

# 2022 FEDERAL BUDGET PRELIMINARY ANALYSIS

29 March 2022

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## Overview

In the week's leading up to the Federal Budget, Health Minister Greg Hunt declared mental health would be a key priority for the Federal Government. The 2022-2023 Budget, however, has failed to live up to the Minister's claims. While there are some welcome initiatives, the overall funding is neither on the scale nor is appropriately targeted to close existing service gaps and deliver meaningful reform. Of particular concern is the neglect of the psychosocial service sector.

The Budget does deliver some welcome measures, including increased funding of existing services supporting young people and those with eating disorders. Funding is provided for a range of school-based initiatives to support the mental health of children, and there are some modest (albeit insufficient) investments to improve access to mental health, suicide prevention and social and emotional wellbeing services for First Peoples and culturally and linguistically diverse communities.

Beyond some welcome ad hoc measures, this Budget does very little to close the gaps in psychosocial support services or address the array of strategic policy problems affecting the mental health sector. It fails to adequately respond to the escalating workforce crisis across the sector (delivering some modest funding for clinical workforce initiatives, but nothing specifically targeting the community-managed sector), nor does it act on the recommendations of the Productivity Commission to close the gap in psychosocial support services, expand community-centred models of care, and invest in and prioritise lived experience leadership.

### ***Interpreting Federal Budget funding for mental health measures***

In Budget Paper 2, the Government states it is providing **\$547.0** million over 5 years (from 2021-22) for the National Mental Health and Suicide Prevention Plan. However, on closer inspection, it appears only **\$303 million** of this is new money (further analysis would be useful to confirm this).

The headline figures for mental health expenditure need to be interpreted with caution. There are at least 28 sub-components which make up the overall mental health package, however the absence of discrete line items in the Budget for each of these sub-components makes it difficult to determine the actual quantum of funding. Some stated Budget investments are in fact *existing* spending which has been aggregated over the budget and forward estimates years. The presentation of Budget measures also makes it difficult to determine whether stated investment in new measures are in fact reallocated funds from past Budget commitments that went not spent. In addition, there are discrepancies in the aggregate figures reported in different Budget Papers (e.g. according to Budget Paper 2 the headline figure for the overall mental health package is **\$547.0** million over 5 years, whereas in the Health Portfolio Statement it is **\$648.6** million).

## Psychosocial support services

This Budget provides no additional funding for psychosocial support services. This represents not only a failure to address the large unmet gap in psychosocial services that has been demonstrated by the Productivity Commission and many others, but also creates uncertainty and instability for the existing psychosocial support services funded via the Commonwealth.

In the 2021 Budget, \$112.4 million was allocated over two years from 2021-22 for the continuity of psychosocial support services for people with a severe psychosocial disability who are not eligible for the National Disability Insurance Scheme. This funding, distributed via Primary Health Networks, includes the National Psychosocial Support Measure, the National Psychosocial Support Transition program, and the Continuity of Support program for psychosocial support. While last year's Budget provided a short-term reprieve for existing services funded under the National Psychosocial Support Measure, it fell far short of addressing the Productivity Commission's recommendations to grow investment to match unmet need and to extend the length of contracts to 5 years.

Without any new funding, the existing psychosocial support programs will cease in June 2023.

In the recently announced National Agreement on Mental Health and Suicide Prevention, governments agreed to "undertake further analysis of psychosocial supports outside of the NDIS, to commence within the first twelve months from the commencement of this Agreement and be completed as soon as possible within the first two years of this Agreement". No additional funding was announced in the Budget to support this work.

The Agreement also stated that:

*"To ensure continuity of psychosocial support services for Australians with severe mental illness and enable the sector to retain a skilled workforce, the Commonwealth and the States will maintain investments in current psychosocial support programs outside the National Disability Insurance Scheme while the further analysis work is undertaken."* [emphasis added]

In this year's Federal Budget, the failure to provide any funding beyond 2023 suggests the Commonwealth has failed to honour this commitment, creating uncertainty for psychosocial services, their staff and those with severe mental health challenges who use these services.

