Productivity Commission Review of the National Mental Health and Suicide Prevention Agreement

Victorian Government submission

VICTORIA State Government | Department of Health

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Minister's Foreword

The National Mental Health and Suicide Prevention Agreement (National Agreement) marked a significant milestone in our collective efforts to improve mental health outcomes and reduce suicide across Australia. As the first agreement of its kind, it was ambitious in scope and intent, reflecting a shared commitment by governments to work together toward a more coordinated, compassionate, and person-centred mental health and suicide prevention system.

We thank the Productivity Commission for the opportunity to provide a submission following the release of their interim report on the National Agreement review. The Productivity Commission's interim report provides a timely and thoughtful assessment of the National Agreement's implementation to date. It acknowledges the aspirations of the National Agreement while highlighting the challenges that have emerged in translating those ambitions into meaningful reform. We welcome the Commission's findings and agree that seamless strategic cooperation across all levels of government is essential to achieving lasting change. A whole-of-government approach supported by dedicated effort and appropriate resourcing will be foundational in achieving national reform.

While the National Agreement was broad and ambitious, it is important to acknowledge that establishing governance structures and building connections across jurisdictions takes time. We are beginning to see progress on the ground, for example, the delivery of more equitable and integrated community-based mental health care for Victorians through collaboratively funded initiatives under our bilateral schedule, such as the Mental Health and Wellbeing Locals.

The foundations established by the National Agreement must be strengthened through enhanced governance arrangements and a sharper focus on a set of critical priorities and measurable outcomes in the next National Agreement. A stronger focus on key priorities, for example, children and young people, provides an important opportunity for increased prevention and early intervention efforts leading to better mental health and wellbeing and reduced mental ill health - and for observable, long-term outcomes through future national agreements.

We also acknowledge that the National Agreement and its bilateral schedules do not encompass the full breadth of service delivery, policy development, and investment occurring across jurisdictions in the mental health and suicide prevention landscape. In Victoria, our reform agenda extends beyond the National Agreement, reflecting our long-term commitment to building a system that better meets the diverse needs of our communities.

It is important to recognise the critical role of state and territory governments as system stewards in the mental health and wellbeing system. In Victoria, we are proud to have undertaken extensive reform in response to the Royal Commission into Victoria's Mental Health System and this work is continuing.

Since the Royal Commission handed its final report to the Victorian Government in 2021, our government has invested over $6 billion to grow and reform our mental health system. Some of the key areas of focus have included:

- More than $600 million invested to support, retain, and grow the mental health workforce by 25%, including more than doubling the number of lived and living experience roles across Victoria.
- We've delivered more than 170 acute beds for adults, young people, women, older Victorians and two new Hospital in the Home programs for adults and young people. This includes a $100 million investment, in Australia's first public Specialist Women's Mental Health Service, Wren. Wren has been co-designed in consultation with women with lived

experience and is providing care for those who have experienced trauma and sexual abuse, women presenting with eating disorders and women experiencing perinatal mental health concerns, through inpatient and Hospital in the Home beds.

- The delivery of new Mental Health and AOD Emergency Department Hubs across the state to improve the experience of consumers who seek treatment through hospital emergency departments.
- More than $140 million delivered to put consumers and carers front and centre of the Victorian mental health and wellbeing system, through investment into lived experience workforce and leadership development, new lived experience services and entities, and supporting policies and frameworks to embed lived experience perspectives across the system.
- Delivered 15 Locals Services across 17 locations, with 7 more to come this year, an additional to the 13 Mental Health and Wellbeing Hubs. These new Locals are a key pillar of our bilateral agreement and have supported over 23,000 Victorians free, easy to access mental health care and support close to home – without needing a GP referral or medicare card.
- Expanded multidisciplinary social and emotional wellbeing teams to Aboriginal Community Controlled Organisations (ACCOs) across Victoria and awarded 64 scholarships to Aboriginal and Torres Strait Islander students undertaking undergraduate and post-graduate qualifications in mental health related disciplines.
- We're expanding sub-acute residential mental health and wellbeing services for 16-25 year olds in every region across Victoria, having delivered two new Youth Prevention and Recovery Care (YPARC) centres, upgraded an additional three centres and expecting to bring a further three new services online by the end of 2025. We have also made significant progress on foundational reforms including harmonised age streaming within community mental health and wellbeing services and improving headspace integration.
- Invested in improved access to care for eating disorders, including developing a new Eating Disorders Strategy supported by an investment of more than $31 million to deliver programs designed to intervene earlier in illness and avoid hospital admissions. We have also delivered $16.9 million to open the state's first publicly funded residential eating disorder treatment centre, *Ngamai Wilam*.

Our work has been shaped by deep and ongoing partnership with the sector and with people with lived and living experience of mental ill-health. This approach means that Victoria is focused on delivering based on what we have heard and ensuring that services are responsive, inclusive, and informed by the people who use them.

Looking ahead, we must work together to address service gaps, clarify roles and responsibilities, and ensure that priority populations including Aboriginal and Torres Strait Islander communities, culturally and linguistically diverse communities, children and young people, regional and rural communities and people with complex needs receive the support they deserve.

We broadly support the inclusion of dedicated schedules on suicide prevention and Aboriginal and Torres Strait Islander social and emotional wellbeing in the next National Agreement. These schedules will provide the necessary focus and structure to address the distinct needs in these areas and ensure that trauma-informed, culturally safe and community-led approaches are embedded in service design and delivery.

The Victorian Suicide Prevention and Response Strategy 2024-2034 was a key recommendation of the Royal Commission into Victoria's Mental Health System and forms a crucial part of the ongoing transformation to Victoria's mental health and wellbeing system. Developed with clinicians and experts in the mental health sector, the strategy also includes the input of people with lived experience – recognising they are best placed to understand the factors that can contribute to suicide.

This submission, and the recommendations it contains, reflects Victoria's commitment to working constructively with our Commonwealth and state and territory partners to shape the next phase of national reform. We remain focused on delivering better outcomes for all Victorians and contributing to a nation-wide system that is equitable, integrated, and sustainable.

Ingrid Stitt MP

Minister for Mental Health

Executive summary

The Victorian Government welcomes the opportunity to make a submission to the Productivity Commission's Review of the National Agreement. This review provides an invaluable opportunity for the Productivity Commission, in consultation with those with lived and living experience of mental ill-health as well as the mental health and suicide prevention sector, to consider how effectively the Commonwealth and state and territory governments have worked in partnership to improve mental health and social and emotional wellbeing services and outcomes for all Australians.

