



# **Productivity Commission Inquiry Report on Mental Health**

**Mental Health Victoria and the Victorian Healthcare  
Association's joint survey response**

February 2021

## Question 1.

*Of the recommendations made, which do you see as critical for the Government to address in the short term and why?*

Mental Health Victoria (MHV) and Victorian Healthcare Association (VHA) welcome this opportunity to provide feedback on the Productivity Commission's Final Report into Mental Health.

This report represents the culmination of one of the most comprehensive and significant national reviews of Australia's mental health system in history, based on extensive consultation across all relevant stakeholder groups. As a result, it presents a singularly comprehensive and holistic vision of reform which is vital to turning the fragmented, broken mental health system which we currently have into a cohesive, unified system that can provide for the mental health needs of all Australians. MHV and VHA strongly support the report, and the implementation of the recommendations made therein, except Actions 23.6 and 23.7 as outlined in our response to Question 6. We urge the Government to help unite the sector by committing its implementing in the next budgetary cycle.

Contained within the report's recommendations are clearly identified suggestions for prioritisation. The report begins with a summary of "Priority Reforms" (p3) and each recommendation is separated into "priority" and "additional" reforms. After such an extensive inquiry and consultation, we believe the Productivity Commission's recommendations for prioritisation represent the most well-informed evidence-based approach to prioritising reforms possible. The Productivity Commission's approach is our best chance to achieve holistic whole-of-system reform while maintaining support from diverse stakeholders across the sector. We therefore support the Productivity Commission's priorities in whole.

However, we acknowledge that implementing all priority recommendations at once poses significant economic and logistical challenges which themselves pose risks to the success and integrity of the reform project. To manage these challenges, a strategic approach to reform planning is required. Some reforms will require urgent implementation to meet pressing need while others may require slower implementation to allow for consultation and preparation to ensure they are implemented successfully; determining between these requires a strategic approach to planning.

While more recommendations on how to take such a strategic approach is included in response to later questions, urgent implementation may be suitable for:

- foundational infrastructure required to support other reforms – for example, governance arrangements and continuous improvement practices
- government strategies to address specific areas, such as those suggested in Recommendations 8, 9 and 22, around whole-of-government action, stigma reduction, and Aboriginal and Torres Strait Islander social and emotional wellbeing and suicide prevention
- strengthening national oversight through the National Mental Health Commission
- workforce development initiatives with long lead-in times to ensure that there is an adequately sized, distributed and supported workforce capable of delivering an expanded array of services as further reforms roll out.

It is important that these recommendations for urgent implementation do not take precedence over the need to develop a strategic plan to implement all recommendations. Further information about how to apply implementation science to mental health reform is contained in responses to Questions 3–5.

## Question 2.

*Of the recommendations made, which do you see as critical for the Government to address in the longer term and why?*

While mental health systems across Australia have many strengths upon which to build, fragmentation and regional variation prevent the system from providing the right care to those who need it when they need it.

The Productivity Commission has conducted one of the most comprehensive consultations and inquiries into national mental health reform that has ever occurred. The recommendations made present the most well-informed holistic vision for mental health reform that this country has seen since deinstitutionalisation.

We simply cannot fix a fragmented system through a fragmented approach to reform. Consolidation of the already fragmented mental health system requires a holistic vision of reform, one that the Productivity Commission has provided. In the long term, all of the Productivity Commission's recommendations must be implemented for its vision to be realised, except Actions 23.6 and 23.7 as outlined in our response to Question 6.

Broadly, MHV and VHA are concerned at the potential for certain recommendations to be selected out for long-term implementation. As the report notes, the Australian mental health system already suffers from significant fragmentation and regional variation. Selecting only some of the

reforms to implement poses risks to the initiatives themselves and to the overall success and integrity of much-needed national mental health reform. These risks include:

