Mental Health Victoria's

Submission to Productivity Commission

Review of the National Mental Health and Suicide Prevention Agreement

About Mental Health Victoria

Mental Health Victoria (MHV) is the peak body for mental health and wellbeing, dedicated to fostering collaboration with the aim of ensuring every Victorian has access to the enablers of positive mental health and wellbeing. MHV Associates (member organisations) form a diverse and dynamic network representing 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 regularly 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.

MHV acknowledges the Wurundjeri people as the Traditional Owners of the lands on which we work. We pay our respects to their Elders, past and present, and Aboriginal Elders of other communities across Victoria and Australia. We recognise the rich history, unbroken culture, and ongoing connection of Aboriginal and Torres Strait Islander people to country, and that sovereignty was never, and has never been ceded.

We also acknowledge all those that we know, meet, and work alongside, who are living with, or who have lived with, the experience of mental health vulnerability. We thank them for sharing their knowledge and expertise, recognising that their voices are vital to improving and strengthening the mental health system.

Mental Health Victoria Ltd is registered with the Australian Charities and Not-for-profits Commission (ACNC) as a Public Benevolent Institution (PBI).

The Australian Taxation Office (ATO) has endorsed the company as an Income Tax Exempt Charity. As a result, it receives income and certain other tax concessions, along with exemptions consistent with its status as a PBI which relate to Goods and Services and Fringe Benefits taxes. Mental Health Victoria is also endorsed by the ATO as a Deductible Gift Recipient (DGR).

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Our registered office is located at 6/136 Exhibition Street, Melbourne 3000.

Overview of this submission

Mental Health Victoria (MHV) is pleased to provide this submission to the Productivity Commission's review of the National Mental Health and Suicide Prevention Agreement (NMHSPA). MHV is a member-based peak body that represents mental health organisations (known as Associates) from the public health, private and non-government sector, community health, and allied sector organisations in Victoria. The opportunity to make a submission to the Productivity Commission's review on behalf of the Victorian sector is critically important as the expiration of the NMHSPA aproaches. MHV makes this submission as part of a series of written advice to both the Productivity Commission and Government to inform considerations of the next iteration of the National Agreement. MHV also notes that many of the recommendations from the Productivity Commission's 2020 Inquiry remain unimplemented, and hope that governments take greater consideration of findings in this review.

MHV Associates met to discuss the terms of reference of the Productivity Commissions inquiry, with a particular focus on the strengths and weaknesses of the NMHSPA, and extent to which it allows for innovation. This submission outlines the key themes that arose from that discussion, many of which have been reflected across Associate insights and feedback in policy consultations and discussions not only in the last twelve months, but over several years. It is disappointing that the themes in this submission mirror and reflect past MHV and the wider sector advice provided for similar inquiries or consultations. These concerns and opportunities for reform continue to be relevant today, and it is MHV's hope that governments take greater consideration of the Productivity Commission's recommendation and act on the collective sector insights in order to achieve better mental health and wellbeing outcomes.

The perspectives of MHV Associates regarding the NMHSPA can be broadly categorised by the following themes, which are explained further throughout this submission:

1. The breadth of the NMHSPA makes it difficult to work towards shared outcomes.
2. The NMHSPA is a reasonable starting point, but many improvements are required, particularly a clearer implementation direction to realise outcomes.
3. Commissioning processes and funding models under, and related to, the NMHSPA, remain problematic, duplicative and unnecessarily complex.
4. The NMHSPA doesn't allow flexibility and is weak on early prevention and intervention.
5. The NMHSPA could better build cross-portfolio innovation and integrate with state-based reform.

1. Working towards shared outcomes

The Productivity Commission is seeking to understand the effectiveness of reforms to achieve the objectives and outcomes of the NMHSPA. MHV Associates would argue that it has not been effective, because while there is reform occurring across the country, it is not clear whether this is driven by the NMHSPA or by other mechanisms and processes. One Associate described the content of the NMHSPA as "*agreeing to agree, rather than anything concrete*." In many ways, this is because the breadth of the NMHSPA makes it difficult to work together across all levels of government, and the sector, towards shared outcomes.