The National Agreement is the first of its kind and underscores the importance of Australian governments taking joint action to reform and align their mental health and suicide prevention systems to deliver more effectively for communities and to address unmet need. It has an overarching focus on driving increased system integration and enhanced services for people in the 'missing middle', i.e. those who are too unwell for the general primary care system but not unwell enough to require inpatient hospital services or intensive state-based community care. This is appropriate given these services exist on the interface between the elements of the system that both levels of government are responsible for stewarding. The reform program has been underpinned by the development of key enabling national frameworks with a focus on increased collaboration in critical areas such as workforce, data linking and sharing, evaluation, and stigma and discrimination reduction.

Victorian mental health reforms

The National Agreement was developed at a time of significant reform in Victoria. The 2021 Royal Commission into Victoria's Mental Health System set out an ambitious 10-year vision to reform Victoria's mental health system to embed deep and enduring change. The first phase of this reform journey has seen:

- consumer and carer rights enshrined into the law
- the delivery of new services providing the care people need
- an increased focus on early intervention and programs that improve wellbeing in the community
- an expansion of our diverse workforce and the embedding of lived and living experience voices and leadership throughout the system.

The Victorian Government remains committed to delivering the recommendations of the Royal Commission to drive lasting cultural and system change. The next phase of reform will have greater focus on:

- continuing to address system demand and driving performance
- expanding prevention, promotion and early intervention, especially for young people and regional and rural communities
- building and retaining a diverse, multidisciplinary and highly skilled workforce
- embedding lived and living experience at all levels of the mental health and wellbeing system.

Through negotiating the first National Agreement and associated Bilateral Schedule with the Commonwealth, Victoria has made a concerted effort to ensure national and state reform streams were aligned and mutually supporting. Key achievements include:

- statewide roll-out of the Hospital Outreach Postsuicidal Engagement (HOPE) program for adults (36 locations)

- establishing the Child and Youth HOPE Program in four locations
- delivering three new Children's Health and Wellbeing Locals for community-based mental health care
- delivering 15 new Mental Health and Wellbeing Locals (Local Services) across 17 locations, for adults to address the 'missing middle', with free mental health treatment, care and support (referred to as Adult Locals for the purposes of this submission).

The Victorian 2025-26 State Budget continues to expand Adult Locals, with seven new locations. These new Adult Locals will be delivered by service providers in partnership with Area Mental Health and Wellbeing Services in the following locations:

- Cardinia – Mind Australia, in partnership with Monash Health
- Darebin – Neami National, in partnership with Northern Health
- Maribyrnong – cohealth, in partnership with Western Health
- Maroondah – Wellways Australia, in partnership with Eastern health
- Mount Alexander (servicing Central Goldfields and Macedon Ranges) – Mind Australia, in partnership with Bendigo Health
- Port Phillip – Wellways Australia, in partnership with Alfred Health
- Wyndham – cohealth, in partnership with Mercy Health.

The Commonwealth's financial contribution towards the establishment and operation of these services and initiatives, via the Bilateral Schedule, has enabled Victoria to deliver more equitable and integrated community-based mental health and social care for Victorians, particularly for those people in the 'missing middle'. Victoria would like to see the next National Agreement focus on strengthening and embedding community-based ambulatory services as a core component of an integrated stepped care system as well as strengthening the focus on cross-portfolio supports for children and young people.

Summary of recommendations

The next National Agreement and bilateral arrangements provide an opportunity to build on what we have achieved so far to further embed a universal service system response that is focused on prevention and early intervention, supported through improved system navigation and collaborative care, where people can access multidisciplinary services on a wellbeing continuum, with or without a diagnosis.

This submission highlights key opportunities for the Productivity Commission to consider when making recommendations which will inform the next iteration of the National Agreement.

This submission is structured according to three key themes:

1. Embedding community-based services
2. Better system integration through partnerships and collaborations
3. Governance and framing of the National Agreement.

The recommendations made in this submission are listed in the table below.

Theme	Recommendation
Embedding community-based services	1. Focus on strengthening and embedding community-based ambulatory services as a core component of an integrated stepped care system that supports: • adults to access integrated mental health and wellbeing services • children to access multidisciplinary services on a wellbeing continuum, with or without a diagnosis 2. Support a genuine and fair funding partnership in areas of shared responsibility. 3. Incorporate a focus on how to leverage Commonwealth Government policy settings or national approaches to resolve workforce challenges, particularly in rural and regional areas.
Better system integration through partnerships and collaborations	4. Governments must reaffirm their commitment to move towards a unified mental health and suicide prevention system, which includes an integrated approach towards system planning including harmonisation of ages within and across jurisdictions for infant, child and youth mental health services. 5. Cross-portfolio integration should continue to be consolidated and incentivised through the next National Agreement, with a particular priority focus on children and young people and psychosocial supports outside of the NDIS. 6. Governments, in partnership with Aboriginal Community Controlled Health Organisations, must commit to Aboriginal and Torres Strait Islander peoples' right to practice self-determination and prioritise cultural safety across all parts of the mental health system, with social and emotional wellbeing to be an explicit focus of the next National Agreement. This needs to include requirements for more specialist services to also take real action to ensure they provided culturally safe services.
Governance and framing of the National Agreement	7. Designate clear accountability for driving national priority work to Health Ministers and Mental Health Ministers, with agreement to priority actions via regular joint meetings. The Commonwealth should establish appropriate resourcing to support the national implementation plan, to be managed through the National Agreement's governance arrangements. 8. Provide ministers the option to recommend additional reviews or programs of work as a mechanism to evaluate and assess significant emerging risks, such as changes to operating contexts. 9. That the Productivity Commission explore ways in which Aboriginal and Torres Strait Islander representatives and lived and living experience representatives can be supported to meaningfully participate and lead in the governance structures of the National Agreement, including through the development of a national implementation plans so they are involved in all stages of planning, implementation and evaluation.

Embedding community-based services

A priority objective of the National Agreement was to 'address gaps in the system by ensuring community-based mental health and suicide prevention services, and in particular ambulatory services, are effective, accessible and affordable' (Cl. 25).

Victoria's reform agenda has prioritised moving the system towards community-based service models, to deliver a new and better service option for Victorians closer to their home. This is occurring as part of work to build a six-level responsive and integrated service system, illustrated below. The top level is aimed at the largest number of people and the lowest level, statewide services, the fewest. At each level, teams will operate with progressively increasing specialisation.