## Suicide prevention

- \$42.7 million over 2 years from 2022-23 to **extend regional initiatives for suicide prevention**, including the establishment of targeted regional initiatives for suicide prevention in every Primary Health Network (PHN) region.
- \$4.0 million over 2 years from 2022-23 for **suicide prevention research** (for the Suicide Prevention Research Fund delivered by Suicide Prevention Australia).
- \$3.9 million over 3 years from 2022-23 for **mental health and suicide prevention research** activities delivered by the Thompson Institute at the University of the Sunshine Coast, Queensland.

## Mental health treatment initiatives

- \$13.6 million over 2 years from 2021-22 to continue funding for the **Victorian head-to-help clinics** until February 2023 and extend **NSW pop-up clinics** until December 2022

- \$11.3 million in 2022-23 to continue to provide COVID-19 support through digital mental health services.
- \$24.3 million over 4 years from 2022-23 to implement a pilot program to identify innovative and evidence-based models of care to best address the needs of people with **eating disorders** and to continue funding current eating disorder services for 2022-23. This includes “\$20.0 million over 4 years for specialised treatment services to be delivered in local community settings, supporting innovative and evidence-based models of care tailored to address identified local need”.
- \$15.1 million over 4 years from 2022-23 to **introduce a case conferencing item on the Medicare Benefits Schedule** to “support eligible patients to access coordinated, multidisciplinary mental health care”. Up to 4 case conferencing sessions per calendar year will be available for patients with a referral under a Mental Health Treatment Plan, those already accessing MBS-subsidised care under Better Access to Psychiatrists, Psychologists and GPs, or with a diagnosed eating disorder.

## Mental health support for specific population groups

### *Child and youth mental health*

- \$9.7 million over 3 years from 2022-23 for to better manage **mental health and wellbeing concerns in schools**, including a national measure of student wellbeing, national guidelines for the accreditation of mental health and wellbeing programs and trauma-informed professional development support for teachers
- \$3.3 million over 2 years from 2021-22 to fund **early intervention and prevention mentoring programs** for ‘at risk’ Year 8 students at public secondary schools
- \$1.8 million for to further develop the **Raising Healthy Minds app** to improve the mental health literacy of Australian parents and carers to identify signs of social or emotional ill-health in their children
- \$1.6 million for the **YMCA Peninsula Youth Services** for young people experiencing mental ill-health in the Southern Mornington Peninsula, Victoria [*Minister Greg Hunt’s electorate*].
- \$6.1 million over 5 years from 2022-23 to provide Life Education Australia with funding to develop additional **education modules on online safety, mental health, and wellbeing and respectful relationships**.
- \$206.5 million over 3 years from 2022-23 to ensure continued access to services for **young Australians with severe mental illness**. This will comprise funding for the **Early Psychosis Youth Services (EPYS)** Program to ensure continuity of care for vulnerable young Australians experiencing, or at risk of, psychosis. The EPYS network will also be expanded to all jurisdictions through the addition of 2 new hub sites in **Tasmania** and the **ACT**.
- \$14.8 million over 5 years from 2021-22 to continue a range of **headspace** programs including flying **headspace**, the *Digital Work and Study Service*, and schools suicide prevention activities
- \$4.2 million to support **headspace** centres in regional, rural and remote areas to attract and employ GPs, enabling headspace services to deliver the complete model of enhanced primary care.

### *Culturally and linguistically diverse communities*

- \$10 million in top-up funding over 2 years from 2022-23 for the **Program of Assistance for Survivors of Torture and Trauma** to meet forecast demand for support to humanitarian entrants and survivors of torture and trauma
- \$7.8 million to ensure **translating and interpreting services are available through PHNs-commissioned mental health services** to provide access to translating and interpreting services for people accessing mental health services

