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2026-27 Federal Budget: MIFA Statement

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James Maskey, CEO, Mental Illness Fellowship of Australia

Last night, the 2026-27 Federal Budget kept the lights on for Australia's mental health system. It did not turn them up. For the hundreds of thousands of Australians living with moderate to high need mental health challenges who are waiting for real reform, keeping the lights on is no longer enough.

MIFA acknowledges the investments this Budget contains. We welcome them where they are warranted. But we will be clear about the distance between what was delivered and what is needed.

What the Budget delivered

The Australian Government has committed \$277.5 million to extend the current National Mental Health and Suicide Prevention Agreement for a further 12 months to 30 June 2027. This extension covers existing mental health and suicide prevention activity, and extends a number of terminating bilateral schedule measures, including postvention services, eating disorder supports, perinatal mental health screening, and state and territory-specific programs. MIFA supports this extension. Without it, services would have lapsed. People would have fallen through gaps that were already too wide.

The Budget also allocates \$42.9 million over two years in response to the Bondi terror attack, providing immediate mental health support to the Jewish community, the broader Bondi community, first responders, and children and young people. This is appropriate and necessary. A trauma-informed, community-level response to acts of mass violence is exactly the kind of investment the mental health system should be capable of making quickly.

The expansion of 13YARN, \$18.9 million over four years plus \$5.1 million per year ongoing, to manage growing call volumes and extend to text-based crisis support for First Nations people, is genuinely welcomed. Culturally safe crisis support is not optional. It is essential. This investment reflects years of advocacy and lived experience leadership, and MIFA commends it.



President: Rob Ramjan, AM

The \$3 billion provisioned for Foundational Supports outside the NDIS, subject to matching by states and territories as agreed by National Cabinet, represents the most consequential mental health-adjacent commitment in this Budget. Combined with the Commonwealth's \$2 billion contribution to the \$4 billion Thriving Kids program, there is real money on the table for community-level supports. MIFA welcomes the intent. But intent is not delivery, and the design of Foundational Supports remains unresolved.

What the Budget did not deliver

An estimated 500,000 Australians living with moderate to high need mental health challenges are outside the NDIS and without adequate support. Their families and carers carry much of what the system does not. Together, they represent more than one million people for whom this Budget had no meaningful answer.

Psychosocial supports, the community-based, recovery-oriented services that help people stay housed, employed, connected, and well, remain chronically underfunded. These are the services that MIFA's federation of member organisations delivers on the ground every day. These are the services that reduce pressure on emergency departments, on hospitals, on ambulance services, and on families. And these are the services this Budget largely passed over.

The Budget also leaves three critical uncertainties entirely unresolved. The ongoing direction and independence of the National Mental Health Commission and the National Suicide Prevention Office remain unclear. The timeline and scale of investment in psychosocial supports outside the NDIS is still undefined. And the funding source and parameters for negotiating the next National Mental Health and Suicide Prevention Agreement, due to be negotiated over the next 12 months, have not been established. These are not minor administrative details. They are the structural foundations on which the next decade of mental health reform depends.

On the NDIS, the Budget provides figures and timeframes for recently announced reforms projected to reduce NDIS payment growth by \$37.8 billion over four years. MIFA understands the imperative to ensure the long-term sustainability of the Scheme. But we are deeply concerned that people with psychosocial disability, who have already faced years of inconsistent access and support, will bear a disproportionate share of the adjustment. Tightening access criteria and resetting plan budgets, without a parallel and properly scaled investment in non-NDIS psychosocial supports, risks shifting unmet need rather than resolving it.

What must happen next

The 12 months ahead are not simply a holding period. They are the most significant window for mental health reform in a generation. The next National Mental Health and Suicide Prevention Agreement must do what the current one has not. It must place psychosocial supports at the centre of the system, not at the margins. It must be funded at a level that matches demonstrated need, not historical precedent. And it must be co-designed with people who have lived experience of mental health challenges, alongside their families and carers and the service organisations who walk beside them, as genuine and equal partners in its design.

The \$3 billion in Foundational Supports must be urgently directed toward the cohort with the greatest unmet psychosocial need. Minister Butler has confirmed that people with psychosocial needs outside the NDIS will be among the next cohort in negotiations with states and territories. MIFA calls on every state and territory government to meet that commitment with urgency and ambition. The funding is provisioned. What is required now is leadership.

MIFA will remain an active and constructive voice through this process. We bring four decades of frontline delivery experience, national policy expertise, and, importantly, the voices of people living with mental challenges and their families and carers, to every reform conversation. The people we represent deserve a next Agreement built around their actual lives, not around the limits of what governments have been willing to fund in the past.

The lights are still on. Now it is time to build something worth illuminating.