Six-level service system

Through the arrangements of the Victorian Bilateral Schedule, the Commonwealth and Victoria co-funded additional community-based mental health services to support more equitable access to treatment, care and support for adults and children. The services funded under the bilateral agreement offer consumers genuine community-based alternatives to hospital or crisis-based care. These services recognise the benefits of care for people in their own communities and close to their homes, families, carers and kin, to help people recover and lead contributing lives. This has been a major change to the way that mental health treatment, care and support has traditionally been delivered. While there are some challenges in establishing these services as outlined below, the service models support the delivery of integrated and multidisciplinary care to consumers in a way that embeds lived and living experience. Over the life of the next National Agreement Victoria will continue to refine the service model to embed and consistently deliver best practice approaches.

What has been working well?

The establishment of 15 Mental Health and Wellbeing Locals across 17 locations (referred to in this submission as Adult Locals) has proven effective in addressing system gaps in areas with the highest need. Adult Locals provide accessible and free treatment, care and support for adults who are experiencing mental health or wellbeing concerns – including people with co-occurring alcohol and drug treatment and care needs. The service also provides support to carers, families and other supporters. As of 31 May 2025, these services have supported over 23,000 Victorians. Preliminary evaluation findings are indicating that Adult Locals are a welcomed addition of services to the system, models of care are appropriate, with a high fidelity in implementing the Service Framework. The foundations for integrated service delivery, including multidisciplinary team collaboration, have been established through Adult Locals consortium partnerships, reflecting provision of integrated

and coordinated services for consumers, carers, families and supporters that are responding to community need.

Each Adult Local has a unique, multidisciplinary workforce profile comprised of clinical, wellbeing and peer staff to provide a holistic, integrated approach to treatment, care and support. This includes a range of a clinical professionals such as psychiatrists, psychologists, mental health and AOD clinicians, occupational therapists and art therapists; and wellbeing professionals including community mental health practitioners, and lived experience staff such as consumer, carer and AOD peer support workers.

In addition to the clinical, wellbeing and peer staff outlined above Adult Locals workforce includes a range of staff who are suitability skilled to provide tailored support to identified priority populations including, Aboriginal and Torres Strait Islander people; people from culturally and linguistically diverse backgrounds; people from refugee backgrounds; people seeking asylum; LGBTIQA+ communities; people who are experiencing homelessness; people with disability; neurodiverse people; and/or people who are engaged in the justice system. Individual workforce profiles vary across locations and are determined based on the needs and preferences of the local communities.

Adult Locals are strategically positioned within the system to offer early intervention, treatment care and support to people in the community who would typically have sought help from emergency departments due to a lack of alternative options. Additionally, Adult Locals are designed to be networked with Area Services to enable timely and direct referrals for those requiring more acute care. This approach aims to reduce emergency department presentations by addressing needs earlier and more proactively.

Case study 1: Adult Locals integrated care approach

Background

- A 39-year old Aboriginal male, with an Acquired Brain Injury (ABI) and history of drug-induced psychosis and previous engagement with area and forensic mental health services presented to a Local Service. He had not been in contact with these other services for 12 months.
- The consumer presented at the walk-in service following a recommendation made at the Magistrate's Court. The consumer was visibly distressed and described a deep sense of desperation. He has been sleeping in his car for the past week, and the outcome of the court hearing that day had resulted in feelings of isolation and hopelessness.

Treatment, care and support provided

- Immediate support was provided to address the consumer's urgent needs, particularly stabilising his mental condition and searching for temporary accommodation.
- The consumer was referred to a local community centre to access meals, community connections, and linkages to specialised services, ensuring he was fed and not further isolated.
- Senior mental health clinicians monitored the consumer's wellbeing, and they were connected with a wellbeing worker for intensive support. Additionally, a nurse practitioner was arranged to undertake further assessment the following day.
- The consumer returned the following day, and an enrolled nurse and nurse practitioner completed a mental and physical health review. Strong advocacy support was provided to link the consumer with housing support services and engage with Child Protection to seek supervised access to their children, which was successful. Additionally, the consumer was referred to Aboriginal support services, to connect the consumer with culturally appropriate housing resources.

Outcomes

- Through consistent positive engagement and a holistic approach, the consumer achieved emotional and mental stabilisation.
- While the initial phase required intensive support, ongoing holistic interventions including a combination of medication, regular monitoring, and wellbeing assistance, helped the consumer gain control over his depression.
- Over time, the consumer built a strong sense of trust with the Adult Local and actively embraced their recovery journey. They also joined a peer support group and participated in a Healthy Minds clinical program, further equipping them with valuable tools to rebuild their confidence and self-awareness.
- The consumer also maintained vital connections with housing and Aboriginal support networks, ensuring sustainable access to essential resources. Additionally, he began prioritising long-term health management through his GP, strengthening continuity of care and fostering a proactive approach to his wellbeing.On reflection, the consumer noted that in the past, they would have likely faced arrest or required admission to an inpatient facility. This realisation underscored the transformative impact of a collaborative, tailored approach. By integrating support from external services and utilising multi-faceted interventions—including peer support, wellbeing resources, and clinical expertise—he was empowered to pursue a self-determined path to recovery.

System integration

- The Adult Local played a vital role in coordinating care across multiple systems to ensure the consumer's needs were met holistically. This included integrating clinical mental health support, housing services, Aboriginal support services, Child Protection, and physical health care. By creating a seamless pathway, the consumer was supported to move away from crisis-driven responses, towards a more sustainable and supported recovery. This case study highlights the value of culturally responsive care and the importance of early intervention when individuals present in crisis. Feedback from the consumer emphasised the effectiveness of taking a tailored, integrated approach to address both immediate distress and long-term goals. Staff recognised the need for more accessible emergency housing support and strengthened relationships with local housing providers. Additionally, this case underscored the significance of involving Aboriginal support services early on to ensure culturally appropriate care is embedded throughout the recovery plan.

Case study 2: Adult Locals partnership approach

To effectively respond to the diverse needs of communities across Victoria, improve service efficiency, and reduce fragmentation, the Victorian Department of Health established the first 15 Adult Locals with unique consortium partnerships to meet the specific needs of their respective communities.[1]

For example, the Adult Local in Frankston is led by a Non-Government Organisation (NGO) in partnership with a local Health Service and an NGO specialising in NDIS and Community Mental Health. This structure provides a comprehensive service addressing both general and specialised mental health needs.