### *Aboriginal and Torres Strait and Islander social and emotional wellbeing*

- \$8.6 million over 3 years from 2022-23 to establish the **National Closing the Gap Policy Partnership on Social and Emotional Wellbeing** to advise on policy and implementation of actions to address social and emotional wellbeing, mental health and suicide prevention closing the gap targets. The scope of the Partnership will be co-designed with Aboriginal and Torres Strait Islander people and state and territory governments.
- \$8.5 million over 3 years from 2022-23 to **extend culturally appropriate programs in 16 communities across the Northern Territory** through the **Red Dust program**, focused on social and emotional wellbeing, sexual health, relationships, alcohol and other drugs, and Foetal Spectrum Disorder

### *Support for veterans*

- \$2.5 million over 2 years from 2021-22 to the **Tasmanian Veteran Wellbeing Centre** to boost veterans' access to local services, including health services, mental health support, community organisations, advocacy, and wellbeing support
- \$13.7 million over 3 years from 2022-23 to the **Australian Kookaburra Kids Foundation** to support children of current and former Australian Defence Force members who have been affected by mental illness
- \$22.0 million over 4 years from 2022-23 to extend the **Psychiatric Assistance Dog Program** on a permanent basis, and extend support to veterans who had privately sourced their assistance dogs but would otherwise be eligible for the program
- \$20.0 million over 2 years from 2021-22 to fund community-level projects through the **Veteran Wellbeing Grants Program**

### *Mental health support for disaster-affected communities*

- \$946,000 to **extend the MBS items for Australians impacted by the bushfires** for a further 6 months until 30 June 2022.
- \$800,000 million over 2 years from 2021-22 to provide **mental health supports to the Devonport community in Tasmania** following the tragedy at Hillcrest Primary School.
- \$10.0 million over 2 years from 2021-22 for a national program run by Fortem Australia to provide psychological support, wellbeing activities and training in maintaining **mental health for first responders involved in natural disaster settings**
- \$4.0 million to the Black Dog Institute to establish a new National Mental Health Service for Emergency Service Workers and Volunteers.

- \$500,000 to accelerate the provision of headspace services in the Hawkesbury region due to the impact of the recent floods.

The Government will provide support for the recovery from the February / March 2022 floods in New South Wales and Queensland. Mental health related funding includes:

- \$31.2 million over 2 years from 2021-22 to meet the increased demand and support for the mental health of residents in flood affected areas through the recovery process. This will include \$10 million for the hardest-hit Lismore area specifically. Primary health networks — five in Queensland and five in NSW — will receive \$20 million of this funding, the bulk of which is intended for psychological therapies. \$2.4 million will be provided for local Aboriginal Community Controlled Health Organisations to deliver culturally appropriate, locally-designed mental health services in impacted communities.
- \$10.0 million over 4 years from 2022-23 to support the mental health of school-aged children in the Northern Rivers region affected by the recent flood event through the *Resilient Kids* program

In addition, the Federal Government has committed to jointly fund an estimated \$2.0 billion in additional support measures for flood-affected communities measures through Category D of the Disaster Funding Arrangements (DRFA). Funding will be provided on a 50:50 shared basis with the NSW and Queensland Governments. An unspecified component of this funding will be for not-for-profit and mental health services, as part of assistance measures and rebuilding of essential public infrastructure damaged by the floods.

### *Small business owners*

- \$4.6 million over 2 years from 2021-22 to support the New Access for Small Business Owners program delivered by Beyond Blue to continue to provide free, accessible, and tailored mental health support to small business owners

### *People received aged care services*

- \$22.9 million (in total) over three years to NSW, VIC, QLD, WA, SA and ACT for a program which will deliver intensive, specialised care for people with very severe behavioural and psychological symptoms of dementia.

## Other mental health specific measures

- \$8.3 million in 2021-22 to establish a **National Post Traumatic Stress Disorder Centre**, to be the national hub of clinical and technical expertise in treatment for trauma-related mental health conditions
- \$52 million in funding over four years for **Lifeline**.

