

Heads of Agreement on the National Health Reform Agreement, National Disability Insurance Scheme reforms and Foundational Supports

This Agreement is made between the COMMONWEALTH OF AUSTRALIA (Commonwealth) and NEW SOUTH WALES, VICTORIA, QUEENSLAND, WESTERN AUSTRALIA, SOUTH AUSTRALIA, TASMANIA, the AUSTRALIAN CAPITAL TERRITORY and the NORTHERN TERRITORY (the States)

Preliminaries

1. The Commonwealth and the States (the Parties) agree this Heads of Agreement (the Agreement) affirms all Parties' commitment to implement the key principles, parameters and conditions across the following three stand-alone agreements under a combined deal:
 - a. National Health Reform Agreement – 2026-2031 Addendum (NHRA Addendum).
 - b. Schedule A (Financial Contribution) of Bilateral Agreement between the Commonwealth of Australia and each jurisdiction on the National Disability Insurance Scheme (NDIS Bilateral Agreements).
 - c. National Agreement on Foundational Supports and Thriving Kids bilateral agreements 2026-2031.
2. All agreements listed in clause 1 will be signed by the Parties upon agreement at National Cabinet, with the exception of Thriving Kids bilateral agreements 2026-2031, which will be signed by the States and provided to the Commonwealth for signature no later than 20 February 2026.
3. The Parties agree core principles across these agreements and the health and disability sectors, that all governments:
 - a. affirm people are at the core of all systems of care and support.
 - b. have a collective responsibility to ensure Australians have equitable access to appropriate, safe, high-quality health and disability care and support.
 - c. re-affirm their responsibility and shared commitment to work in partnership with Aboriginal and Torres Strait Islander people to operationalise the National Agreement on Closing the Gap and ensure reforms do not further exacerbate the gap.
 - d. share responsibility to integrate systems, services and workforces to improve outcomes for all Australians, acknowledging the interoperability of the health, aged care and disability service systems.
 - e. share responsibility to make care and support systems more inclusive, accessible and safe for people with disability, informed by ongoing engagement with the disability community, families, providers, workers and experts.

- f. share responsibility for ensuring disability service systems are joined up and coordinated, and people with disability and their families understand which systems are responsible for services and can easily find and access them.
 - g. recognise a shared commitment to support implementation of agreed NDIS reforms, including legislative reform.
 - h. recognise that achieving sustainable outcomes across health, NDIS and Foundational Supports relies on meeting agreed milestones for long-term sustainability outcomes.
 - i. commit to working together better to address the growing pressures on our health system and the NDIS, to ensure these systems can be delivered sustainably into the future. In relation to the NDIS, National Cabinet agreed jurisdictions will undertake necessary reforms to achieve annual cost increases of 5 to 6 per cent, or lower.
 - j. commit to ongoing reforms to ensure these service systems are sustainable and continue to adapt and meet the needs of all Australians into the future.
 - k. ensure the combined health and disability reforms will see all of the States better off.
4. The Parties recognise the agreements outlined at clause 1 are subject to the *Federal Financial Relations Act 2009* (1a and 1c above) and the *National Disability Insurance Scheme Act 2013* (NDIS Act 2013) (1b above).
5. This Heads of Agreement provides the overarching framework to confirm the operation and execution of each agreement in clause 1.
- a. In the event of divergence between the Agreements in clause 1 (other than divergence between this Agreement and the NHRA Addendum), this Agreement prevails over those agreements.
 - b. In the event of divergence between this Agreement and the NHRA Addendum, the NHRA Addendum prevails.
6. This Agreement will be in place until 30 June 2031 and reviewed by mid-2029 to ensure it remains relevant and appropriate.

Roles and Responsibilities

7. First Ministers of the Parties are responsible for the execution and delivery of the commitments in this Agreement.
8. To support the delivery of the commitments, unless otherwise agreed, First Ministers:
- a. delegate the delivery of all commitments under the National Health Reform Agreement to Health Ministers, upon execution of the NHRA Addendum, including finalisation of a First Nations schedule.
 - b. affirm the role of Disability Ministers in negotiating NDIS Bilateral Agreements, noting financial schedules must be agreed by First Ministers.
 - c. delegate negotiation of the bilateral agreements for Thriving Kids by 20 February 2026 to responsible Ministers in each jurisdiction with delegation arrangements for subsequent bilateral schedules for other cohorts to be determined by First Ministers.