In Bendigo and Echuca, the Adult Local is led by an NGO in partnership with an Aboriginal Community Controlled Health Organisation, two Health Services, an Alcohol and Other Drugs (AOD) service and an LGBTIQ+ organisation. This diverse collaboration provides culturally appropriate, inclusive and holistic care tailored to regional needs.

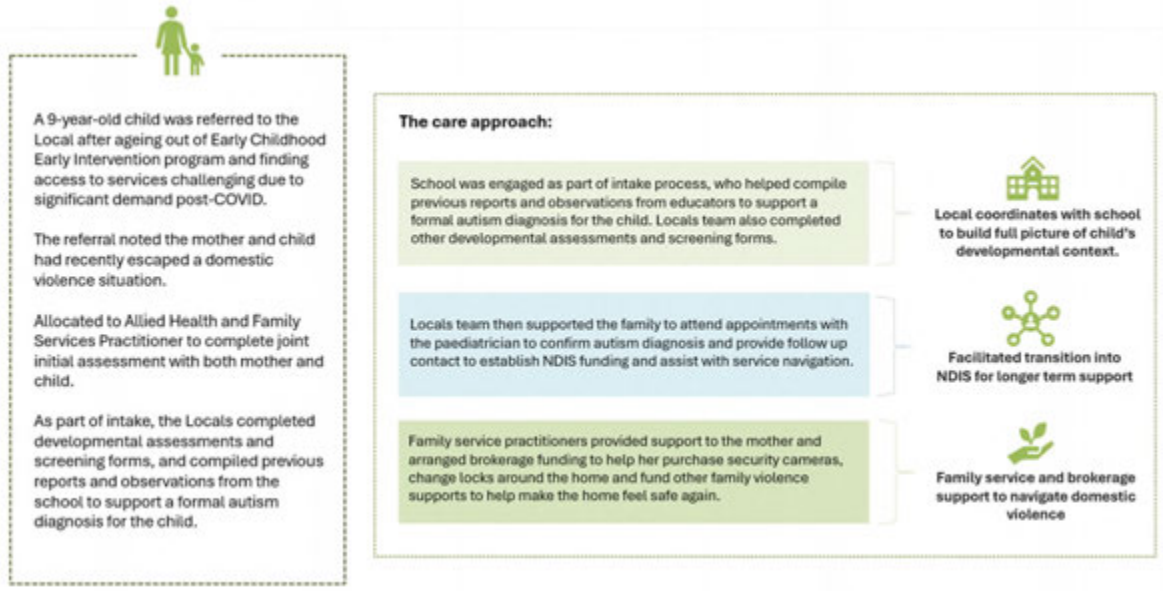
These examples highlight the flexibility of the department's approach in tailoring services to local contexts through strong partnerships. By leveraging consortia and subcontracted specialists, Adult Locals are well placed to provide high-quality, person-centred support to the communities that they support. Based on early insights shared by providers, the approach is already showing positive benefits for consumers of Adult Locals.

Three new Children's Health and Wellbeing Locals (Children's Locals) opened in December 2023. The Children's Locals support children aged zero to 11 years of age who may be experiencing developmental, emotional, relational and behavioural challenges, while also providing support to their families and carers. Children's Locals are estimated to be able to support 400 families per year, per local. In 2023-24, approximately 45,000 total service hours delivered across the state, with most children and families accessing multidisciplinary care. A significant proportion of children and families seeking support from Children's Locals have experiences of family violence, trauma, poor access to health care, a parent or carer with a mental health condition, or live away from their parents due to child protection involvement.

The case study below demonstrates how Children's Locals deliver an integrated model of community-based health and social care for children and families. In this example the family is supported with system navigation and collaborative care across health, education, family and NDIS services.

Case study 3: Child Locals integrated care approach

The case study below demonstrates how the Children's Local deliver integrated model of community-based health and social care for children and families. In this example the family is supported with system navigation and collaborative care across health, education, family and NDIS services.



Case study 4: Embedding lived experience at every level

Victoria is working towards supporting a system that embeds lived experience at every level. At the service level, Adult Locals service providers are embedding lived and living experience from the outset, including through co-design of physical spaces, the model of care, governance, community engagement and workforce. Adult Locals have recruited lived experience, bicultural and Aboriginal support workers whose role is to provide peer support, to assist families to navigate and connect into services; help families understand what to expect through the service; and to share their own experiences using the system. Having peer workers as the first point of contact has been successful in making people feel welcomed and confident to use the service. Staff perceived that consumers appreciate including peer workers throughout the care journey in that it supports them to exercise choice and control in their care journey.

At a system planning level, the Victorian Department of Health is committed to embedding lived and living experiences and co-design practices in the implementation of Adult Locals with consumers, carers, families, kin and supporters wherever possible. The department hosts a Lived and Living Experience Advisory Hub that works in partnership to provide advice on commissioning, evaluation, planning and design, establishment, accommodation design and fit out, and service provider performance oversight.

Key areas of improvement

The experience of implementing the new Adult and Children's Locals has shown that establishing new service streams can present greater challenges and uncertainties compared with building upon existing service platforms. Implementation of these services has occurred within a wide-ranging and ambitious state-based reform agenda, while other key national mental health and wellbeing system enablers are being developed. The barriers to implementation outlined below reflect challenges seen across the whole mental health and wellbeing service system.

Workforce

Recruitment difficulties and workforce gaps are key challenges for service providers in establishing Adult Locals, as they are across the broader mental health system. Key workforce gaps include mental health and alcohol and other drugs clinicians, peer support workers and psychiatrists. Recruitment and retention are particularly challenging in rural and regional areas, where systemic factors such as housing availability and affordability, access to education and childcare, and job prospects for family members can affect the ability to attract prospective employees. Vacancy rates also remain higher for specific disciplines, including psychology and occupational therapy, due to significant cross-market competition from the private sector and NDIS. Poor retention, compounded by delays in recruitment, places additional pressure on remaining workers that, in turn, drives even higher rates of turnover.

As the Productivity Commission noted in their 2020 Mental Health Inquiry Report, responsibility for managing increasing mental health service demand is falling ever more to general practitioners (GPs). GPs must continue to play an important role in managing community mental health concerns. Under the bilateral agreement, the Commonwealth has undertaken to work with relevant professional colleges to ensure specialised training and support for GPs, especially rural GPs, to enhance their capacity to address mental health concerns. The Commonwealth is also progressing relevant GP reforms through other reviews, agreements and strategies. Victoria welcomes these efforts from the Commonwealth to continue to strengthen and reform service approaches, as a strong primary care sector will support community-based ambulatory services to target an appropriate level of care in the stepped care system approach.

