



**COMMUNITY MENTAL HEALTH AUSTRALIA**  
**BUDGET SUBMISSION**

**Enhancing Psychosocial Support outside the NDIS**

The following proposal contributes to three Commonwealth Government policy objectives:

1. Maintain and enhance Australia's social and health programs
2. The need for an increase participation rate in the labour market
3. Managing future Commonwealth income to expenditure ratios

**Background:**

*Productivity Commission Report into Mental Health:* In its recent 2020 Inquiry into Mental Health<sup>1</sup> the Productivity Commissions Recommendation 17 was for an enhanced Psychosocial Support Program for people living with significant psychosocial support issues as a consequence of mental illness and who (a) would not be eligible for the NDIS and (b) are not currently receiving support from other programs. The Productivity Commission estimates this number as 154,000 people.

*NDIS Sustainability Report:* The recently released NDIA (National Disability Insurance Agency) Financial Report<sup>2</sup> has provided forward projections based on existing trends on the likely increase in the number of future NDIS participants (including those with a psychosocial disability) and of anticipated annual packages and average annual expenditure per participant up to the year 2030.

There were 466,619 active participants in the Scheme as at 30 June 2021. This is estimated to increase to 670,400 participants by 30 June 2025 and 859,300 participants by 30 June 2030. The two drivers in the growth in the number of participants are:

- the rate of new entrants into the Scheme, which has not slowed
- the rate at which participants exit the scheme, which has been lower than expected.

These projections are significantly higher than the number of participants estimated by the Productivity Commission in 2017. In 2029-30 the number of participants is estimated to be 47% higher than estimated in the 2017 Productivity Commission Study report<sup>3</sup>.

For people with a psychosocial disability the Productivity Commissions projection was that the numbers would plateau out at 64,000 (at which point it was anticipated that new entrants would roughly equal those exiting the scheme). While slow to start (for a variety of

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<sup>1</sup> Final PC Report – Inquiry Into Mental Health, 2002

<sup>2</sup> NDIA Annual Sustainability Report 2021

<sup>3</sup> Even these projections do not take into account the growing pressure to maintain NDIS participation for 64+

reasons)<sup>4</sup> psychosocial disability has over the past few years increased significantly. As of June 30, 2021 (last figures available) there are approximately 50,475 participants with primary psychosocial disability in the scheme. The revised projections are that there will be 65,835 participants with a primary psychosocial disability in the Scheme by 30 June 2024, and 88,180 by 30 June 2030.

That is, by 2030 the greater than anticipated numbers (as forecast in the original Productivity Commission projections and current Commonwealth budget forward estimates) of participants with primary psychosocial disability in the NDIS will be 24,180.

For all NDIS participants combining the information on the projected number and projected average payment per participant, results in total participant costs of \$29.2 billion in 2021-22, \$41.4 billion in 2024-25, and \$59.3 billion in 2029-30 (on an accrual basis).

These projected participant costs are higher than the most recent 2021-22 Portfolio Budget Statements and the 2021 Intergenerational Report projection which is based on the 2021-22 PBS in the short-term.

Participant costs - accrual basis (\$m)	2021-22	2022-23	2023-24	2024-25	2029-30
2017 Productivity Commission report	25,158	26,740	28,351	30,555	40,915
less operating costs	-1,450	-1,503	-1,511	-2,054	-2,784
<b>2017 Productivity Commission participant costs</b>	<b>23,708</b>	<b>25,238</b>	<b>26,839</b>	<b>28,500</b>	<b>38,130</b>
<b>Baseline projected participant costs (accrual basis)</b>	<b>29,223</b>	<b>33,886</b>	<b>37,973</b>	<b>41,373</b>	<b>59,284</b>
<b>Difference</b>	<b>5,515</b>	<b>8,649</b>	<b>11,133</b>	<b>12,872</b>	<b>21,154</b>

The current average NDIS psychosocial disability support package is \$77,000 and the average anticipated length of participation in the scheme is 42 years (i.e. anticipated per participant lifetime package of \$3,234,000 + CPI etc)<sup>5</sup>. For purposes of calculation on a 10-year period this would be \$770,000. If this is multiplied by the above projection of an additional 24,180 participants (above current budget forecasts, this 10 year figure is \$18,618,600,000 (or approx. **an additional \$1.86B per annum**) in current dollars.

Final Note: The NDIS It is a wonderful program (albeit still on a trajectory of development) and except for a few comparable programs in some Nordic countries, it is the envy of the world. Entry into the NDIS is greatly desired because the level of support outside of it is sparse and largely inadequate (see Productivity Commission Report). This is particularly so for people living with severe and persistent mental illness and associated psychosocial issues. Thus the NDIS is known in the field as the **“oasis in desert”**.

