



Queensland Alliance for Mental Health

# 2023 Federal Budget

## Pre-Budget Submission

January 2023

## Who is QAMH?

The Queensland Alliance for Mental Health (QAMH) is the peak body for the Community Mental Health and Wellbeing Sector in Queensland. We represent more than 100 organisations and stakeholders involved in the delivery of community mental health and wellbeing services across the state. Our role is to reform, promote and drive community mental health and wellbeing service delivery for all Queenslanders, through our influence and collaboration with our members and strategic partners. At a national level, we have a formal collaboration with Community Mental Health Australia and provide input and advice to the work of Mental Health Australia and the National Mental Health Commission where appropriate. Locally, we work alongside our members, government, the Queensland Mental Health Commission and other stakeholders to add value to the sector and act as a strong advocate on issues that impact their operations in Queensland communities.

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## QAMH Priorities for 2023 Federal Budget

- 1. Increase investment in the non-governmental community mental health and wellbeing sector to bridge the service gaps, in particular:**
  - a. the Primary Health Network's low intensity mental health services focused on wellbeing and targeted at early intervention**
  - b. the Primary Health Network commissioned services which address the mental health needs of the Missing Middle, including those with moderate to severe symptoms who remain ineligible for the National Disability Insurance Scheme (NDIS)**
- 2. Ensure Primary Health Network contracts are consistently five years in length and include indexation which accurately reflects the increased costs of business**
- 3. Ensure the National Mental Health Workforce Strategy explicitly includes the community mental health workforce, including a plan to develop and grow this workforce and a mechanism to collect national data**
- 4. In developing a wellbeing and progress framework for the nation, the Treasurer commits to:**
  - A whole-of-government approach where every minister is held accountable to the framework as part of their portfolio**
  - All new policy proposals to be assessed in terms of how they will impact agreed wellbeing indicators**
  - Mental health indicators that move beyond clinical diagnostic criteria to incorporate holistic, person-centric, psychosocial measures across multiple life domains**
  - A truly independent body administering the framework, with results to be broadly available to the public**

## Background

QAMH made a submission as part of the October 2022 federal budget process asking for, among other things, greater investment in the community mental health and wellbeing sector, federal government contracts to be longer-term and stable, and indexation to accurately reflect the increased cost of doing business. Disappointingly, our concerns have not been given priority. Beyond some welcome piecemeal measures such as a modest expansion to the headspace network and mental health support services for school students, there was no additional funding allocated to the community mental health and wellbeing sector, nor any solution put forward on the issue of contract length and indexation. This was despite a well-documented escalation in Australians' mental distress in the wake of the Covid-19 pandemic, successive extreme weather events, and the cost-of-living crisis.

As we argued in our previous federal budget submission, reform of Australia's mental health system is at a critical juncture. In response to the Productivity Commission's 2020 report into mental health, which showed that the country's mental health system was crumbling under the weight of demand and gave clear recommendations for transformational change, the previous government invested almost \$3 billion in mental health and suicide prevention. The details of this were formalised in the National Mental Health and Suicide Prevention Agreement. While welcomed, these developments fall well short of the investment needed to implement the systemic changes required. In fact, rather than being the promised platform for transformational mental health reform, the National Agreement and three recent federal budgets have fundamentally failed to address the advice provided by the Productivity Commission, including properly investing in community mental health and wellbeing services.

In Queensland, the Parliamentary Inquiry into the *Opportunities to Improve Mental Health Outcomes for Queenslanders* and the subsequent governmental response has led to a feeling that we are on the cusp of transformational change. There has been a commitment to invest in community alternatives to emergency departments, the lived experience (peer) workforce, and a community mental health workforce strategy. This appetite for mental health reform has not been matched at the federal level. So once again, we are calling on the Treasurer to ensure this Federal Budget aligns with evidence provided to the Productivity Commission, the House of Representatives Select Committee on Mental Health and Suicide Prevention, the Royal Commission into Victoria's Mental Health System and, most recently, the Queensland Parliament's Inquiry. All of these inquiries have overwhelmingly advocated for greater investment in Australia's mental health system, but more importantly, broad structural reforms which ensure we co-design models of care that deliver the right services in the right place at the right time.

