The NDIS cuts: A poor reflection of our national character

The government has proposed cutting the National Disability Insurance Scheme by $36 billion over the next four years instead of placing a 25% tax on gas exports which would raise $68 billion in revenue

Discussion paper

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Summary

This paper details the impact of the cuts to the National Disability Insurance Scheme (NDIS) proposed by the government in the 2026-27 Budget. Using forecasts of inflation, population growth and the size of the economy from the budget and from the Parliamentary Budget Office (PBO) we show that the cuts to the NDIS by 2029-30 will represent up to a 12% drop in funding relative to 2026-27.

The impact of these cuts in terms of hours of care is estimated by using the input-output tables of the national accounts and find that they represent some 94 million hours' worth of annual paid care that will need to be replaced either by volunteers, or, more likely, family members.

Not only will does this risk a lower quality of care, and a likely reduction in the labour force participation of family carers, it will inevitably increase the risk of abuse through neglect as families struggle to cope with the increased time and financial commitments required.

Our report highlights that the claim of abuses of the scheme by organised crime has little evidence to support it, and moreover the cuts are expected to save little from fraud.

Finally, the overriding premise that the cuts are required to ensure the ongoing sustainability of the NDIS are revealed to be false given a 25% tax on gas exports would over the next 4 years raise $31.8 billion more than would be "saved" by the cuts and the level of fuel tax credits to be provided to mining companies over the next 4 years is equivalent to 61% of the proposed cuts.

The proposed cuts reveal in a truly stark fashion the result when a government chooses the profits of gas companies over the lives of Australians. The cuts to the NDIS are not inevitable nor needed.

Introduction

In April this year, the Minister for Health, Mark Butler spoke at the National Press Club to outline the government's proposal for NDIS funding going forward. Minister Butler suggested that "the NDIS will continue to grow every year. But for the sake of the people the NDIS was created for, we have to make sure it is sustainable now – and for future generations".[1]

This plan was revealed fully in the 2026-27 budget where expenditure on the NDIS was projected to fall by 1% from 2026-27 to 2028-29 before slightly rising in 2029-30 rather than increasing by 15% as was the case in the 2025-26 budget. This report examines the totality of these cuts and reveals that when accounting for inflation, population growth and the increased size of the economy, the cuts amount to a historic slashing of the NDIS budget.

The Minister conceded that these cuts will have a "material impact" on participants, and that very much understates the case.[2] The government intends to target the Social, Economic and Community Participation stream of funding support within the NDIS. This stream provides participants with opportunities to develop life skills and to provide constant care.

We use the national accounts to demonstrate the impact of these cuts on paid work in the sector and the hours of paid care that would need to be transferred to either volunteers or to family members. The result of these cuts does not match the government's position with respect to other care such as aged care, as the cuts will inevitably lead to lower standard of care and an increased risk of abuse and neglect.

The government's argument for cuts to the NDIS have been based on two major assumptions – that providers are rorting the scheme, which total as much as 20% of the entire funding, and that the growth of the NDIS is not fiscally sustainable.

However, neither of those two assumptions hold up to proper scrutiny.

In this report we examine the claims of the rorting of the NDIS and find little more than general assertions lacking substantive evidence.

We also demonstrate that the NDIS is clearly sustainable, but that the government has chosen to assume it cannot raise more tax despite Australia being a low taxing nation. We demonstrate that a 25% tax on gas exports would more than cover the costs "saved" by the

[1] Butler, M (2026) "Minister Butler speech at the National Press Club – 22 April 2026" https://www.health.gov.au/ministers/the-hon-mark-butler-mp/media/minister-butler-speech-at-the-national-press-club-22-april-2026

[2] Butler (2026) ibid.

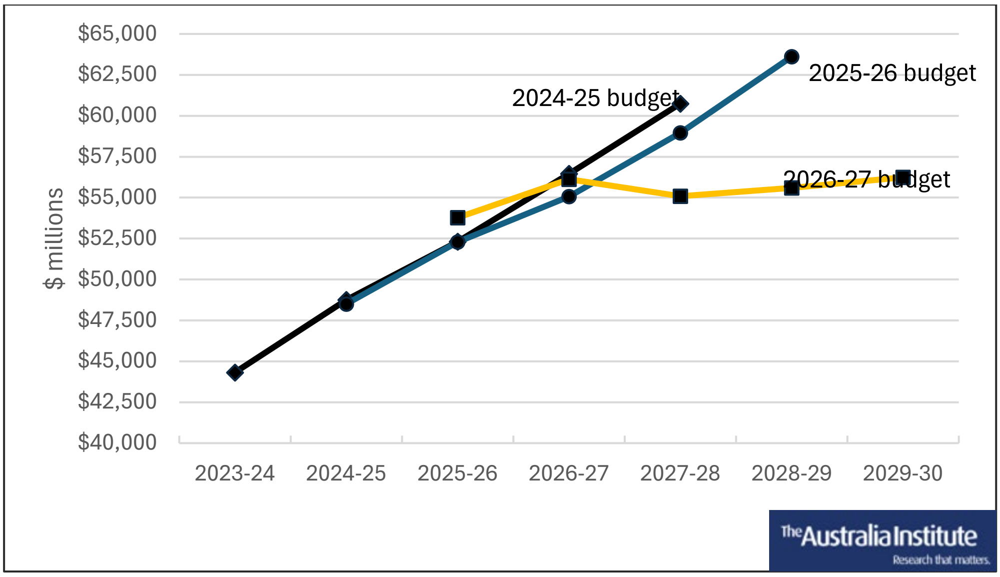
proposed cuts. As such the government does not need to choose to cut the NDIS in order to ensure its ongoing community support, or social licence. Failing to properly tax gas exports privileges gas companies over Australians with disabilities.

THE CUTS ARE LARGER THAN PROJECTED

The Minister's statement in his National Press Club speech that "the NDIS will continue to grow every year" is a common rhetorical and budgetary device long used by governments to hide the full impact of proposed cuts to services or programs.