<sup>4</sup> See: *Commonwealth Mental Health Programs Monitoring Project Tracking transitions of people from PIR, PHaMs and D2DL into the NDIS (Community Mental Health Australia, 2019)*

<sup>5</sup> The NDIS is by definition a program for people living with permanent lifelong disability. This is its strength, but also as has been discussed in several forums, there is particularly for people living with mental illness an inbuilt perverse incentive in that in order guarantee ongoing support (and not have that support be reduced or be exited from the scheme) the implicit “looping effect” (see Looping effects and the expanding concept of mental disorder- Haslam, 2016) create a barrier to significant recovery as could and should occur for many following a period of well-resourced psychosocial rehabilitation.

## Proposal

A well-designed<sup>6</sup> and suitably resourced national Psychosocial Program would serve two main purposes:

- It would meet the significant unmet needs of that group of highly disadvantaged people described in detail in the Productivity Commission Report, with all their associated benefits to family and carers, local communities and society at large.
- It would provide a viable and suitable alternative to the NDIS<sup>7</sup> for a number of people in a scheme that was constructed from the ground to seek recovery outcomes and which is sufficiently resourced to make these a reality<sup>8</sup>.

**For the purpose of illustration and comparison only** three further proposals are explored here that relate to the possible costs, oversight and goals of the proposed program.

COST: A financial model of a Psychosocial Program of sufficient scale is set out in Appendix 1. This model makes the following assumptions:

1. The number of entrants to the new PSP scheme assumes a graduated entry as the scheme proceeds (Row 3). The total 10-year number being 150,000 participants.
2. While there may be no strict categories of division in the program between high, medium and low support clients, these levels are provided in order to account for the large range in varying levels of support that different people may need
3. While some people may shift from a lower to a higher level of support each year<sup>9</sup> it is assumed that the majority will gradually shift from higher to lower and the number provided for shifting already takes into account the movement both ways.
4. An hourly cost scenario is explored here but it assumes that this program will be primarily be a Grant Based program (based on numbers to be assisted x level of need) not a price per hour transactional program

NOTE this in the attached model the total cost over a 10-year period providing supports to 150,000 people is \$8,194,418,768 (average \$819M per annum). Compare this to the above cited total 10-year cost of an additional 24,180 NDIS participants (above existing forecasts) of \$18,618,600,000. **This would be a 10-year saving of \$10,424,181,232 and assist an additional 125,820 people.**

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<sup>6</sup> This would require the application of best practice in co-design involving all stakeholders as well as being a scheme that must be constructed from the ground up to be locally flexible and to enable full local ownership.

<sup>7</sup> It might be thought that an alternative way to slow the upward trend of NDIS participation might be to put in place more stringent initial eligibility assessment progresses. There are several reasons, not the least of which are significant human rights breaches, why this tactic would be very unlikely to occur and if so would be extremely unpopular and politically very costly.

<sup>8</sup> The learnings now available from the development of the NDIS Psychosocial Recovery Framework, the record of the previous Commonwealth Programs such as Partners in Recovery and the Personal Helpers and Mentors programs and the evaluation of the current Psychosocial Support Program being run through Primary Health Networks and the learning from the review of the Disability Employment Program provide excellent information upon which a more outcome effective program could be built.

<sup>9</sup> While this model does allow for the existing of people from this program it is presumed that most people will eventually shift to a lower level of support that allows the program to maintain at least some degree of permanent contact with people with have an episodic disability.

OVERSIGHT: It is proposed the new psychosocial support program is managed by the Department of Social Services<sup>10</sup>. This provides two key advantages:

- DSS also manages the NDIS allowing for closer inter-program coordination
- The focus of DSS is more on the “Social Determinants”

OUTCOMES FOCUS: The new program should be designed with the proposed outcomes as the key design principle. It is proposed a central outcome for this program be increased participation in the meaningful activity with a major focus upon increased participation in the labour market.

**Very Importantly** this does not mean employment outcomes being the goal of this program (though of course this may occur), employment outcomes are the goals of alternative programs like the Disability Employment Services. Increased participation means just that individual capacity has been developed such that if the person then wished to engage in employment they would be more ready and able to do so.

Having this focus would have three key advantages:

1. Many other recovery outcomes in terms of individual capacity building are given greater meaning in how they align with that goal
2. The program itself sets the expectation of this aspiration being taken seriously
3. Increasing the participation rate of people with disabilities in the labour market has been and is a key goal from the human rights perspective and in terms of Australia’s economic wellbeing of the c

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<sup>10</sup> To stress again it will be essential that any such program is built from the ground up to be locally adaptable and to ensure local ownership with lived experience central to the programs design, management & delivery.



