Australian Psychosocial Alliance

Inclusive Communities Fund

August 2026

About the Australian Psychosocial Alliance

The Australian Psychosocial Alliance (APA) is Flourish Australia, Mind Australia (incorporating One Door Mental Health and The Haven Foundation), Neami National, Ruah Community Support, Richmond Fellowship Queensland, Stride Mental Health, Open Minds and Wellways Australia. We are seven of the largest and longest service specialist providers of community managed mental health and wellbeing services in Australia. We provide support to over 120,000 people with mental health challenges and psychosocial disability every year. This includes expert support to around 5,800 NDIS participants with a psychosocial disability. We come together around a shared policy agenda to improve outcomes for people with mental ill-health and psychosocial disability, and a shared understanding of quality service delivery.

Our members deliver Medicare Mental Health Centres, headspace programs, carer connect centres, step-up step-down services (sub-acute, short-term residential care), residential rehabilitation, supported housing, employment, suicide prevention and postvention programs, individual mental health recovery support and NDIS supports. We respond across the spectrum of need and to people in priority populations, such as LGBTIQA+ individuals, culturally and linguistically diverse (CALD) communities, Aboriginal and Torres Strait Islander people, young people and people experiencing or at risk of homelessness.

We combine evidence-based practice with service delivery wisdom to provide recovery-oriented services that support people to build their capacity to participate in society and manage their lives. We focus on personal goals, participation and living a meaningful life. This can include support to sustain a tenancy, build the skills to live independently, find fulfilling work and build social connections.

Our organisations embed lived experience across our governance and service delivery. We employ a specialist cross disciplinary workforce with expertise in mental health and psychosocial disability, and with the technical skills to deliver recovery-focused, trauma-informed and person-centred support.

Introduction

The Australian Psychosocial Alliance (APA) welcomes the opportunity to contribute to the consultation on the Inclusive Communities Fund. We understand that the purpose of the fund is to support people to participate in mainstream community activities through strengthening organisational capability to offer more inclusive activities.

Social connectedness is high on the priorities for many people with mental health challenges and psychosocial disability, with many studies identifying company, friendships, and day-time activities as being among their top priorities. The *2025 APA Because You Matter* survey also identifies a lack of opportunities for social connection and the desire for this to be different. Survey respondents hoped for a "kinder, fairer world", marked by greater acceptance and no discrimination.

People with psychosocial disability are more likely to find themselves marginalised and excluded across all aspects of citizenship – with this often compounded by being Aboriginal and Torres Strait Islander, culturally and linguistically diverse, LGBQTI+ or a younger or older person. People with psychosocial disability also experience marginalisation and exclusion within disability services. For example, people with psychosocial disability receive access to the NDIS at a rate of 34% compared to 78% for other disabilities.

People's capacity for social inclusion and social connectedness is affected by:

- stigma and discrimination[1]
- the attributes of mental health challenges and psychosocial disability which can impact on communication and social skills
- real and perceived perceptions of being welcome or unwelcome in the community
- environmental factors such as experiences of sensory overload, or overwhelming social demands.
- poverty (including being unable to pay to participate in activities and events).

Psychosocial disability is often not visible, and this contributes to a broad lack of understanding of how the experience of psychosocial disability and mental ill-health impacts day-to-day functioning. This affects how society views and responds to people with mental illness, and in turn how people see themselves, their capabilities and possibilities. These are significant barriers to social inclusion and addressing them will be core to the Fund meeting its purpose.

Designing inclusive communities for people with a psychosocial disability will require:

- **a targeted approach**, of which aspects may be different to that of many other disabilities. In its submission on Australia's Disability Strategy, the APA recommended that a psychosocial disability lens be applied across all aspects of the Strategy to ensure that it appropriately targets inequity and discrimination faced by people with a psychosocial disability. The same applies to the design of the Inclusive Communities Fund.
- **a systems approach** – creating supported opportunities for participation, providing practical and active encouragement to participate, empowering people to make decisions about their own social inclusion goals, naming and addressing environmental barriers and building welcoming communities[2].

[1] 2026 National Stigma and Discrimination Report Card, National Mental Health Commission.

[2] See also M Salzer and R Barron (2016), A blueprint for community inclusion: fundamental concepts, theoretical frameworks and evidence. Wellways Australia and Temple University. (PDF) Well Together – A blueprint for community inclusion: fundamental concepts, theoretical frameworks and evidence.