The minister's statement is true only to the extent that the nominal dollar amount is projected to increase. However, the changes to the NDIS funding proposed in the 2026-27 Budget are a significant reduction on the previous forecasts (Figure 1).

Figure 1. Projected nominal NDIS expenditure ($m)



Source 1 Budget Papers.

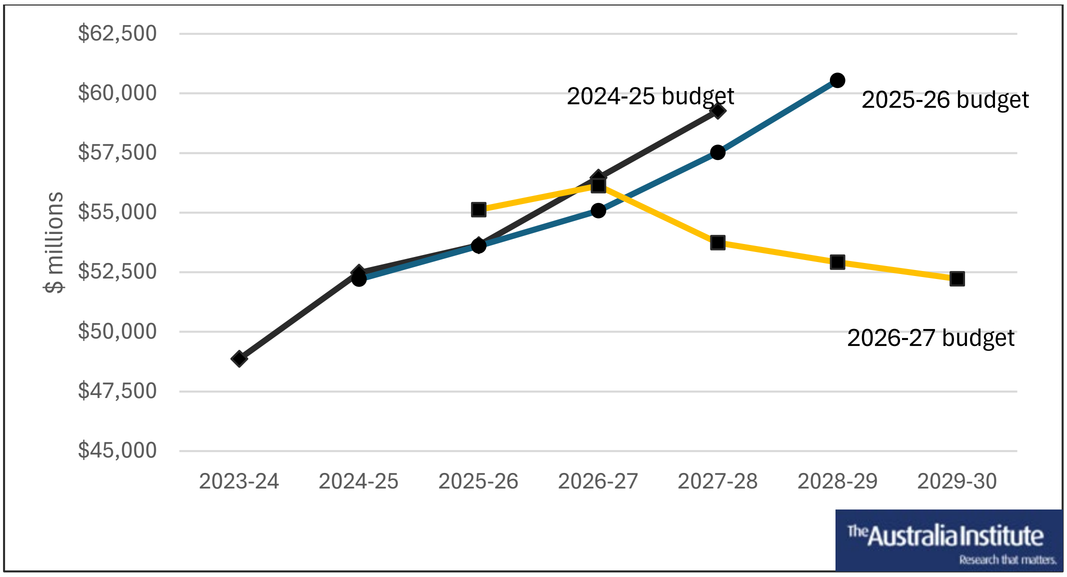
The 2025-26 Budget forecast NDIS funding in 2026-27 and 2028-29 of $58.4 billion and $63.0 billion respectively, whereas this year's budget now forecast spending in those years to be $55.1 billion and $55.6 billion – for a combined spending of $10.7 billion less over those two years.

When it was in opposition, the Labor Party called out the use of this same trick by the Abbott Coalition Government when it claimed that spending on education was rising each year, when it was actually cutting spending by $30 billion relative to the amount pledged by the previous government."[3]

However, even this understates the cuts. Budget Paper No. 2 in the 2026-27 Budget records that cuts to the NDIS $7.15 billion in 2027-28, $11.65 billion in 2028-29 and $16.4 billion in 2029-30[4]. However, nominal figures disguise the impact of the cuts, because while in 2029-30 the government forecasts spending on the NDIS will be 0.2% higher than in 2026-27, this ignores the growth in prices, population, and the size of the economy, in other words, increases in inflation.

When accounting for inflation, using the consumer price index (CPI) (which is likely a conservative estimate given health care prices over the past decade have risen around 1.2 times faster than the CPI)[5] the size of the cuts becomes more realistic (Figure 2).

Figure 2. Projected real NDIS expenditure ($m)



Source 2 All figures in 2026-27 dollars declined using CPI forecasts in 2026-27 Budget Papers

[3] Chan, G (2016) "Coalition announces $1.2bn for schools but Labor says funding 'inadequate'" Guardian Australia, https://www.theguardian.com/australia-news/2016/may/01/coalition-announces-12bn-for-schools-but-labor-says-funding-inadequate

[4] Budget Paper No 2 in the 2026-27 Budget Papers also states that "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" This figures is greater than the by year cuts detailed in Budget Paper No 2 "Securing the National Disability Insurance Scheme for Future Generations" of $36.2 billion over the 4 years from 2026-27, however given our desire to show the annual cuts across the 4 years in this paper we will use the $36.2 billion figures. Given the 25% gas tax would raise $68 billion over the same period this does not materially affect our argument that the scheme is sustainable.

[5] ABS (2026) Consumer Price Index, Australia, Table 18 https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/jun-2026/6401018.xlsx

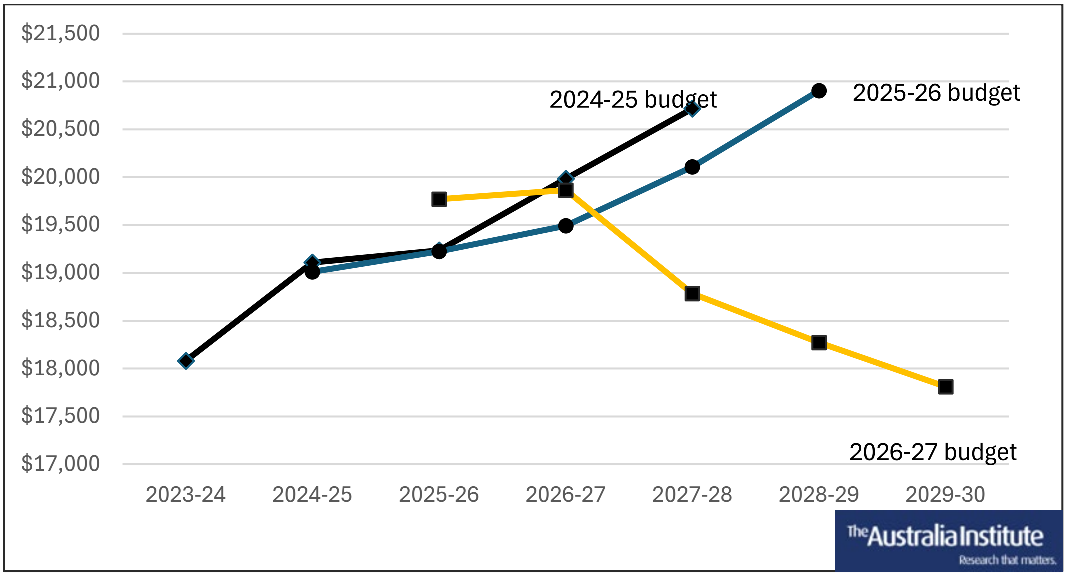
Rather than remain steady, real funding (using CPI projected in the budget) for the NDIS is set to decline by 7% from 2026-27 to 2029-30 and returns to 2024-25 levels.