### **Analysis**

Overall, aside from some ad hoc measures, there isn't much for the community-managed mental health sector to celebrate among the measures announced in this Budget. There are some modest investments in some initiatives that are in themselves worthwhile and for which community-managed services may have a role. However, there are significant gaps and areas that have been overlooked. Critically, there is no overarching vision or coherence underpinning the announced measures: more ad hoc, one-off investments into an already fragmented

system won't result in the comprehensive system of integrated care that we so desperately need.

## Social determinants of mental health measures

### *Domestic and family violence prevention and support services*

As part of a package to “enhance capacity within the health sector for victim-survivors of family, domestic and sexual violence”, the Government is providing:

- \$67.2 million (2022–23 to 2025–26) to pilot a national model of trauma-informed, multidisciplinary recovery care through PHNs in 6 existing locations, delivering trauma-informed mental health therapies designed to meet the needs of victim-survivors.
- \$20.0 million (over 4 years from 2022–23, \$25.0 million over 5 years) to the Illawarra Women's Centre to support the establishment of a women's trauma recovery centre.
- \$328.2 million over 5 years to extend and establish FDSV early intervention and prevention programs, including trauma-informed national counselling services to support victim-survivors.

### *Alcohol and other drugs*

- \$343.6 million is to be provided to enable ongoing support for the National Ice Action Strategy and delivery of drug and alcohol treatment services, prevention programs and research activities.
- \$19.6 million will also be provided over 4 years to expand the Take Home Naloxone program nationally, which will make the opioid overdose-reversing medication available at no cost and without a prescription in all Australian states and territories.
- \$9.2 million to help build safe and healthy communities by reducing the impact of drug and alcohol misuse, including the extension of critical alcohol and other drug treatment services.