## Investing in the NGO Community Mental Health and Wellbeing Sector to bridge service gaps

Recent reports, inquiries and royal commissions have made it clear that Australia's mental health system is failing to address the needs of millions of people living with mental distress. At many points along a person's mental health trajectory, there are gaps in the ability to access care. The two key gaps identified by the Productivity Commission in its landmark 2020 report are:

- The low intensity gap, and
- The missing middle gap.

QAMH is calling on the Commonwealth government to increase funding to the PHN-commissioned psychosocial services which are well positioned to address these two gaps.

### The Low Intensity Gap

The Productivity Commission report states that up to 500 000 Australians who are not currently accessing any mental healthcare would benefit from greater access to low-intensity services. In addition, up to two million people who currently take mental health medication or access individual psychological therapy (or both) could similarly benefit from greater access to low-intensity services. These services have demonstrated equitable efficacy to medication/psychology but cost less, take less time, are easier to access (often without a referral) and have fewer adverse side effects.

Low intensity services are currently commissioned by the PHNs via their Flexible Funding pool and include programs such as New Access which is a coaching program using cognitive behavioural therapies and gives people practical help with life stressors. Low intensity services also include peer support, services with a focus on building resilience and wellbeing, and programs that connect people to naturally occurring community supports such as sporting clubs and creative arts programs. These services, which focus on wellbeing and flourishing, provide intervention early in an episode of mental distress. They are evidence-based, relatively low cost and reduce the burden on acute services.

Currently, of the \$148.7 million allocated to Queensland's seven PHNs for mental health funding in 2021-22, only \$4.5 million was spent on low intensity services.<sup>1</sup> This is despite the overwhelming

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<sup>1</sup> Primary Health Networks of Queensland. (2022). *Submission to the Mental Health Select Committee's Inquiry into the Opportunities to Improve Mental Health Outcomes for Queenslanders* (No. 107). [00000107.pdf](https://www.parliament.qld.gov.au/00000107.pdf) ([parliament.qld.gov.au](https://www.parliament.qld.gov.au))

evidence that increased investment in prevention and early intervention is a cost-effective way to reduce overall burden on the mental health system. In order to stem the tide, it is critical that the Commonwealth reviews the distribution of mental health funding, which is currently weighted towards more acute presentations, to ensure that these early intervention services are properly funded.

Finally, the current guidelines for PHN commissioned activities stipulate that “community wellbeing activities aimed at improving connectedness...are not considered to be low intensity mental health services and are generally seen as being out of scope of the Flexible Funding pool”.<sup>2</sup> We disagree with this exclusion criteria, especially considering the overwhelming evidence which links loneliness and social isolation with mental illness. QAMH is calling on the Commonwealth to broaden the scope of this commissioning criteria to include services that focus on wellbeing outcomes including connecting people to naturally occurring community resources.

## The Missing Middle Gap

The Productivity Commission identified a group of Australians who fall into the “missing middle”, a term which refers to the large and growing number of people whose situation is considered too complex to be treated in the primary care system but are not deemed unwell enough to be treated by acute services.

One of the most significant contributing factors has been the rollout of the NDIS, as only a fraction of the people living with moderate to severe mental illness will ever meet the criteria to receive an individual funded plan. According to the Productivity Commission, two million Australians are living with moderate to severe mental illness at any given time. From this group, around 300,000 people will experience the most severe mental health conditions with additional complexities. But just 64,000 will meet the strict eligibility criteria to access the NDIS and only 75,000 people are currently being supported by existing Commonwealth and State/Territory mental health programs. That leaves a gaping hole in the system, with over 150,000 people ineligible for an NDIS package and unable to access any government programs at all.

QAMH urges the Commonwealth to properly consider alternative funding channels to provide services for these people, and specifically recommends the Community Mental Health and Wellbeing Sector to fill this gap. An alternative, more cost-effective solution is to invest in a national program of

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<sup>2</sup> Australia. Department of Health. (2019). *PHN Primary Mental Health Care Flexible Funding Pool Programme Guidance: Low Intensity Mental Health Services for Early Intervention*. [PHN primary mental health care guidance – low intensity mental health services for early intervention](#)

psychosocial supports that sits outside the NDIS. Both the NDIS and the National Psychosocial Support Program could offer complementary supports to the 300,000 people with severe mental health conditions and lead to significant savings to the Commonwealth Government through reduced expenditure in the NDIS.

