Chapter 2

Background

...one in two Australian adults will experience mental ill-health at some point – this is 7.3 million Australians[1]

Professor Allan Fels, Chair, National Mental Health Commission

Mental health in Australia

2.1 The National Mental Health Commission (the Commission) begins its Review of Mental Health Services and Programme Delivery report with a stark set of facts about the prevalence of mental ill-health in Australia:

> Each year, it is estimated that more than 3.6 million people (aged 16 to 85 years) experience mental ill-health problems—representing about 20 per cent of adults. In addition, almost 600,000 children and youth between the ages of four and 17 were affected by a clinically significant mental health problem. Over a lifetime, nearly half of the Australian adult population will experience mental illness at some point—equating to nearly 7.3 million Australians aged 16 to 85. Less than half will access treatment.
>
> There are an estimated 9,000 premature deaths each year among people with a severe mental illness. The gap in life expectancy for people with psychosis compared to the general population is estimated to be between 14 and 23 years.[2]

2.2 The Commission found that mental ill-health poses a significant economic and social burden on Australia. This chapter provides information about the Commission's finding in this regard, as well as information about the structure of the mental health system in Australia.

Economic costs of mental ill-health

2.3 In his address to the National Press Club on 5 August 2015, Professor Allan Fels, the Chair of the National Mental Health Commission emphasised the economic costs of mental ill-health to Australia:

> As an economist, I want to emphasise that mental health is a significant problem for our economy – as significant as, often more significant than, tax or microeconomic reform. Many people do not get the support they need, and governments get poor returns on substantial investment. The economic or GDP gains from better mental health would dwarf most of the

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1 Professor Allan Fels, Chair, National Mental Health Commission, transcript of address to the National Press Club, 5 August 2015, p. 3.

2 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Volume 1, p. 19.

> gains – often modest ones – being talked about in current economic reform debates.[3]

2.4 Professor Fels explained that the economic cost of untreated mental ill-health is also being recognised internationally:

> The world's leading economic commentator, the Financial Times' Martin Wolf, has concluded mental ill health is the developed world's most pressing health problem. He said:
>
> "Given the economic costs to society, including those caused by unemployment, disability, poor performance at work and imprisonment, the costs of treatment would pay for themselves."
>
> Recognition comes also from The Economist magazine which has just published a special report on the growing incidence and costs of mental illness and the Economist Intelligence Unit has done the same.
>
> From Davos, the World Economic Forum has warned finance ministers and economic advisers that they need to react to the 'formidable economic threat' posed by non-communicable diseases, including mental health disorders.
>
> The OECD estimates the average overall cost of mental health to developed countries is about four per cent of GDP. In Australia, this would equate to more than $60 billion or about $4,000 a year for each person who lodges a tax return or over $10,000 per family. The costs include the direct costs of treatment; the indirect costs e.g. disability support pensions, imprisonment, accommodation and so on; the costs of lost output and income and finally costs to carers and families, not to mention that their workforce participation is held back by caring demands.[4]

2.5 In Australia, the Commission's review found that the economic cost of mental ill health is 'enormous':

> Estimates range up to $28.6 billion a year in direct and indirect costs, with lost productivity and job turnover costing a further $12 billion a year – collectively $40 billion a year, or more than two per cent of GDP…[5]

Social costs of mental ill-health

2.6 In addition to these substantial economic costs, mental ill-health imposes a significant social cost burden. The Commission stated that:

> …there are significant and often unquantifiable personal costs associated with mental illness for individuals and their families and other support

3 Professor Allan Fels, Chair, National Mental Health Commission, transcript of address to the National Press Club, 5 August 2015, pp 3–4.

4 Professor Allan Fels, Chair, National Mental Health Commission, transcript of address to the National Press Club, 5 August 2015, pp 3–4.

