care beyond crisis

mhcc
mental health coordinating council

Put **community-based mental health care** first

ELECTION PRIORITIES FOR A STRONGER COMMUNITY MENTAL HEALTH SYSTEM IN NEW SOUTH WALES

WHY COMMUNITY-BASED MENTAL HEALTH SUPPORTS MATTER

Mental health reform in New South Wales is at a pivotal moment.

Demand for mental health support services continues to grow, yet too many people are unable to access the community-based care they need before reaching crisis. While hospitals and public services in the community remain essential, a sustainable mental health system also depends on access to strong community-based supports that help people stay well, recover and remain connected to their communities.

THE EVIDENCE IS CLEAR

The Australian Productivity Commission found that investing up to $4.2 billion a year in mental health reform could generate annual savings of $1.7 billion[1], quality-of-life benefits of up to $18 billion (approximately $23 billion in March 2026 dollars[2], and a further $1.3 billion through increased economic participation and productivity.[3])

Mental Health Coordinating Council (MHCC)'s recent member surveys show community-managed mental health organisation have consistently faced three key challenges: funding and inadequate indexation, demand exceeding available resources, and workforce shortages and sustainability. These challenges are limiting the sector's ability to meet increasing demand and deliver the community-based supports that improve outcomes for people with lived experience of mental health challenges and reduce pressure on hospitals.

As New South Wales approaches the 2027 State Election, now is the time to invest in community-based mental health and build a stronger, more sustainable mental health system.

DEFINING THE COMMUNITY-MANAGED MENTAL HEALTH SECTOR

'Community-based' supports refers to mental health and psychosocial services delivered by community-managed organisations that are non-government organisations.

We need to invest where evidence shows the greatest long-term outcomes by supporting people to stay well before crises happen.

FOREWORD

New South Wales has an opportunity to strengthen its mental health system by investing where evidence shows it has the greatest long-term impact.

Non-government organisations or community-based mental health organisations (CMOs) help people stay well, recover in their communities and reduce reliance on more intensive and expensive parts of the health system. Evidence consistently demonstrates that timely, community-based support improves outcomes for people while reducing pressure and costs on hospitals and emergency departments, and interactions with police.

This is not about choosing between inpatient, outpatient and community care. A strong mental health system needs access to all options. The challenge is ensuring investment reflects the full continuum of care - from prevention and early intervention through to ongoing support, crisis response and recovery in the community.

The priorities outlined in this document have been shaped by data, outcomes, and the expertise and insights of our member organisations working with people, families and carers across New South Wales, every day.

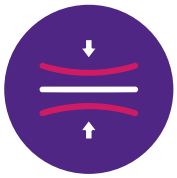
As the 2027 NSW State Election approaches, we invite all political parties to work with us to build a stronger, more connected mental health system by putting community-based mental health care first.

Dr Evelyne Tadros
Chief Executive Officer
Mental Health Coordinating Council
Adjunct Associate Professor,
School of Clinical Medicine,
Discipline of Psychiatry and Mental Health
UNSW Medicine

THE CHALLENGES FACING NSW

TOO MANY PEOPLE ARE MISSING OUT ON CARE BEYOND CRISIS

- 80% of people requiring psychosocial support in NSW are not receiving it, this equates to more than 166,000 people[4].
- 1 in 5 adults in NSW experienced high or very high psychological distress in 2024[5].
- Mental health-related emergency department presentations in NSW have continued to rise, reaching 130,151[6] in 2024-25, whilst the proportion of people triaged as urgent or with higher needs increased to 18%.
- Psychological distress among young people (16-24yrs) increased threefold from 2013 to 2024[7].
- NDIS approval rates for people with psychosocial disability have fallen by 62% over the past five years, reaching a national low of 25% before recent legislative amendments.



WORKFORCE PRESSURES ARE INCREASING

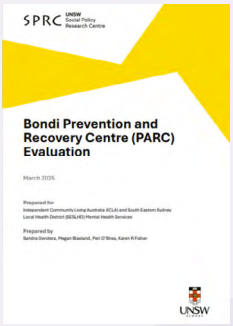
- Workforce shortages and sustainability consistently rank in the top three challenges identified by MHCC members.
- Despite representing one-quarter of NSW's mental health workforce, the community-managed mental health sector employs only 3,435 full-time equivalent workers[8].
- A national study found 84% of psychosocial support staff identified recruitment challenges, 77% identified retention challenges, and 74% reported that burnout contributed to poor staff retention[9].

RISING COSTS AND INADEQUATE FUNDING JEOPARDISES SECTOR SUSTAINABILITY

- Funding and inadequate indexation consistently rank as the number one challenge facing MHCC members.
- Workers compensation premiums have increased by an average of 63% between 2021-22 and 2023-24[10] in addition to the new 1.7% Portable Long Service Leave Levy.
- Operating costs continue to rise:
  - SCHADS (Social, Community, Home Care and Disability Services) Award wages increasing by 4.75% in 2026-27.
  - Commercial rents forecast to rise by around 6% per year[11].
  - Water and electricity costs expected to increase by around 5%[12] (excluding inflation) and 3% per year[13] respectively.