A recent development has been the evaluation specified in the National Agreement of current psychosocial support arrangements for people ineligible for the NDIS. This piece of work was “to commence within the first twelve months from commencement of the Agreement and be completed as soon as possible within the first two years”. The evaluation’s goal was to provide an acceptable definition of psychosocial supports and estimate the quantum of need for the missing middle. While QAMH welcomes the evaluation, it is frustrating that the sector has not been consulted in this process, which seems to lack transparency. In addition, the delay has created a funding cliff for the limited psychosocial support services that are currently available, with no funding budgeted for beyond June 2024. It is essential that the evaluation is expediated, not only to alleviate this crisis in funding, but so the government can start to implement the necessary psychosocial support system to address the needs of this vulnerable population.

## Revising Terms of Contracts

QAMH is calling for the Commonwealth to review funding of PHN contracts to:

- Extend the length of all funding cycles to a minimum of five years and ensure renewal processes occur with adequate lead time. This would allow the PHNs in turn to extend the contract length for those services they commission. Reports from QAMH members suggest there is wide variation in federal contract length, but rarely are contracts awarded for more than three years. This is despite the Productivity Commission’s report and the House of Representatives Select Committee’s final report recommending that funding transition to five yearly cycles. The relationships between contract length and sustainable service delivery, service quality and workforce attraction, are interconnected. Without longer funding cycles, community mental health organisations will continue to be plagued by high staff turnover, lack of permanent employees, and inability to implement any lasting service delivery changes. As mentioned earlier, the funding instability created by short term contracts has become supercharged in the past year with service providers currently facing a funding cliff as they await the results of the evaluation of psychosocial supports announced in the National Agreement.
- Increase indexation. QAMH understands PHN contracts are not indexed at rates reflective of the increased cost of providing services in recent years.

- From July 1 2022, employers must implement the Fair Work Commission's 4.6% increase to modern awards, including the Social, Community, Home Care and Disability Award under which most of the community mental health sector is employed.
- In July 2021, the Superannuation Guarantee rate increased from 9.5% to 10%, with a further 0.5% increase imposed from July 2022.
- Rent increases are generally outstripping inflation, with residential increases averaging 2% and commercial (including retail and office space) around 3%.
- Cost of equipment, stock purchases, electricity and fuel has increased significantly over the past 12 months.

Community mental health and wellbeing organisations have clearly been subjected to significant cost increases. This has led to a scaling down of services in some instances in order to cover the costs of doing business. In response to these pressures, in September 2022 the Queensland Treasurer increased the indexation rate for NGOs from 2.88 per cent to 5.07 per cent. He also recently amended the government's approach to calculating NGO indexation in 2023-24. For Queensland's state-based contracts:

- An additional 0.5% will now be added to the wages component of the indexation methodology to account for superannuation guarantee. This will continue until 25-26.
- A new review mechanism will be in place to respond where inflation and wages change materially after the rate is set.
- For 23-24, indexation will be 3.88 per cent.
- The boosted indexation for 22-23 to 5.07 per cent will be incorporated into the base funding for NGO contracts.
- A statement from the Treasurer confirms it is an expectation that 'all NGO indexation funding provided to agencies is passed on'.
- At this stage, the indexation formula will continue as 75% WPI and 25% CPI.

QAMH is calling for a similar approach from the federal government in recognition of the significant cost increases borne by the community mental health and wellbeing sector.



## Planning and Development of the Community Mental Health Workforce in the National Mental Health Workforce Strategy

QAMH is calling for the community mental health workforce employed by non-government organisations to be properly included in the National Mental Health Workforce Strategy (the Strategy). We were disappointed to see the draft Strategy largely ignore this important component of the workforce, with only tokenistic references to community mental health workers. Instead, the Strategy needs to focus on more than just the 'big five' health professions – doctors, nurses, psychologists, occupational therapists and social workers – and look to the highly skilled community workforce that is already providing a diversity of services and achieving positive outcomes in the community.