5 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Summary, p. 6.

people. For Aboriginal and Torres Strait Islander people, there is evidence to suggest that mental ill-health is contributing to the unacceptably high rates of incarceration, unemployment, unsafe communities, school truancy and the continuation of deep and entrenched poverty in some communities. This also applies to other people who are socio-economically disadvantaged.

The significance of these direct and indirect costs means that mental ill-health impacts not only the individual, their families and other support people, but also the standard of living of every Australian and our communities more broadly.[6]

2.7 Put another way, individuals with a mental illness who do not receive adequate support are less likely to be able to participate effectively in community life:

- 37.6 per cent (or 67.3 per cent with severe mental illness) are unemployed or not in the labour force, compared to 22.3 per cent of people without mental health conditions.
- 38.1 per cent are in full-time employment compared to 55.3 per cent of people without mental health difficulties.
- 31.5 per cent of people living with psychosis complete high school, compared to 53.0 per cent in the general community.
- 20.9 per cent are in households in the lowest income bracket, compared to 15.6 per cent of people with no mental illness.
- 26 per cent of people with a mental illness have government pensions and allowances as their main income, increasing to 85 per cent of people living with a psychotic illness, compared to 21.6 per cent for people without mental illness.[7]

2.8 The Commission also noted that there are poorer outcomes for people with a mental illness in terms of the justice system:

- Of the 29,000 people in prisons in Australia in 2012, it is estimated that 38 per cent had a history of mental illness—a rate almost twice that seen in the general population.
- In New South Wales, the annual number of police incidents involving people with a mental health problem increased by 25 per cent, from around 22,000 in 2007–08 to around 30,000 in 2011–12.

6 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Volume 1, p. 25.

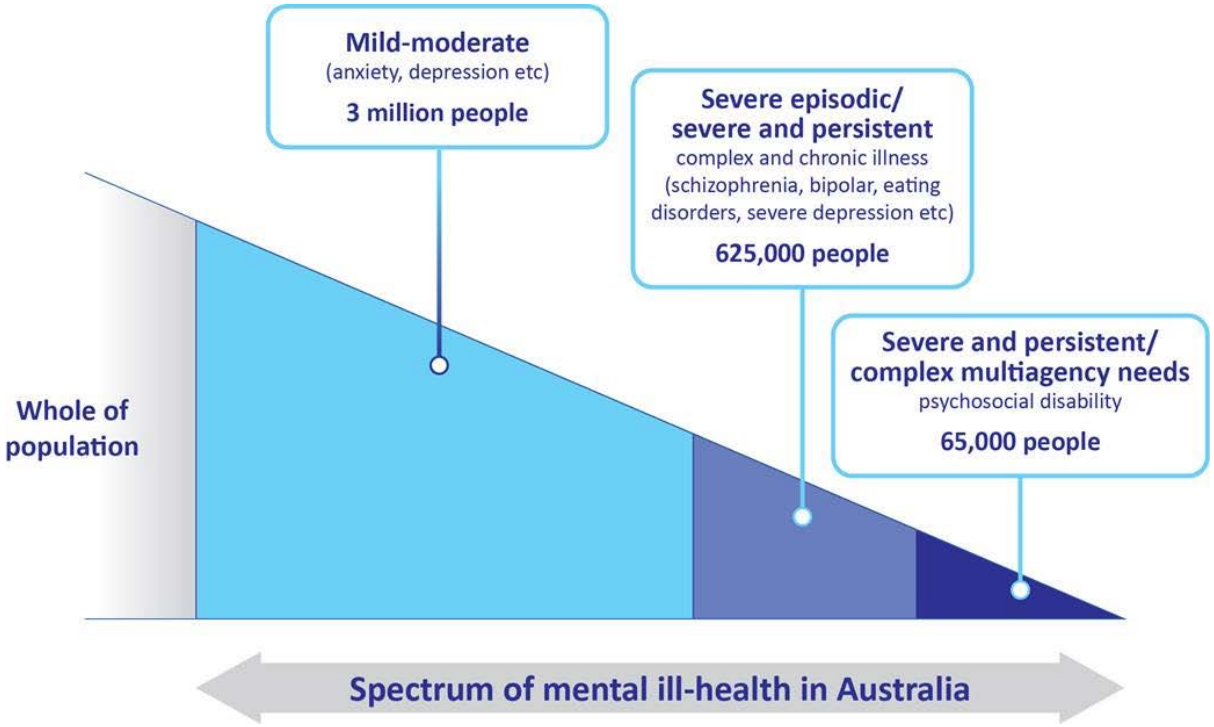
7 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Volume 1, p. 21.

