



Productivity Commission Interim Report on Final Review of National Mental Health and Suicide Prevention Agreement

July 2025

Introduction

Occupational Therapy Australia

Occupational Therapy Australia (OTA) is the professional association and peak representative body for occupational therapists in Australia. There are more than 30,000 registered occupational therapists working across the government, non-government, private and community sectors in Australia. Occupational therapy promotes health and wellbeing by supporting participation in meaningful occupations that people want, need, or are expected to do¹.

OTA welcomes the opportunity to provide a response to the Productivity Commission's Interim Report on the Final Review of the National Mental Health and Suicide Prevention Agreement (the National Agreement).

Occupational Therapists and Mental Health

Occupational therapists are essential members of the Australian mental health workforce. They bring a unique occupational focus, with expertise in how people engage in meaningful everyday activities (occupations) such as work, leisure, self-care, and social participation, that are central to an individual's mental health, wellbeing and recovery. Occupational therapists have expertise in helping people overcome barriers to participation, supporting them to build skills, routines, and confidence needed to thrive in everyday life. Their interventions have been shown to reduce hospital admissions and support sustainable, community-based living.

Occupational therapists are university qualified and draw on a blend of occupational-therapy-specific tools, model and approaches, psychological theory, structured psychological techniques (including DBT, EMDR and others) and a strong focus on evidence-based practice in mental health practice. Occupational therapists are highly qualified and skilled health professionals, who must meet the rigorous practice requirements mandated via AHPRA registration. Occupational therapy (OT) is one of three allied health professions eligible to provide Medicare Better Access to Mental Health services, alongside psychologists and mental health social workers.

Occupational therapists work across the spectrum of mental illness, addressing not only an individual's diagnosis, but how the person may experience mental illness and the impact it has on their ability to function in daily life. They work with people across the life course providing early intervention, prevention, and treatment services to people with mild, moderate and severe mental health conditions including:

- Adults experiencing mental illness, including anxiety and depression as well as more complex mental illness such as schizophrenia and borderline personality disorder.
- Children and young people experiencing emotional, psychological and behavioural issues as a result of diagnosed or undiagnosed mental health conditions such as anxiety, depression, post-traumatic

¹ World Federation of Occupational Therapy - <https://wfot.org/news/2025/updated-definition-of-occupational-therapy> (sourced 24 July 2025)

stress disorder, developmental trauma, Autism Spectrum Disorders, ADD/ADHD, intellectual disability and sensory processing differences.

- Older adults, including Behavioural and Psychological Symptoms of Dementia (BPSD).

This skillset means that occupational therapists are well suited to support people who are experiencing more complex mental illness or a significant impact on their day-to-day life as a result of their mental health condition.

OTA's Response to the Interim Report

Summary

OTA welcomes the findings and the recommendations made by the Productivity Commission in its Interim Report on the Final Review of the National Mental Health and Suicide Prevention Agreement (the National Agreement).

The National Agreement is an important component of Australia's mental health system reform and has the potential to drive the development of a robust and responsive mental health and suicide prevention system for Australia. We welcome the Productivity Commission's frank assessment of the National Agreement, and for highlighting its inadequacies and what is required to meet the needs of people living with mental illness.

OTA agrees with the Productivity Commission's findings that despite progress on the agreed actions of the National Agreement, significant work and investment is required to build a mental health system that meets the increasing mental health needs of the Australian community, and to address workforce shortages that are creating additional barriers to the provision of required services.

In particular, OTA endorses the following recommendations:

- Draft recommendation 2.1 - Deliver key documents as a priority
- Draft recommendation 4.1 - Developing a renewed National Mental Health Strategy
- Draft recommendation 4.4 - Governments should immediately address the unmet need for psychosocial supports outside the National Disability Insurance Scheme
- Draft recommendation 4.8 - A greater role for the broader sector in governance
- Draft recommendation 4.10 - Strengthening the National Mental Health Commission's reporting role
- Draft recommendation 4.12 Funding should support primary health networks to meet local needs
- Draft recommendation 4.13 - The next agreement should support the implementation of the National Mental Health Workforce Strategy
- Draft recommendation 4.14 - The next agreement should commit governments to develop a scope of practice for the peer workforce

OTA supports the overall direction and priorities outlined by the Productivity Commission for the next agreement, although we hold some reservations about the extension of the current National Agreement to June 2027, despite our recognition of the importance of providing time and space for the co-design of the next agreement.

We wish to bring to the Productivity Commission’s attention several issues for consideration in their final report and discuss these matters in more detail below.