The NMHSPA includes positive overarching statements, which MHV Associates are broadly supportive of, however its objectives are too vague, making it difficult to determine how far governments and the sector have collectively moved the dial in the pursuit of these statements. For example, the NMHSPA identifies outcomes, but not outcomes measures, which hinders the ability for meaningful and consistent tracking of the NMHSPA's impact across the country. Without a common understanding, outcomes can be interpreted (or even worse, manipulated) in different ways by different users of the Agreement, to suit a particular narrative.

The recommendations in MHV's submission to the Productivity Commission in 2019 (available here) remain current today. It focused on the need for clear governance and responsibility, and enhanced data and reporting systems. For example, MHV urged the Productivity Commission to investigate the following:

> *"**Critically reassess the structural responsibilities across levels of government (governance: who does what and how is accountability for achieving population level outcomes ensured).** This should include consideration of where the planning and 'management' of the mental health service system should lie and the potential for Mental Health Commissions at State and Commonwealth level to oversee management performance against targets and stated intended population outcomes. The role of primary health networks, government departments and regional or area service agencies should also be critically examined.*
>
> ***Identify the data and reporting systems required for reliable and consistent planning and monitoring of the 'mental health system' across Australia.** The collection of data presently is mostly activity based and retrospective; it does not support sound planning and monitoring of performance. A key aspect of data collection needs to be national data on the mental health and suicidality status of the population which could be achieved through replications of the ABS National Mental Health and Wellbeing Survey. National agreement and data collection on broader measures of wellbeing across the Australian population would also be desirable to shift the monitoring of performance of mental health programs and services towards measuring their impact on population level outcomes."*

MHV also agrees with Mental Health Australia's position that a strength of the NMHSPA has been the re-introduction of interjurisdictional mental health ministers' meetings and other intergovernmental governance structures. However, there is an opportunity to better integrate sector, consumer and carer perspectives in the governance arrangements of the next NMHSPA.

Overall, MHV would argue that the current reporting and governance arrangements for the NMHSPA are not effective in terms of outcomes tracking. It is also not apparent to the sector how the NMHSPA genuinely influences new government policies and investment. For example,

the 2025/2026 Commonwealth Budget released in March 2025 was largely absent on funding for mental health and suicide prevention, suggesting that the NMHSPA was not influential in directing new investment. Ultimately, MHV recommends that the next NMHSPA must set clearer outcomes and outputs and strengthen commitments to reporting to enable better accountability.

2. Setting a shared implementation direction to realise outcomes

Beyond the significant work required to enhance governance and to better identify and monitor shared outcomes, the next NMHSPA also requires a clearer roadmap for implementation that outlines how all parts of the system will work together to realise the desired outcomes.

At present, MHV Associates describe the NMHSPA as a strategy without implementation, and while it doesn't need to be 'thrown in the bin' and re-commenced from scratch, serious improvements are required to ensure the next Agreement does not simply sit on a shelf. One suggestion to enable the NMHSPA to be implemented more effectively is to include a theory of change that articulates a clear understanding of the systemic change processes required to achieve shared outcomes, rather than just list agreed activity between parties.

MHV Associates note that one of the strengths of the NMHSPA is the use of timelines and agreement on key initiatives between governments through the Bilateral Agreements. In theory, this allows the sector to prepare for service commissioning processes under the NMHSPA and can help keep different levels of government accountable to the delivery of certain initiatives. However, in practice, there have been significant delays from the time of government funding announcements to funds flowing to providers and service delivery commencing, with no recourse available to speed up these processes.

There is an opportunity in the next Agreement to clarify the roles and responsibilities of all levels of government, as well as regional entities and service providers, to deliver services and supports that work towards better outcomes.

3. Address inefficient and complex commissioning processes

MHV is consistently advocating at both state and Commonwealth levels to reform funding and commissioning processes. Existing processes introduce unnecessary complexity, duplication and inefficiency – shaving costs at every stage before ultimately getting to the service provider. Unsurprisingly, Associates consider that the NMHSPA funding processes do not enable mental health services to effectively respond to current and emerging priorities.

