



TAMHSS Submission to the Interim Productivity Commission Report

1. Introduction

Transforming Australian Mental Health Service Systems (TAMHSS) welcomes the Productivity Commission's interim findings on the 2022 National Mental Health and Suicide Prevention Agreement. We share the Commission's concern that the "system is fragmented and out of reach for many people" (P2), and that the outputs delivered under the Agreement have "not translated into meaningful reform" or had "a significant effect on policy or planning".

In our view, these failures are due in part to a lack of structural alignment between policy intent and system design. Effective reform must establish a coherent interface between clinical recovery, psychosocial recovery, and function-focused disability support systems, with mechanisms that ensure equity, inclusion, and durability of supports over time.

2. Our Concerns

2.1 The mental health system is fragmented and often difficult to access.

The Interim Report of the Productivity Commission recognises that the existing mental health architecture is fragmented, lacks accountability, and does not embed lived experience adequately. This is particularly evident in the disjointed interface between state/territory acute services and Commonwealth-funded psychosocial programs. Without systemic integration, individuals with complex needs—especially those with psychosocial disability—struggle to navigate and access timely, coordinated care across jurisdictions.

(Source: Productivity Commission Interim Report, July 2025)

TAMHSS further notes that without conceptual clarity about the nature and purpose of psychosocial support—particularly the distinction between clinical intervention and function-focused support—people are frequently misrouted, under-supported, or left to cycle through systems that do not reflect the nature of their needs. We support calls for a national framework that clearly articulates these distinctions and embeds them within service commissioning.



2.2 It is estimated that there are 500,000 people with psychosocial support needs who are now outside the NDIS and without essential services. This is particularly concerning in that funding for psychosocial disability is likely to be reduced rather than increased in the future, thus increasing the number of people who will be outside the NDIS.

Current access data reveals that people with psychosocial disability now comprise only 9% of NDIS participants, with access approval rates falling to 23% as of March 2025—down from 49% in 2023 (NDIS Quarterly Report, March 2025). These declining rates are not reflective of reduced need but rather increasing access barriers, including reliance on assessment tools that poorly capture functional impairments associated with psychosocial disability. At the same time, there is an absence of supports outside the NDIS to address unmet psychosocial need. This creates a 'perfect storm' of psychosocial service inaccessibility.

TAMHSS emphasises that reforms aimed at shifting psychosocial disability supports outside the NDIS must not repeat the failings of past transitions, where deinstitutionalisation occurred without simultaneous investment in foundational support focused community support systems.

2.3 Despite the National Mental Health Workforce Strategy 2022–2032, workforce shortages have become increasingly common. The Workforce Strategy lacks funding commitments and accountability. We concur that “a well supported and skilled workforce is crucial to high quality mental health and suicide prevention services” (P159)

While the National Mental Health Workforce Strategy identifies the importance of attracting, training, and retaining a skilled workforce, its implementation remains hampered by limited budget commitments and lack of enforceable accountability. Mental health workforce shortages continue to escalate, particularly in community-based psychosocial support roles. Without multi-year funding and clear responsibility frameworks, critical workforce development goals remain at risk of stalling.

(Source: National Mental Health Workforce Strategy 2022–2032)

TAMHSS advocates for the inclusion of a fully scoped, tiered workforce model that spans both clinical and non-clinical roles and is underpinned by defined supervision structures and practice governance. This would enable scalability and cost-effective delivery while maintaining standards and outcomes, particularly in psychosocial disability support contexts where both relational and skill-based competencies are essential.



3. Recommendations

3.1 Strengthen outcome measurement and governance

Current planning tools, such as the National Mental Health Service Planning Framework (NMHSPF), while useful for population-level service forecasting, lack the granularity and individual-level insight necessary for effective psychosocial support system design. The ICF offers an alternative framework for assessing functional need, cultural relevance, and service outcomes across disability cohorts. Aligning outcome measurement with the ICF and embedding lived experience input will enable more accurate monitoring and system accountability.