The APA is concerned that the Inclusive Communities Fund appears to focus too narrowly on strengthening organisations' capability to offer inclusive activities, rather than on facilitating cultural change within the whole of the organisation and support for the people who may wish to participate. The APA also knows that, for many people with psychosocial disability, social connection and participation often begin in safe spaces with others who have lived experience of mental health issues. The Fund's guidelines need to consider how the Fund's decision making respects people's own decisions and priorities for social connection, rather than privileging external assumptions about what counts as socially inclusive activity.

The APA also refers the Department to the National Mental Health Commission's National Stigma and Discrimination Reduction Strategy[3]. It includes 12 recommendations which provide a comprehensive approach to addressing stigma and discrimination, recognising that this significantly impacts on people's capacity to participate in the community and on the community's capacity to welcome and accommodate participation.

The APA also draws attention to the Government's Explanatory Memorandum (EM) for the NDIS (securing the NDIS for future generations) Bill that identifies that the Inclusive Community Fund is one of three measures which will ameliorate the impact of the cuts planned for Social, Civic and Community Participation (SCCP) budgets. This EM also identifies that people with a psychosocial disability will be disproportionately impacted by these cuts – in fact almost all NDIS participants with a primary psychosocial disability will be impacted (compared to 52% across all disabilities)[4]. The EM reports that they may experience significant barriers to accessing the community. It notes research which identifies that mainstream and community options are not inclusive for people with psychosocial disability[5], and there are difficulties in finding the right support from providers to facilitate genuine inclusion. This latter barrier is real and pertinent, with around 500,000 people having an unmet need for psychosocial support[6] and no commitment to addressing this.

There is an imperative for the Fund to prioritise inclusion for those disability groups[7] which are the most disadvantaged, and for people with psychosocial disability who are the most affected by the proposed changes, to the SCCP. It also needs to ensure that it considers the geographical spread of activity funded, ensuring that programs and people in rural/regional areas receive fair access.

Recommendations

The Inclusive Communities Fund needs to do more than improve organisational capability in isolation. The Fund should support changes that address stigma and discrimination (e.g., as recommended by the National Mental Health Stigma and Discrimination Strategy), create supported pathways into community participation, and ensure people with psychosocial disability have a direct role in shaping what inclusion looks like.

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[3] MISRed - Report 5 - Final summary and recommendations | National Mental Health Commission

[4] 96% of participants with a primary psychosocial disability have a SCCP budget (compared to 52% across all disabilities), on average comprising 30% of the total budget.

[5] It also specifically calls out autism and intellectual disability in this context, and that community participation provides a sense of belonging, increases confidence, builds skills and social networks and reduces isolation.

[6] Health Policy Analysis (2024) Analysis of unmet need for psychosocial supports outside of the National Disability Insurance Scheme-Final Report.

[7] People with down syndrome and visual impairment are also particularly affected due to prevalence in people's plans and a relative high proportion within plans.

Recommendation 1: *That a psychosocial disability lens be applied across all aspects of the Inclusive Communities Fund to ensure that it prioritises addressing inequity and discrimination faced by people with a psychosocial disability and their inclusion in community. This should include specific consideration of the needs of Aboriginal and Torres Strait Islander peoples, their social and emotional wellbeing and other intersectionalities which can multiply the negative impact of stigma and discrimination.*

Recommendation 2: *That people with a primary lived experience of psychosocial disability be included in the co-design of the Fund and governance arrangements for overseeing the establishment and distribution of the Inclusive Communities Fund resources.*

Recommendation 3: *That the Inclusive Communities Fund actively pursues an approach which creates long-term change through a combined approach which:*

- *addresses institutional barriers (such as discrimination and stigma) through training and resources for organisations and communities*
- *builds infrastructure to increase the visibility and role of people with psychosocial disability within organisations, including through co-design and/or leadership roles.*
- *actively invests in providing real and practical support which enables people with a psychosocial disability to partake in mainstream activities.*
- *invests in the pathway from disability specific to mainstream community participation.*

Responses to consultation questions

1. **What support, resources or changes would help organisations become more inclusive and accessible for people with disability?**

Organisations will need to take an intentional approach if they are to become more inclusive and accessible for people with a psychosocial disability. Key activities should include:

- Establishing an advisory group of people with psychosocial disability/lived experience of mental ill-health to assist in co-designing, co-developing and co-delivering approaches to more inclusive settings (co-production).
- Employing people with a psychosocial disability/lived experience of mental ill health who are willing to draw on and use this experience in leadership roles.
- Creating pathways into the organisation/activity, including through "psychosocial disability/mental health" specific groups and/or offering peer support (see discussion below). Additionally, there need to be practical considerations for supporting engagement, from encouraging people to attend and convincing them that it will be a safe space, to addressing barriers such as cost and transport. It is unlikely that people will participate without a conscious effort and bias towards supporting participation.