- d. affirm the role of the Council on Federal Financial Relations to review and advise on all funding matters related to this Agreement in consultation with relevant Ministers.
- e. affirm the role of the Disability Reform Ministerial Council to consider all reforms to the NDIS, including NDIS Rules and legislative amendments.

National Health Reform Agreement (NHRA) – 2026-2031 Addendum

9. The 2026-2031 NHRA Addendum is informed by the findings of the 2023 NHRA Mid-Term Review, and will include:

- a. a commitment to increase the Commonwealth contribution to 42.5 per cent by 2030-31 and 45 per cent by 2035-36, subject to annual Commonwealth caps. The annual cap will be 10.25 per cent in 2026-27 and 8 per cent from 2027-28 to 2030-31.
 - i. For the avoidance of doubt, the annual cap takes precedence over the Commonwealth contribution rate.
 - ii. The additional Commonwealth contribution is a forecast \$24.4 billion over five years from 2026-27 to 2030-31.
 - iii. Include an estimated up to \$900 million available for co-investment in innovative models of care through Service Reform Model Funding.
- b. the addition of the 2025-26 \$1.7 billion one-time fixed funding arrangements (plus the additional uplift for the Northern Territory) in the NHRA funding base.
- c. a Commonwealth guarantee to states of at least an additional \$15 billion in NHRA funding from 2026-27 to 2030-31 compared to continuing the 2020-25 Addendum arrangements over the same five years to 2030-31. This represents guaranteed Commonwealth public hospital funding of more than \$210 billion over five years.
- d. system-wide structural health reforms to give Australians better access to services they need, when they need them, and alleviate pressures in hospitals.

10. Further informed by the findings of the 2023 NHRA Mid-Term Review, the Commonwealth agrees to increase equity of health provision through the provision of an additional \$0.2 billion for small states in 2026-27 delivered through Federation Funding Agreements (FFAs) worth \$80 million for Tasmania; \$75 million for the Australian Capital Territory; and \$66 million for the Northern Territory, ahead of advice from IHACPA on a small jurisdiction weighting in the NHRA.

- i. These FFAs will be extended if IHACPA's advice is not delivered before the end of 2026-27 to inform small state funding from 2027-28.

National Disability Insurance Scheme reforms

11. The NDIS Bilateral Agreements will continue to articulate:

- a. the enduring agreement between the Commonwealth and each jurisdiction to the delivery of the NDIS to ensure it achieves the objectives set out in the *NDIS Act 2013*.
- b. the roles and responsibilities of the Commonwealth and each jurisdiction in relation to governance, policy, market development and oversight, and funding arrangements for the NDIS.

12. The NDIS Bilateral Agreements will reflect the commitment made by National Cabinet in December 2023 to adjust States' contribution escalation rates, increasing from 4 per cent to be in line with actual Scheme growth, capped at 8 per cent, from 1 July 2028. The Commonwealth will remain fully responsible for the balance of all NDIS costs. A review point in advance of the 2030-31 financial year will determine any change to the escalation rate from 1 July 2031.
13. The parties agree to collaboratively work together to implement new framework planning in the first half of 2026, subject to the outcomes of public consultation and in line with the *NDIS Act 2013*.
14. The States agree in principle to access changes to the NDIS to commence on 1 January 2028 limited to ensuring that children aged 8 and under with developmental delay and/or autism with low to moderate support needs will not be eligible for the NDIS. These children will be supported through mainstream and Foundational Supports. This agreement in principle is subject to the conditions that:
 - a. the full policy rationale for the change and the draft legislation, including how definitions of low, moderate and high support needs would be translated into defined thresholds for Scheme access for children, are shared with the States for consultation before being introduced to the Australian Parliament.
 - b. Children aged 8 and under enrolled in the NDIS prior to 1 January 2028 with developmental delay and/or autism with low to moderate support needs to be subject to reassessment under the eligibility criteria in place on 31 December 2027.
 - c. children aged 8 and under with developmental delay and/or autism, who have substantially reduced functional capacity (high support needs) will remain eligible for the NDIS, subject to usual NDIS arrangements.