Infrastructure/site planning

Further challenges have been experienced in identifying suitable buildings and managing the physical limitations for service sites. This required the use of temporary locations to support consumers while permanent sites were set up and fitted out. The timeframes for lease negotiations and fit-out completion were additional barriers to implementation reported by stakeholders.

Service integration

Due to the pace and complexity of large-scale reform in Victoria impacting mental health systems and services, the capacity and capability to implement new initiatives has also meant progress towards integration of the new services in the community with other existing parts in a stepped care approach has been slower than expected. While Locals services are filling an accessibility gap for people who are unable to afford mental health services, it also takes time to build trust with consumers and the community, particularly where stigmatisation around seeking mental health support is common. A careful balance needs to be struck in commissioning new service providers, between a process that is competitive, rigorous and fair, but also efficient and supportive of local partnerships and collaborations.

The above challenges impact on the ability for a service, especially a new service, to deliver a multidisciplinary team approach, where wellbeing staff, lived and living experience staff and

clinicians are able to effectively collaborate and coordinate to meet the needs of consumers with seamless, holistic support and care. A more gradual approach to rolling out services funded through the Bilateral Schedule would allow more time to manage the workforce pipeline and to incorporate lessons from rollout evaluations into plans for the next stage of new services. This approach will help to ensure the rollout of services integrates with the existing parts of the system.

The next National Agreement presents a valuable opportunity to strength integration and collaboration between Commonwealth-funded Medicare Mental Health Centres and state-funded Adult Locals, particularly as there will be an increase in the number of permanent Medicare Mental Health Centres in Victoria. While these models are fundamentally similar, they differ in scale and presentation. Aligning the services more closely, including access and demand management between services, would support a more consistent consumer experience across Victoria. A coordinated, multidisciplinary approach will be essential to delivering seamless, holistic care for the whole Victorian community.

Recommendations

1. Focus on strengthening and embedding community-based ambulatory services as a core component of an integrated stepped care system that supports:
    - adults to access integrated mental health and wellbeing services
    - children to access multidisciplinary services on a wellbeing continuum, with or without a diagnosis.
2. Support a genuine and fair funding partnership in areas of shared responsibility.
3. Incorporate a focus on how to leverage Commonwealth Government policy settings or national approaches to resolve workforce challenges, particularly and rural and regional areas.

Better system integration through partnerships and collaborations

A key principle of the National Agreement is for governments to work together to reduce system fragmentation, gaps and duplication (cl. 20.c) to the lay the foundations needed to achieve landmark mental health and suicide prevention reform. We are still early in the national reform journey, so efforts to close these gaps and create clear pathways have not yet fully matured. Sustained and successful system integration requires better partnerships and collaboration at a policy and planning level. Early work has also been undertaken to integrate such reforms across portfolios to ‘facilitate a whole-of-system approach that draws together mental health and suicide prevention services and other services delivered by government outside of the health system’ (cl.20m). Children’s mental health is a clear example where this cohort’s wellbeing does not sit wholly within the responsibility of a single government portfolio and where a dedicated focus on taking an integrated cross-portfolio approach to this cohort should be a focus of the next National Agreement. An important step towards better system integration in this space is establishing harmonisation of ages within and across jurisdictions for infant, child and youth mental health services.

What has been working well?

The National Agreement has been a useful framework to support meaningful partnerships, collaboration and coordination between jurisdictions. Key enabling frameworks and the establishment of an authorising environment has driven progress on a number of systemic issues.

This has been most successful in areas with specific actions supported by joint working groups to implement the work program:

- *The National Mental Health Workforce Strategy* (cl.27j) by the Health Workforce Taskforce and Mental Health Workforce Working Group. This strategy sets out a 10-year plan to implement practical changes to grow, upskill and support the workforce. Governance structures authorised through the National Agreement have facilitated work under the strategy to progress and provide a platform for cross-jurisdictional collaboration on workforce challenges.
- *The National Mental Health and Suicide Prevention Evaluation Framework* (cl.27 e) and Sharing Guidelines. The collaborative development, endorsement and publication of this work through the Mental Health and Suicide Prevention Senior Officials Group will improve the quality and consistency of mental health and suicide prevention evaluations. This sharing of evidence will contribute to enhanced policy and program delivery and efficacy over time.
- *The Analysis of unmet need for psychosocial supports outside of the National Disability Insurance Scheme* (cl. 128) supported by the Psychosocial Project Group. Estimating the extent of the unmet need and identifying priority cohorts will support future arrangements, including roles and responsibilities for a national plan for psychosocial supports.

The National Agreement and Victoria's associated Bilateral Schedule have been pivotal in facilitating and strengthening effective partnerships and collaboration between governments and with Primary Health Networks (PHNs) – particularly in suicide prevention and response. A key example is the greater collaboration that is occurring in the design and delivery of suicide prevention and response initiatives in each state and territories' bilateral schedules and more broadly across suicide prevention and response systems. Jurisdictions are regularly in contact (both through formal meetings and informally) to test approaches and share information. This is leading to a more coordinated and integrated national approach. See case study on the next page.

Case study 5: Local and national collaboration in action.

Victorian Suicide Prevention Service and System Analysis (VSPSA) project

The VSPSA project was a collaboration between the six Victorian PHNs and the Victorian Suicide Prevention and Response Office (SPARO) located in the Victorian Department of Health, facilitated by the National Agreement and Bilateral Schedule's focus on working towards integrated approaches to planning and commissioning.

From January to October 2024, the project developed a register of suicide prevention and response services and undertook a quantitative needs analysis to create an in-depth view of Victoria's suicide prevention and response system and highlight integration opportunities to improve system efficiency and effectiveness.

The collaborative project strengthened partnerships between SPARO and PHNs, contributed to a shared view of priorities, and continues to support joint planning between SPARO and PHNs in suicide prevention and response efforts.

The Distress Brief Support (DBS) initiative

The DBS program is a community-based (non-clinical) approach that offers compassionate support to people in distress at a designated community engagement point and, if desired, provides connection to a short-term support team for person-centred and practical support for up to three weeks.