Approaches which are designed to improve access for people with physical, sensory and other visible disabilities are unlikely to deliver significant benefit for many people with psychosocial disability. Traditional "accessibility" responses around how to adapt information or the built environment are largely irrelevant, and most programs designed to address discriminatory attitudes will not adequately address the significant misinformation about mental illness and associated stigma, let alone the fact that the experience and impact of a psychosocial disability can differ significantly from person to person.

Real change will only come from having more people with a psychosocial disability, their families, carers and kin visible and involved, which is greater than just participation in activities but being engaged and involved in service co-design and co-delivery.

1a) How could community organisations partner with disability-led organisations to achieve this?

Mentoring

Specialist community managed mental health (CMMH)/psychosocial support organisations could provide advice and support in co-design, lived experience governance and peer support work. A partnership arrangement could see a CMMH mentoring a mainstream organisation to transfer knowledge and build capability over a three-year timeframe.

Build pathways

A review of randomised controlled studies found that the most effective interventions to address and prevent social isolation were group interventions with a focused educational component, and interventions which targeted specific population groups – such as those based on gender or cultural identity. Other features included enabling participant input, and being developed within an existing service or embedded within neighbourhoods or communities. Group interventions which report social outcomes include:

- Health management
- Occupational therapies/creative programs
- Life skills and social training
- Clubhouses
- Recovery Colleges

We know from the 2026 APA Because You Matter survey that many people really value “in house” experiences. People named the value of safe and supported places to practice vulnerability and "put themselves out there". Respondents valued the routine of groups, seeing familiar faces, and building friendships, and they wanted more opportunities and expansion of these, and for them to offer a broader range of community engagement activities. They were also identified as being valuable in creating a meaningful life, assisting social connections, and building skills.

> "Accessible groups for programs like the ones in hospital — CBT, DBT, Art."
> "Joining groups has helped with my social skills, thus alleviating my mental distress."
> "Keep community engagement activities available / more activities for older people that aren't boring."
> "Encouraging us to make a wish and to help us move forward to that dream in reality - definitely peer support and group meetings."
> "I have made lots of friends [at APA group] and look forward to seeing them every week"
> “APA organisation community. Meeting new people and being able to socialise in a safe space. art and gym has been therapeutic. Counsellors and support workers have been helpful and kind.”

These programs and groups offer environments which are free from stigma and discrimination, through which people can explore new opportunities through participation in meaningful activity, and make meaningful connections. While “disability” specific, many of these groups can and are provided in mainstream environments and/or support people to access community activities and resources.

However, Salzer and Barron (2016) identify that a fundamental component of community inclusion is that disability service providers (with specific reference to mental health service providers) establish "supported pathways" from segregated services to the use of mainstream services within community settings. They note that many people "*May express a preference for 'in-house' vs mainstream participation, wary of public reactions to their presence in public spaces. Service recipients are often deeply appreciative of activities within environments they perceive as safe, in which they can be open about their issues without fear of prejudice and discrimination*."[8]

As specialist mental health organisations, we are continually challenged to create these pathways while also respecting stated preferences[9]. The Inclusive Communities Fund could provide partnership opportunities between mainstream organisations and CMMHs to create programs which offer the benefits of "in-house" programs, including access to intentional peer support, but operate within mainstream environments.

Before the NDIS, programs such as Day to Day Living in the Community, supported group facilitation focused on building social connection, including access to art, music, recreational, physical activity and health-related programs. Box 1 provides an example of a program that supported a pathway to inclusion. Many services still hold the expertise and knowledge needed to deliver effective programs of this kind, and this could be activated through funding guidelines that support their establishment within mainstream settings.

Box 1: Example of a pathway to social inclusion in a mainstream environment.

The local (council owned) recreation centre agreed to offer an exercise class for a group of people with psychosocial disability which was marketed as such. People without a psychosocial disability were also welcome to attend. The instructor was supported by the mental health service so that they were able to adapt the program and respond individually to people's particular characteristics, needs and abilities.

