Mental Health Victoria

Delivering quality care more efficiently

Submission to the Productivity Commission – October 2025

About Mental Health Victoria

Mental Health Victoria (MHV) is the independent peak body for mental health and wellbeing, working with a purpose to ensure every Victorian has access to the enablers of positive mental health and wellbeing.

MHV Associates (member organisations) represent the breadth of the mental health and wellbeing sector. This includes mental health service providers from the public health, private and non-government sector, community health, and allied sector organisations.

MHV brings together the voices of the mental health and wellbeing sector and community to engage and provide input into matters of public policy that shape Victoria's mental health system and outcomes.

Find out more at www.mhvic.org.au

Mental Health Victoria acknowledges the Wurundjeri people as the Traditional Owners of the lands on which we work and pay our respects to their Elders, past and present. We acknowledge the Traditional Owners of all the lands across what is now known as Victoria, and recognise the rich history, unbroken culture, and ongoing connection of Aboriginal and Torres Strait Islander people to Country.

We acknowledge that this land always was and always will be Aboriginal and Torres Strait Islander land, and that sovereignty has never been ceded.

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Mental Health Victoria Ltd (ABN 79 174 342 927) is a public company limited by guarantee.
Our registered office is located at 6/136 Exhibition Street, Melbourne 3000.

Overview of this submission

Mental Health Victoria (MHV) welcomes the opportunity to contribute to the Productivity Commission's review *Delivering quality care more efficiently*[i].

This submission complements recommendations previously made in response to the *Interim Report of the* National Mental Health and Suicide Prevention [ii] Agreement *(NMHSPA)*, and the Review of Primary Health Network Business Model & Mental Health Flexible Funding Model[iii].

To inform the recommendations in this submission MHV draws upon evidence-based insights from Associates (members) and stakeholders, independent research, and policy analysis.

In preparing this submission, MHV acknowledges the Australian Government's commitment to delivering high-quality, efficient health care that responds to Australians changing needs. MHV welcomes the inquiry's focus on understanding how system fragmentation and siloing affect quality and efficiency, and its search for opportunities to reduce these barriers through cross-sectoral and inter-governmental collaboration. MHV members have identified these barriers, and in the recent submission to the *Interim Report of the NMHSPA* MHV made the following recommendations relevant to this current inquiry*:*

- *Priority completion and release of the National Stigma and Discrimination Reduction Strategy and the detailed National Guidelines on Regional Planning and Commissioning no later than the end of 2025.*
- *The next NMHSPA be released alongside a set of companion outcome measures and an implementation plan detailing reporting and governance arrangements that ensure transparency and accountability.*
- *The NMHSPA establishes a framework for ensuring prevention and early intervention initiatives are implemented and sustained to maturity.*
- *The National Mental Health Commission undertakes a comprehensive review of the organisation of the national mental health governance and service delivery model and relationship between the Commonwealth and States.*

Overall, MHV broadly supports the recommendations made by the Productivity Commission in this current inquiry:

- *Reform of quality and safety regulations to support a more cohesive care economy*
- *Embed collaborative commissioning to increase the integration of care services.*
- *A national framework to support government investment in prevention.*

The recommendations within this submission are intended to build on those above and provide further mental health specific policy advice and potential solutions where MHV has identified opportunities for improvement.

Recommendations summary

Reform of quality and safety regulations to support a more cohesive care economy

1.1 MHV recommends the Productivity Commission broaden their recommendation for the Australian Government to pursue greater alignment in quality and safety regulation of the care economy to improve efficiency and outcomes for care users, to include community managed and clinical mental health providers (on top of aged care, NDIS and veterans' care sectors).

Embed collaborative commissioning to increase the integration of care services

2.1 Local partnerships designed to collaboratively plan, procure, and evaluate services addressing local needs must include mental health system and service perspectives.

2.2 The National Mental Health Commission lead a comprehensive review of Commonwealth and state mental health governance to better articulate strategic and service delivery accountabilities.

A national framework to support government investment in prevention

3.1 Establishment of protected minimum funding periods for investments in prevention activities to ensure programs are sustained for sufficient periods to reach full maturity and achieve longitudinal impact.