A national DBS steering group, co-chaired by Victoria and the Commonwealth, was established as a collaborative space for the initial planning phase and has since evolved into a national advisory group and community of practice that includes all states and territories participating in the program trial, their service providers and relevant PHNs. Through the steering group, participating jurisdictions developed national guidelines and a model for DBS and now the advisory group is working to develop the national DBS minimum data set and an information sharing process.

The collaborative approach to developing and implementing the DBS program trial exemplifies what can be achieved at a national level when there is a a strong emphasis on shared governance, inclusive participation and willingness to exchange knowledge and experiences. For example, through the national advisory group, the New South Wales project team shared their approach to evaluating the readiness of local organisations to act as community engagement points. The Victorian project team will now be able to use this same methodology to identify appropriate community engagement points for the Victorian DBS trial, creating a consistent approach across trial sites and reducing duplication of effort.

Key areas of improvement

Strengthening cross-portfolio integration

Schedule A of the National Agreement outlines a whole-of-government approach to improving mental health and preventing suicide across systems. It identifies priority areas of education, work environments, homelessness, alcohol and other drugs, financial counselling, family, domestic and sexual violence, including sexual harassment, child maltreatment, and justice with a focus on the priority groups (cl. 11).

Action so far has focused on information exchange and supporting connections to existing work across portfolios that could support the objectives of Schedule A. As identified in the 2022-23

National Agreement annual national progress summary, there is a need for this work to be translated into collective cross-portfolio action to drive tangible change and improved outcomes. Recognising the complexities of working across-portfolios, the next National Agreement should do this in a targeted way.

Victoria would welcome a dedicated schedule in the next National Agreement to address the co-occurrence of problematic alcohol and other drugs use and mental ill-health. This aligns with the integrated care approach envisioned by the Royal Commission's recommendations.

Children's mental health and wellbeing as a national priority

Demand for Victoria's mental health and wellbeing system is estimated to increase. Modelling undertaken as part of the development of our Statewide Mental Health and Wellbeing Service and Capital Plan 2024–2037 suggests that the greatest proportionate increase in estimated need is in community-based treatment, care and support. Within this scenario, the cohorts estimated to have the greatest service need are older adults and young people, who currently access care at a much lower proportional rates within the current service system.

To meaningfully address the projected demand on Victorian mental health services, a concentrated and coordinated focus on children aged 0-12 is recommended as a priority in the next National Agreement. This work must take a whole-of-government approach and be informed by the 2023 National Children's Mental Health and Wellbeing Strategy. This alignment would also support integration and action within sectors and across sectors including health, education, justice, disability and social services.

With shared responsibility for different age groups both within and across jurisdictions there is benefit in considering how a coordinated system can better support:

- developmentally appropriate transitions for infants, children and young people
- care, support and involvement of families, carers and supporters that promotes good mental health and wellbeing for future generations and reduces future demand for mental health and wellbeing services
- early intervention delivered as soon as mental health and wellbeing challenges emerge.

A focus on children provides the best opportunity for prevention and early intervention to reduce long-term impacts of poor mental health. Fifty per cent of all adult mental health issues emerge before the age of 14. Evidence also indicates that the first 2000 days of life are a critical period for the establishment of good mental health. Interventions during this time can result in significant improvement to children's early life experiences, health and development.

As the National Children's Mental Health and Wellbeing Strategy makes clear, the economic value of supporting mental health during childhood is well established. It is significantly more expensive to treat mental illness in adolescence and adulthood than it is to promote mental health and wellbeing to children, and, if needed, intervene early.

Psychosocial supports outside the NDIS

It is essential that the development of future psychosocial support arrangements outside of the NDIS are prioritised and considered closely during the development of the next National Agreement. Governments must ensure that arrangements and policy changes are aligned and developed in parallel with the establishment of the foundational supports system being managed through National Cabinet processes. Possible misalignment or duplication across the disability and mental health systems needs to be balanced with addressing the significant unmet need of priority cohorts.

Integrating equity throughout the whole system

Data shows that Aboriginal communities, LGBTQIA+ communities, culturally diverse communities and people with disability experience mental health challenges and suicidal behaviour at higher rates than the general population. The way in which an individual's circumstances and characteristics intersect with societal attitudes, systems and structures can have a significant impact on mental health. People from marginalised communities are therefore more likely to face systemic barriers to accessing care that can further impact their experiences of the mental health system, due to systemic racism, exclusion and a lack of cultural safety.

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Members of priority populations also have particular strengths, knowledges and experiences that can be successfully incorporated into integrated models of care. To deliver better mental health outcomes for all Australians, service planning and design must embed diversity, equity and intersectionality. There needs to be a shift in how we go about planning, designing and implementing reforms in a way which:

- supports Aboriginal Community Controlled Health Organisations to deliver services and respects the right to Aboriginal self-determination
- prioritises the role and expertise of people with lived experience
- supports and develops cultural competence in the workforce
- takes an intersectional approach, recognising the impact that multiple and intersecting forms of inequality and inequity have on individual and community mental health
- embeds intersectionality into the workforce through training and hiring a diverse workforce.

Aboriginal and Torres Strait Islander self-determination and cultural safety across all parts of the system

Aboriginal and Torres Strait Islander peoples' self-determination and cultural safety are central to the success of holistic social and emotional wellbeing services, mental health services and in suicide prevention efforts.

Self-determination gives the decision-making power to Aboriginal and Torres Strait Islander peoples. Aboriginal and Torres Strait Islander peoples are best placed to understand and respond to issues that affect their lives. In a self-determined health and mental health system Aboriginal and Torres Strait Islander peoples have genuine decision-making power and meaningful control. Rather than merely being 'engaged' or 'consulted' as 'advisors' or 'co-designers' of services and policies, Aboriginal and Torres Strait Islander peoples are authorised and empowered to own, direct and make strategic decisions.

A culturally safe and racism-free mental health system is one in which Aboriginal and Torres Strait Isander peoples feel safe, where there is no challenge or need for the denial of their identity, where there is no wrong door to care and where needs are met. Lack of culturally safe health services, concerns about racism and other fears are significant barriers to accessing essential preventative and mental health care services. Discrimination and racism are significant health and mental health risk factors and impact upon an individual's health and wellbeing. A high number of Aboriginal and Torres Strait Islander peoples continue to experience discrimination, racism, and unconscious bias in health and mental health services.