Again, while this goes some way to providing an accurate sense of the impact of the cuts, even inflation-adjusted figures ignore the impact of rising population. The Budget Papers do not provide estimates for population out to 2029-30; however, they provide estimates for net overseas migration each financial year. Using this number and the average natural population growth over the past decade, we can estimate the population growth over the next four years.

Combined with the real expenditure from Figure 2 we can then estimate the level of real funding per head of population (Figure 3 uses per 10,000 head of population to provide useable numbers).

By this measure NDIS funding in 2029-30 will be 10% lower than in 2026-27.

Figure 3. Projected real NDIS expenditure per 10,000 head of population



Source 3 Budget Papers, PBO Historical Fiscal Data, assumes population growth in line with 2020-2026 average natural growth and NOM estimates in the 2026-27 budget

This would reduce the funding back to pre-2023-24 levels. This figure is more in keeping with the suggestion by Mark Butler that "In terms of the average actual spend by participants this will take people back to where they were in 2023."[6]

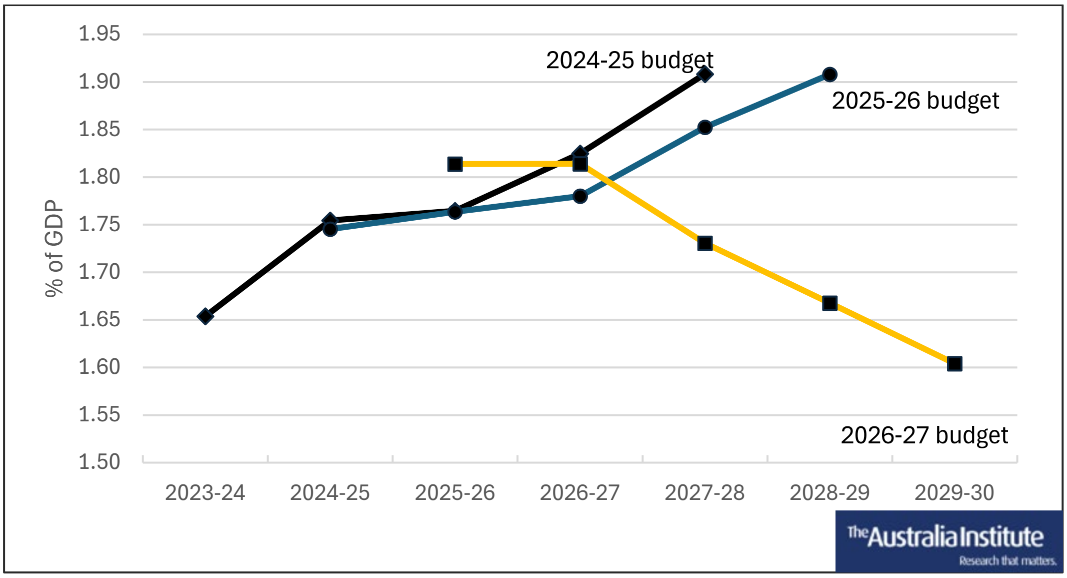
But even this measure understates the level of the cuts. Budgetary expenditure and revenue are historically measured within the budget as a percentage of the economy or gross domestic product (GDP). The GDP measure removes inflation from the calculation and

[6] Butler (2026) op cit.

incorporates the growing population because population growth increases the size of the economy as measured by GDP.

The Parliamentary Budget Office (PBO) provides precise figures for future GDP estimates in its "Historical Fiscal Data" series that is updated after each budget and in the mid-year economic and fiscal outlook (MYEFO).[7] This enables us to forecast expenditure on the NDIS as a percentage of GDP (Figure 4).

Figure 4. Projected NDIS expenditure (% of GDP)



Source 4. Budget Papers, PBO Historical Fiscal Data

By this measure, the NDIS will be cut 12% from 2026-27 to 2029-30. While funding in 2029-30 will be 1.5% below 2023-24 levels on a real per capita basis, funding in 2029-30 will be 3% lower than in 2023-24 on a per cent of GDP basis.

A comparison of the different measures of funding is in Table 1.

Table 1. Size of cuts to the NDIS

	Nominal ($m)	Real (2026-27 dollars) $m	Real spend per 10,000	Percent of GDP
2026-27	$56,124	$56,124	$19,772	1.81
2029-30	$56,239	$52,224	$17,810	1.60
Change %	0.2%	-6.9%	-9.9%	-11.6%

Source 5, 2026-27 Budget Papers, PBO Historical Fiscal Data, assumes population growth in line with 2020-2026 average natural growth and NOM estimates in the 2026-27 budget.

[7] Parliamentary Budget Office (2026) Historical Fiscal Data https://www.pbo.gov.au/publications-and-data/data-and-tools/data-portal/historical-fiscal-data

The Impact on care, health and wellbeing

The quantum of the cuts in dollar terms is stark enough. The true cost is the impact on NDIS participants.