3.2 The National Mental Health Commission should lead a coordinated assessment of prevention and early intervention initiatives across Australia to identify where investment is most likely to improve mental health outcomes, and ensure these insights are integrated not just into mental health strategy and policy, but applicable for application across all public policy domains.

Recommendations

1. Reform of quality and safety regulations to support a more cohesive care economy.

MHV supports the recommendations made by the Productivity Commission to harmonise accreditation standards under one regulator. However, MHV recommends broadening the scope of the recommendation to ensure the needs of non-government mental health providers are adequately understood and benefitted by any proposed change.

Fragmentation of process is a driver of regulatory burden that has a disproportionate impact on Non-Government Organisations (NGO) where multiple regulatory authorities impose different compliance and quality standards.

In Victoria for example, services may be required to comply with, among others, standards such as the National Safety and Quality Mental Health Standards for Community Managed Organisations[iv], National Safety and Quality Health Service Standards[v], the Quality Improvement Council Health and Community Services Standards[vi], ISO 9001 (the globally recognised standard for quality management) [vii], and the Victorian Social Services Standards [viii]. While these frameworks each reinforce high standards of quality in governance, risk, consumer participation, continuous improvement, and rights-based care, they also require administration of standalone processes that don't recognise overlap and duplication.

In practice, services are insufficiently resourced to meet the administrative requirements to demonstrate the maintenance of these standards through disparate processes, with the diversion of resources from service delivery to compliance activities, an efficiency risk[ix]. MHV member organisation, Better Health Network, report costs of approximately $200,000 annually to meet regulatory obligations[x]. In the tertiary health system, the costs of accreditation have been estimated to represent between .03% - .60% of total hospital operating costs, with smaller services experiencing higher cost and administrative burden[xi].

Recommendation

1.1 MHV recommends the Productivity Commission broaden their recommendation for the Australian Government to pursue greater alignment in quality and safety regulation of the care economy to improve efficiency and outcomes for care users, to include community managed and clinical mental health providers (on top of aged care, NDIS and veterans' care sectors).

2. Embed collaborative commissioning to increase the integration of care services.

MHV supports the Productivity Commission's recommendations but encourages recognition of the mental health system in local collaborative partnerships as unique. The National Mental Health Commission is well placed to review Commonwealth and state mental health governance and service delivery models and make recommendations about a contemporary stratification of responsibilities.

Commonwealth, state, and territory governments share responsibility for planning, funding, service delivery, and governance of the mental health system. Despite a high proportion of service users accessing care pathways that engage both funding streams, the systems remain stubbornly disparate.

Victoria's Royal Commission into Mental Health highlighted the divide between state-funded specialist care and Commonwealth-funded primary care, noting that the missing middle (people deemed too complex for primary care but not yet eligible for specialist state services) often fall through gaps in service provision[xii]. This divide creates inequity that rural and regional Australians feel more acutely[xiii].

The *National Health Reform Agreement 2020-2025* recommended improvements to cooperation and coordination in planning and delivering health services. However, the mid-point review identified that the agreement had not met its ambition and called for reinvigorated collaboration between key agencies[xiv].

While innovation and reform across all jurisdictions is welcome, the absence of a contemporary and fit for purpose framing of the delegation of responsibility within the federated system has created duplication, overlap, and unnecessary complexity. For example, the implementation of community based mental health services designed to target the 'missing middle' in Victoria has been complicated by parallel and poorly coordinated Commonwealth (Medicare Mental Health and Wellbeing Centres) and state (Mental Health and Wellbeing Locals) activities. A recalibration is required to ensure jurisdictions are not working at cross purposes.

Recommendations

2.1 Local partnerships designed to collaboratively plan, procure, and evaluate services addressing local needs must include mental health system and service perspectives.

2.2 The National Mental Health Commission lead a comprehensive review of Commonwealth and state mental health governance to better articulate strategic and service delivery accountabilities.

3. A national framework to support government investment in prevention.

MHV supports the Productivity Commission's recommendations and provides further mental health specific context for consideration.

