



Parliament of Australia
Parliamentary Budget Office

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Senator Richard Di Natale
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *More Funding for Mental Health* (letter of 29 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

29 June 2016



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	More Funding for Mental Health
Summary of proposal:	<p>The proposal contains a number of components:</p> <p><u>Component 1: National Institute for Mental Health Research</u></p> <p>This component would provide \$37.5 million per year to establish a National Institute for Mental Health.</p> <p><u>Component 2: National Suicide Prevention Campaign</u></p> <p>This component would provide \$9.6 million per year to establish a National Suicide Prevention Campaign and improve the collection of data.</p> <p><u>Component 3: Rural mental health workforce plan</u></p> <p>This component would provide:</p> <ul style="list-style-type: none">• \$35 million per year to develop and implement a rural mental health workforce plan incorporating investment in hiring incentives, education, research and training• \$35 million per year for stepped prevention and recovery facilities and services, including step-up and step-down accommodation and short term residential care. <p><u>Component 4: Primary Health Networks</u></p> <p>This component would provide additional funding of \$100 million per year for the Primary Health Network (PHN) mental health flexible fund.</p> <p><u>Component 5: National Mental Health Consumers and Carers</u></p> <p>This component would provide \$6 million for the National Mental Health Consumer and Carer forum, the National Register, mental health consumer and carer representatives.</p> <p><u>Component 6: Insurance Discrimination</u></p> <p>This component would provide \$0.5 million to research and develop a plan to end insurance discrimination for</p>

	<p>those with a mental illness over the period 2016-17 and 2017-18.</p> <p><u>Component 7: Mental Health Nurse Program</u></p> <p>This component would:</p> <p>provide additional funding of \$70 million per year to the Mental Health Nurse Incentive Program (MHNIP).</p> <p>ensure that although the MHNIP funding would be managed by the PHNs, it would be kept quarantined from the flexible funding pool until 2021.</p> <p><u>Component 8: Children of Parents with a Mental Illness</u></p> <p>This component would restore full funding to ‘Children of Parents with a Mental Illness’ at the same rate as prior to the withdrawal of federal funding.</p> <p><u>Component 9: Mind Matters and KidsMatter</u></p> <p>This component would increase funding for the Mind Matters and Kids Matter programs by 50 per cent.</p> <p><u>Component 10: Better Access Initiative</u></p> <p>This component would reintroduce additional sessions in exceptional circumstances to the Better Access Initiative.</p> <p><u>Component 11: Targeted anti-stigma campaigns</u></p> <p>This component would provide \$10m per year for targeted mental illness anti-stigma campaigns</p> <p>The proposal would have effect from 1 September 2016. For the capped funding components of the request, departmental costs would be met from within the cap.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	23 May 2016 http://greens.org.au/mental-health
Date costing request received:	29 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$1,452.8 million and the underlying cash balance by \$1,449.9 million over the 2016-17 Budget forward estimates period. In fiscal balance terms, this reflects an increase in administered expenditure of \$1,376.5 million and departmental expenditure of \$76.3 million.

This proposal would have an ongoing impact beyond the 2016-17 Budget forward estimates period. Detailed financial implications are provided at [Attachment A](#).

The proposal has a different impact on the fiscal and underlying cash balances due to a lag between when services are provided and when payments are made under a range of programs.

This costing is considered to be of low reliability due to uncertainty of the expected uptake of non-capped components.

Components 1 to 7 and Component 11 provide capped funding amounts. The capped components of this costing are considered to be of high reliability as the amount of funding is fixed. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-361.3	-362.6	-363.7	-365.2	-1,452.8
Underlying cash balance	-360.6	-361.9	-363.0	-364.4	-1,449.9

(a) A negative number indicates a decrease in the relevant budget balance.

(b) Figures may not sum to totals due to rounding.

Key assumptions

In costing this proposal it has been assumed that there would be a full year effect of the proposal in 2016-17 despite commencing on 1 September 2016.

Methodology

Departmental expenditure estimates are accommodated within the capped funding amounts as specified in the request. These estimates are based on similar sized programs and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Administered expenditure estimates for the funding for each component are the remainder of the capped funding amounts after allowing for estimated departmental expenditure.

For Component 7, the Department of Health advised that funding for the MHNIP was not incorporated into the flexible funding pool for mental health over the 2016-17 Budget forward estimates period.

Components 8 and 9 are based on costing models provided by the Department of Health.

Component 10 is costed based on the unit price and expected number of services under the Better Access Initiative from the 2011-12 Budget. The unit price and expected number of services have been projected using the relevant Department of Finance indexation and efficiency dividend parameters.

Data sources

The Department of Health provided costing models and materials related to:

- the KidsMatter program
- the Mind Matters program
- the Children of Parents with a Mental Illness program
- the Better Access Initiative
- the Mental Health Nurse Incentive Program.

