MENTAL ILLNESS FELLOWSHIP AUSTRALIA

Submission: Inclusive Communities Fund Consultation

Department of Health, Disability and Ageing

August 2026

Acknowledgement of Country

MIFA acknowledges the Traditional Owners of the country throughout Australia and their continuing connection to land, sea and community. We pay our respect to them and their cultures and the Elders, past and present.

Recognition of Lived Experience

MIFA recognises and value the expertise of people, families and carers with living experience of mental health challenges. We uplift and amplify marginalised voices to create a more inclusive future for all.

About MIFA

Mental Illness Fellowship of Australia (MIFA) provides national leadership and coordination across the Australian mental health sector, bringing together lived experience, community service delivery, and policy expertise under one federation.

For forty years, MIFA has connected frontline practice with national reform through community mental health member organisations: Selectability, Karakan, Skylight Mental Health, MIFWA, MIFANT, Mental Health Foundation ACT, and Out Doors Inc. Together, these organisations employ approximately 1,650 people and support around 12,000 Australians each year, in the communities where they already live, work, recover and thrive. MIFA's Finding North, Out From the Mist and Schizophrenia Awareness Week programs extend that reach further still, providing people with lived experience a genuine platform of their own.

MIFA has a direct interest in this consultation. People with psychosocial disability, including many NDIS participants, are the cohort the Government's own Explanatory Memorandum to the recently passed *National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026* identifies as committing the highest proportion of any disability group in the Scheme to community participation. This submission draws on four decades of frontline delivery experience, national policy expertise, the evidence MIFA gave in person to the Senate Community Affairs Legislation Committee, and the voices of people with lived experience of psychosocial disability.

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Executive Summary

MIFA welcomes the opportunity to respond to the Inclusive Communities Fund consultation. A $200 million investment in the capability of mainstream community organisations, sports clubs, arts and cultural groups, multicultural organisations, First Nations organisations, volunteering groups and local councils, to genuinely include people with disability, is worth doing well, and MIFA's federation has forty years of frontline evidence to offer about what doing it well actually looks like for people with psychosocial disability.

The following sections of this submission answer each of the Department's consultation questions in turn. Two arguments run through those answers. First, inclusion for people with psychosocial disability is rarely a question of small purchases. It is often a question of whether an organisation understands and plans for episodic, fluctuating psychosocial disability presentation, and whether it partners genuinely, not tokenistically, with organisations led by people with expertise in community service delivery, and lived experience of mental health challenges. Second, a fund of this kind only produces lasting change if its design learns from what has already been tried and wound back. *Partners in Recovery, Personal Helpers and Mentors,* and *Day to Day Living*, three federally funded, independently evaluated programs that built exactly this kind of community capability and connection, were discontinued without equivalent replacement, and MIFA does not want the Inclusive Communities Fund to repeat that pattern.

MIFA must also be direct about the context in which this consultation is occurring. This consultation does not relate directly to the cuts to NDIS Social, Civic and Community Participation (SCCP) supports, but it is running at the same time as those cuts, and its answers cannot honestly be written as though that were not true.

On 18 August 2026, more than 4,500 submissions and three months of Senate scrutiny notwithstanding, the Parliament passed the National Disability Insurance Scheme Amendment (Securing the NDIS for Future Generations) Bill 2026, cutting SCCP supports by half for the cohort of NDIS participants who rely on them most heavily. These are slashes to real supports that real people rely on, and MIFA says clearly, without qualification, that they should never have occurred. This submission sets out what MIFA expects the real-world result to be, including what MIFA is already hearing from its own federation, and why an Inclusive Communities Fund averaging $66.66 million a year across three years cannot be mistaken for, or used as a substitute for, the individually funded support this Bill has just removed.

Why This Consultation Cannot Be Read in Isolation

The consultation paper is careful, and correct, to describe the Fund as separate from the changes to NDIS Social, Civic and Community Participation and Capacity Building Daily Activity supports, and to note that those changes are “not the focus of this paper” (Department of Health, Disability and Ageing, 2026). MIFA accepts that these are, on paper,

two different mechanisms aimed at two different things. One builds the capability of mainstream organisations. The other funds an individual participant's own access to community life. But MIFA is responding to this consultation in the same fortnight the Senate passed the Bill that halves the second of those two things, and a submission from MIFA that pretended otherwise would not be an honest one.