### *Strong and Resilient Communities Grants*

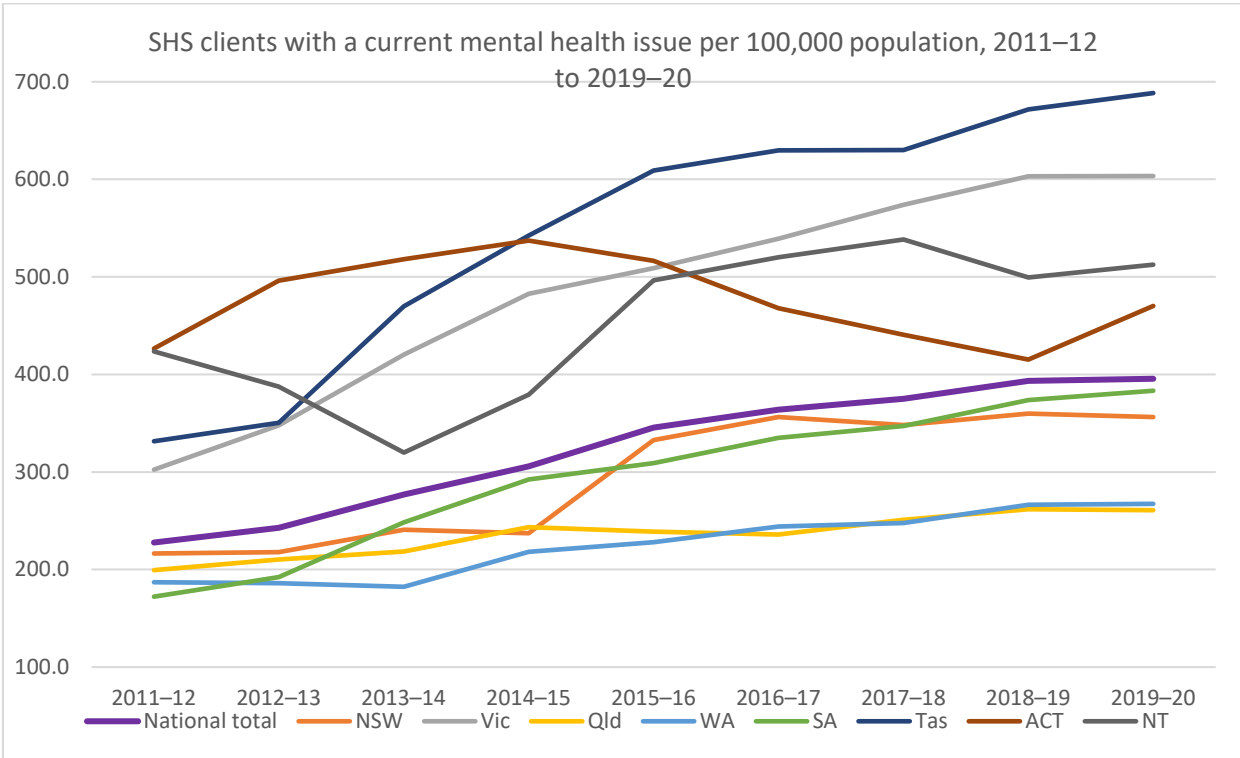
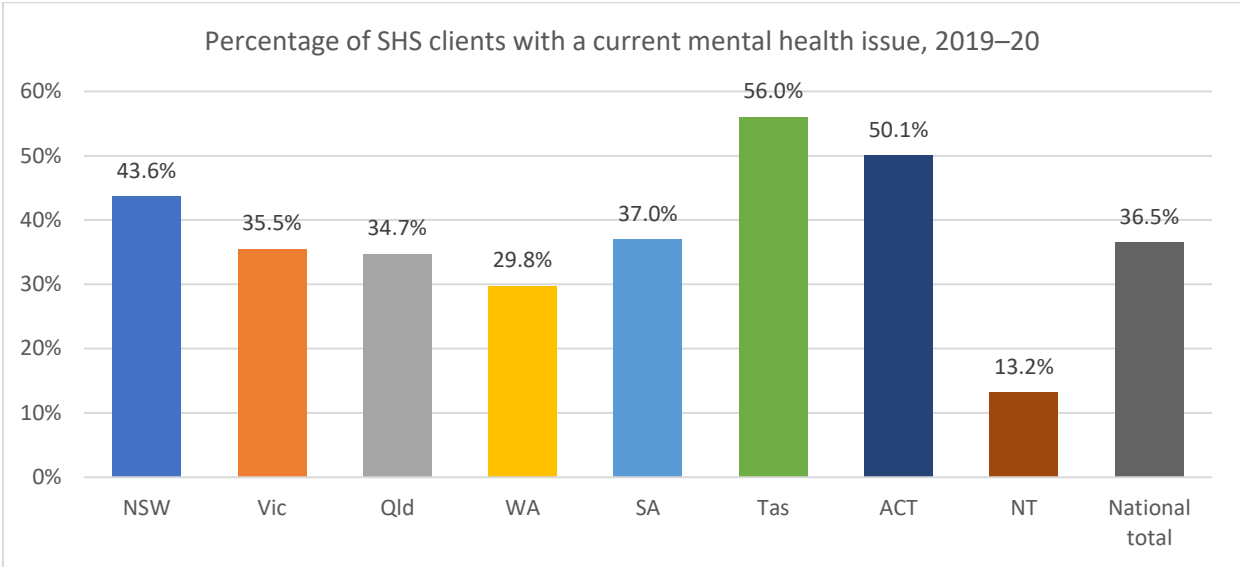
- \$45.1 million over 4 years from 2021-22 to expand the Strong and Resilient Communities grant program to support around 120 additional local community-driven projects to increase the social and economic participation of vulnerable and disadvantaged people.

## **Analysis**

The failure to provide any new funding for social housing and homelessness services is one of the stand-out social policy failures in this year's Budget – a failure that has mental health implications. Safe, secure housing is the foundation for mental health, while growing housing insecurity and rates of homelessness have a mutually reinforcing effect on poor mental health.

In addition to no additional funding for social housing, homelessness services are facing a \$39.4 million funding black hole from July 2023, as the Budget failed to provide appropriate ongoing funding for staff costs. This is because the Budget failed to renew previous funding that covered the cost of the equal remuneration order, which lifted the wages of homelessness workers to reflect the value of their work.