OTA’s recommendations:

1. The unmet need for psychosocial supports outside the NDIS should be addressed as a priority for the remaining period of the current National Agreement.
2. The plan for psychosocial support arrangements should be released and be subject to consultation with people with lived and living experience, providers and practitioners.
3. If an extension to the current National Agreement is recommended, clear targets should be set for achievement of key actions in the extension period.
4. Commonwealth, State and Territory Governments must work with clinical peaks and those with lived and living experience to design psychosocial support models. This should include development of clearly articulated roles and associated requirements for professions to work within those roles based on their scope of practice, training, and appropriate and safe clinical governance structures.
5. Fund the development and delivery of a national model of evidence-based psychosocial supports that underpins an integrated and collaborative system of services.
6. Commonwealth, State and Territory Governments must work with allied health professionals and the provider sector to develop National Guidelines on Regional Planning and Commissioning that support commissioning work by Primary Health Networks (PHNs), State and Territory Governments, and other funding bodies.
7. Commissioning models must support the involvement of small, medium and large private occupational therapy and allied health providers with a local footprint and established local expertise in service delivery.
8. Commissioning models should incorporate provider panels or similar structures that support the involvement of private providers alongside larger NGOs in service delivery and commissioning processes.
9. PHN governance should mandate that PHN boards should include a dedicated role for allied health professionals, ensuring representation from the professions most appropriately skilled to work with people with psychosocial support needs, including Occupational therapists. This would enable allied health service delivery and scope to be included in the leadership of PHNs and filter down through the organisation.
10. A dedicated psychosocial workforce strategy is required to supplement the National Mental Health Workforce Strategy 2022 – 2032 and ensure work on a capability framework includes the capability requirements of the psychosocial support workforce.
11. Address occupational therapy and allied health workforce shortages as a priority, as identified in the National Allied Health workforce Strategy.

12. Give greater recognition to the expertise and qualifications of occupational therapists and their essential role in the provision of mental health services by enabling them to work to their full scope of practice and increasing fees, while also addressing the poor data collection for occupational therapy and other allied health services.
13. Fund occupational therapy services within Commonwealth mental health programs, including wraparound care for complex needs, Mental Health Medicare Locals and Head to Health expansion, Commonwealth Psychosocial Support Program and psychosocial foundational supports.

Addressing unmet need outside the NDIS

OTA recommended in our previous submission on the Review of the National Agreement, that the Government should release its response to the NDIS Review as a priority, and that clarity should be provided on the funding, design and implementation of Foundational Supports for people with psychosocial disability.

We note a number of developments have been undertaken, which signal an intent to act on these matters, such as the establishment of the Psychosocial Project Group by the Department of Health, Disability and Ageing and state and territory governments. The purpose of this Group is to progress commitments under the National Agreement in relation to future arrangements for providing psychosocial supports outside the National Disability Insurance Scheme (NDIS), and develop a plan to respond to the findings of the Unmet Needs Analysis Report and inform future psychosocial support arrangements outside the NDIS².

However, to date no real action has been taken, and despite the Psychosocial Project Plan being presented to the last National Health and Mental Health Ministers meeting, it has not been released.

OTA supports the Productivity Commission's recommendation that governments should immediately address the unmet need for psychosocial supports outside the National Disability Insurance Scheme.

At a Mental Health Australia forum in June 2025, Minister Butler indicated that negotiations for the development and implementation of foundational supports will not be completed until the end of 2025, and may well be later, as at this time there is very little progress on the identification of models or frameworks for psychosocial supports outside the NDIS.

OTA is concerned that the proposal to address the needs of people currently missing out on supports through PHN commissioning processes, which many stakeholders identify as being flawed, may perpetuate the delivery of services through old models, lacking in innovative and contemporary practice principles.

In addition, delaying the development of a new agreement to 2027 may further risk the health and wellbeing of those most vulnerable if no targets and outcomes are specified and if Governments do not act to achieve them in the period of the extension.

² <https://www.health.gov.au/committees-and-groups/psychosocial-project-group>

OTA recommends that:

1. The unmet need for psychosocial supports outside the NDIS should be addressed as a priority for the remaining period of the current National Agreement.
2. The plan for psychosocial support arrangements should be released and subject to consultation with people with lived and living experience, providers and practitioners.
3. If an extension to the current National Agreement is recommended, clear targets should be set for achievement of key actions in the extension period.
4. Commonwealth and State Governments must work with professional peaks, including OTA, and those with lived and living experience, to design psychosocial support models. This should include development of clearly articulated roles and associated requirements for professions to work within those roles based on their scopes of practice and training and appropriate and safe clinical governance structures.

Commissioning of contemporary, evidence-based services

OTA endorses the Productivity Commission's recommendations for the release of National Regional Planning and Commissioning Guidelines, and for greater flexibility for PHNs in their commissioning processes.