The need for greater investment in prevention and early intervention is broadly accepted and not in dispute[xv]. However, despite this recognition (including by the Productivity Commission in its inquiry into Mental Health[xvi]) investment continues to be poorly coordinated and sustained[xvii].

MHV sector consultations have identified a lack of sustained commitment and long-term investment in prevention and early intervention as a growing concern. Initiatives frequently lose funding before reaching maturity, perpetuating a cycle of missed opportunities to reduce the impact and severity of mental illness. Three factors drive this issue:

- To achieve and demonstrate impact, prevention and early intervention initiatives require sustained investment over periods of time that exceed the review sequence driven by budgetary and election cycles.
- The levers for prevention and early intervention in mental health are dispersed and require cross-portfolio and whole-of-government commitment that can be difficult to sustain.
- Prevention of mental illness is multifactorial and grounded in a range of social determinant interventions that despite being broadly accepted are undermined by the challenge of demonstrating causal impact.

To address this, prevention and early intervention investments require protected minimum periods to reach maturity and demonstrate longitudinal impact. In parallel, all public policy should be assessed for compatibility with the prevention of mental ill health.

Recommendations

3.1 Establishment of protected minimum funding periods for investments in prevention activities to ensure programs are sustained for sufficient periods to reach full maturity and achieve longitudinal impact.

3.2 The National Mental Health Commission should lead a coordinated assessment of prevention and early intervention initiatives across Australia to identify where investment is most likely to improve mental health outcomes, and ensure these insights are integrated not just into mental health strategy and policy, but applicable for application across all public policy domains.

Conclusion

Mental Health Victoria support the Productivity Commission's recommendations to deliver quality care more efficiently through regulatory reform, collaborative commissioning, and prevention investment. The inclusion of mental health-specific considerations in these reforms is essential to achieving the intended system-wide improvements.

Regulatory fragmentation, governance complexity, and insufficient prevention investment create unique challenges for the mental health system and the community. The recommendations in this submission seek to address these barriers and strengthen the reform agenda.

Get in touch

MHV thank you for the opportunity to contribute to this consultation and welcome any opportunity to explore these themes further: mhvic@mhvic.org.au

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[i] Productivity Commission, Delivery care more efficiently – Interim Report.
[ii] MHV, FINAL July Submission - NMHSPA.pdf, 2025
[iii] MHV, Submission_to_the_DoHAC_Review_of_Primary_Health_Networks.pdf, 2025
[iv] Australian Commission on Safety and Quality in Healthcare, National Safety and Quality Mental Health Standards for Community Managed Organisations | Australian Commission on Safety and Quality in Health Care
[v]Australian Commission on Safety and Quality in Healthcare, The NSQHS Standards | Australian Commission on Safety and Quality in Health Care
[vi] Quality Innovation Performance, QIC Standards | QIP accreditation
[vii] International Organisation for Standardisation, ISO 9001:2015 - Quality management systems — Requirements
[viii] Victorian Government, About the Social Services Standards | vic.gov.au
[ix] VCOSS, Submission on Draft Regulations and Regulatory Impact Statement for Social Services.
[x] Productivity Commission, Delivery care more efficiently – Interim Report, pp.12 -13.
[xi] Mumford et al, (2015) Counting the costs of accreditation in acute care : an activity-based costing approach
[xii] Royal Commission into Victoria's Mental Health System, Final Report: Volume 1 – A new approach to mental health and wellbeing in Victoria, 2021.
[xiii] National Rural Health Alliance, Building a healthier future for rural Australia, p. 8.
[xiv] Rosemary Huxtable AO PSM. Mid-Term Review of the National Health Reform Agreement Addendum 2020-2025, Final Report. 24 October 2023. Available at: https://www.health.gov.au/sites/default/files/2023-12/nhra-mid-term-review-final-report-october2023.pdf, p. 2.
[xv] Royal Commission into Victoria's Mental Health System, Final Report: Volume 1 – A new approach to mental health and wellbeing in Victoria, 2021.
[xvi] Productivity Commission, Inquiry Report into Mental Health, June 2020.
[xvii] Beyond Blue: Submission to Productivity Commission's Mental Health and Suicide Prevention Agreement Review, March 2025.