- Across Australia over the 11 years from 1989–90 to 2010–11, 42 per cent of people shot by police had a mental illness.[8]

Current state of mental ill-health in Australia

2.9 The Commission identified mental ill health ranges from mild-moderate to severe and persistent. The figure below, taken from the review, shows the spectrum of mental ill-health in the Australian population. It is important to appreciate that mental ill-health is on a broad spectrum when examining issues such as access to mental health services, ongoing treatment, and economic impact.[9]

Figure 1—Annual distribution of mental ill-health in Australia[10]



2.10 The Commission's research shows that many of those who experience a mental illness to not seek support:

> …rates of help-seeking and treatment much lower than prevalence in the community. Latest statistics suggest about 46 per cent of people with a mental ill-health problem seek help each year.[11]

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8 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Volume 1, p. 21.

9 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Volume 1, p. 20.

10 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Summary, p. 8.

2.11 Dr Michelle Blanchard, the Head of Projects and Partnerships at the Young and Well Cooperative Research Centre told the committee that this is particularly true for young people with a mental illness:

> In the case of young people, 25 per cent of young people experience a mental health difficulty and 70 per cent of those do not seek help and do not receive care. It is a very high figure for a younger population, and that figure is higher again for young men…
>
> We know from international evidence that the time between the onset of symptoms for someone with a mental illness and the time they receive the right care is up to 10 years.[12]

2.12 The review described the current state of mental health in Australia with the following points:

- Stigma persists;
- People with lived experience, families and support people have a poor experience of care;
- A mental health system that doesn't prioritise people's needs;
- A system that responds too late;
- A mental health system that is fragmented;
- A system that does not see the whole person;
- A system that uses resources poorly.[13]

Current government mental health spending

2.13 The Commission's review found that in 2012-13 Commonwealth Government expenditure on mental health, spread across 16 agencies, was almost $10 billion to fund mental health and suicide prevention programmes. The breakdown of this spending is summarised in Figure 2 below.

2.14 The Commission noted that of Commonwealth spending on mental health, 87.5 per cent funds five major programmes:

> Four of these are demand-driven programmes providing benefits to individuals. The fifth major area of expenditure is an estimated $1 billion per year provided to the states and territories under the 2011 National Health Reform Agreement (NHRA) for treatment of patients with a mental

11 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Volume 1, p. 20.