MHV Associates express concerns with how services are funded under, and related to, the NMHSPA. At present, the non-government sector must piece together tiny buckets of funding to provide a comprehensive service for consumers. MHV Associates note that the short-term and uncertain funding cycles make it difficult for services to plan, to retain staff, and to deliver continuity of care for consumers. As one Associate emphasised, "*we need a system appropriate response to use funding mechanisms accordingly.*" Interestingly, this is entirely consistent with the advice provided by MHV to the Productivity Commission in 2019:

> ***"Establish realistic funding models and funding distribution mechanisms to achieve intended population mental health outcomes – to support major increases in the levels of funding and efficiency in mechanisms for allocation****. Mechanisms through which the net increase in funding for mental health need to be identified if there is to be*

appropriate levels of change in population mental health and the associated economic and social participation levels being sought. The existing funding arrangements create fragmentation and complications to the operation of mental health services in an integrated manner. Yet, it is clear that consumer needs require a mix of services, and that this mix may shift with circumstance and episodes of mental ill health. Consideration should be given to bulk funding and package funding that draws together strings of Commonwealth, state and other funding sources. Longer term funding guarantees should be given."

A large amount of funding under the NMHSPA is disseminated by Primary Health Networks (PHNs). MHV Associates support the principle of allowing flexibility to support local needs, underpinning the logic behind PHNs. However, MHV Associates repeatedly report that PHNs are inconsistent in how they apply funding guidelines and award funding contracts. MHV urges the Productivity Commission to consider the findings and sector consultations undertaken by the Department of Health and Aged Care for its recent review into the PHN Business Model and Mental Health Flexible Funding Model, as directly relevant to the terms of this inquiry. On behalf of the Victorian sector, MHV advocated in its January 2025 submission (available here) that:

- PHN objectives and activities need to be realigned to focus on the role of PHNs as a steward between national interests and local needs.
- PHN governance be streamlined to prevent substantial inconsistencies that impact service delivery
- The PHN Program adopt funding reform opportunities which allow for more flexible contracts focused on outcomes rather than outputs
- The PHN Program fund programs for a minimum of three to five years to provide program certainty and continuity of service delivery and staffing
- PHNs provide greater transparency on commissioning decisions as well as education and clarity to service providers on the opportunities available under the Mental Health Flexible Funding Stream.

There is an opportunity for the next NMHSPA to articulate best practice commissioning principles and seek commitments from all levels of government to funding and procurement reform to address these perpetual, ongoing inefficiencies.

4. Prioritise and invest in early prevention & intervention

MHV Associates report that under the NMHSPA and related policies, there has not been enough investment in evidence-based, early prevention and intervention service models or community care. MHV acknowledges that the Productivity Commission's 2020 Inquiry recommended prevention as a priority reform to the mental health system, although this has not been adequately addressed by governments. There is extensive evidence to demonstrate the long-term benefits of early prevention and intervention, which requires a whole-of-government approach to achieve success. However, this does not align with Australia's short-term election cycles which drive funding and policy direction.

Mental health conditions are not inevitable, and there is now considerable scientific evidence that shows many conditions are preventable. There is also good evidence showing that the prevention of mental health conditions is cost-effective and can produce savings. In 2019, to inform the Productivity Commission's mental health review, MHV was a signatory to a joint

submission (available here) led by VicHealth with a coalition of leading experts in prevention of mental health conditions, promoting mental wellbeing and improving physical health. This submission made a series of recommendations about the need to reinstate prevention as a core priority in national mental health plans, and to implement this through '*a progressive funding increase for the prevention of mental health conditions over the next 5-10 years that brings it in line with public health funding for health promotion and illness prevention'.*

On a related point, while MHV Associates were broadly supportive with the intent of public hospitals moving towards activity-based funding models, there are strong concerns with the proposed model that governments are considering. The proposed model focuses heavily on individual work and does not cover community-based work, despite the overwhelming evidence that prevention work is best done with communities. Proceeding in this way would be a missed opportunity for alternative approaches to funding, that goes against informed best practice.

5. Innovative services require flexibility

Despite the NMHSPA's breadth, MHV Associates do not consider the NMHSPA to be sufficiently flexible and have reported barriers to implementing innovative service models under the NMHSPA. MHV Associates note two systemic challenges that hinder flexibility and innovation:

1. There is a lack of coordinated or centralised capacity to share and capture innovation that is working well (research, pilots) across the sector.
2. Where innovative models are communicated, there is inconsistent access to funding or other resources to implement that model in other services or regions.