In conjunction with the findings and recommendations of the Review of PHN Business Model and Mental Health Flexible Funding Model, which have not yet been released, the National Regional Planning and Commissioning Guidelines, may result in the changes required to ensure more innovative, evidence-based and responsive services are commissioned by PHNs to meet local needs.

Collaborative design of commissioning processes with the clinical and NGO sector is required to ensure that expertise of allied health professionals, including occupational therapists, is included.

Commissioning arrangements will also be critical to workforce recruitment and retention.

OTA remains concerned that the governance of PHNs appears to be medically driven by the GP profession, and that old models of service provision are preferenced over contemporary, evidence-based models of service provision. The role and expertise of Mental Health Occupational Therapists and other allied health professionals, such as Social Workers, is not well understood by GPs, and this is reflected in the commissioning processes undertaken by PHNs. OTA is not aware of the number of allied health professionals engaged at the board level of PHNs, but we maintain that inclusion of dedicated roles for allied health professionals, including occupational therapists, would ensure that allied health service delivery and scope is included in the leadership of PHNs and filters down through the organisation.

Occupational therapists are well placed to support the NDIS Review's vision for a more comprehensive and supportive mental health system, and to meet the needs of the significant number of people unable to access services. Best practice psychosocial supports involve a multidisciplinary team, and to maximise their effectiveness a thorough understanding of how different professions contribute to different roles is essential for the design and establishment of services.

A range of stakeholders have suggested that previous models of psychosocial support delivery, including the Partners in Recovery program, provide an evidence-based approach for future models, but OTA asserts that the proposals to reinstate previous programs and models fail to acknowledge the variability of needs across different age groups, changes in the workforce, and in the psychosocial support ecosystem. A new model must draw on high quality evidence, recognise the individual needs of the three key age cohorts (young people aged 12-25, adults aged 18 – 64, and older people aged 65 and over), and the roles and professions that are needed to deliver effective psychosocial outcomes.

The model will need to acknowledge the value of profession-specific allied health roles, changes in the mental health psychosocial support systems that have resulted from the NDIS, and should draw on a clear evidence base, consumer input, and, critically, recognise the need for multiple service and funding approaches to support access to private providers and workforces. Work to consolidate an evidence-base for a new model should be led by a consortium of experts with representation from all key sectors - as has been undertaken on behalf of the Commonwealth for the Best Practice Framework for Early Childhood Intervention, for the development of foundational supports for children. Consideration should be given to how the multi-year evaluation of the Commonwealth Psychosocial Support program, currently being undertaken, is factored into such a piece of work.

It is essential that occupational therapy be firmly embedded in future service models to facilitate opportunities and evidence-based capacity building to enable people with mental ill-health and psychosocial disability to live full lives and work towards active participation in their communities. Occupational therapists have the skills and expertise to bridge gaps across mental health, disability and primary care systems. By recognising and integrating occupational therapy into a contemporary, equitable, and responsive mental health system, unmet needs can be addressed and individuals provided with the holistic support required to thrive.

OTA's recommendations:

5. Fund the development and delivery of a national model of evidence-based psychosocial supports that underpins an integrated and collaborative system of services.
6. Commonwealth, State and Territory Governments must work with allied health professionals and the provider sector to develop National Guidelines on Regional Planning and Commissioning that support commissioning work by Primary Health Networks (PHNs), State and Territory Governments, and other funding bodies.
7. Commissioning models must support the involvement of small, medium and large private occupational therapy and allied health providers with a local footprint and established local expertise in service delivery.
8. Commissioning models should incorporate provider panels or similar structures that support the involvement of private providers alongside larger NGOs in service delivery and commissioning processes.
9. PHN governance should mandate that PHN boards should include a dedicated role for AHPs, ensuring representation from the professions most appropriately skilled to work with people with psychosocial support needs, including occupational therapists. This would enable allied health service delivery and scope to be included in the leadership of PHNs and filter down through the organisation.

Workforce

OTA supports the Productivity Commission's draft recommendation that the next agreement should support the implementation of the National Mental Health Workforce Strategy, and for the Productivity Commission's assessment that the recommendations have not been progressed, and no funding set aside for the implementation of the Strategy.

Workforce planning will be critical to ensure that new models of service delivery provide access to experienced providers with the scope and experience to deliver outcomes associated with their roles. With the shift to private practice that has arisen due to the closure of state and territory disability programs and the market-based approach of the NDIS, service models must ensure that private allied health practices of all sizes are able to participate in delivering supports.