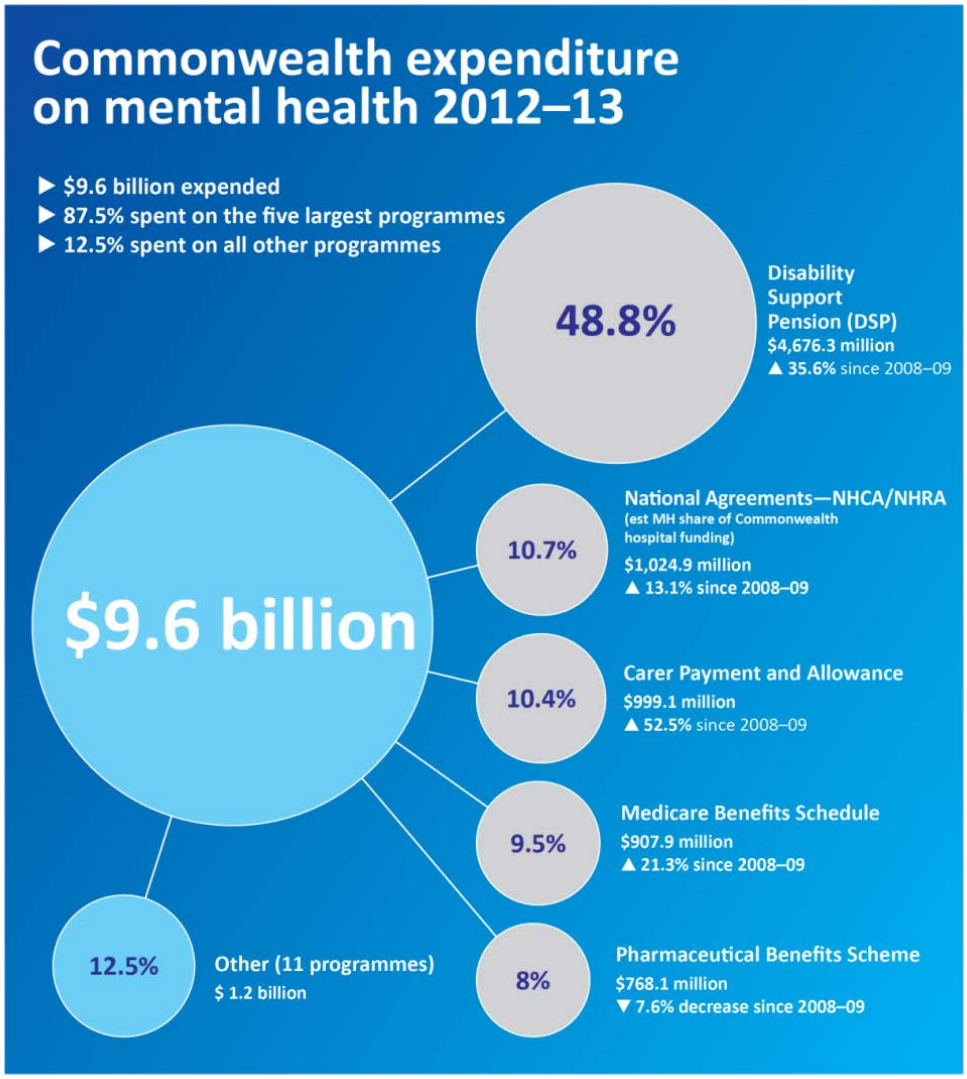
12 Dr Michelle Blanchard, Head, Projects and Partnerships, Young and Well Cooperative Research Centre, *Committee Hansard*, 18 September 2015, p. 50.

13 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Summary, p. 11.

health need in the public hospital system, including an estimated $280 million for patients in standalone psychiatric institutions.[14]

2.15 Figure 2 shows that the largest amount—almost 90 per cent—of Commonwealth expenditure is spent on 'downstream' funding in the form of disability benefits and income support.

Figure 2—Commonwealth expenditure on mental health[15]



2.16 The Commission requested, and received, information from 16 Commonwealth agencies which it used to ascertain the amount and division of

14 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, pp 9–10.

15 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Summary, p. 10.

Commonwealth spending on mental health services and programmes. The breakdown of this spending for 2012-13 is:

> 1. $8.4 billion (87.5 per cent) on **benefits and activity-related payments** in five programme areas:
>
> - Disability Support Pension (DSP) $4,700m
> - National Health Reform Agreement (Activity Based Funding—ABF) $1,000m
> - Carer Payment and Allowance (CP) $1,000m
> - Medicare Benefits Schedule (MBS) $900m
> - Pharmaceutical Benefits Scheme (PBS) $800m
>
> 2. $533.8 million (5.6 per cent) through **programmes and services with Commonwealth agencies and payments to states and territories:**
>
> - DVA and Defence programmes ($192.3m)
> - Private Health Insurance Rebate for mental health-related costs ($105.0m)
> - Payments to states and territories for specific programmes (perinatal depression, suicide prevention, National Partnership Agreement Supporting Mental Health Reform) ($169.0m)
> - National Health and Medical Research Council (NHMRC) research funding ($67.1m).
>
> 3. $606 million allocated by the Department of Health (DoH), the Department of Social Services (DSS) and the Department of the Prime Minister and Cabinet (PM&C) on **programmes delivered by NGOs**.
>
> - DoH spent $362 million on 55 grant programmes, including payments to 213 NGOs, representing 11 per cent of total mental health-related expenditure from this department.
> - DSS spent $180 million on six grant programmes, including payments to 196 NGOs, representing three per cent of total mental health-related expenditure from this department.
> - PM&C spent $64 million on three grant programmes, including payments to 133 NGOs (the proportion of total mental health-related expenditure that this represented was not available).[16]

Financial risks for the Commonwealth

2.17 The Commission argued that the current structure of Commonwealth funding 'creates significant exposure to financial risk':

16 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Volume 1, p. 22.

> As a major downstream funder of benefits and income support, any failure or gaps in upstream services means that as people become more unwell, they consume more of the types of income supports and benefits which are funded by the Commonwealth.
>
> Those risks also fall back on state and territory crisis teams, emergency departments (EDs) and acute hospital services, so it is in the best interests of the Commonwealth and the states and territories to work together to achieve the best outcomes for individuals and communities and minimise costs to taxpayers.[17]

National Mental Health Commission

2.18 The Commission was established by the Governor General as an Executive Agency under the *Public Service Act 1999* within the Prime Minister's portfolio, on 1 January 2012. The Commission describes its purpose as to provide independent reports and advice to the community and government on mental health services, programmes, and 'on what's working and what's not.'[18]

2.19 The Commission's mission is to:

> …give mental health and suicide prevention national attention, to influence reform and to help people live contributing lives by reporting, advising and collaborating.[19]

2.20 With Machinery of Government changes announced after the September 2013 election, the Commission was transferred to the Health portfolio. It is formally accountable to the Minister for Health. Advice from the Commission to the Government is provided via the Minister for Health under cover of a brief, letter or report from the Chair and/or the CEO of the Commission.[20]

2.21 Professor Fels responded to criticism of the Commission's move into the health portfolio:

> Contrary to some media reports suggesting the Commission will be absorbed into the Department of Health, the Commission understands it will simply now report to the new [now former] Health Minister, The Hon Peter Dutton MP.

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17 National Mental Health Commission, *Contributing lives, thriving communities – Report of the National Review of Mental Health Programmes and Services*, 30 November 2014, Summary, p. 10.

18 National Mental Health Commission, website, 'About Us', www.mentalhealthcommission.gov.au/about-us.aspx (accessed 7 October 2015).

19 National Mental Health Commission, website, 'About Us', www.mentalhealthcommission.gov.au/about-us/our-vision.aspx (accessed 7 October 2015).

20 National Mental Health Commission, website, PDF document, Prime Minister's Statement of Expectations -2011 www.mentalhealthcommission.gov.au/media/66201/PM%20Statement%20of%20Expectations.pdf (accessed 7 October 2015).

> Chair Professor Allan Fels said, "Our independence is critical to credible reporting and advice and to driving transparency and accountability.
>
> "As I have said previously, we will continue to bring a whole of life, whole of portfolio perspective to our work. In doing so, we will provide clear, independent advice to Government and engage with all relevant portfolios and sectors.[21]

2.22 The Commission undertakes a range of work towards the purpose of promoting mental health and providing advice to Government. Its work includes:

> In 2012 and 2013 we produced two annual National Report Cards on Mental Health and Suicide Prevention. The report cards inform Australians of where we are doing well and where we need to do better in mental health. As well as looking at the facts and figures, the report card tells the real and everyday experiences of Australians. We will be reporting back on all our recommendations at the end of the year.
>
> The Commission is working with the Australian Commission on Safety and Quality in Health Care (ACSQHC) on a scoping study on the implementation of national standards in mental health services.
>
> In 2013, Expert Reference Group chaired by Professor Allan Fels AO provided a report to the COAG Working Group on Mental Health Reform regarding National Targets and Indicators for mental health reform.
>
> We also coordinate Spotlight Reports to shine a light on issues and areas of interest identified by the Commission. These reports are commissioned to inform our work and do not necessarily reflect the views of the Commission.[22]

2.23 The Commission has spent a large part of 2014 conducting its review of mental health programmes and services, which it delivered to the Government on 1 December 2014. The Government subsequently released the Commission's report on 16 April 2015, after parts of the report were leaked to the media.

2.24 The focus of the Commission's review was on 'assessing the efficiency and effectiveness of programmes and services in supporting individuals experiencing mental ill-health and their families and other support people to lead a contributing life and to engage productively in the community.'[23] The review delivered a series of findings and 25 recommendations which, if implemented will:

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21 National Mental Health Commission, media release, Commission will remain independent', 19 September 2013, www.mentalhealthcommission.gov.au/media-centre/news/commission-will-remain-independent.aspx (accessed 7 October 2015).

22 National Mental Health Commission, website, 'Our Reports', www.mentalhealthcommission.gov.au/our-reports.aspx (accessed 7 October 2015).

23 National Mental Health Commission, website, 'Contributing lives – thriving communities review of mental health programmes and services', www.mentalhealthcommission.gov.au/our-reports/contributing-lives,-thriving-communities-review-of-mental-health-programmes-and-services.aspx (accessed 7 October 2015).

> …create a system to support the mental health and wellbeing of individuals, families and communities in ways that enables people to live contributing lives and participate as fully as possible as members of thriving communities.[24]

2.25 The Commission's report and the Government's initial reaction are discussed in Chapters 3 and 4 respectively.

Previous mental health inquiries

2.26 The Commission's review is the latest in a long line of reviews and inquiries which have considered the most effective and efficient means of delivering mental health services and programmes. Mr Sebastian Rosenberg, a Senior Lecturer at the University of Sydney's Brain and Mind Centre reflected on these past inquiries:

> Despite four national plans and two national policies, one road map, two report cards and one action plan, genuine mental health reform seems as far away as ever. There is a sense that things have changed and that the asylums have closed in Australia. Well, there are still 1,831 beds in asylums across Australia costing about half a billion dollars per year. Large elements of the old system are still very much in place in our current system… One of the main things that was through all the history of Australian mental health policies and plans has been the desire to establish community-based mental health care, but in fact what we have is an extremely hospital-focused system of care. Even when the National Mental Health Commission suggested a very small change to those arrangements, Minister Ley unfortunately seemed to indicate that that would not be pursued.
>
> We were interested very much in promotion, prevention and early intervention, but in fact we have a system which really is about postvention and crisis management.
>
> We were very much interested in e-mental health technologies, some of which Australia has led in, but in fact what we have is a continued dependence on face-to-face care and fee-for-service type approaches.[25]

2.27 Mr Rosenberg observed that there had been '32 separate inquiries into mental health between 2006 and 2012'.[26] He cited the Senate Select Committee on Mental Health's inquiry as being of particular importance:

> Here is the Senate's recommendations from 2006. They were excellent. The reform of mental health care really depends on filling the gap between the GP and the hospital. There needs to be an establishment of good

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24 National Mental Health Commission, website, 'Contributing lives – thriving communities review of mental health programmes and services', www.mentalhealthcommission.gov.au/our-reports/contributing-lives,-thriving-communities-review-of-mental-health-programmes-and-services.aspx (accessed 7 October 2015).