The Department of Finance provided indexation and efficiency dividend parameters as at the 2016-17 Budget.

Attachment A: More Funding for Mental Health— financial implications

Table A1: Combined impact of all components—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Administered	-342.0	-343.4	-344.8	-346.2	-1,376.5
Departmental	-19.3	-19.2	-18.9	-18.9	-76.3
Total	-361.3	-362.6	-363.7	-365.2	-1,452.8
Underlying cash balance					
Administered	-341.3	-342.7	-344.1	-345.5	-1,373.6
Departmental	-19.3	-19.2	-18.9	-18.9	-76.3
Total	-360.6	-361.9	-363.0	-364.4	-1,449.9

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A2: Component 1: National Institute for Mental Illness Research—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-36.4	-36.4	-36.4	-36.4	-145.7
Departmental	-1.1	-1.1	-1.1	-1.1	-4.3
Total	-37.5	-37.5	-37.5	-37.5	-150.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A3: Component 2: National Suicide Prevention Campaign—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-9.1	-9.1	-9.1	-9.1	-36.4
Departmental	-0.5	-0.5	-0.5	-0.5	-1.9
Total	-9.6	-9.6	-9.6	-9.6	-38.3

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A4: Component 3: Rural mental health workforce plan—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Investment in education, research and training	-34.0	-34.0	-34.0	-34.0	-135.9
Prevention and recovery facilities	-34.0	-34.0	-34.0	-34.0	-135.9
Total - administered	-67.9	-67.9	-68.0	-68.0	-271.8
Departmental					
Investment in education, research and training	-1.0	-1.0	-1.0	-1.0	-4.1
Prevention and recovery facilities	-1.0	-1.0	-1.0	-1.0	-4.1
Total - departmental	-2.1	-2.1	-2.0	-2.0	-8.2
Total	-70.0	-70.0	-70.0	-70.0	-280.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A5: Component 4: Primary Health Networks—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-97.5	-97.5	-97.5	-97.5	-390.0
Departmental	-2.5	-2.5	-2.5	-2.5	-10.0
Total	-100.0	-100.0	-100.0	-100.0	-400.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A6: Component 5: National Mental Health Consumers and Carers—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-1.2	-1.2	-1.2	-1.2	-4.9
Departmental	-0.3	-0.3	-0.3	-0.3	-1.1
Total	-1.5	-1.5	-1.5	-1.5	-6.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A7: Component 6: Insurance Discrimination—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-	-	-	-	-
Departmental	-0.3	-0.3	-	-	-0.5
Total	-0.3	-0.3	-	-	-0.5

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.

- Indicates nil.

Table A8: Component 7: Mental Health Nurse Program—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-68.0	-68.0	-68.0	-68.0	-271.9
Departmental	-2.0	-2.0	-2.0	-2.0	-8.1
Total	-70.0	-70.0	-70.0	-70.0	-280.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A9: Component 8: Children of Parents with a Mental Illness—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-1.4	-1.4	-1.5	-1.5	-5.8
Departmental	-0.1	-0.1	-0.1	-0.1	-0.3
Total	-1.5	-1.5	-1.5	-1.6	-6.1

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A10: Component 9: Mind Matters and KidsMatter—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered					
Mind matters	-6.1	-6.1	-6.1	-6.1	-24.5
KidsMatter	-2.2	-2.2	-2.2	-2.2	-8.6
Total - administered	-8.3	-8.3	-8.3	-8.3	-33.1
Departmental					
Mind matters	-0.1	-0.1	-0.1	-0.1	-0.3
KidsMatter	-0.1	-0.1	-0.1	-0.1	-0.3
Total - departmental	-0.1	-0.1	-0.1	-0.1	-0.5
Total	-8.4	-8.4	-8.4	-8.4	-33.6

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to totals due to rounding.

Table A11: Component 10: Better Access Initiative—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Fiscal balance					
Administered	-52.2	-53.5	-54.9	-56.2	-216.8
Departmental	-0.4	-0.4	-0.4	-0.4	-1.4
Total	-52.6	-53.9	-55.2	-56.6	-218.3
Underlying cash balance					
Administered	-51.5	-52.8	-54.1	-55.5	-213.9
Departmental	-0.4	-0.4	-0.4	-0.4	-1.4
Total	-51.9	-53.2	-54.5	-55.8	-215.4

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

Table A12: Component 11: Targeted anti-stigma campaigns—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Departmental	-10.0	-10.0	-10.0	-10.0	-40.0
Total	-10.0	-10.0	-10.0	-10.0	-40.0

(a) A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms. The impacts on fiscal and underlying cash balances are equal.

(b) Figures may not sum to total due to rounding.