OTA argues however, that the current mental health workforce strategy does not account for the workforce needs arising from new and expanded psychosocial supports. The proposal to develop a mental health workforce capability framework by Health and Mental Health Ministers as a deliverable for the Mental Health Workforce Strategy 2022-2032³ is welcomed but will need to explicitly include the capability needs of the psychosocial workforce. A supplementary psychosocial workforce strategy and inclusion of psychosocial workforce needs in the capability framework will need to be underpinned by dedicated modelling that seeks to quantify supply and demand, outlines the scope, skills, and training needed by each profession, and identifies the student and early career development pathways needed to support the growth of the workforce and a move away from generic support roles.

OTA maintains that there needs to be greater recognition of occupational therapy in the provision of mental health services, and a commitment to addressing the issues faced by occupational therapists. As an example, in the National Mental Health Workforce Strategy, Occupational Therapy and Social Work are not identified as single professional entities, but as part of "relevant allied health professions". This is despite occupational therapists historically comprising a distinct and established workforce in mental health, drawing on a contemporary, innovative and evidenced knowledge base⁴.

Occupational therapists focusing on mental health are eligible for endorsement through OTA's endorsement program, which sets a high standard for the profession. It also provides an important signal to practitioners, funders, and users of occupational therapy services about what the profession considers the foundation for safe and effective practice.⁵

Occupational therapists are essential to a sustainable mental health system, supporting individuals' independence, rehabilitation, recovery, and overall wellbeing. Expanding access to occupational therapy will strengthen workforce capacity and reduce pressure on primary health and acute care services. Occupational therapists have a key role in preventing deterioration and hospitalisation, by supporting function,

³ <https://www.health.gov.au/sites/default/files/2025-06/health-ministers-meeting-hmm-special-communique-13-june-2025.pdf>

⁴ <https://otaus.com.au/resources/mental-health-capability-framework>

⁵ <https://otaus.com.au/ota-mental-health-endorsement>

independence, and self-management. Early intervention and capacity building for people with mental health issues reduces long-term costs and improves quality of life.

Demand for occupational therapy services is rising — projected to grow by 7.1% by 2026⁶ — yet workforce shortages are worsening, with occupational therapy shortages experienced in every state and territory across Australia⁷.

In addition, there is a 32% shortfall across the mental health workforce⁸, significant inequalities in accessibility of services, especially for those in rural and remote areas and for those on low incomes, and vast gaps in services for people whose support needs are complex. Increasing rates of mental ill-health, in conjunction with increasing chronic disease and an ageing population, will place additional pressure on the primary health system, the workforce supporting it, and exacerbate the gaps already present in the mental health system.

Retention of allied health workers is of particular concern, and is negatively influenced by factors including lack of workforce supports, high clinical caseloads, and insufficient career development opportunities. Difficulties in recruiting allied health workers to rural and remote areas also increases the need to focus on retention of people already practising in these areas. Some important issues raised during the consultations for the draft National Allied Health Strategy included reduced attraction into the allied health workforce or to working in rural and remote areas; attrition from the workforce due to culturally unsafe workplaces, burnout, lack of lateral and vertical career progression, and lack of desire to stay long-term in a rural or remote area; and recruitment competition between sectors.

OTA recommendations:

10. A dedicated psychosocial workforce strategy is required to supplement the National Mental Health Workforce Strategy 2022 – 2032 and ensure work on a capability framework includes the capability requirements of the psychosocial support workforce.
11. Address occupational therapy and allied health workforce shortages as a priority, as identified in the National Allied Health workforce Strategy.
12. Give greater recognition to the expertise and qualifications of occupational therapists and their essential role in the provision of mental health services by enabling them to work to their full scope of practice and increasing fees, while also addressing the poor data collection for occupational therapy and other allied health services.
13. Fund occupational therapy services within Commonwealth mental health programs, including wraparound care for complex needs, Mental Health Medicare Locals and Head to Health expansion, Commonwealth Psychosocial Support Program and psychosocial foundational supports.

⁶ Department of Health and Aged Care, utilising the National Health Workforce Datasets

⁷ Jobs and Skills Australia, 2024 Occupation Shortage List

⁸ Department of Health and Aged Care, National Mental Health Workforce Strategy 2022-2032, (2022), <https://www.health.gov.au/resources/collections/national-mental-health-workforce-strategy-2022-2032>

Conclusion

OTA values the intent of the National Mental Health and Suicide Prevention Agreement, and we welcome the opportunity to provide a response to the Productivity Commission's Interim Report on the Final Review of the National Agreement.

We would be happy to discuss this submission, and the role of occupational therapists to support the achievement of a sustainable mental health system, and the health and wellbeing of the Australian community.

OTA looks forward to the completion of the Productivity Commission's review, and the next stage of reform under the National Agreement.

For further information or to discuss the contents of this submission, please contact OTA via policy@otaus.org.au



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