 to implement reforms. Funding includes:

- \$436.0 million in 2026–27 to ensure the National Disability Insurance Agency (NDIA) can continue to support NDIS participants
- \$358.5 million over five years from 2025–26 to develop and implement a new enrolment and digital payment system to improve payment integrity and reduce fraud and non-compliant payments. Partial funding for this measure will be held in the Contingency Reserve
- \$280.1 million over five years from 2025–26 (and \$53.0 million per year ongoing) to continue the Fraud Fusion Taskforce and invest in the NDIA to continue to detect and respond to fraud and non-compliant payments
- **\$270.1 million in 2026–27 to prepare for the roll-out and implementation of new framework planning from 1 April 2027**



- **\$182.6 million over four years from 2026–27 (and \$46.1 million per year ongoing) to introduce mandatory registration of high-risk NDIS providers**, with costs partially offset by \$27.1 million over three years from 2027–28 (and \$5.4 million per year ongoing) in receipts from expanded cost recovery arrangements
- **\$49.4 million over four years from 2026–27 to commission plan management and support coordination services** for NDIS participants to reduce fraud and improve service quality for participants
- **\$48.4 million over three years from 2025–26 to the Department of Health, Disability and Ageing and the NDIA to support consultation on and implementation of NDIS reforms**
- \$21.7 million over four years from 2026–27 (and \$5.8 million ongoing) to support the NDIS Quality and Safeguard Commission’s (NDIS Commission) regulatory and compliance activities, with costs to be met from within the existing resourcing of the NDIS Commission
- \$15.9 million over four years from 2026–27 (and \$6.0 million ongoing) for Disability Representative Organisations to support community engagement on the design and implementation of reforms, with costs to be partially met from within the existing resources of the NDIA and the Department of Health, Disability and Ageing
- \$14.7 million over two years from 2026–27 to extend supplementary funding for the NDIS Appeals program
- In line with the Scheme’s original intent, the Government will reform NDIS access so that it is based upon a substantial reduction in a person’s functional capacity that impacts their day-to-day living. The Government will design a standardised, evidence-based assessment of functional capacity to determine scheme access. **The Government has allocated \$3.3 million in 2026–27 to establish a Technical Advisory Group to provide expertise on the design of functional capacity assessment tools and instruments.**

The Government will also consult on a commissioning approach for home and living supports for participants who need 24/7 support, further reforms to the market for participant supports for social and community participation and capacity building activities, differentiated pricing, and the design of functional capacity assessment tools and instruments.

**Changes to assessing access based on functional capacity will not commence until 1 January 2028. The Government has also provisioned funding of \$3 billion over five years to establish Foundational Supports outside the NDIS, to be matched by states and territories as agreed by National Cabinet. This is on top of the Commonwealth’s \$2 billion contribution towards establishing the \$4 billion Thriving Kids program.**

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 Reserve pending further design and consultation with the disability community.

**This measure is projected to reduce growth in NDIS payments by \$37.8 billion over four years from 2026–27**, relative to the NDIS Actuary’s updated projections. NDIS payments will continue to grow each year.

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.

The Department of Health, Disability and Ageing, the NDIA and the NDIS Commission will partially meet the cost of this measure from within existing resources.

Budget Paper 1 also adds that unscheduled reassessments have been a major driver of spending growth in the NDIS, with the average result of a reassessment being a 20 per cent increase in plan value. The reforms will tighten criteria around plan reassessments and strengthen guidance on what are reasonable and necessary supports. Budgets for social, civic and community participation and capacity building daily activities will be reset and New Framework Planning will deliver more equitable, consistent and sustainable participant plans from 1 April 2027.

## Social determinants of mental health

### Taxation changes and cost of living relief

The Government will increase the **Medicare levy for low-income thresholds** for singles, families, and seniors and pensioners by 2.9 per cent from 1 July 2025, to continue to exempt low-income individuals and families from paying the Medicare levy.

The Budget includes the **temporary reduction of fuel excise** for 3 months from 1 April 2026.

There will be a new tax cut for every working Australian taxpayer, by introducing a \$250 **Working Australians Tax Offset** from the 2027–28 income tax year, estimated to decrease receipts by \$6.4 billion over the five years from 2025–26, and is offset by tax reforms to negative gearing, capital gains tax and discretionary trusts.