Foundational Supports including Thriving Kids

15. The National Agreement on Foundational Supports and bilateral agreements will commit all Parties to ensure services are:
 - a. designed to achieve equitable access and outcomes nationally, and to effectively interface with the NDIS and with existing Commonwealth, state and territory mainstream service systems, subject to the conditions outlined below, including capped funding.
 - b. designed to be responsive to the local needs of each State, recognising the different operational contexts of different jurisdictions.
 - c. delivered through new and scaled up existing services where appropriate and phased in over time.
 - d. funded at a cost of up to \$10 billion new investment over the first 5 years (capped for all parties, split 50:50 between the Commonwealth and states on a per capita basis). The Commonwealth will co-fund its share of Foundational Supports (up to \$5 billion over the first 5 years, capped) on an ongoing basis pending states matching this investment.
 - e. established such that parties are able to take all reasonable steps to manage demand and access to programs, services or activities to ensure the funding cap is not exceeded.

16. Bilateral agreements under the National Agreement on Foundational Supports will cover services to be delivered by the Parties for agreed cohorts - initially focused on establishing Thriving Kids.
 - a. Thriving Kids will deliver services designed for children aged 8 and under with developmental delay and/or autism who have low to moderate support needs with State services commencing no later than 1 October 2026, and full roll out of services by all Parties by 1 January 2028.
 - b. the maximum combined Commonwealth and state funding contributions for Thriving Kids will remain at \$4 billion over five years (capped for all parties, split 50:50 on a per capita basis 0-64 years) from within the funding envelope at clause 15(d).
 - i. at least \$1.4 billion of the Commonwealth's \$2 billion contribution will be provided as direct funding to states for Thriving Kids services.
 - c. Foundational Supports will be reviewed three years after signing of the Thriving Kids bilateral agreements to assess their effectiveness and funding adequacy.

17. Under the National Agreement on Foundational Supports and bilateral agreements, the Parties agree that:
 - a. funding for programs, services and activities within the scope of the National Agreement on Foundational Supports and bilateral agreements must be additional to any funding by the Parties of the same or similar/substitutable programs, services and activities that were in place in 2022-23.
 - b. each Party will maintain its contributions to Foundational Supports at agreed levels on an ongoing basis.
 - c. the requirements in clause 17(a) and (b) do not prevent all Parties making changes to existing programs, services or activities in the future to better meet the needs of the target cohorts under the National Agreement on Foundational Supports and bilateral agreements. Any investment in revised programs, services or activities will count towards the Party's contribution to Foundational Supports.
 - d. existing regulatory and quality systems that currently govern Commonwealth and State programs and services will remain in place without additional regulatory or quality requirements.
 - e. existing reporting requirements for all Parties will remain in place. New requirements will only be applied to the extent necessary to provide clarity on: additional funding; numbers of people supported; method and intensity of support; and program effectiveness. This information will be shared reciprocally between all Parties.

The Parties have confirmed their commitment to this Agreement as follows:

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Anthony Albanese MP
Prime Minister of the Commonwealth of Australia

January 2026

Signed for and on behalf of the State of New South Wales by



The Honourable Chris Minns MP
Premier of the State of New South Wales

January 2026

Signed for and on behalf of the State of Victoria by



The Honourable Jacinta Allan MP
Premier of the State of Victoria

January 2026

Signed for and on behalf of the State of Queensland by



The Honourable David Crisafulli MP
Premier of the State of Queensland

January 2026

Signed for and on behalf of the State of Western Australia by



The Honourable Roger Cook MLA
Premier of the State of Western Australia

January 2026

Signed for and on behalf of the State of South Australia by



The Honourable Peter Malinauskas MP
Premier of the State of South Australia

January 2026

Signed for and on behalf of the State of Tasmania by



The Honourable Jeremy Rockliff MP
Premier of the State of Tasmania

January 2026

Signed for and on behalf of the Australian Capital Territory by



Andrew Barr MLA
Chief Minister of the Australian Capital Territory

January 2026

Signed for and on behalf of the Northern Territory by



The Honourable Lia Finocchiaro MLA
Chief Minister of the Northern Territory of Australia

January 2026