Treasury modelling suggests the cuts will lead to a net 160,000 fewer people on the scheme – due to 240,000 people leaving the scheme and 80,000 new people coming into the scheme.[8]

The care needs of these Australians will not disappear – it will be merely forced onto the families of those whose coverage has been lost – either in terms of out-of-pocket expenses for care, or in the time family members will be required to undertake to replace the care currently done within the NDIS. This is especially pertinent given the focus of the cuts from the minister has been on the Social, Economic and Community Participation stream of funding support, which the Minister promised to cut by 30 per cent in his NPC.[9]

The minister in his National Press Club speech stated that "while many support workers provide valuable supports, too many participants tell us their support workers are spending more time on their phones than engaging with them and providing support. We've received reports of participants falling out of their wheelchair while a support worker is scrolling on their phone."[10]

Such behaviour is deplorable. But the government's solution to target cuts in that area do not appear to be designed to redress the poor standard of care. For example, it is unclear how the participant falling out of their wheelchair, in the minister's example, would be advantaged by having no support worker present.

The Minister appears to be aware of this given in his speech he said, "I want to be honest with people; this will have a material impact on participant plans."[11]

A case study in the Explanatory Memorandum to the "National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026" makes it clear how arbitrary and brutal the cuts to this stream would be.

> **Example - Omar**
> Omar has an old framework plan with $40,000 in the Assistance with Social, Economic and Community Participation budget. The Minister could make a determination that the funding component for Assistance with Social, Economic and Community Participation will be reduced by for example 25 per cent. The Minister would have to consider participant safety when setting the determination.

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[8] McElroy, N (2026) "Inquiry examining NDIS spending cuts told 240,000 people would exit the scheme" ABC, https://www.abc.net.au/news/2026-06-12/ndis-inquiry-told-estimated-240000-people-will-exit-scheme/106789362.

[9] Butler (2026) op cit.

[10] Butler (2026) ibid.

[11] Butler (2026) ibid.

> After the determination is made nothing will change for Omar until his plan is next reassessed or renewed.
>
> If Omar's plan is renewed, the amount that he can spend on community participation supports under his new plan will be the funding amount set in the new plan for community participation reduced by 25 per cent. This means he will have $30,000 in his Assistance with Social, Economic and Community Participation budget.[12]

Nothing in this example demonstrates improved quality of care by any participant of the scheme; it merely cuts the level of care – either in hours or quality (or both).

Indeed, this is the exact opposite approach the Albanese government has taken to evidence of neglect of care in the aged care sector. When announcing support for the Fair Work Commission's decision to increase the pay of aged car workers, in 2022 Minister Butler said, "our government is committed to stopping the neglect in the aged care sector – putting security, dignity and humanity back into the aged care system for workers and older Australians." He added, "If we don't start paying aged care workers properly, we won't be able to attract and retain enough staff to care for our loved ones as our population ages."[13]

A supplementary addendum to the explanatory memorandum perhaps intentionally revealed how poorly the government regards the work done under the Social, Economic and Community Participation stream. The addendum commented on the minister's ability to make a determination to cut funding in a certain stream by an arbitrary amount:

> "It is not intended to affect supports that are essential to a participant's health, safety or continuous care needs. The application of a support determination is confined to specified support categories, such as social, economic and community participation and improved daily living skills."[14]

The suggestion that social, economic and community participant funding is not essential to a participant's health or continuous care needs is quite extraordinary. Such funding is specifically intended to address continuous care needs. This legislation makes it government policy that improving someone's daily living skills does not improve their health, wellbeing or safety.

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[12] National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026, "Explanatory Memorandum" https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fems%2Fr7487_ems_35e6531f-c440-4faf-98d6-7c7ddd8bd539%22

[13] Butler, M (2022) "A pay rise for aged care workers" https://www.health.gov.au/ministers/the-hon-mark-butler-mp/media/a-pay-rise-for-aged-care-workers?language=en

[14] National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026, "Addendum to Explanatory Memorandum" https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fems%2Fr7487_ems_d7765685-49f7-4e9f-a95c-ad2d3e19adf1%22

It is often neglected that social and community participation supports mental and physical wellbeing, daily functioning and social connection. For people with disability, reduced access to these activities can itself contribute to poorer health. The consequences spill into the health and social care systems. In 2023–24, 788,000 hospitalisations were classified as potentially preventable, at an estimated cost of $7.7 billion. [15] Although this figure cannot be attributed to inadequate NDIS support, it illustrates the scale of health-system costs when people's needs are not identified and managed effectively in the community. Reducing supports that help people live safely and independently may therefore shift costs to families and the health system rather than produce a genuine saving.

Such care is, however, very labour intensive, because, as with aged care and childcare, fewer workers might deliver notional "productivity benefits" but it inevitably lowers care quality and outcomes to the point where a royal commission into abuses within the system is required.

Table 2 shows the result of using the input-output table of the national accounts to estimate just how greatly the cuts will impact on the level of care given the total economic supply by the residential care and social assistance services sector and the number of full-time equivalent workers employed in the sector.

Table 2 Impact on Residential and social assistance services sector of NDIS cuts

Total sector supply	Total Full- time equivalent jobs	Jobs per $1 billon	NDIS Cuts (2023-24 $)	Cuts in FTE jobs	Cuts in hours
$141,891m	787,819	5,552	$9,300.9m	51,641	93,986,644

Source 6: ABS Australian National Accounts: Input-Output Tables, 2023-24, Table 5 and 20

The most recent input-output table released by the Australian Bureau of Statistics is for the 2023-24 financial year. The $16.4 billion in cuts projected in the May budget for 2029-30 are worth $9.3 billion in 2023-24 terms, when deflated by the CPI. We can thus estimate that such cuts are equivalent to 51,641 jobs in the residential and social assistance services sector – or a loss of 6.6% in work.

However, while the sector is a vital source of employment, the NDIS is not a make-work scheme. More concerning is that the number of job cuts is equivalent to 94 million hours of care – care that would need to be undertaken by someone else, most likely for no pay and at considerable opportunity cost to the economy.