WHAT THE EVIDENCE TELLS US

COMMUNITY-BASED SUPPORTS WORK



Bondi Prevention and Recovery Centre (PARC) Evaluation

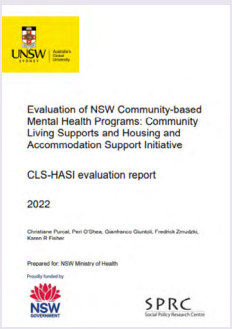
INDEPENDENT COMMUNITY LIVING AUSTRALIA

- PARC costs a third of inpatient care ($146,000 vs $467,000 p.a.);
- reduces emergency department presentations by 33-44%;
- personal recovery scores improved by an average of 8.23 points on the Recovery Assessment Scale (RAS-DS), with the greatest gains in psychological recovery and “looking forward”.

Evaluation of the Resolve Program

FLOURISH AUSTRALIA

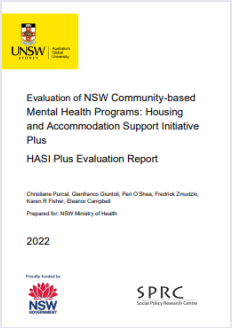
- ‘Resolve’ program cut hospital admissions by 54%;
- reduced time in hospital by 66%;
- reduced NSW Health service use by 64% (measured in National Weighted Activity Units).



Evaluation of NSW Community-based Mental Health Programs: Community Living Supports (CLS) and Housing and Accommodation Support Initiative (HASI)

NSW MINISTRY OF HEALTH

- CLS delivers a net saving of $86,000 per person over 5 years;
- mental health hospital admissions dropped 74%;
- reduced time in hospital by 74.8% over two years following program entry.



Evaluation of NSW Community-based Mental Health Programs: Housing and Accommodation Support Initiative Plus (HASI+)

NSW MINISTRY OF HEALTH

- 42% of people exiting HASI Plus transitioned to less intensive supports;
- HASI Plus reduced hospital costs by offsetting 35–85% of the average program cost through fewer and shorter hospital admissions;
- the average annual cost of HASI Plus was $186,011 per person, substantially less than the cost of supporting someone with a similar clinical profile in hospital.

OUR PRIORITIES FOR CHANGE

The next NSW Government can strengthen community-based mental health care through three key priorities.

PRIORITY 1
SERVICE ACCESS

Strengthen care before and beyond crisis

- Double investment in psychosocial supports as a first step, with an additional $187 million annually to expand evidence-based prevention, early intervention and recovery supports (see examples of evidence-based supports on page 4).
- Improve care-coordination between inpatient, outpatient, primary care and community-based services.

PRIORITY 2
WORKFORCE

Build a sustainable community-managed workforce to meet growing demand

- Develop and implement a long-term workforce strategy for the community-managed mental health sector based on recommendations from MHCC's Mental Health Workforce Solutions paper.
- Invest in the workforce to deliver co-designed psychosocial Foundational Supports.

PRIORITY 3
SUSTAINABILITY

Secure the viability of community-managed mental health organisations

- Ensure government investment keeps pace with the true cost of delivering services through appropriate indexation.
- Accelerate implementation on actions specified in the NSW Secure Jobs Funding Certainty roadmap.

BUILD A STRONGER MENTAL HEALTH SYSTEM FOR NSW

Community-based mental health care is an essential part of a strong, connected mental health service system. It enables people to access support earlier, stay connected to their communities and pursue their recovery aspirations, while reducing pressure on hospitals, outpatient emergency departments.

The evidence is clear - community-based mental health care delivers better outcomes, yet too many people across New South Wales are still missing out on the support they need. As demand continues to grow, the opportunity to strengthen our mental health system has never been more important.

Ahead of the 2027 NSW State Election, MHCC calls on all parties and candidates to commit to strengthening investments in community-managed mental health organisations by increasing supports that help people access care earlier, stay connected to their communities and receive the services they need beyond crisis.

ENDNOTES

1. https://www.pc.gov.au/inquiries-and-research/mental-health/report/
2. https://apo.org.au/sites/default/files/resource-files/2026-07/apo-nid334964_0.pdf
3. https://www.pc.gov.au/inquiries-and-research/mental-health/report/
4. https://www.health.gov.au/sites/default/files/2024-08/analysis-of-unmet-need-for-psychosocial-supports-outside-of-the-national-disability-insurance-scheme-final-report.pdf
5. https://www.health.nsw.gov.au/surveys/methods-results/Pages/2024-key-findings.aspx
6. https://www.healthstats.nsw.gov.au/indicator?name=-men-sui-ed&location=NSW&view=Trend&measure=Measure2&groups=Age%20(years),Presentation%20type,Sex&compare=Age%20(years),Presentation%20type,Sex&filter=Age%20(years),All%20ages&filter=Presentation%20type,Total%20mental%20health%20presentations&filter=Sex,Persons
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9. https://researchnow.flinders.edu.au/en/publications/exploring-the-issues-facing-the-australian-community-mental-healt/
10. https://mhcc.org.au/wp-content/uploads/2025/10/NGO-Insurance-Survey-Outcomes-Report-12.8.2025.pdf
11. https://content.knightfrank.com/research/2910/documents/en/australian-office-indicators-q4-2025-12686.pdf
12. https://www.ipart.nsw.gov.au/documents/final-report/final-report-sydney-water-prices-2025-2030-september-2025
13. https://www.aemc.gov.au/market-reviews-advice/residential-electricity-price-trends-2025

CONNECT WITH US

Dr Evelyne Tadros
Chief Executive Officer
Mental Health Coordinating Council
communications@mhcc.org.au

Mental Health Coordinating Council

PO Box 668, Rozelle NSW 2039

T 02 9060 9627
E info@mhcc.org.au
W mhcc.org.au

Mental Health Coordinating Council is the peak body for community-managed mental health organisations in New South Wales.

AUGUST 2026