The latest AIHW data<sup>1</sup> shows that the rate of people with a current mental health issue seeking help from specialist mental health services has increased each year from 2011–12 to 2019–20, with people with a current mental health issue representing one of the fastest growing sub-groups accessing SHS services.



<sup>1</sup> Australian Institute of Health and Welfare, (2022). *Mental health services in Australia*. AIHW: Australian Government. accessed 29 March 2022. <https://www.aihw.gov.au/reports/mental-health-services/mental-health-services-in-australia/report-contents/specialist-homelessness-services>

## Workforce and governance

- \$64.7 million over 5 years from 2021-22 to implement the first stages of the 10-year mental health workforce strategy<sup>1</sup>, including:
  - \$28.6 million over 3 years from 2023-24 to increase the size of the psychiatry workforce through training posts, funding for supervisors, specific rural and remote initiatives and recruitment
  - \$18.3 million over 3 years from 2022-23 for a national mental health ‘pathways to practice’ program for nursing, allied health and psychology students. The program will establish appropriately supervised nursing and allied health student mental health placements in a mix of rural, remote and metropolitan trial areas, and establish supervised internships for provisional psychologists in a range of settings to deliver services.
  - \$4.7 million over 3 years from 2022-23 to provide general practitioners with access to psychiatrist support for treating their patients
  - \$1.3 million over 2 years from 2023-24 to build the capacity of mental health workers to respond to people with both substance use and mental health conditions
  - \$0.4 million over 2 years from 2022-23 to deliver a stigma reduction program for secondary and tertiary students to encourage students to choose a career in mental health.
  - \$6 million to enhance existing workforce capabilities, including a free national support line for general practitioners (GPs) to access clinical advice and support from psychiatrists.
  - \$2.2 million to support the mental health of the health workforce, including the Hand-in-Hand program to provide peer support to health professionals such as doctors, nurses, allied health professionals, paramedics, healthcare students and non-clinical staff, and the Black Dog Institute’s The Essential Network (this is according to the Health Portfolio Budget Statement; according to Budget Paper 2, \$6.2 million will be provided over 3 years from 2021-22 to support the mental health of health workers).
  - \$904,000 to establish a mental health workforce strategic coordination and distribution mechanism to coordinate activity between governments, industry and across sectors
  - \$725,000 for data planning, monitoring and evaluation, and to address gaps in mental health workforce data.
- \$4.2 million over 5 years from 2021-22 to support employment of general practitioners in *headspace* centres in rural and remote regions
- \$3.5 million over 4 years from 2022-23 for the Australian Public Service (APS) Commission to continue the operation of the APS Mental Health and Suicide Prevention Unit to implement and maintain a mental health framework for APS employees.
- \$4.2 million to support *headspace* centres in regional, rural and remote areas to attract and employ GPs, enabling *headspace* services to deliver the complete model of enhanced primary care.

### **Analysis**

Despite funding a range of workforce-related initiatives, the clear focus in this Budget is the clinical mental health workforce, with no measures specifically directed toward the community-managed mental health sector. This is a major gap. There are also no specific announcements in relation to the lived experience workforce, nor is any funding set aside to support lived experience leadership at the national level. In addition, there is no investment in the education and vocational training places needed to support the pipeline of workers to meet demand into



the future. What has been announced is unlikely to address the chronic workforce shortages in the clinical mental health sector – let alone the substantial challenges facing the community-managed mental health workforce.

Note that the funding figures above is not all new funding, and some funding appears to have been reallocated from other programs.

### *Overall funding across the Federal Budget for mental health related measures (excluding payments to states and territories)*

Table 2 in Budget Paper 2 (the so-called “Table of Truth”) breaks down funding since the 2021 22 MYEFO by portfolio, and provides the most accurate indication of the actual funding for measures. This indicates that around half of the headline figure for mental health spending touted by the Government does not actually reflect *new* funding in the 2022-23 Federal Budget.