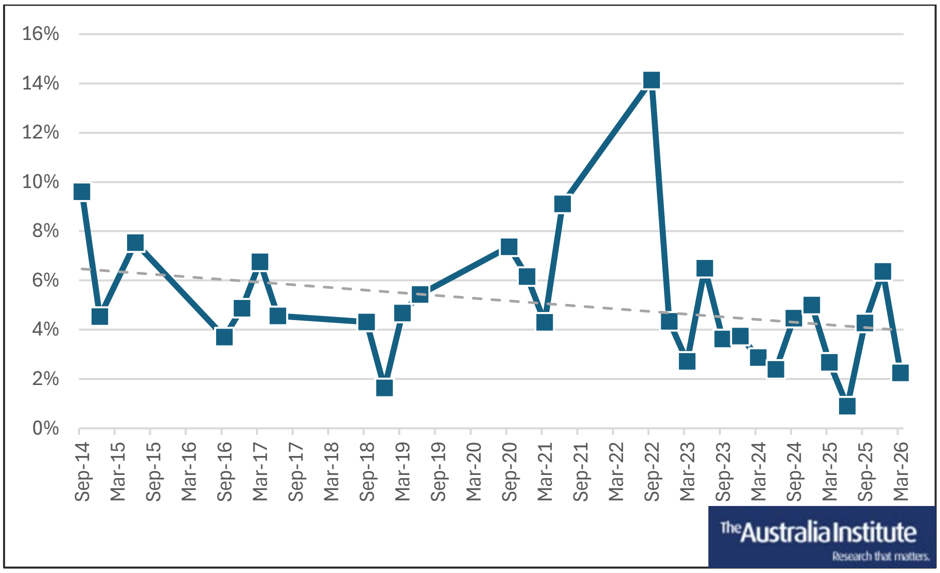
In fact, the level of care that would be transferred to unpaid family members as a result of the cuts is greatly underestimated. Unlike most care work, which can be conducted in a

[15] Australian Institute of Health and Welfare (AIHW) (2025), *Cost of potentially preventable hospitalisations in Australia, 2014–15 to 2023–24*, AIHW, Australian Government; AIHW (2026), *Australia's Disability Strategy Outcomes Framework: Social inclusion and participation*

group, private family care support work would be essentially 1 on 1 – and given different family members may need to rotate care, the impact on people could also be higher.

Since the NDIS was established, the proportion of people reporting that caring responsibilities prevent them from seeking more paid work has generally trended downward, other than the abnormal spike during the COVID period of 2021-22 (Figure 5).

Figure 5. Share of people not seeking more hours of paid work due to caring for ill, disabled or elderly family member



Source 7. ABS Barriers and Incentives to Labour Force Participation, Australia, excludes “discouraged workers”

Removing the equivalent of 52,000 jobs from the economy will have a tangible effect on output and employment. Over the 6 years from February 2020 to February 2026, employment in the social assistance services sector rose 251,300, representing 14% of all new jobs created during that period.[16] That is despite the sector only representing 4% of all employment. During this period the employment rate (the percentage of all adults in employment) rose from 62.2% to 64.0%) driven largely by the employment rate increase from women from 56.8% to 60.5%.

Given women make up just under 80% of all workers in the social assistance services sector and women in that sector accounted for 19% all the entire increase in women employment, it is clear the increased funding for NDIS has been a major factor in the growth of employment over the past 6 years. The reduction in work from these cuts will in turn lead to a rise in unemployment benefit payments, a reduction in income tax as well as an overall

[16] This is based on a rolling 4 quarter average of original data from ABS (2026) “Labour Force, Australia, Detailed, Table 6 https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/mar-2026/6291006.xlsx

loss of economic output, that in turn suggests a significant part of the cuts will merely result in false savings.

Moreover, the NDIS' longitudinal study in 2022 found that for families with a NDIS participant aged 0-14 "the percentage in a paid job increased by 8.6 percentage points after 6 years) 7.8 pp increase for permanent and 0.8 pp increase for casual)". For those with a participant aged 15-24 the level of permanent employment for carers increased in each of the 5 years of the study, while casual employment decreased in 3 of the 5 years.[17]

The proposed cuts to the NDIS will inevitably lead to an increase in unemployment and decrease in income tax revenue caused by direct job losses and the indirect job losses from family members who shift from paid work to unpaid caring responsibilities.

Perhaps the most concerning aspect of the cuts is the assumption that this fall in paid care will be transferred fully to unpaid care by volunteers or family members. In reality, family members may not be able to meet the care needs, sometimes not being able to provide them a good standard. As a result, quality of care could decline and result in an increase in instances of neglect and, ultimately, harm to vulnerable Australians.

CLAIMS OF FRAUD ARE OVERSTATED

The government has justified the need for cuts to the NDIS due to the growing cost of the scheme and because of a lack of public trust appropriate use of NDIS funding. Media reports on the issue have claimed that NDIS funding has been fraudulently claimed, including by organised criminal gangs.

In his NPC address, Minister Butler said, "Part of the challenge we face is that the NDIS has become a soft target for shonks and rorters – as well as the worst elements of organised crime"[18].

This claim largely originated with the suggestion by Australian Criminal Intelligence Commission (ACIC) chief Michael Phelan in 2022 on the *60 Minutes* current affairs program that the scale of rorting of the NDIS could "could be anywhere up to 15 to 20 per cent".[19] In 2024 Mr Phelan, who at that time had been appointed acting commissioner of the National Disability Insurance Scheme Quality and Safeguards Commission suggested that estimate

[17] NDIS (2022) "Employment outcomes for families and carers of NDIS participants: As at 31 December 2022 https://dataresearch.ndis.gov.au/media/3950/

[18] Butler (2026) ibid.