It is important Aboriginal and Torres Strait Islander peoples' social and emotional wellbeing is recognised, valued and integrated across all parts of the health and mental health system. Aboriginal and Torres Strait Islander models for social and emotional wellbeing provide a strength-based approach to mental health through the interconnected relationship between the social and emotional wellbeing of individuals, families and communities, shaped by connection to the body, mind and emotions, family kinship, community, culture, land and spirituality.

The latest Closing the Gap update demonstrated that social and emotional wellbeing targets are not on track and suicide rates of Aboriginal and Torres Strait Islander people have increased (Productivity Commission, 2025).

The next National Agreement must commit parties to work in genuine partnership with Aboriginal and Torres Strait Islander communities to embed self-determination and to ensure progress on the physical, emotional, social and spiritual health and wellbeing of Aboriginal and Torres Strait Islander peoples. This includes through supporting Aboriginal Community Controlled Health Services, but also requiring more specialist services to be culturally safe.

Regional planning and commissioning

Planning, navigation and integration are shared responsibilities across state and Commonwealth-funded services, requiring input from all service providers. Strengthened collaboration, through coordinated service design and mapping, and a continued commitment to future joint regional planning and co-commissioning opportunities are needed to further support system integration and address the needs of the 'missing middle'. In Victoria, the Royal Commission recommended mental health and wellbeing services be planned and organised in a way that responded to the unique needs of local communities. Over time, and as the regional planning process matures, these plans will integrate with other regionally based approaches to planning, such as the work of PHNs and recently established Local Health Service Networks (LHSNs).

Improving regional planning and commissioning approaches is being pursued through multiple channels, including the implementation of Victoria's Royal Commission findings, the Health Services Plan as well as reform objectives under the National Health Reform Agreement. Consideration of intersections and sequencing of this work is necessary to ensure a coordinated, joint approach across needs assessment, service design, prioritisation and commissioning.

Integration is as much a cultural change as it is a system change. It requires a willingness from all stakeholders to establish ways of working which take time to embed and mature. Due to the pace and complexity of large-scale reform in Victoria which is impacting health services, their capacity and capability to implement new initiatives has meant that there has been variable progress to implement the proposed plan towards integration across all elements of the sector. Working towards realising the successes in suicide prevention in other service areas i.e. child and youth mental health services should be a high priority for the next National Agreement.

Recommendations

4. Governments must reaffirm their commitment to move towards a unified mental health and suicide prevention system, which includes an integrated approach towards system planning including harmonisation of ages within and across jurisdictions for infant, child and youth mental health services.
5. Cross-portfolio integration should continue to be consolidated and incentivised through the next National Agreement, with a particular priority focus on children and young people and psychosocial supports outside of the NDIS.

6. Governments, in partnership with Aboriginal Community Controlled Health Organisations, must commit to Aboriginal and Torres Strait Islander peoples' right to practice self-determination and prioritise cultural safety across all parts of the mental health system, with social and emotional wellbeing to be an explicit focus of the next National Agreement. This needs to include requirements for more specialist services to also take real action to ensure they provided culturally safe services.

Governance and framing of the National Agreement

Strong national leadership, governance and accountability mechanisms are required to respond to and resolve the complexities of reforming the Australian mental health and suicide prevention system. The National Agreement and associated governance arrangements provide a platform for cross-jurisdictional collaboration on shared challenges and opportunities to address policy challenges where jurisdictions do not hold the sole policy levers to influence outcomes.

Equally important is how the objectives and national priorities under the National Agreement are framed, and how this framing contributes to productive dialogue and action regarding mental health and suicide prevention action at the national level. The broad principle of 'equity' must be front and centre of the next National Agreement, and core to the design of all mental health services delivered under it.

What has been working well?

The National Agreement has worked well to dedicate focus on national action and to ensure attention remains on a critical issue that affects a large portion of the population. The principles, objectives, and roles and responsibilities outlined in the National Agreement remain relevant. The next five years of the National Agreement must be focussed on consolidating progress to date, through working to embed best practice more consistently across the service system. This can be supported by strategic use of the national governance architecture and more dedicated resourcing to the national effort alongside bilateral implementation approaches.

Health Ministers and Mental Health Ministers maintain collective responsibility for the National Agreement and provide a forum for strategic priority setting and resolution of issues if required. In August 2024 Health Ministers and Mental Health Ministers agreed to meet biannually to provide a regular forum to discuss sector and reform priorities, including progress against the National Agreement. This is welcomed as an opportunity to drive work on national priorities, shape national dialogue on mental health and suicide prevention, and to keep parties to the National Agreement accountable for high priority outcomes and deliverables.

Participation of lived and living experience and Aboriginal and Torres Strait Islander representatives in MHSPSO has been a welcome first step to ensure collaborative action on the National Agreement remains focussed on addressing system inequities and to embed culturally safe, person-centred care multidisciplinary care from all levels.

Key areas of improvement

There are opportunities to improve how the elements of governance explored above operate together to make sure we are strategically harnessing effort in line with objectives of the National Agreement.

Roles and responsibilities

The National Agreement states that Health Ministers and relevant Mental Health Ministers 'collectively maintain responsibility for this Agreement and provide a forum for resolution of issues as required' (cl. 52a). However, the role of ministers in driving work under the National Agreement has not always been clear, which also risks a loss of momentum on joint action. There is value in stronger ministerial oversight via regular joint meetings between Health Ministers and Mental Health Ministers. These meetings must be directed at an agreed national work program to ensure resources are strategically deployed to best effect, and to ensure joint meetings remain actions focussed and not merely a roundtable of ideas.

Independent reviews of national agreements are valuable, and Victoria supports a review conducted by an independent third party being embedded into all future National Agreements. Victoria also suggests ministers are provided the option to recommend additional reviews or programs of work as a mechanism to evaluate and assess significant emerging risks, such as changes to operating contexts.

Reporting and accountability

Given the National Agreement is broadly a principles-based arrangement which is neither legally binding nor supported by dedicated funding, the approach taken to implementation of outputs has been managed and pursued differently to outputs funded through bilateral schedules. Without resources or funding to support national capacity building and drive cohesive progress of the National Agreement, strong governance structures and national leadership are critical to drive accountability.

The next National Agreement must also have dedicated focus on accountability by ensuring reporting requirements are met. To support this focus, a national implementation plan is recommended to allow oversight of national priority deliverables. This could be supported by joint implementation plans in areas of shared responsibility.

In the context of a busy reform program at the jurisdictional level, consideration should also be given to whether those national priority actions should be appropriately resourced to ensure timely and cohesive delivery. The Commonwealth also has a role in driving national programs of work.