(Source: AIHW; WHO ICF; NMHSPF – Limitations in Disability Planning, 2023)

TAMHSS stresses that future outcome frameworks must include culturally appropriate, disability-relevant performance indicators and feedback loops. All measurement tools must be transparent, co-designed, and capable of capturing functional change, environmental impact, and support outcomes over time. TAMHSS supports a radical but measured change of the overall mental health system, such as was begun in the early 1990s under Brian Howe as federal Health Minister.

3.2 Define stepped-care thresholds for psychosocial disability

The current system lacks clear, functional thresholds that define eligibility for psychosocial supports outside the NDIS. This results in systemic confusion and inconsistent service access. Internationally accepted frameworks, such as the WHO's International Classification of Functioning, Disability and Health (ICF), are better equipped to distinguish between clinical symptoms and long-term functional impairments. Applying the ICF consistently would allow for appropriate placement across stepped-care levels and avoid relegating individuals with enduring psychosocial disability to under-resourced or misaligned service settings.

(Source: AIHW, ICF Australian User Guide; WHO ICF Framework)

TAMHSS supports the development of functional eligibility criteria that are stable, transparent, and culturally inclusive. The ICF framework, when applied consistently, provides the structure necessary to identify support thresholds—ensuring equitable service access and durability of supports.



3.3 Resolve commissioning and funding for non-NDIS psychosocial supports

Recent analyses, including the Analysis of Unmet Need for Psychosocial Supports Outside the NDIS (Department of Health, 2023), confirm the existence of significant service gaps for those ineligible for the Scheme. The absence of clear funding and commissioning agreements between governments risks perpetuating inequity. Proposals to fund foundational psychosocial supports from within the existing NDIS budget risk reducing service coverage without guaranteeing reinvestment. Dedicated, ring-fenced funding must be established, guided by transparent bilateral responsibilities.

(Source: Australian Government Department of Health, Analysis of Unmet Need, 2023)

TAMHSS warns that reallocating NDIS funds to build foundational services would undermine both systems, placing people with enduring psychosocial disability in limbo. Instead, foundational services must be established through new, dedicated investment. Any service transfer must include minimum access guarantees, consistent national commissioning, and protections against fragmentation.

3.4 Embed funding commitments and accountability in the Workforce Strategy

Implementation of the National Mental Health Workforce Strategy requires not only policy intention but tangible funding commitments and cross-jurisdictional accountability. This includes multi-year budget allocations across pillars (attract, train, support, retain), and a performance accountability framework jointly governed by the Commonwealth and states/territories. Clear metrics and consequences for non-delivery are necessary to ensure progress and sector confidence.

(Source: National Mental Health Workforce Strategy 2022–2032)

TAMHSS also recommends embedding structured supervision and governance systems into workforce planning, particularly for tiered and assistant-level roles. These systems should be resourced explicitly to support fidelity, clinical safety, and consistency in psychosocial disability service delivery.



4. Moving Towards Solutions

TAMHSS brings together lived experience and multidisciplinary expertise which can inform the final report and underpin genuine reform. We would welcome the opportunity to meet with the Productivity Commission at the earliest opportunity.

We believe that reform must be built on clear definitions, durable funding, and a unifying framework that distinguishes clinical care from functional support while allowing individuals to move seamlessly between both. The proposed NDIS Review reforms must be implemented with safeguards to prevent erosion of rights and access for people with psychosocial disability.

TAMHSS

30 July 2025

<https://transformingmentalhealth.org.au/>

Attachments:

1. Urgent safeguards needed to prevent disability discrimination in psychosocial support reform
2. Australian National Workforce Institute Mental Health.28Sept21.IG.2
3. ANWIMH supplementary rpt.HoR Select Cttee.Sub 91.1 - Transforming Australia's Mental Health Service Systems - 29 Sept 2021_