On 18 August 2026, the same month this consultation opened and on the day the Bill passed the Senate, the Minister for Health, Disability and Ageing described state and territory governments' obligation to build the replacement supports people will need as *"a question of honour, really, for states,"* pointing to commitments made in 2023 and reaffirmed in 2026 (as reported in ABC News, 2026, August 18). Two days earlier, on ABC's Insiders, the Minister for the NDIS was asked directly whether the Government would delay moving people off the Scheme if those replacement supports were not ready, and declined to commit to any delay: *"I don't think we need to contemplate delay at this point"* (as reported in ABC News, 2026, August 16). Both statements can be true at once. The people affected are still left in the same place, which is an honour-based commitment from the states, and a Commonwealth that will not guarantee it will wait for that commitment to be honoured before it acts.

MIFA wants to be unambiguous about this, because ambiguity has not served anyone well so far. A federal budget can be balanced without cutting community participation funding for the disability group that relies on it most heavily. The Australia Institute has calculated there are other policy levers that government could pull that would raise more over four years than the entirety of the savings this Bill seeks from NDIS participants (Jericho & Slawomirski, 2026, as cited in Senate Community Affairs Legislation Committee, 2026). There are more humane ways to balance a budget than the one the Government has chosen, and in 2026 Australia should not be balancing its books at the expense of real people in real communities nationwide.

This is the environment this Fund is being designed in, and it is the environment MIFA's answers below, and MIFA's message to Government, need to be read against.

Responding to the Consultation Questions

MIFA answers each of the Department's questions below, drawing on its federation's direct experience delivering community participation for people with psychosocial disability.

What community activities would you like the Fund to support?

For people with psychosocial disability, whether an activity works is rarely decided by the activity itself, so much as by the design of how someone gets in and how easily they can step back without losing their place. The barriers MIFA's federation sees every day are stigma and the fear of disclosure, the unpredictability of symptoms that can make reliable attendance itself a barrier, and the lived memory, for many people, of having already been asked to leave a mainstream setting once before. What helps is low-commitment, drop-in

formats; staff who do not require a diagnosis to accommodate a participant; and, most of all, a trusted person as the first point of contact.

MIFA's federation delivers psychosocial support services including recovery coaching and support coordination that regularly brokers exactly this kind of first contact. These are categories this Fund is designed to strengthen. That experience shows consistently that participation succeeds when someone trusted has made the introduction and briefed the organisation in advance, rather than when a person arrives cold. MIFA recommends the Fund recognise and resource this relationship-brokering function as a fundable activity in its own right, rather than assuming it happens automatically once an organisation becomes more inclusive in the abstract.

How can we make sure the Fund works well for all people with disability, including in regional, rural and remote communities?

MIFA's federation includes member organisations delivering psychosocial supports well beyond the major cities, where there are simply fewer community organisations to begin with. In a capital city, a person who does not feel safe at the social or community hub may have the ability to try another five. In a town of three thousand people, there might be one. That means the stakes of getting inclusion right the first time are higher outside metropolitan Australia, and it means the training and small purchases this Fund supports need to be genuinely accessible to volunteer-run organisations without existing grant-writing capacity, not only to professionally staffed urban ones.

This matters more, not less, because people whose SCCP funding has just been cut will increasingly be looking to mainstream community organisations, rather than paid services, for connection, and the Senate Committee inquiring into that Bill heard directly that regional and remote service markets are already thin (Senate Community Affairs Legislation Committee, 2026). How well this Fund reaches beyond the major cities is a clear test of its actual impact.

What support, resources or changes would help organisations become more inclusive and accessible, and how could they partner with disability-led organisations to achieve this?

The single most useful thing MIFA can offer this answer is forty years of evidence about what training changes practice and what does not. Often, generic disability-awareness training changes what staff say. It rarely changes what they do the first time someone presents in genuine distress, or withdraws without warning. What shifts practice is an ongoing relationship with an organisation that understands psychosocial disability specifically, not a single workshop. MIFA's federation, and platforms like Finding North and Out From the Mist, exist to carry lived experience into exactly this kind of setting.

