



Renewed Statement on Addressing Unmet Need for Psychosocial Support Outside the National Disability Insurance Scheme

October 2025

This Statement offers a clear pathway of action for governments to address the urgent unmet need for psychosocial supports. Mental Health Australia has developed this renewed Statement in consultation with our members, building on an original Statement released in November 2024.ⁱ

The problem: a system gap

Analysis for governments shows there are 230,500 people experiencing severe mental illness and a further 263,100 experiencing moderate mental illness in Australia who need psychosocial supportsⁱⁱ but don't have access to them.ⁱⁱⁱ Not only is this a huge cost to the health and wellbeing of people experiencing mental illness, and their family, carers and kin, it is also a missed opportunity for the development of this core component of a well-functioning mental health system which reduces pressure on more costly interventions like hospitalisation.

The solution

Mental Health Australia recommends:

- The Australian Government allocates funding through the 2025 Mid-Year Economic and Fiscal Outlook (MYEFO) process to a temporary **psychosocial uplift pool** to support an initial expansion of psychosocial supports (including supports for family, carers and kin), contingent on state and territory governments matching funding in their following budget processes.
- State and Territory Governments invest in their 2026-27 Budget processes to the temporary psychosocial uplift pool to match the investment allocated by the Australian Government.
- As a part of development of the next **National Mental Health and Suicide Prevention Agreement** ('the National Agreement'), Australian, State and Territory Governments agree to a detailed plan to fully address unmet need for psychosocial support by 2030.

Further detail is provided below.

Fund what works

A diversity of psychosocial supports have already been shown to improve mental health and wellbeing, personal recovery, housing outcomes, physical health, social inclusion, education and employment outcomes and reduce hospital admissions and length of hospital stay, as well as improving outcomes for family, carers and kin.^{iv} Advice has already been provided to governments on the principles that should underpin psychosocial support delivery, in addition to identifying successful models across jurisdictions.^v We have a firm foundation for governments to invest in what we already know works, while also supporting innovation to ensure continuous improvement of psychosocial supports.

Leverage existing services infrastructure

There are already a range of government-funded, community-managed psychosocial supports across the country, which offer existing service infrastructure that can be built upon.^{vi} The intent of the psychosocial uplift pool proposed above is that it would enable immediate expansion of existing services. This could be facilitated quickly, avoiding lengthy procurement processes simply through leveraging existing service infrastructure. One option could include an EOI process offered to existing providers to scale up their existing services.

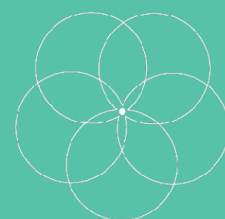
In leveraging existing service infrastructure, Governments should draw on lessons learnt in implementation of current programs, to ensure service models continue to be updated and improved to promote best practice. Where programs operate within national parameters there should be sufficient flexibility to adapt to local areas, service infrastructure and existing understanding of what works for that community.

For example, psychosocial supports for First Nations communities need to be culturally appropriate and embedded in a Social and Emotional Wellbeing framework that allows providers to work holistically with First Nations people. Program funding must also recognise the variability in service delivery cost between urban, rural and remote settings, and be flexible enough to allow for innovative service provision that is led by and responsive to community need.

Leverage existing interjurisdictional governance mechanisms to deliver an integrated policy response

Through the current National Agreement, governments have already agreed to joint responsibility for psychosocial supports and to the development of future arrangements to address the gap in support. Australian governments should realise this commitment through creation of a temporary psychosocial uplift pool to fund an immediate initial increase in psychosocial support (including support for family, carers and kin) outside the NDIS.

Australian Governments have also agreed that addressing unmet need for psychosocial support will be a central priority in consideration of the next National Agreement.^{vii} As per the



Productivity Commission's draft recommendation in its Interim Report on its Review of the current National Agreement, the next National Agreement should:

- confirm the roles and responsibilities for psychosocial supports and the funding split between the Australian, state and territory governments
- include a detailed plan and timeline for the expansion of services, with the aim of fully addressing the unmet need by 2030.

The next National Agreement should also:

- include actions to improve the data collection and reporting of the community mental health sector, to ensure that the provision of psychosocial supports can be continuously monitored and improved (for example, commit to update and nationally implement the *Mental Health Non-government Organisations Establishments National Best Endeavours Data Set*, and commit to update the National Mental Health Workforce Strategy to include a focus on the community managed workforce).

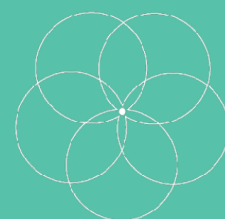
Embedding delivery of psychosocial supports through the National Agreement provides a platform for greater transparency and accountability between jurisdictions. Importantly, it also provides stability of the negotiated outcomes across election cycles, with mechanisms to review progress regularly through the Health and Mental Health Minister's Meetings and committees related to the National Agreement.