N.B Change cells in Purple		Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Totals
		Proportions											
Total Scheme new entrants		100%	20,000	20,000	25,000	20,000	15,000	10,000	10,000	10,000	10,000	10,000	150,000
New entrants starting at	High	70%	14,000	14,000	17,500	14,000	10,500	7,000	7,000	7,000	7,000	7,000	105,000
	Medium	20%	4,000	4,000	5,000	4,000	3,000	2,000	2,000	2,000	2,000	2,000	30,000
	Low	10%	2,000	2,000	2,500	2,000	1,500	1,000	1,000	1,000	1,000	1,000	15,000
High Support	No. at start of year (new + carried forward)		14,000	18,200	22,960	20,888	16,766	12,030	10,609	10,183	10,055	10,016	145,707
	Exit high for medium during year	50%	7,000	9,100	11,480	10,444	8,383	6,015	5,304	5,091	5,027	5,008	72,854
	Exit whole scheme from high during year	20%	2,800	3,640	4,592	4,178	3,353	2,406	2,122	2,037	2,011	2,003	29,141
	Number at end of year		4,200	5,460	6,888	6,266	5,030	3,609	3,183	3,055	3,016	3,005	
Medium Support	No. at start of year (new + carried forward)		4,000	13,100	8,930	6,679	5,004	3,501	3,050	2,915	2,875	2,862	52,916
	Exit medium for low during year	50%	2,000	6,550	4,465	3,340	2,502	1,751	1,525	1,458	1,437	1,431	26,458
	Exit scheme from medium during year	20%	800	2,620	1,786	1,336	1,001	700	610	583	575	572	10,583
	Number at end of year		1,200	3,930	2,679	2,004	1,501	1,050	915	875	862	853	
Low Support	No. at start of year (new + carried forward)		2,000	3,600	5,380	6,304	6,543	6,235	5,988	5,790	5,632	5,506	52,977
	Exit low (i.e. scheme) during year	20%	400	720	1,076	1,261	1,309	1,247	1,198	1,158	1,126	1,101	10,595
	Number at end of year		1,600	2,880	4,304	5,043	5,235	4,988	4,790	4,632	4,506	4,405	42,382
	Total PSP Yearly Case Load		20,000	34,900	37,270	33,871	28,313	21,766	19,647	18,888	18,561	18,384	
		Total Exit	4,000	6,980	7,454	6,774	5,663	4,353	3,929	3,778	3,712	3,677	50,320

  

Average hours of support per week		Average hours support per year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
High	10	520	4,732,000	6,151,600	7,760,480	7,060,144	5,667,043	4,066,113	3,585,834	3,441,750	3,398,525	3,385,558	49,249,047
Medium	2	104	416,000	1,362,400	928,720	694,616	520,385	364,115	317,235	303,170	298,951	297,685	5,503,278
Low	0.5	26	52,000	93,600	139,880	163,904	170,123	162,099	155,679	150,543	146,434	143,148	1,377,410
Total			5,200,000	7,607,600	8,829,080	7,918,664	6,357,551	4,592,327	4,058,747	3,895,464	3,843,911	3,826,390	56,129,734

  

CPI per year =		3%																				
Cost per	\$	130	\$	134	\$	138	\$	142	\$	146	\$	151	\$	155	\$	160	\$	165	\$	170		
Total Cost	\$	676,000,000	\$	1,018,657,640	\$	1,217,680,226	\$	1,124,881,934	\$	930,212,385	\$	692,089,526	\$	630,026,360	\$	622,820,759	\$	633,015,628	\$	649,034,309	\$	8,194,418,768
	\$	33,800	\$	29,188	\$	32,672	\$	33,211	\$	32,854	\$	31,797	\$	32,067	\$	32,975	\$	34,104	\$	35,303		

  

Provider Budget		Per \$ hour	
Front line worker Face to Face	\$	50	3,380.00
Front Line worker Admin, Prep, Arranging contacts, Supervision, Training, Travel etc.	\$	50	
All associated HR costs (Leave, Training etc)	\$	10	
Management & Admin	\$	10	
All other Infrastructure	\$	10	
Total Hourly Cost	\$	130	

  

	Total Schem	Total Cost
2024	20,000	\$ 676,000,000
2025	20,000	\$ 1,018,657,640
2026	25,000	\$ 1,217,680,226
2027	20,000	\$ 1,124,881,934
2028	15,000	\$ 930,212,385
2029	10,000	\$ 692,089,526
2030	10,000	\$ 630,026,360
2031	10,000	\$ 622,820,759
2032	10,000	\$ 633,015,628
2033	10,000	\$ 649,034,309
<b>Total</b>	<b>150,000</b>	<b>\$ 8,194,418,768</b>

  

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