MIFA recommends the Fund treat partnership with disability-led and lived-experience organisations, including community mental health organisations, as a condition of funding rather than something applicants are merely encouraged to pursue. An unfunded partnership is the first thing to lapse when a mainstream organisation's own resources tighten.

There is also a direct opportunity for this Fund to strengthen the community mental health organisations already doing this partnership work, without turning the Fund into a substitute for individually funded psychosocial support. The Fund's own eligible categories, expert advice, staff training and partnership-building, are activities community mental health organisations already deliver to mainstream organisations every day, often unfunded.

MIFA recommends the Fund explicitly recognise community mental health organisations as eligible expert delivery partners, and resource them directly, not only the mainstream organisations they support, when they provide training, secondment, mentoring or advisory functions under this Fund. This lets community mental health organisations sustain the specialist workforce capability that mainstream inclusion depends on, at a moment when many of those same organisations are absorbing the workforce and service pressure created by the SCCP cuts.

To be clear, this is not, and must never be presented as, a replacement for the individually funded participant support this Bill has just cut. It is a distinct, additive mechanism that pays community mental health organisations for expertise mainstream organisations increasingly rely on, and which is often provided without dedicated funding when partnerships aren't a condition of the grant.

What activities should the Fund support, given that it will not pay for service delivery?

MIFA supports the categories already flagged in the consultation paper, including expert advice, staff training, partnership-building and accessibility purchases. However, MIFA asks that "staff training on disability inclusion" be read explicitly to include training on psychosocial and episodic disability, rather than assumed to be covered by generic disability-awareness content. MIFA also recommends the Fund support secondment or mentoring arrangements that place a community mental health worker alongside mainstream organisation staff for a defined period, structured "warm handover" protocols for introducing a new participant, and small purchases that address psychological and attitudinal barriers specifically, quiet or low-stimulation spaces and clearly communicated, flexible attendance policies.

What role could local governments play in supporting community inclusion?

Local councils already operate the Local Government Disability Inclusion Guide, and run libraries, community centres and recreation facilities that are often the first, lowest-barrier point of contact a person with psychosocial disability has with community life, precisely because they do not require joining a club or committing to a roster.

MIFA recommends the Fund resource councils specifically to extend that existing toolkit with practical, psychosocial-specific content, and to play a brokering role convening local partnerships between mainstream organisations and disability-led organisations in their area. This suits local government's existing community knowledge and convening authority, and would multiply the Fund's reach without requiring every small organisation to build partnership relationships from nothing.

What is the best way for community organisations to build meaningful and lasting inclusion, and how can we make sure the benefits of the Fund continue after the three-year funding period ends?

This is the question MIFA is best placed to answer, because MIFA's federation has already lived through the answer once. Partners in Recovery operated from 2013 to 2019, supporting around 35,000 Australians through coordinated service access across provider consortia, and was independently evaluated as effective and recovery-oriented (Cheverton & Janamian, 2016). Day to Day Living operated from 2012 to 2019, funding community-based psychosocial support outside the NDIS, and produced demonstrated outcomes in housing stability, community participation and reduced acute presentations. Both were wound down without equivalent replacement once participants transitioned into the NDIS, an assumption that has now proven wrong for many people with psychosocial disability, as this submission sets out.

The lesson MIFA draws is not that time-limited investment is pointless. It is that time-limited investment only outlasts its funding period when it is designed, from the outset, to embed itself in an ongoing structure rather than to exist as a standalone project. For the Inclusive Communities Fund, that means funding agreements should require, and stage funding against, durable partnership arrangements with disability-led organisations, not a single training session or a one-off equipment purchase, so that the relationship, not just a changed policy document, is still there when the funding period ends.

What Government Needs to Hear About the NDIS Cuts, and What Will Result

MIFA's answers above are offered in good faith, and MIFA would be doing the Department a disservice if it let this consultation close without also saying plainly what it has said since May. The cut to Social, Civic and Community Participation supports should never have happened, and now that it has, MIFA is already hearing from its own federation what the real-world result looks like.

MIFA's concerns were not confined to its own submission. When the Senate Community Affairs Legislation Committee tabled its final report on 14 August 2026, its only recommendation, despite receiving more than 4,500 submissions, was that the Bill be passed (Senate Community Affairs Legislation Committee, 2026). The report's own attached statements confirm the substance of what MIFA and others warned. Coalition Senators' additional comments found the SCCP reset would create “an unacceptable risk to the safety and welfare of vulnerable Australians with disability.”

