

Community Managed Mental Health

Incoming Government Brief

Prepared by Mental Health Coordinating Council

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OVERVIEW

This Incoming Government Brief sets out the role and value of non-government, community-managed organisations in the delivery of key mental health services and supports in New South Wales.

The document outlines opportunities for the incoming State Government to prioritise support to people living with mental health conditions in NSW.

SECTOR BACKGROUND

One in five people experience a mental health or behavioural condition every year in NSW. Based on current statistics, by 2041 that will grow to 1.96 million people. This growth in demand underscores the need for a sustainable, impactful mental health system in NSW.

The mental health service system is complex, comprising both public and community-based services. Public services are delivered in both acute and community settings and clinical and support services are delivered by both public and community-managed organisations, along with private hospitals and general practitioners.

Community-managed organisations are non-government organisations that play a vital role in supporting people with enduring mental health conditions to live well in the community. The sector delivers psychosocial and rehabilitation services across a wide range of core areas:

- Psychosocial rehabilitation and clinical services
- Accommodation support and outreach
- Self-help and peer support
- Helpline and counselling services
- Employment
- Education, training and information
- Leisure and recreation
- Family and carer support

Mental Health Coordinating Council is the peak body representing community mental health organisations in NSW.

Value of community supports

There is significant evidence that quality mental health services delivered in the community foster improved outcomes for people with lived experience, along with their carers and families. Support in the community takes considerable pressure off other parts of the health service system, particularly emergency department presentations, hospital admissions and re-admissions.

A recent UNSW evaluation of two key community-based programs, Community Living Supports (CLS) and Housing and Accommodation Initiative (HASI) - funded by NSW Health - confirms the value of services delivered in the community, both on individuals and for dollar value.

The evaluation found for people entering HASI/CLS programs:

- hospital admissions due to mental health decreased by 74 percent and average length of stay decreased by 74.8 percent over two years. This improvement was sustained after consumers exited the programs
- programs generate more in cost offsets than the cost of the programs, with a net cost saving per person of about \$86,000 over five years. Over 90 percent of the cost offsets were from reduced hospital admissions and lower lengths of stay
- new charges in the criminal justice system and community corrections orders dropped to almost zero after entry to the program, and
- overall, the programs improved wellbeing, helped people better manage their mental health, enhanced aspects of consumers' physical health and increased opportunities for social inclusion.

Growing mental health workforce

Community mental health workers number more than 6,000 full time paid employees in NSW. Together they constitute more than 25 percent of the total mental health workforce. Adding to this, the community mental health workforce is growing at pace, increasing by 6.5 percent each year. This strong growth positions the sector as one of the fastest growing workforces in the NSW economy.

Community mental health in the Budget

Despite increased funding for mental health services, NSW has one of the lowest per capita spends in Australia to support people with mental health conditions. Spending on services delivered by community-based organisations is less than 10 percent of the total mental health budget. NSW spends more per capita than the national average on public psychiatric hospitals and specialised psychiatric units in other public facilities, however it has the lowest per capita expenditure on community-managed mental health services.

In its 2020 Mental Health Inquiry Report, the [Productivity Commission](#) recognised the crucial role of community-based supports and went on to recommend an increase in funding to expand community services to better match demand.

Increased funding is a key issue that emerges throughout the sector. It is considered the top concern in MHCC's most recent feedback survey from member organisations.

Issues identified by community organisations:

- funding and adequate indexation
- demand for mental health services exceeding available resources to deliver support
- workforce shortages and sustainability
- ongoing impact of COVID-19 pandemic.

OPPORTUNITIES FOR THE INCOMING GOVERNMENT

This Incoming Government Brief identifies four areas of opportunity the government may wish to seize to improve the mental health of people in NSW, support the workforce and implement system reforms and cost saving.

1. NSW and the National Agreement

The National Mental Health and Suicide Prevention Agreement signed in March 2022 by the NSW and Australian Governments is a major opportunity to clarify responsibilities and additional funding for psychosocial services by each level of government.

The National 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 establishes a commitment to:

- address existing gaps over time in the funding and delivery of new and additional community-based mental health services to support equitable access to treatment, care and support for people experiencing mental illness and psychological distress.
- provide psychosocial support services for people who are not supported through the NDIS, including working together to develop and agree future psychosocial support arrangements, including roles and responsibilities.

Priority actions

- Work with other State and Territories and the Australian Governments to address the gap in psychosocial support services outside the NDIS as required by the National Mental Health and Suicide Prevention Agreement.
- Complete the NSW gap analysis of psychosocial support services.

2. Funding community-managed mental health

In the 2022-23 Budget, \$2.9 billion was invested into mental health by the NSW Government. Despite this increased funding, NSW spends less per capita than other states to support people with mental health conditions.

The Productivity Commission Report recognised the delivery of psychosocial supports as a key enabler of mental health recovery and identified significant service gaps. The Inquiry's findings estimated that 154, 000 people across Australia - 50,000 people in NSW - who would benefit from psychosocial support services are currently missing out. To meet the needs identified by the Productivity Commission, substantial increases to service funding, especially community-based psychosocial support services are critical.

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. The Victorian mental health payroll levy imposes a surcharge of 0.5 percent on employers whose taxable wages are more than \$10 million, and 1 percent on those with total Australian wages of more than \$100 million. The money generated from the levy is pledged to mental health programs and cannot be spent on other measures.

A similar initiative was rolled out in Queensland on 1 January 2023. According to mental health advocates, 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. The payroll levy is set to generate \$50 billion in savings, if a 25 percent improvement in mental health is reached.

Priority actions

- Consider a stable, dedicated form of additional funding for the NSW mental health system. This can be achieved through a mental health surcharge similar to the payroll levy introduced in Victoria and Queensland.
- Provide adequate indexation that responds to the impact of inflation on services and salaries for community organisations.

3. Improve access to services

People experiencing mental health challenges should be able to access supports that are close to home and enable their continued connection to community. For people experiencing urgent mental health crises, there are few widely available alternatives to emergency departments.

Yet, existing models of care and treatment approaches already exist and provide viable alternatives to emergency and inpatient services. Psychosocial services in the community, such as HASI and CLS, have demonstrated the ability to provide valuable and accessible mental health supports. However, the services need to be scaled up to meet existing and expected future demand.

Priority actions

- Expand the already existing psychosocial support packages available in NSW by 2,500 in the first year, increasing to 10,000 packages within four years at the cost of \$365 million.
- Establish a network of 'Step-Up Step-Down' services across NSW by adding an extra 130 places for people to access residential programs that minimise hospital admission.
- Scale up the five existing Youth Community Living Support Services for young people.
- Establish an additional 10 specialist youth services located around the state.

4. Workforce

There are significant, crippling shortages across the mental health workforce, which need to be urgently addressed. The community mental health and lived experience (peer) workforces are under extreme pressure, but due to data gaps are invisible in national workforce planning and assessment processes.

Priority actions

- Commit to work with the Australian Government and through the National Mental Health Workforce Strategy to urgently address gaps in the mental health workforce.
- Invest in a workforce development program to address current and future shortages.
- Provide support and resourcing to the rapidly growing lived and living experience workforces to create employment pathways, workplace readiness and industrial protections.
- Provide community mental health organisations with rolling five year contracts based on ongoing review and achievement of objectives.

WAY FORWARD

Mental Health Coordinating Council is ready to assist the incoming NSW Government to implement its mental health-related election priorities and seize the above-mentioned opportunities. We look forward to ongoing collaboration with the Government to achieve these goals for the future.



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