It is therefore apparent that the next NMHSPA should focus on collaboration and knowledge-sharing to adopt best practice nationwide and achieve efficiencies so that more funding goes to the delivery of services, rather than duplicative administration for already endorsed programs. Oftentimes MHV Associates report being denied funding by one PHN to implement successful models that were already funded by another PHN. This inconsistency in funding could be addressed if PHN objectives and activities were realigned to focus on the role of PHNs as a steward between national interests and local needs, allowing service providers the opportunity to showcase innovative solutions.

MHV Associates have also reported that the NMHSPA is restrictive due to its assumption that consumers are static and the expectation that a person will only require one type of service. In practice, consumers transfer from types and modes of support all the time (online/digital/acute/community settings/etc.) and this should be supported, not prohibited.

6. Better cross-portfolio and interjurisdictional integration of reform

The NMHSPA could be more effective in integrating with cross-portfolio strategies and interjurisdictional mental health policy reforms.

MHV Associates note that despite some exceptions, the NMHSPA does not align with the Victorian reform that is underway in response to the Royal Commission into Victoria's Mental Health System (RCVMHS). The RCVMHS delivered an interim report in November 2019, and a final report in March 2021, with the Victorian Government committing to implement every

recommendation in full. The Victorian bilateral agreement recognizes the RCVMHS and articulates some agreements between government in relation to flagship reforms – such as implementing Medicare Mental Health Centres as Local Mental Health and Wellbeing Services in Victoria. However, the substance of the NMHSPA in some ways contradicts with the intent of Victorian reform, making it difficult for Victorian service providers seeking to align funding requests to strategies from both levels of government.

MHV considers there are opportunities to bring together related reform processes currently underway across the country through this review and re-negotiation of the next NMHSPA. Currently, there is significant reform required in response to the NDIS Review, the development of Foundational Supports outside the NDIS, as well as a plan to respond to the *Analysis of Unmet Need for Psychosocial Supports.* MHV has advocated in each of these policy processes, and it is very apparent that the work is not being considered in a coordinated manner, which risks further fragmentation of mental health and wellbeing care.

For example, the NDIS Review recommended establishing a system of foundational supports outside the NDIS and specifically recommended that General Foundational Supports prioritise psychosocial supports. However, the work being undertaken by the Department of Social Services is deliberately delaying consideration of psychosocial supports as it considers these to be separate to general foundational supports. MHV's Submission to this inquiry (available here) outlines the mental health sector in Victoria's concern with this approach, and reiterates the importance of considering psychosocial supports with foundational supports or risk further fragmentation.

Further, governments are yet to respond to the Unmet Needs Analysis in the form of a plan to address the existing unmet need for psychosocial supports, which exists before any changes to NDIS eligibility take place. Currently, 480,000 people across Australia are missing out on psychosocial supports. It is vital that the next NMHSPA address this troubling statistic, through meaningful reform to the delivery of both short- and long-term psychosocial supports for people with low or intensive needs. The next Agreement must incorporate a plan for how governments will deliver a comprehensive suite of psychosocial supports to address this unmet need and anticipated increased demand.

Summary of consultation process

MHV considers the final review of the NMHSPA and the anticipate re-negotiation of a future Agreement to be significant for the mental health and wellbeing sector in Victoria. Given the NMHSPA touches on so many components of the mental health system, MHV is taking an ongoing approach to consulting with Associates and the sector.

MHV hosted an Associate only discussion forum to discuss the strengths and weaknesses of the NMHSPA, as well as the extent to which it allows for flexibility and innovation, and the information in this submission primarily reflects those insights. It also builds on discussions MHV has with Associates on a regular basis about their experience of service delivery and funding.

MHV intends to make a second submission following release of the Productivity Commission's draft report and will advocate to all levels of government on behalf of MHV Associates and the sector in the renegotiation of a future NMHSPA.

Get in touch

MHV thank you for the opportunity to contribute to this consultation and welcome any opportunity to explore these themes further.

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