Senator David Pocock's dissenting report found that “the more people who are connected to a person and their community, the safer they are,” citing the Disability Royal Commission's own findings on the dangers of isolation. The Australian Greens' dissenting report cited Australia Institute modelling estimating the cuts could cost 51,641 full-time equivalent jobs, representing close to 94 million hours of paid support work that will not disappear but shift

onto unpaid family carers instead (Jericho & Slawomirski, 2026, as cited in Senate Community Affairs Legislation Committee, 2026).

The Committee's own majority chapter quotes MIFA's evidence directly: that a person with psychosocial disability "may present functional in [an] assessment, and in another moment... be significantly impacted," and that any permanence test must be built with, not simply applied to, people who understand the episodic and fluctuating nature of psychosocial disability (Senate Community Affairs Legislation Committee, 2026). None of this evidence changed the outcome. The Bill passed the Senate 28 votes to 12 on 18 August 2026.

Removing individually funded community participation support before an alternative exists is poor social and economic policy, not only poor human policy. Mental ill-health accounts for around 15 per cent of Australia's total disease burden but receives roughly 7 per cent of government health expenditure (Australian Institute of Health and Welfare, 2023; Productivity Commission, 2020). Psychosocial support programs of this kind have consistently been shown to produce benefit-cost ratios exceeding 3:1 through reduced hospitalisations, improved housing stability and greater workforce participation (Productivity Commission, 2020; KPMG & Mental Health Australia, 2018). The Australia Institute analysis cited in the Senate Committee's own dissenting reports found 788,000 hospitalisations in 2023-24 were classified as potentially preventable, at a cost of $7.7 billion (Jericho & Slawomirski, 2026, as cited in Senate Community Affairs Legislation Committee, 2026).

Cutting SCCP funding for this cohort does not save money in any durable sense. It shifts the cost onto emergency departments and state mental health services that are already stretched and operating at capacity, and onto the families who will be left to fill the gap. Government's own public statements confirm this gap has not been resolved, only reframed. As this submission sets out, the Commonwealth has declined to commit to any delay in moving people off the Scheme, and has instead placed the burden of readiness on states and territories as *"a question of honour"* (as reported in ABC News, 2026, August 16, August 18). This is a marked shift from the Minister's own earlier commitment, given in April 2026, that *"we're not going to change eligibility and move people off the scheme before we're confident... there are other systems of support in place"* (as reported in The Nightly, 2026, April 23). State leaders have separately rejected the claim that they have already signed up to fund the scale of foundational supports this implies.

Right now, nearly 1.5 million Australians are already going without the psychosocial support they need outside the NDIS: an estimated 500,000 people with moderate to high need mental health challenges (Department of Health and Aged Care, 2024; Grattan Institute, 2025), plus a further 900,000 family members and carers who fill the gap around them (Mental Illness Fellowship of Australia, 2026a). Moving an estimated 240,000 people off the Scheme by 2031 without replacement supports that are already funded, staffed and open will not close that gap. It will widen it (Mental Illness Fellowship of Australia, 2026b). MIFA's position is therefore not only that the SCCP cut should not have happened. Because of these cuts, Foundational Supports, and psychosocial supports under the next National Mental Health and Suicide Prevention Agreement (Productivity Commission, 2025), must be

prioritised, protected, funded, scaled and genuinely ready before a single person is exited from the Scheme, not promised as a future remedy once the exits have already begun.

MIFA does not need to speculate about what this looks like on the ground. Our own federation is already living it. Since the Bill passed, member organisation leaders have told MIFA that, because most psychosocial NDIS plans weight funding toward the Social and Community Support category rather than Assistance with Daily Living, even though both can be used flexibly, the practical effect of cutting the former will be that participants and their support coordinators redirect what funding remains toward daily living needs seen as more critical.

For many of our member organisations, that could mean group program attendance falls by more than the headline 50 per cent, alongside significant reductions to individual supports as well, because the very flexibility the Government has pointed to as a safeguard is likely, in practice, to work against community participation rather than protect it. The same leaders have described watching the language around Foundational Supports shift in real time, from psychosocial disability being treated as a priority cohort for unmet need, toward a broader, less specific promise for "everyone coming off the NDIS."