[19] Shorten, B (2022) "Minister Bill Shorten interviewed on 60 Minutes" https://ministers.dss.gov.au/transcripts/8801

was if anything conservative. However, even his original claim would have meant the amount of rorting would be worth around $8 billion a year.[20]

But recent research has not uncovered evidence of such a high rate of rorting – let alone by criminal gangs.[21] However, lack of evidence has not stopped politicians using the claim to justify cuts to the NDIS. Minister Butler has said, "The Australian Criminal Intelligence Commission has told a review into NDIS integrity that criminals are paying cash kickbacks to participants and their families, and sometimes resorting to intimidation and threats of violence towards vulnerable people. The ACIC said large cash withdrawals, asset purchases and fraudulent financial transactions are common, including efforts to obscure the origin of NDIS funds."[22]

ACIC's submission the Joint Standing Commissions inquiry into the "Integrity of the National Disability Insurance Scheme" this year provided plenty of assertions but no evidence of large-scale fraud and even admitted that "the precise quantum of fraud within the NDIS is difficult to accurately quantify". Instead, it asserted that "information suggests that the extent of non-compliance is significant and, in some cases, systemic."[23]

A more precise figure comes from the "Fraud Fusion Taskforce" which recently announced that "Jail sentences have been handed down in 17 of the 26 NDIS-related criminal convictions secured since December 2022" and that "since the Taskforce was established in November 2022 courts have ordered the return of $3.5 million illegally obtained by criminals."

That level is certainly well below the $8 billion annual level of fraud.

The NDIS itself suggests the level of "integrity leakage" (which includes honest mistakes that could be corrected with better processes and of which only a small share is actual fraud) is around 8.3% — which would put the cost at $3.7 billion on the latest payment of $45 billion.[24]

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[20] Evans, J (2024) "NDIS rorting by criminal syndicates worse than feared, says scheme's watchdog" https://www.abc.net.au/news/2024-05-24/ndis-rorts-by-organised-crime-worse-than-feared-watchdog/103888752

[21] Coombes, C (2026) "Are we being misled about NDIS fraud? Yes, we are.", The Point, https://thepoint.com.au/opinions/260604-are-we-being-misled-about-ndis-fraud-yes-we-are

[22] Butler (2026) op cit.

[23] ACIC (2026) "Submission: Joint Standing Committee on the National Disability Insurance Scheme (NDIS) Inquiry into the Integrity of the NDIS" https://www.aph.gov.au/DocumentStore.ashx?id=5f9745fb-edda-4540-80c5-66d8bd81b9f2&subId=788469

[24] Hansard (2026) "Joint Standing Committee on the National Disability Insurance Scheme: Integrity of the National Disability Insurance Scheme", 1 May 2026 https://parlinfo.aph.gov.au/parlInfo/download/committees/commjnt/29581/toc_pdf/National%20Disability%20Insurance%20Scheme%20Joint%20Committee_2026_05_01.pdf

And perhaps the biggest indicator that cutting down on fraud is not really the purpose behind the cuts, but merely a politically palatable excuse is that Treasury department modelling on the funding cuts estimated only $300m a year would be saved from "fraud measures" – rather minuscule compared to the overall cuts.[25]

Moreover, given the scheme was designed to allow for-profit providers to overtake services previously provided by the public sector, the government might wish to examine the impact of for-profit providers in the scheme and how this affects costs and abuses similar to what has been observed in other sectors such as childcare, aged care and employment services.

Every effort, of course, should be made to eradicate or at least minimise fraud and malfeasance from the NDIS. It is, however, unclear how cutting hundreds of thousands of Australians with a disability off care and support is somehow a method of fighting fraud." Moreover, based on the evidence at hand, making fraud a core argument for cutting hundreds of thousands of Australians with a disability off care and support they depend on, and transferring the responsibility for that care to their family and loved ones strikes us as disingenuous.

WE *CAN* AFFORD THE NDIS —WE JUST *CHOOSE* NOT TO

A common argument for the cuts is that scheme is not financially sustainable.

For example, the explanatory memorandum of the National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026 explains the subsection 34A(1), which allows the Minister to make a determination to reduce funding for groups of support:

> "This effect of subsection 34A(1) is that the Minister may only make a support determination for the purposes of ensuring the financial sustainability of the Scheme – it cannot be made for any other purpose. In this context, financial sustainability means ensuring the Scheme can keep funding NDIS supports now and into the future without growing beyond what governments can sustainably fund. This means

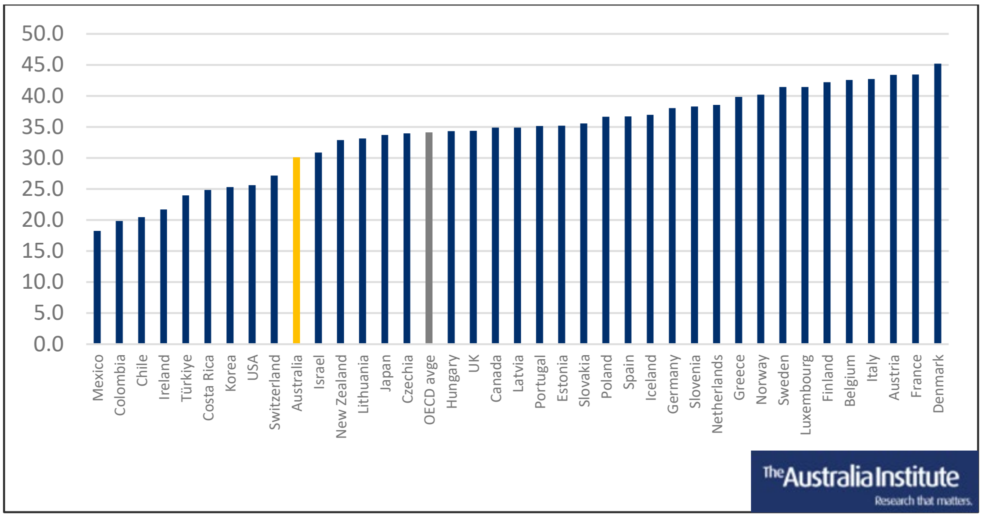
[25] Australian Senate (2026) "Response to orders of 14 May 2026 (503, 504, 505, 506, 507 and 508) relating to the National Disability Insurance Scheme—Treasury modelling" https://www.aph.gov.au/Parliamentary_Business/Tabled_Documents/16585

funding for some NDIS supports may be less than the actual cost of providing or acquiring the support, while still being reasonable and necessary."[26]

This commentary implies that the only measure for whether the scheme can be "sustainably funded" is the current level of revenue.

