



Community-managed services play a vital role in supporting people who require mental health services and supports. Community Managed Organisations (CMOs) are non-government organisations that offer a range of clinical and psychosocial supports to people living with enduring mental health conditions to live and participate in the community in the way that meets their 'recovery' aspirations and achieve their individual goals. Community-managed mental health supports play an important role in offering an early intervention alternative to emergency departments for people presenting at the point of crisis.

State of mental health services in NSW

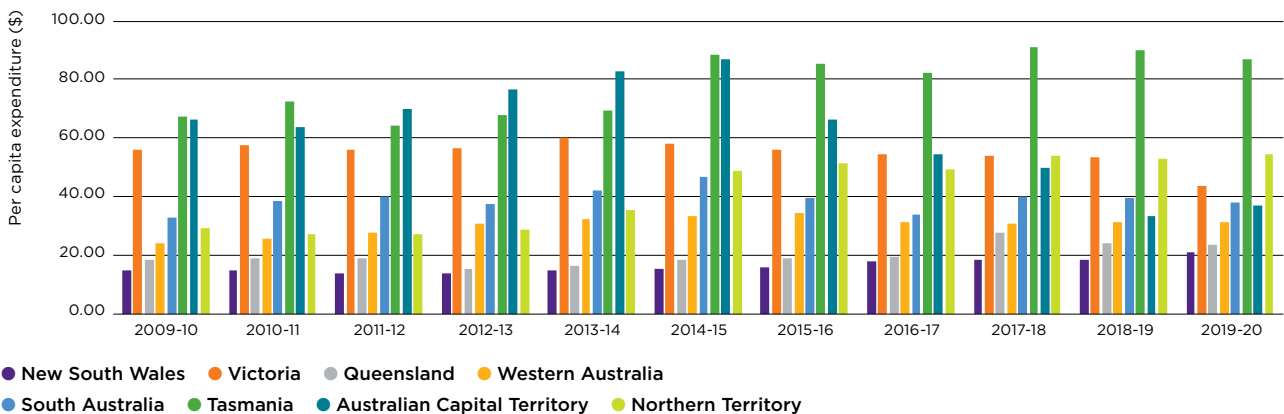
Expenditure on mental health services and supports has increased at both a national and state level. In 2019-20, \$11.0 billion, or \$431 per person, was spent on mental health-related services in Australia, a real increase from \$409 per person in 2015-16. This equates to a 1.3% annual average increase in the real per capita spending on mental health-related services from 2015-16 to 2019-20. Despite this increase in funding, there is still significant unmet need with the Productivity Commission Report on Mental Health finding that “Australia’s current mental health system is not comprehensive and fails to provide the treatment and support that people who need it legitimately expect.”¹

Mental health services investment across states and territories varies. In the 2022-23 budget, \$2.9 billion was invested into mental health by the NSW Government. Despite increased funding, **NSW has one of the lowest per capita spends in Australia to support people with mental health conditions.** NSW spent more per capita than the national average on public psychiatric hospitals and

specialised psychiatric units in acute public facilities in 2019-20, however has the lowest per capita expenditure on community-managed mental health services.

The Productivity Commission estimated 154,000 people across Australian who would benefit from psychosocial support services are missing out on them. To meet the need identified by the Productivity Commission, increases to service funding, especially community based services are critical. The National Mental Health and Suicide Prevention Agreement recognised that psychosocial supports are an important part of a well-equipped mental health system and that governments should work together to develop and agree on future psychosocial support arrangements. The Agreement requires an estimation of demand for, compared to current availability of psychosocial supports outside of the NDIS through a comprehensive state-based mapping of all current psychosocial support services outside of the NDIS, led by the States and Territories and supported by the Commonwealth. This work needs to commence immediately.

Per capita recurrent expenditure (\$) on the community managed mental health services* across states and territories 2009-10 to 2019-20



*Expenditure is focused on spending on residential mental health services and grants to non-government organisations. Source: AIHW, Mental health expenditure 2021.

Suicide prevention investments

Suicide prevention and early intervention have seen structural reform and targeted investment to reduce the rate of suicide in Australia. Nationally, from 2011 to 2020, the suicide rate for men increased from 16.2 deaths per 100,000 population to 18.6 in 2021. The suicide rate for women also saw an increase in the same period from 5.1 deaths per 100,000 population in 2011, to 6.1 in 2021.²

Suicide rates for Aboriginal and Torres Strait Islander people are **substantially higher** than those in non-Indigenous Australians. In 2022 the suicide rate for Aboriginal and Torres Strait Islander men was 42.9 per 100,000 in Australia, compared to 18.9 for non-Indigenous men.³ Suicide rates in NSW mirror these national statistics. In NSW there were 154 suspected or confirmed suicide deaths reported in NSW from 1 January to 28 February 2021, an increase from 145 suspected or confirmed suicide deaths reported from 1 January to 28 February 2020.⁴

NSW Health is working towards reducing the suicide rate by 20% by 2023.⁵ In the 2022-23 budget, \$2.9 million was invested into mental health by the NSW government.

Recent ABS data on suicide rates also highlights that psychosocial risk factors were the most commonly reported risk factor and were present in almost two-thirds of deaths of people who died by suicide. This demonstrates the linkages between investment into prevention and bolstering community-based care in the suicide prevention effort.

Call for community-based mental health care

The need for increased investment into non-government community managed organisation services and supports is evident:

- High rates of mental health challenges experienced by Australians**
 In 2021, an estimated 1 in 5 Australians aged 16-85 experienced a mental health challenge in the previous 12 months⁶
- High rates of mental health-related emergency department presentations**
 This is particularly high for people living in rural and remote settings and for young people.
- The need for increased psychosocial supports available in communities**
 As highlighted by the recent Productivity Commission's Mental Health Inquiry report which found that 154,000 people nationally were missing out on psychosocial supports.
- Increased pressures on the mental health system**
 Recent events such as the COVID 19 pandemic and natural disasters including bushfires and floods have greatly impacted the mental health of the whole community and consequently increased service utilisation across the system. During the pandemic, there was an increase in the use of crisis, psychosocial supports, and information services between 2019 and 2021.^{7 8}

Emerging approaches to funding mental health priorities

States are taking various approaches to mental health sector investment. One emerging approach has been the application of **a payroll levy to increase funding for the mental health sector**.

In Victoria, the **Mental Health and Wellbeing Payroll Tax Surcharge** commenced on 1 January 2022. The levy was a recommendation of the Royal Commission into Victoria's Mental Health System (2021). The Victorian mental health payroll levy poses a surcharge of 0.5% for employers or groups of employers who pay Victorian taxable wages with total Australian wages of more than \$10 million, but not more than \$100 million, and 1% on the relevant proportion for employers or groups of employers who pay Victorian taxable wages, with total Australian wages of more than \$100 million.⁹ The money generated from the levy is pledged to mental health programs and cannot be spent on other measures.

A similar initiative is being **rolled out in Queensland** and is set to commence 1 January 2023. According to mental health advocates and services, the benefits of the payroll levy will ultimately far outweigh the costs. Estimates from the Productivity Commission flag that mental illness costs Australia about \$200 billion per year with the payroll levy set to generate \$50 billion in savings if a 25% improvement in mental health is reached.¹⁰

NSW should consider similar investment approaches in the future to increase funding and investment into the mental health sector.