Other member organisations, having spent a decade scaling up their workforce and services alongside NDIS growth, are now bracing to scale back down, and see the Government's move to a separately commissioned support coordination model as a further blow to their viability on top of the SCCP cut itself. Above all, these leaders have told MIFA they expect their organisations, not government, to be the ones left carrying the trauma and distress of people directly affected, and that they do not intend to abandon those people, which is likely to mean the unintended consequences of this Bill surfacing publicly as they unfold.

This is why MIFA says, in the plainest terms it can, that the Inclusive Communities Fund must be explicitly understood by Government as additive to individually funded psychosocial support, never as an offset for it. At an average of $66.66 million a year across three years, this Fund is a fraction of the responsibility that governments at every level now carry as a direct result of the NDIS reforms, and it was never designed, nor should it be asked, to substitute for what SCCP funding provided. MIFA welcomes this Fund. MIFA does not welcome any suggestion, implicit or otherwise, that it answers for what has just been cut.

Where MIFA Goes From Here

A vote in Canberra does not end MIFA's advocacy, and this submission does not end it either. Alongside this response to the Inclusive Communities Fund consultation, MIFA will continue to press government for:

- An honest, public account of what this Bill means for someone living with psychosocial disability, produced before more damage lands, not modelling released after the fact.

- Permanence test rules built with people who have lived episodic, fluctuating mental health challenges, not merely applied to them.
- Government proof, region by region rather than state by state, that the services meant to replace the NDIS are funded, staffed and open, in the cities, in the suburbs, and in the places well past the last regional centre.
- Foundational Supports funded and scaled to the number of people who will actually need them, ready before anyone is exited, not to the number that made the modelling look manageable.
- Psychosocial supports protected and properly funded in the next National Mental Health and Suicide Prevention Agreement. This Bill has made that Agreement matter more, not less.

This Bill has passed. MIFA has not finished, and neither has the work ahead.

Summary of Recommendations

MIFA's recommendations for the design of the Inclusive Communities Fund are as follows.

Recommendation 1

Require genuine partnership with disability-led and lived-experience organisations, including community mental health organisations, as a condition of funding, not an optional extra, so training and capability-building carry real expertise rather than generic disability-awareness content.

Recommendation 2

Fund staff training and organisational change that explicitly addresses episodic, fluctuating and psychosocial presentations of disability, not only physical and sensory access, given evidence to the concurrent NDIS Bill inquiry that mainstream services routinely misread fluctuating presentation as disengagement.

Recommendation 3

Build durability into funding agreements, staging funding against embedded partnership milestones rather than one-off training or purchases, learning directly from the wind-down of Partners in Recovery, Day to Day Living, and Personal Helpers and Mentors Program.

Recommendation 4

Resource local governments specifically to extend the existing Local Government Disability Inclusion Guide with psychosocial-specific content, and to convene local partnership brokering between mainstream and disability-led organisations.

Recommendation 5

Publish, alongside the Fund's final design, an explicit statement that the Fund is additive to, and not a substitute for, individually funded psychosocial supports under the NDIS.

Recommendation 6

Ensure eligibility and reporting requirements do not inadvertently exclude regional, rural and remote community organisations, which typically have the least existing capacity to absorb new compliance or co-contribution requirements.

Recommendation 7

Explicitly recognise community mental health organisations as eligible expert delivery partners under the Fund, and resource them directly for training, secondment, mentoring and advisory functions delivered to mainstream organisations. This is additive only, a way to sustain specialist workforce capability under strain from the SCCP cuts, and must never be presented as compensation for, or a replacement for, the individually funded participant support that has been cut.

Closing Statement

MIFA welcomes this Fund, and will keep working with Government to see it built well. Building inclusive communities cannot be asked to do the job of adequately funding individual support, and MIFA does not believe Government intends it to. This submission is offered in that spirit. A genuine contribution to a genuinely useful Fund, and an unambiguous reminder that the Fund is not, and must never become, the answer to a cut that should never have been made.

MIFA is willing to give evidence at a public hearing, provide a video submission, or supply further information on any matter raised in this submission.

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