That is a false premise. Revenue levels are not fixed, and as the government's changes to the taxation of capital gains and discretionary trusts shows, the government is able to change taxation methods. Governments each year choose the level of revenue they will raise, in much the same way they choose how much they will spend. Currently they simply choose to raise so little that across the advanced economies of the OECD, Australia is a low-taxing nation (Figure 6).

Figure 6. OECD tax revenue, % of GDP (2024)



Source 8. OECD data explorer

In 2024 (the most recent figures), Australia was the 10th lowest taxing nation in the OECD with taxes worth just 30.1% of GDP. Were Australia to collect tax at the OECD average rate of 34.1% of GDP, it would raise an extra $115 billion per year. That level would still see Australia raise less tax than the UK and Canada – nations with which Australia shares strong cultural links, and, in the case of Canada, a similar large mining and resources sector.

In this context it is false to argue that the $56.1 billion in NDIS funding is growing unsustainably. Rather the case is that the government has *chosen* not to raise an

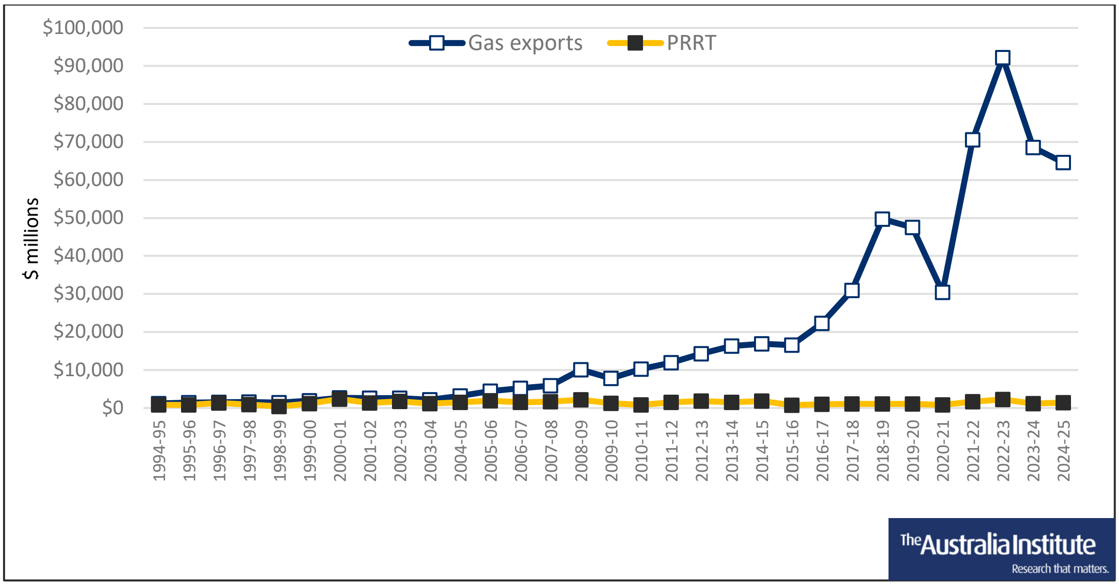
[26] National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026, "Revised Explanatory Memorandum" https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fems%2Fr7487_ems_0a1acecd-87fc-4ea2-8389-7cc199d11026%22

appropriate level of revenue. One way the government could raise significantly more revenue is to implement the proposal from the ACTU to better tax Australia's gas industry.[27]

Currently Australia is the second largest exporter of LNG, behind the United States and ahead of Qatar, however Australians receive a very low return on gas exported from our shores. Not only is 56% of the gas exported from Australia royalty free, but the Petroleum Resource Rent Tax (PRRT), which notionally should capture windfall gains from the industry has completely failed to deliver an appropriate return.[28]

In 2000-01, Australia exported $2.67 billion in gas and the PRRT raised $2.4 billion. In 2024-25 Australia's gas exports had risen 2,320% to $64.26 billion, and yet PRRT revenue had fallen $1 billion to just $1.4 billion (Figure 7).

Figure 7. Gas exports and PRRT revenue



Source 9 ABS International Trade in Goods, PBO Historical Fiscal Outlook

This is not an indicator of a successful taxation regime.

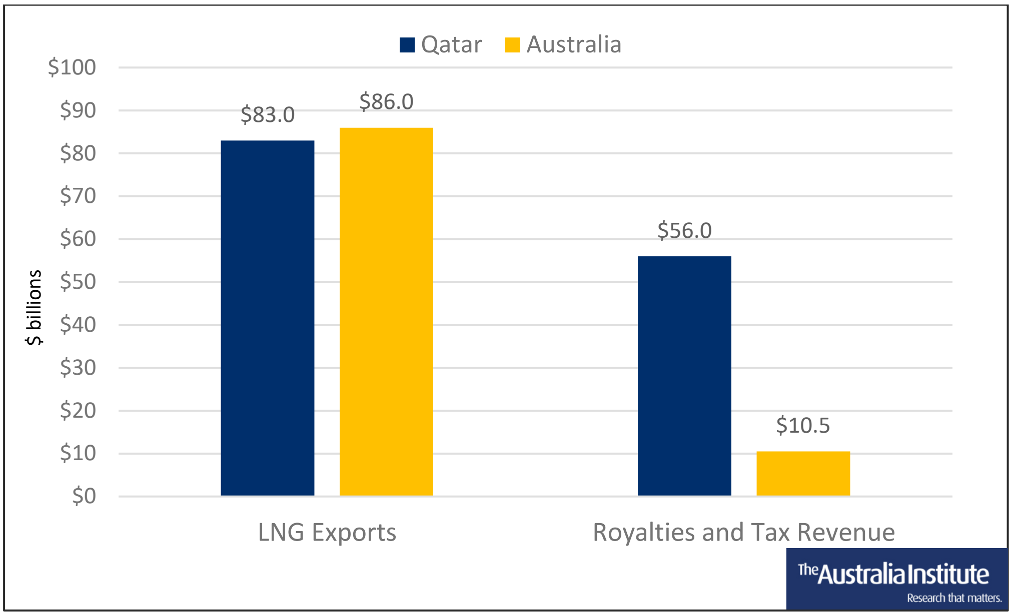
A sign of just how poorly Australia taxes its gas exports is that in 2023 Australia exported around $3 billion more LNG than did Qatar, and yet Qatar raised nearly $46 billion (or 5 times) more revenue from its gas industry than did Australia (Figure 8).[29]