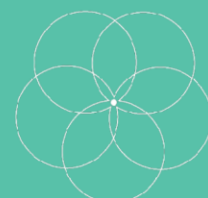
The Government will provide up to \$11.9 billion over five years from 2025–26 to support the **National Fuel Security Plan**, with the majority (approximately \$7.5 billion) to establish a Fuel and Fertiliser Security Facility.

The Government is **reforming negative gearing and capital gains tax arrangements** to improve the fairness of the tax system, support home ownership and help fund new tax cuts for workers. This measure is estimated to increase government receipts by \$3.6 billion over the five years from 2025–26.

### Closing the Gap

The Government will provide \$793.7 million over five years from 2025–26 (and \$176.1 million ongoing) to achieve better outcomes for First Nations people under the National Agreement on Closing the Gap.

Funding includes \$299.0 million over five years from 2025–26 (and \$161.7 million per year ongoing) to create an additional 3,000 jobs under the Remote Jobs and Economic Development program, and \$144.1 million over two years from 2026–27 to continue to meet urgent infrastructure needs of the Aboriginal Community Controlled Health Services sector.



## National Strategy to Prevent and Respond to Child Sexual Abuse

The Budget includes \$12.1 million in 2026-27 to continue initiatives to prevent, disrupt and combat child sexual abuse, and maintain support services for victims and survivors of child sexual abuse. This provides 12 months funding for measures under the National Strategy to Prevent and Respond to Child Sexual Abuse 2021 – 2030.

## Ending Gender-Based Violence

The Government will provide \$308.6 million over five years from 2025–26 (and \$15.9 million per year ongoing) to further support women and children leaving violent relationships and strengthen the frontline family, domestic and sexual violence workforce. This measure supports implementation of the National Plan to End Violence against Women and Children 2022–2032.

Funding includes \$218.3 million over five years from 2025–26 to support initial actions under the Our Ways – Strong Ways – Our Voices: National Aboriginal and Torres Strait Islander Plan to End Family, Domestic and Sexual Violence 2026–2036.

## Child and family wellbeing

### Single national Children and Family Support program

As previously indicated, the Government will provide \$171.7 million over 5 years from 2025–26 (and \$42.9 million per year ongoing) to establish a single national Children and Family Support program from 1 July 2027.

The measure is intended to simplify grant administration, better support frontline services to deliver prevention and early intervention activities, and build capacity within the families and communities sector.

Funding includes:

- \$156.3 million over three years from 2027–28 (and \$40.8 million per year ongoing) to provide additional funding for frontline services to support children’s development and wellbeing and empower parents, caregivers and families
- \$9.7 million over five years from 2025–26 (and \$0.3 million per year ongoing) to support the implementation of the Children and Family Support program
- \$5.7 million over four years from 2026–27 (and \$1.7 million per year ongoing) to continue capacity building initiatives within the families and communities sector.



## Thriving Kids

The Budget includes \$2.0 billion over five years from 2026–27 to deliver national services, fund enabling supports and contribute to state and territory services for the Thriving Kids program. States and territories will also invest in the program. Funding includes:

- \$1.4 billion over five years from 2026–27 to **states and territories to deliver Thriving Kids services**
- \$139.7 million over five years from 2026–27 to facilitate **Thriving Kids services for children in early childhood education and care settings**, with funding held in the Contingency Reserve pending consultation and design with states and territories
- \$126.1 million over five years from 2026–27 to support the **early identification of children with developmental delay or neurodevelopmental difference** through a Medicare funded three-year old health assessment and an expanded Comprehensive Health Assessment Program
- \$120.9 million over five years from 2026–27 to provide national and local information and advice to parents and families on child development, including through a **national phone line, and a national autism information and advice helpline**
- \$99.5 million over five years from 2026–27 to empower parents, carers and kin with the skills to support children with developmental concerns or autism through **Mental Health in Primary Schools and the Positive Partnerships Program**, and through a **National Digital Child Health Record in My Health Record**. Partial funding for this measure will be held in the Contingency Reserve until the Government has considered a business case for future stages of the Child Health Record
- \$60.8 million over five years from 2026–27 to support **workforce development and training**, including dedicated **funding for the First Nations workforce**
- \$21.6 million over three years from 2026–27 for a **national communications campaign** to raise public awareness of developmental differences and Thriving Kids services
- \$20.4 million over five years from 2026–27 for the Department of Health, Disability and Ageing to **support implementation of the Thriving Kids program**
- \$16.3 million over five years from 2026–27 to **support community engagement, monitoring, and evaluation** of the Thriving Kids program.