Embedding Aboriginal and Torres Strait Islander and lived and living experience leadership into governance structures

To strengthen Aboriginal and Torres Strait Islander and lived and living experience representation in governance of the National Agreement, the Victorian Department of Health encourages the Productivity Commission to suggest concrete ways to ensure Aboriginal and Torres Strait Islander representatives and lived and living experience representatives can be better supported to meaningfully participate in governance of the National Agreement. More broadly, the review should consider whether current National Agreement governance mechanisms adequately support the commitment to recognise and enable leadership of Aboriginal and Torres Strait Islander peoples and those with lived and living experience. The National Agreement must respect and uphold Aboriginal self-determination by ensuring its governance structures are fit for this purpose.

Aligning national action across portfolios

The National Agreement requires governments to ensure alignment with the National Agreement on Closing the Gap (cl. 110b), the National Aboriginal and Torres Strait Islander Suicide Prevention Strategy, and the National Strategic Framework for Aboriginal and Torres Strait Islander Peoples Mental Health and Social and Emotional Wellbeing. The National Agreement also needs to acknowledge, and as far as possible, align with other significant recent reviews and strategies, including the National Children's Mental Health and Wellbeing Strategy and the NDIS Review. However, without a targeted national priority workplan, it is unclear whether governments are connecting the different streams work and avoiding duplication of effort.

Recommendations

7. Designate clear accountability in the National Agreement for driving national priority work to Health Ministers and Mental Health Ministers, with agreement to and oversight of a national implementation plan for the delivery of priority actions via regular joint meetings. To ensure timely and cohesive delivery of priority actions, the Commonwealth should establish

appropriate resourcing of priority actions to be managed through the National Agreement's governance arrangements.

8. Provide ministers the option to recommend additional reviews or programs of work as a mechanism to evaluate and assess significant emerging risks, such as changes to operating contexts.
9. That the Productivity Commission explore ways in which Aboriginal and Torres Strait Islander representatives and lived and living experience representatives can be supported to meaningfully participate and lead in the governance structures of the National Agreement, including through the development of a national implementation plans so they are involved in all stages of planning, implementation and evaluation.

Conclusion

The Victorian Government welcomes the Productivity Commission's forthcoming findings and recommendations on the effectiveness of programs and services delivered under the National Agreement in its final report, including the way governments have worked to achieve shared objectives. The Victorian Government is committed to working collaboratively to build and strengthen a mental health, wellbeing and suicide prevention system that ensures all people are supported to live full and contributing lives.

As providers, funders and managers of services at different levels of the mental health and suicide prevention system, the states and territories each have varying and localised reforms underway, some of which sit outside the National Agreement. Recognition of each jurisdiction's context and reform priorities is important for identifying where there are gaps or gains. Indeed, the ongoing implementation of state-based reforms will need to be factored in for future agreements, and how the commitments from a national agreement can work in partnership with state-based reforms. National joint effort should also be focussed where there is a clear rationale for collective action that achieves mutually supporting benefits that could not be realised otherwise.

Appendix: Interim Report Information Requests

Information Request	Victorian response
4.1 Additional schedule: co-occurrence of alcohol and other drug (AOD) and mental ill-health	Victoria supports the inclusion of a dedicated schedule in the next National Agreement to address the co-occurrence of problematic AOD use and mental ill-health. This aligns with the prevention, early intervention, and integrated care priorities in Victoria. Co-occurring conditions are prevalent and complex, often requiring coordinated responses across service systems. A dedicated schedule would provide a structured mechanism to support joint planning and service integration across jurisdictions.
4.2 Genuine participation of people with lived and living experience (LLE) in governance	Victoria supports strengthening the genuine participation of people with LLE in governance. While progress has been made, systemic barriers continue to limit meaningful engagement, particularly for priority populations. **Barriers identified:** • Power imbalances and lack of confidence among LLE representatives. • Cultural and linguistic barriers, especially for Aboriginal and refugee communities. • Mistrust of government and perceptions of cultural safety. • Practical constraints such as transport, childcare, and digital access. **Enablers:** • Development of a skills matrix to select representatives with a diversity of experiences inclusive of consumer and carer LLE representatives and considering designated positions. • Use of culturally safe facilitators and alternative engagement methods. • Provision of practical supports (e.g., transport, childcare). • Establishment of a Charter of Commitment to guide inclusive governance practices. • Creation of separate LLE advisory groups to provide input in safe, supported environments. • Training for governance members on emergent thinking and power-sharing practices. • Mentoring and capacity-building for LLE representatives. In Victoria, the Interim Regional Bodies (IRBs) trialled models to elevate LLE voices in local governance, recommending tools such

	as collaboration maturity models and regular feedback mechanisms.
4.3 Public reporting on agreement's progress	Transparent reporting is essential for accountability and public trust, but must be designed to ensure value and usability. **Recommendations:** • Metrics should be determined after planning for the next National Agreement is complete to ensure alignment with activities and timeframes. • Existing data collections should be leveraged where possible to reduce reporting burden. • Metrics must be meaningful, attributable to the National Agreement's implementation, and accompanied by caveats to account for jurisdictional differences.
4.4 Integrating peer workers in clinical settings	Victoria strongly supports the integration of peer workers in clinical mental health and suicide prevention settings. Embedding lived and living experience workforces enhances consumer outcomes, supports recovery-oriented practice, and strengthens system responsiveness. **'Peer First, Peer Last' model:** • In Victoria's Adult Locals, the "Peer First, Peer Last" model has been successfully implemented to integrate peer workers, individuals with lived experience, throughout the consumer care journey. • Peer workers act as the first point of contact, creating a welcoming and relatable environment that encourages engagement, especially for those hesitant to speak with clinicians. Their ongoing involvement supports consumer choice and control, with clinicians noting their impact: "Peer workers have been very instrumental… advocating around medication review, all those things that otherwise they would not have done by themselves." • While multidisciplinary collaboration between clinical staff and the lived experience workforce has improved over time, challenges remain around role clarity and support for peer workers. • Evaluations have found that although the value of peer work is upheld across disciplines, LEW staff often feel less supported and experienced in traditional health service environments. This highlights the need for continued investment in training and integration strategies. • Victoria's experience demonstrates that embedding peer workers across the care continuum enhances consumer outcomes and offers a replicable model for other

	organisations aiming to integrate lived experience into mental health and suicide prevention services.