[27] ACTU (2026) "Windfall profits to oil and gas multinationals should benefit working Australians" Media Release. https://www.actu.org.au/media-release/windfall-profits-to-oil-and-gas-multinationals-should-benefit-working-australians/

[28] Ogge, M, Campbell, R & Verstegan, P (2026) "Australia's great gas giveaway", The Australia Institute https://australiainstitute.org.au/report/australias-great-gas-giveaway/

[29] Saunders, M & Campbell, R (2025) "Government revenue from LNG exports: Australia vs Qatar", The Australia Institute https://australiainstitute.org.au/report/government-revenue-from-lng-exports-australia-vs-qatar/

Figure 8. Australia v Qatar: Gas exports and revenue (2023)



Source 10 The Australia Institute.

Yet we need not even look to such levels of extra revenue to sustainably fund the NDIS. The ACTU's proposal for a 25% tax on gas exports would raise an estimated $17 billion a year.[30] Given that amount, the cuts to the NDIS from 2026-27 would be comfortably covered (Table 3).

Table 3. Comparison of NDIS cuts and 25% gas export tax revenue

	2026-27	2027-28	2028-29	2029-30	Total
NDIS cuts ($m)	$1,002.8	$7,154.1	$11,654.4	$16,382.9	$36,194.2
25% gas tax ($m)	$17,000.0	$17,000.0	$17,000.0	$17,000.0	$68,000.0

Source 11 The Australia Institute, 2026-27 Budget Papers[31]

Indeed, given over the next four years a 25% gas tax would raise some $31.8 billion more than the total of the cuts to the NDIS, using the language of the NDIS explanatory memorandum, failure to levy a 25% gas export tax prevents "ensuring the Scheme can keep funding NDIS supports now and into the future".

Similarly, over the next 4 years the government projects to spend $47 billion on providing fuel tax credits. Over the 4 years to 2024-25 (the most recent figures) the ATO records that 47% of the total $34 billion in fuel tax credits during that period were provided to

[30] Denniss, R & Saunders, M (2026) "We have already missed out on $63.8 billion in taxes from gas exports", The Australia Institute https://australiainstitute.org.au/report/we-have-already-missed-out-on-63-8-billion-in-taxes-from-gas-exports/

[31] As in note 4, the 2026-27 Budget papers also note that "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". The extra $1.2bn savings would be from payments made by other agencies, however, to show annual cuts we have kept this figure.

companies in the mining industry.[32] Should that rate hold, this would see the government providing a $22 billion subsidy to the most profitable industry in Australia. Given that equates to 61% of the cuts to the NDIS, it is abundantly clear the issue is not affordability but choice.

The NDIS is affordable; the government has instead chosen to reduce the support for some of the most vulnerable Australians rather than reduce the after-tax profits of some of the most profitable companies in Australia.

CONCLUSION

The cuts to the NDIS proposed in the 2026-27 Budget represent historic damage to the lives of Australia's disabled. While the government may wish to argue that funding will continue to rise, it is clear when considering inflation, population growth and the size of the economy that funding of the NDIS is set to fall by as much as 12%.

While disability groups are able to demonstrate better the qualitative impact this will have on participants' livelihoods, life-satisfaction and health and safety, here we use the national accounts to present the impact on the level of care. The input-output tables enable us to demonstrate that the level of the cuts by 2029-30 would represent a fall of around 94 million hours' worth of paid care. This reduction in care (whether due to a reduction in the care currently received by participants or in the lack of new participants receiving such care) would need to be covered by either volunteers, or, more likely, family members. This would inevitably require those carers to reduce their level of paid work and likely reverse the decade long fall in caring for family members as a reason for people not being able to work or work more hours.

Unfortunately, the justification for these cuts has been based on rather flimsy accounts of abuse of the scheme by organised crimes and scammers, and also on a poor level of care. However, these cuts will do little to address these complaints and will more likely lead to even worse care and incentivise providers to maximise profits by reducing oversight of participants and use of lower skilled (and thus lower paid) staff.

The overriding issue with the cuts is however that they are not justified even by the parameters set out in the legislation. The government has suggested the cuts, including the ability of the Health Minister to make a determination to arbitrarily cuts certain funding supports by a set amount, are required to ensure the scheme's financial sustainability. They claim that "the Scheme can keep funding NDIS supports now and into the future without

[32] ATO (2026) "Excise and fuel scheme statistics for Taxation statistics 2023–24, Table 4 Fuel tax credits scheme – claims paid, by broad and fine industry, 2006–07 to 2024–25 financial years" https://data.gov.au/data/dataset/taxation-statistics-2023-24/resource/c12e48ca-4b65-499c-8455-a3ced570e800

growing beyond what governments can sustainably fund.” This however assumes it is not possible for the government to increase the level of revenue.

Currently the ACTU and other groups advocate a 25% tax of gas exports. Such a tax would raise $17b billion a year and would raise $31.8 billion more over the next four years than would be saved by the proposed NDIS cuts.

Asserting that the only way to ensure fiscal sustainability of the scheme is by cutting expenditure rather than raising more revenue is a false premise. Minister Butler said of the NDIS that “the NDIS is a statement of our national values, it’s a measure of our national character”.[33] He is right – and choosing to cut the services provided to Australians with disabilities rather than better tax Australia’s gas exports or remove generous subsidies from our most profitable industry says, sadly, a great deal about our national character.

[33] Butler (20) op cit.