- the maintenance, reinforcement and widening of gaps and variations in service access and quality across regions and/or service areas, compromising access to care and placing undue pressure on other parts of the mental health system, as well as other systems such as social services, police and emergency services
- the creation of new or continuation/exacerbation of old system imbalances, resulting in pressure points and bottlenecks throughout the system, inadequate access to care provision for pockets of Australians, cost blow-outs and workforce burnout in service areas which end up with excessive loads, and the mismatching of workforce, system and population needs in other areas
- the generation and reinforcement of trauma as people experiencing mental health issues continue to face insurmountable obstacles to access the right care for them when they need it where they need it
- reinforcement of divisions within the mental health system, including across sectors, regions, workforces, population cohorts, and service areas, further reinforcing fragmentation of the system and compromising multidisciplinary care and continuity of care
- loss of support and faith from workers, people with mental health issues, carers, family members and friends, and the general public, whether in the mental health system itself, the reform process or ongoing government activities and commitment to mental health and wellbeing

At its worst, inadequate implementation of reform means that we will require a new inquiry, new vision and new set reforms over the coming decade to address the problems created or unsolved by the current opportunity. We therefore stress the importance of long-term implementation of all the Productivity Commission's recommendations to avoid these issues.

### Question 3.

*Of the critical recommendations identified in the previous questions, are there any significant implementation issues or costs you believe would need to be considered and addressed?*

MHV and VHA have recently co-authored a paper, [From Vision to Reality: A guide for the successful implementation of recommendations from the Royal Commission into Victoria's Mental Health System](#) (December 2020). Although written specifically to support the implementation of reforms pursuant to the recommendations of the Victorian Royal Commission, it contains a number of findings which are just as relevant for implementation of the Productivity Commission recommendations.

This Implementation Guide was prepared in broad consultation with Victoria's mental health sector. It draws on best-practice approaches to reform implementation from implementation science literature and extensive consultation with stakeholders from across the mental health and related sectors, as well as implementation experts. This consultation included people with lived experience, national and international leaders involved in major reform processes in mental health and other fields, MHV and VHA members, the Victorian Mental Health Policy Network, and other stakeholders.

Numerous implementation issues were noted as posing significant risks for large-scale reforms, including:

- inadequate governance structures overseeing reforms, resulting in the divergence and fragmentation of reform activities which threatened the success and integrity of the reform project as a whole
- inadequate planning leading to unforeseen consequences, including blow-outs in resource and timing needs, and worse outcomes for end users
- lack of adequate resourcing, especially for people on the ground, leading to insufficient/ineffective implementation
- inadequate communication of reform activities resulting in an increasing disconnect between governments driving reform from above and people implementing reform on the ground
- loss of support from stakeholders in reform process as problems are encountered but not addressed, reform activities are not communicated, and people excluded from feeding their observations and ideas into the process
- inadequate attention paid to ongoing monitoring and continuous improvement practices, leading to the ineffective implementation of reforms and the erosion of reform gains over time.

#### Question 4.

*Of the critical recommendations identified in the previous questions, are there any significant implementation issues or costs you believe would need to be considered and addressed?*

As gleaned from consultations and research in the preparation of MHV and VHA's co-authored paper, [From Vision to Reality: A guide for the successful implementation of recommendations from the Royal Commission into Victoria's Mental Health System](#) (December 2020), the success of large-scale reforms depends on a strategic approach to reform implementation.

Key barriers and the enablers through which they may be addressed are:

Barrier: Complexity and fragmentation of mental health system

Enabler: Commitment to comprehensive, holistic and whole-of-government vision for reform as articulated in the Productivity Commission's report

Barrier: Complexity and scale of reform tasks

Enabler: Oversight and coordination of reform process including through suitable governance arrangements that coordinate disparate activities while monitoring whether and how implementation activities are producing the desired outcomes, rather than whether tasks have been completed

Enabler: Phased approach to reform implementation allowing for adequate time in the planning stages to avoid divergence of reform activities and other unforeseen consequences

Barrier: Workforce gaps and maldistribution

Enabler: Urgent planning, resourcing and implementation of workforce initiatives including state and federal commitments to a shared workforce plan

Barrier: Cost impositions on organisations already experiencing financial pressures

Enabler: Financial, human and timing resources to support organisations to engage in planning and implementation processes, in addition to the resourcing of individual recommendations

Barrier: Potential for disagreement and/or loss of support from stakeholders

Enabler: Shared ownership of the process to maintains broad support and buy-in for the process among all stakeholders, including through capacity-building supports, open communication channels and genuine collaboration to empower organisations and communities to drive reform activities on the ground in line with government efforts to facilitate reform