Payments (\$m)	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Health	19.3	97.7	93.8	58.1	39.8
Services Australia	0.1	1.0	..	..	..
National Indigenous Australians Agency	-	0.4	0.4	0.4	-
Department of Veterans' Affairs	-	-	0.1	0.1	0.1
Australian Public Service Commission	-	-	-	-	-
Department of Education, Skills and Employment	-	-	-	-	-
Department of Defence	-8.3	-	-	-	-
Total – Payments	11.1	99.1	94.4	58.7	39.9

Total Payments over four years (2021-22 to 2024-25): **\$263.3 million**

Total Payments over five years (2021-22 to 2025-26): **\$303.2 million**

If you include funding provided by the Commonwealth to the states and territories (see section below), the total amount of funding committed to mental health measures over five years (2021-22 to 2023-26) in this year's budget is **\$354.3 million**.

## Payments to state/territory governments

### *National Mental Health and Suicide Prevention Agreement*

The long-awaited National Agreement on Mental Health and Suicide Prevention was released earlier this month. Under the National Agreement, the Commonwealth has signed Bilateral Agreements with New South Wales, South Australia, the Northern Territory, and the ACT. Bilateral agreements for Victoria and Western Australia are yet to be announced.

The Budget Papers only show funding for bilateral agreements reached before 18 March 2022 – and do not include, therefore, the funding allocated to the ACT. The total funding across NSW, SA and the NT is shown below.

	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
National Mental Health and Suicide Prevention Agreement — Bilateral schedules	2.6	11.5	9.2	14.3	12.4

A breakdown of the funding to each jurisdiction with bilateral agreements as at 18 March 2022 is shown below. Note that the totals include some unallocated funding. The total amount shown also does not reflect payments made to the Department of Health and Primary Health Networks to commission services and activities under the bilateral schedules.

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2021-22	0.9	~	~	~	-	~	~	0.9	2.6
2022-23	7.6	~	~	~	0.4	~	~	1.0	11.5
2023-24	5.7	~	~	~	-	~	~	0.4	9.2
2024-25	6.7	~	~	~	4.1	~	~	0.4	14.3
2025-26	6.4	~	~	~	4.2	~	~	-	12.4
<b>Total</b>	<b>27.3</b>	~	~	~	<b>8.7</b>	~	~	<b>2.6</b>	<b>50.1</b>

### **Analysis**

The recently released National Agreement on Mental Health and Suicide Prevention, while establishing a worthy set of principles, fails to follow through with actionable and accountable steps to achieve their realisation. This includes a clear timeframe and delineation of responsibilities and roles in relation psychosocial services and the promised needs assessment.

To date, much of the funding that has been announced under the bilateral agreements does not appear to be new funding, but rather reflects funding that has already been committed by governments. This may account, in part, for the relatively small Commonwealth outlay for the states and territories, as shown in the tables above. It also may be an indication that the bulk of funding under the National Agreement will be delivered via PHNs and the Commonwealth Department of Health. However, the exact breakdown in funding is difficult to discern given the National Agreement fails to clearly set out the roles and responsibilities of different levels of government.

### *Other National Partnership or Specific Purpose Payments to states/territories*

The Australian Government is providing funding to support New South Wales, through Sonder Australia Pty Ltd (Sonder), to provide free, 24-hour health and wellbeing support to those in mandatory isolation.

	2021-22	2022-23	2023-24	2024-23	2025-26
	\$m	\$m	\$m	\$m	\$m

### Adult mental health centres in South Australia

The Australian Government will provide \$12 million over three years from 2021-22 to establish an adult mental health centre in South Australia to be located in Adelaide.

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2021-22	-	-	-	-	4.0	-	-	-	4.0
2022-23	-	-	-	-	4.0	-	-	-	4.0
2023-24	-	-	-	-	4.0	-	-	-	4.0
2024-25	-	-	-	-	-	-	-	-	-
2025-26	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>12.0</b>	-	-	-	<b>12.0</b>

### *Legal Assistance*

As part of the National Legal Assistance Partnership 2020-25, \$57.5 million has been distributed to states and territories for services to supporting people with mental health conditions access the justice system.

	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
Supporting people with mental health conditions access the justice system	14.0	14.5	14.5	14.5	-