25 Mr Sebastian Rosenberg, Senior Lecturer, Brain and Mind Centre, University of Sydney, *Committee Hansard*, 26 August 2015, pp 15–16.

26 Mr Sebastian Rosenberg, Senior Lecturer, Brain and Mind Centre, University of Sydney, *Committee Hansard*, 26 August 2015, pp 15–16.

> community mental health services, and this was a key recommendation that the Senate [Select Committee on Mental Health] made in 2006. The issue here is that nobody owns community mental health. It falls between the federal government and the state government in terms of responsibility… despite recent changes to funding arrangements and so on, the mental health share of the health budget is in decline. The mental health system remains in crisis. New funding into existing failed systems is a terrible idea. What we need is a new approach based on genuine community access to mental health care which combines both clinical and non-clinical elements of support.[27]

2.28 The Senate Select Committee on Mental Health was appointed on 8 March 2005 and its terms of reference included, amongst others:

- the adequacy of various modes of care for people with a mental illness;
- the extent to which unmet need in supported accommodation, employment, family and social support services, is a barrier to better mental health outcomes;
- the special needs of groups such as children…Indigenous Australians, the socially and geographically isolated;
- the role of primary health care in promotion, prevention, early detection and chronic care management;
- the adequacy of education in de-stigmatising mental illness;
- the current state of mental health research, the adequacy of its funding and the extent to which best practice is disseminated;
- the adequacy of data collection, outcome measures and quality control for monitoring and evaluating mental health services at all levels of government; and
- the potential for new modes of delivery of mental health care, including e-technology.[28]

2.29 The Select Committee prepared two reports, the first on 30 March 2006 and the final report on 28 April 2006.[29] The two reports were necessitated by a February 2006 decision by the Council of Australian Governments (COAG) to begin a process of discussion and policy development on mental health. In order to input into the COAG process, the committee decided to make an initial early report of its findings

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27 Mr Sebastian Rosenberg, Senior Lecturer, Brain and Mind Centre, University of Sydney, *Committee Hansard*, 26 August 2015, pp 15–16.

28 Senate Select Committee on Mental Health inquiry website: www.aph.gov.au/Parliamentary_Business/Committees/Senate/Former_Committees/mentalhealth/tor (accessed 7 October 2015).

29 Senate Select Committee on Mental Health inquiry website: www.aph.gov.au/Parliamentary_Business/Committees/Senate/Former_Committees/mentalhealth/tor (accessed 7 October 2015).

and those recommendations relating to COAG. A follow up report was then published, with the remaining recommendations.[30]

2.30 Overall, the Select Committee on Mental Health found that:

> …there is much work to do in the area of mental health. There needs to be more money, more effort and more care given to this neglected part of our health care system. There is not enough emphasis on prevention and early intervention. There are too many people ending up in acute care, and not enough is being done to manage their illness in the community. There are particular groups, and people with particular illnesses, who are receiving inadequate care. Many of these findings have been confirmed by other organisations and reports in recent years.[31]

Committee view

2.31 The Senate Select Committee on Health's examination of the issues around mental health services and programmes is relatively brief in comparison with the work done by the Senate Select Committee on Mental Health in 2005-06. However, the committee notes that the same issues have been raised in both its inquiry, and in the Commission's review of the delivery of mental health services and programmes.

2.32 In looking at the work of the Commission, the issues raised by witnesses, and the lack of government response to the Commission's review, the committee hopes to demonstrate that once again mental health policy is at a crossroads. Both the issues and the necessary reforms are well documented throughout many inquiries. The committee believes that action now is essential if Australia is to reform its mental health system. The committee will use the remainder of the report to illustrate this conclusion.

30 Senate Select Committee on Mental Health, *A national approach to mental health – from crisis to community (First Report)*, 30 March 2006, p. xvii.

31 Senate Select Committee on Mental Health, *A national approach to mental health – from crisis to community (First Report)*, 30 March 2006, p. 475.