Barrier: Entropy, leading to the eventual loss of reform momentum and consequent erosion of reform gains

Enabler: Sustained political commitment to long-term reform, including through collaboration and coordination with states and territories

Enabler: Fundamental embedding of monitoring and continuous improvement practices in ongoing system change to future-proof reform gains

## Question 5.

*Are there clear steps you believe need to be taken to ensure the recommendations are successfully implemented?*

MHV and VHA's [From Vision to Reality: A guide for the successful implementation of recommendations from the Royal Commission into Victoria's Mental Health System](#) (December 2020) outlines a series of clear steps to ensure large-scale reforms are implemented successfully and sustainably. Funding must be allocated in the next budgetary cycle to allow for these to occur.

While the guide contains 26 steps under 6 action areas. The 6 action areas are:

1. Establish strong governance to ensure oversight and coordination of reform activities
2. Plan for success to avoid unforeseen consequences
3. Enable authentic collaboration to ensure reforms are supported by expert in-put and cross-sector support
4. Coordinate strategic communications to ensure all stakeholders are kept abreast of reform developments that are relevant to them
5. Prioritise capacity-building to ensure people, organisations and communities are supported to drive implementation on the ground
6. Monitor and evaluate in a continuous improvement model needed to ensure reforms occur in a way that is reactive to changes/unforeseen consequences, and gains are future-proofed

Each action area contains concrete steps to take to ensure reforms and implemented successfully and sustainably. While many of these steps will be directly relevant to the national reforms at hand, some may need to be adapted. It is suggested that the Government first develop an Implementation Plan, based on the guide and other evidence as required, and tailored to the particular exigencies of this national reform project.

#### **Question 6.**

Are there clear steps you believe need to be taken to ensure the recommendations are successfully implemented?

MHV and VHA support the Productivity Commission's report as a singularly comprehensive and holistic vision of national reform. However, there are two actions which we do not support.

Firstly, MHV and VHA do not support allowing regional commissioning bodies to redirect hypothecated funding to alternative services under Action 23.6. Allowing hypothecated funds to be redirected to alternative services will result in further fragmentation of the service system, with some national services available in some regions and not others. This will provide a confusing message to the public and will be counterproductive to efforts to encourage help-seeking. However, we do support other recommendations to governance and funding arrangements outlined in Recommendation 22 which will provide greater oversight of PHNs to reduce regional variation in access and quality of care. Australians should have access to a set of universally available services, and while these should be tailored to local needs, their existence should not depend on local decision-making processes.

Secondly, MHV and VHA do not support extending activity-based funding to community ambulatory mental healthcare services under Action 23.7. This is a step backwards for consumers and prioritises perceived financial efficiency gains over quality of care. The broader funding models of community mental health services are largely block allocations that support mental health promotion and other essential activities which are not easily represented within activity-based classifications. Locally and internationally, moves are being made away from purely activity-based models to alternatives that incentivise outcomes such as value-based healthcare. Applying activity-based funding to community settings would therefore inhibit the provision of flexible, holistic and individualised care, and would undermine progress to

measure and incentivise improvements in quality of care. Our concerns are further outlined in our [Joint Submission to the Productivity Commission Draft Report into Mental Health](#).

A few further suggestions can be made to support implementation of the report's recommendations and fill remaining gaps in the Productivity Commission's report:

1. The Australian Government's trial of Adult Mental Health Centres should be fast-tracked, with a particular focus on the needs of Victoria, as a means of addressing the 'missing middle' gap between primary and specialist mental healthcare.
2. Linking of national reforms with other state and federal reform processes is required to avoid divergence of reform activities – this is particularly so in Victoria with regard to the recommendations of the Royal Commission into Mental Health, and the transitioning of the health system to a cluster model.
3. Efforts to improve access and use of technology among workers and services is required to capitalise on recommendations regarding digital services and platforms – this will require investment in infrastructure and training for workplaces and staff, along with monitoring and data collection to ensure communities are not disadvantaged due to service deficits in technological readiness.
4. Further attention to the social determinants of mental health (such as housing, financial wellbeing and social inclusion) would be beneficial to help stem the tide of rising mental health needs across Australian communities.