## Maternal and parental mental health

- \$13.7 million over four years from 2026–27 (and \$3.6 million per year ongoing) to continue research and data collection activities through the **National Maternity Data Development Project**.
- \$9.7 million over two years from 2026–27 to continue **support for parents bereaved by stillbirth** maintaining the perinatal pathologist and perinatal loss coordinator workforce.

## Mental health in education

The Budget includes \$1.7 million in 2026–27 through the Education portfolio for Life Ed Australia, to improve existing and develop new **preventative health and safety education modules**, including mental health and wellbeing, online safety, and respectful relationships.

The Education portfolio also includes \$54.8 million in 2026–27 to help early childhood education and care services increase their capacity to **support the inclusion of children with additional needs**, through tailored support and funding to services.



## Housing and home ownership

The Budget includes \$2.1 billion over five years from 2025–26 to support increased housing supply and research. Funding is focused on the **Housing Support Program – Local Infrastructure Fund**, with \$2.0 billion over four years from 2026–27 to provide funding via states and territories to expedite delivery of housing enabling infrastructure, contingent on states and territories committing to reforms to increase access to land and speed up approvals.

The Budget also includes \$59.4 million over four years from 2026–27 to **support young people to access community housing**. This funding will be delivered through states and territories to community housing providers, to supplement rental income for social housing for over 4,000 eligible young people, aged 16-24, who are in receipt of the Away from Home rate of Youth Allowance or ABSTUDY and who are at risk of, or experiencing, homelessness.

## Employment Services and Support

The Budget includes \$316.1 million over five years from 2025–26 (and \$36.7 million per year ongoing) to continue supporting Australians into employment and improve participant experience. Funding includes:

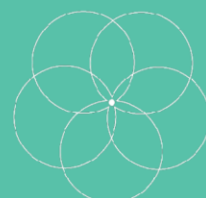
- \$285.6 million over five years from 2025–26 (and \$35.9 million per year ongoing) for improvements to the employment services system and to support future reform
- \$26.5 million over three years from 2026–27 to increase resourcing for the National Customer Service Line to support job seekers and employers
- \$3.2 million over four years from 2026–27 (and \$0.8 million per year ongoing) to extend the Carer Inclusive Workplace Initiative to assist employers to develop and adopt practices which support employees with caring responsibilities to enter and remain in the workforce
- \$0.8 million in 2026–27 to extend the National Disability Abuse and Neglect Hotline and the Complaints Resolution and Referral Service.

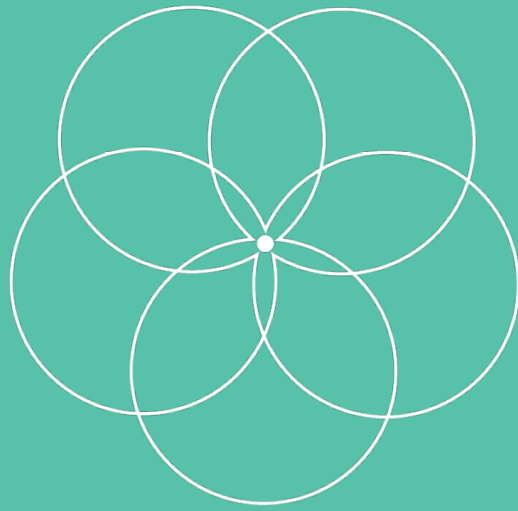
## Addressing Online Gambling Harms

The Budget includes \$112.7 million over five years from 2025–26 (and \$18.1 million per year ongoing) to address online gambling harms through improved consumer protections, expanded support services and targeted public awareness and education campaigns.

## Other – charity regulation

The Budget includes \$136.1 million over two years from 2026–27 to complete the second tranche of stabilisation and uplift of Australia’s business registers, including synchronising director information with the Australian Charities and Not-for Profits Commission’s Charities Register, linking Director IDs to the Companies Register, uplifting Australian Business Number (ABN) authentication and completing the transition of ABN and superannuation lookup functions to the Australian Taxation Office





# Mental Health Australia

Mentally healthy people,  
mentally healthy communities

[mhaustralia.org](http://mhaustralia.org)

Mental Health Australia is the peak independent national representative body of the mental health sector in Australia.

**Mental Health Australia Ltd**

9-11 Napier Close  
Deakin ACT 2600  
ABN 57 600 066 635

**P** 02 6285 3100  
**F** 02 6285 2166  
**E** [info@mhaustralia.org](mailto:info@mhaustralia.org)