Peer support – encouraging each other to attend and holding each other accountable was a key factor in people turning up and participating.

Over time, individual's built confidence to attend other programs at the gym. In the first instance this was at classes offered by the same instructor, but many people (often with a friend) also ventured to try other classes.

Initial support to link individuals to the gym, including to assist with membership costs and encourage attendance, was provided by the day to day living program.

Supporting participation (currently limited capacity)

[8] M Salzer and R Barron (2016), A blueprint for community inclusion: fundamental concepts, theoretical frameworks and evidence. Wellways Australia and Temple University

[9] eg: Nous Review Victorian Mental Health Services; found that there was a move away from specialist mental health group settings but that this was controversial because consumers accessing day programs reported that they found them to be safe places away from community, stigma and judgement. Australia's few clubhouse programs provide connection amongst participants which in turn supports participation with the broader community.

CMMH organisations are well placed to identify and support the people they know to attend activities/facilities that offer a more inclusive environment. However, due to the high level of unmet need and systemic underinvestment in community-based mental health/psychosocial support, there are very few programs to do this. Additionally, there are few programs which provide support for over 12 months, meaning that any support to aid participation will be limited. The proposed cuts to the NDIS Social, Civic and Community Participation activity will potentially make accessing support to assist people to access mainstream or community events even harder.

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

The focus of the fund should be two-fold – supporting organisations to tackle stigma and discrimination, and building capacity to respond to people with psychosocial disability – including to provide activities that people want and need, and supporting pathways for people with psychosocial disability to make social and community connections.

In addition to building pathways as talked about above, specific activities could include:

- Building inclusivity in governance and leadership structures: this creates both visibility in the organisation of disability inclusiveness, provides access to advice about how to do this well and lead activities which actively and purposefully address stigma and discrimination across the organisation.

- Community development initiatives which support connection in specific local communities, such as in social housing. Through building connection with each other, people become empowered to continue building connections within their own community, while also reaching out to the wider community.

- Specific training in how to adapt and change activities so that they are inclusive, including to provide/lead activities which support connection with peers (other people with similar experiences) as well as people who do not share the same experience.

- Supporting front line staff at organisations with mental health knowledge and understanding, so that initial contact is positive and they respond appropriately, including to make appropriate referrals. Where the organisation/ activity is not fit for purpose, the positive contact is seen as a future investment in enabling that person to return to the organisation in the future. Programs such as mental health first aid are an example.

3. What role could local governments play in supporting community inclusion?

Local government should have a central role in this initiative because it already supports community inclusion and creates inclusive spaces and activities. The Fund should build on this existing role by treating local government as both a partner and a resource for community organisations seeking to become more inclusive.

An approach which further built the expertise within local government and/or enabled local government to more generally assist its own services and those that use their facilities to be more inclusive would be valuable. For example, this could include shared training, codesign support, establishment and support of advisory committees.

Local governments are also likely to be aware of local communities where social inclusion is low and/or areas of high levels of disability. It is well placed to identify priority communities, and facilitate and support place-based activities through access to meeting rooms or use of other facilities.

4. What is the best way for community organisations to build meaningful and lasting inclusion?

This will only be achieved if organisations look to how people with disability are engaged and involved in all aspects of the organisation and its functions; and people with psychosocial disability are actively provided with the opportunities and support to do so.

People with a disability need to be in leadership roles, providing and leading programs/activities and as participants. This is particularly the case for people with psychosocial disability/mental health issues for whom changes such as building design, or access to alternative information is often irrelevant.

Programs which target stigma and discrimination in an organisation will have little impact unless people are also actively invited and supported to participate, and they get to experience a safe and enjoyable environment. For many people, this starts as an invitation or opportunity to participate in activities in which they know they will be supported by people who explicitly understand their life experience.

Realistically, long term impact is going to be difficult to achieve in three years. For example, training initiatives generally only last as long as those people who have been trained remain in the organisation; resources developed go out of date unless reviewed. Organisations with tight budgets and/or delivering highly specified programs have limited flexibility to invest in the structures that are required to maintain this activity.

However, combining organisational change with activities that build the capacity of people with psychosocial disability to connect and participate can increase visibility, confidence and willingness to take part. Greater organisational awareness, combined with welcoming and appropriate activities, creates the conditions for this participation to begin.