In particular, the Strategy needs to:

- Evaluate and plan for the quality, supply, distribution and structure of the community mental health workforce and put forward recommendations for future workforce development. This will require a mechanism for capturing accurate workforce data. While state-based peaks such as QAMH (and our NSW and ACT counterparts) are beginning to collate community mental health workforce numbers, geographic distribution and composition, this is not being coordinated or funded at a national level.
- Invest in the development of contemporary education and training qualifications for the community mental health workforce, and evaluate whether current qualifications such as the Mental Health Certificate IV are contemporary or whether a new skills base is needed.
- Provide financial support to organisations to encourage student placements for TAFE and tertiary training qualifications, to ensure students are appropriately equipped to enter the community mental health workforce.
- Elevate and strengthen the Lived Experience workforce across all parts of the service system, with commitment to appropriate remuneration structures and career progression.

Importantly, this year QAMH is partnering with the Mental Health, Alcohol and Other Drugs Branch within Queensland Health to develop a state-wide [Community Mental Health Workforce Strategy](#) for the Community Mental Health and Wellbeing Sector. The purpose of the Strategy is to articulate the distinctive workforce issues unique to the sector, as opposed to the mental health system more broadly, and detail the specific actions that will be required to address them. While this Queensland-specific project is necessary and will form an integral part of the mental health reforms that are currently occurring here, it is essential that this work is replicated at a national level.

## Wellbeing and Progress Framework

QAMH has welcomed the Treasurer's announcement that the government will develop a national framework for measuring progress and wellbeing that goes beyond traditional macroeconomic indicators. This aligns with our strong belief that the nation's social and economic pursuits should be centred around activities which enhance Australians' wellbeing and allow them to live a good life. Economic markers such as GDP do not truly capture the nation's prosperity and have little relevance to Australians' day-to-day lives. A wellbeing approach also necessitates whole-of-government and whole-of-society perspective – something QAMH has long been calling for. As the government embarks on this process to fundamentally rethink what has real value, and how we define, measure, model and forecast national prosperity, we ask them to consider:

- A whole-of-government approach where every minister is held accountable to the framework as part of their portfolio.
- All new policy proposals to be assessed in terms of how they will impact agreed wellbeing indicators. Notably, the New Zealand government has successfully embedded a wellbeing framework into budgetary and policy-making processes, with the success of policy proposals contingent on their ability to positively impact wellbeing indicators. We feel this is a fundamental design feature as it allows us to collectively change the nation's future course by only funding policy proposals that meet our agreed progress goals. It also sends a clear message about the importance of those goals and focuses attention on the type of actions needed to achieve them.
- Mental health indicators that move beyond clinical diagnostic criteria to incorporate holistic, person-centric, psychosocial measures across multiple life domains. QAMH is concerned that the existing reporting instruments that Treasury may be considering rolling into a progress and wellbeing framework focus predominantly on DSM-5 criteria and cite incidence of, among other things, depression, generalized anxiety, and schizophrenia. For example, the ABS Census and the [National Study of Mental Health and Wellbeing](#) both rely on clinical definitions. Some alternative indicators to consider include:
  - Mental Health Australia's [Report to the Nation](#)
  - QAMH's [Wellbeing First](#) outcome measures (listed on p29)
  - [Mental Wellbeing Index — Smiling Mind](#)

It is also important to note that none of these examples include a mechanism for measuring child and youth mental health outcomes. We have very precise data on literacy and numeracy rates of Australian children, courtesy of NAPLAN, and yet there is no national capturing of data regarding their mental health. This is despite concerns about

the unprecedented rates of mental distress in younger age groups as a result of a number of factors including the Covid-19 pandemic, social media, climate change, social isolation and rising inequalities. QAMH believes there is an obligation to comprehensively capture this data on a national scale.

- A truly independent body administering the framework, with results to be broadly available to the public. We believe this separation from the machinery of government is fundamental to ensuring transparency and integrity of the data captured.

Thank you for the opportunity to contribute to the 2023 Budget process. We look forward to continuing to work with the Australian Government to better the lives of people living with mental distress. Please do not hesitate to contact QAMH should you require any further information.