It will be important for there to also be robust governance mechanisms that ensure lived experience and family, carer and kin and sector perspectives are incorporated in the governance and accountability structures underpinning the National Agreement.

Addressing the gap in psychosocial supports outside the NDIS is also crucial in supporting the sustainability of the NDIS itself. As recommended by the NDIS Review, addressing unmet need for psychosocial supports through the National Agreement should be considered 'targeted Foundational Supports' for people with mental health challenges outside the NDIS. Rather than having separate policy responses through the National Agreement and Foundational Supports mechanisms, **it is imperative governments deliver a single, unified response**, to ensure a seamless system of care as experienced by people with lived experience of mental health challenges, carers, family and kin.

Share funding responsibility between the Commonwealth and the State and Territory Governments

Recognising Commonwealth, State and Territory Governments have already agreed to be "jointly responsible"^{viii} for psychosocial supports outside the NDIS, Commonwealth and State and Territory Governments should agree to a shared funding arrangement (first through the temporary psychosocial uplift pool and later through the next National Agreement) to address unmet need for psychosocial support outside the NDIS. This arrangement should address the differing unmet needs in each jurisdiction as identified in the **Analysis of unmet need for psychosocial supports outside of the National Disability Insurance Scheme – Final Report**.



The arrangement should include appropriate interjurisdictional governance and facilitate collaboration and service integration. A shared funding responsibility approach would enable the Commonwealth Government to take responsibility for national benchmarks, sharing learnings across jurisdictions and alignment with Commonwealth systems. It would also enable State and Territory Governments to be responsible for integration into other State-based systems and building on local strengths.

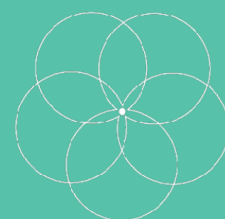
Leverage existing commissioning mechanisms

Governments should leverage existing commissioning mechanisms to deliver an immediate uplift to psychosocial services, and through the next National Agreement invest in developing the capability of commissioning bodies (including improving lived experience engagement in commissioning processes and fostering greater collaboration between commissioners) and sustainable funding arrangements.

While there is no clear universally optimal commissioning pathway Mental Health Australia members have indicated some preference for state and territory government commissioning (consistent with draft recommendation 4.4 from the Productivity Commission's Interim Report of its Review of the National Agreement). However, given this is an area of joint responsibility between the Australian and State and Territory Governments, it is likely that multiple levels of commissioning will be required. This would support integration across the system including both primary and acute care. Through the next National Agreement, Governments could commit to properly resourced collaborative commissioning to deliver this.

Whatever the commissioning mechanism decided upon, Mental Health Australia members are clear in their advice that three specific changes are required to improve commissioning:

1. **The engagement of people with lived experience of mental health challenges, family, carers and kin should be central to the commissioning process**
2. Commissioners must ensure **sustainability of funding for services** including appropriate indexation and longer term contracts (as called for in **Mental Health Australia's Sector Sustainability Statement**)
3. There is a real need for an **uplift in psychosocial commissioning capability** amongst commissioning bodies, including resourcing to support collaborative commissioning.



Next steps

Mental Health Australia recommends governments address the gap in psychosocial supports through the following mechanisms and timeframes.

1. Immediately – sector consultations

As agreed at the Health and Mental Health Ministers meeting on 13 June 2025, all jurisdictions should consult with lived experience and sector representatives in their jurisdiction to inform negotiations of the next National Agreement, and report back at the next Health and Mental Health Ministers meeting, to determine shared priorities and investment plans. This consultation should be undertaken with a view to immediately commencing work to address unmet need for psychosocial support outside the NDIS, with the aim of fully addressing unmet need by 2030.

2. 2025 Commonwealth MYEFO

The Australian Government should allocate funding through the 2025 MYEFO to a psychosocial uplift pool, contingent on the States and Territories matching this commitment. This joint pool would be a funding mechanism for an immediate initial increase in psychosocial support outside the NDIS (including supports for family, carers and kin).

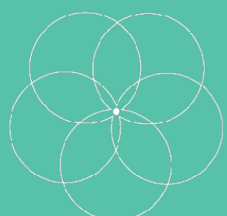
3. Next Health and Mental Health Ministers Meeting

At the next meeting of Health and Mental Health Ministers, State and Territory Governments should confirm matched funding for the temporary psychosocial uplift pool led by the Australian Government.

As committed to at their June 2025 meeting, Ministers should agree to shared priorities and investment plans in relation to increasing investment in psychosocial support to meet need. These investment plans should make provision for an increase in funding to commence as soon as possible through the psychosocial uplift pool and with a view to fully addressing unmet need for psychosocial support through the next National Agreement by 2030.

4. 2026-27 State Budgets

In their respective 2026-27 Budgets, State and Territory Governments should allocate funding to the psychosocial uplift pool to match the Commonwealth's commitment.



5. Negotiations on the next National Agreement

In the next National Agreement, Governments should:

- confirm roles and responsibilities for psychosocial supports and the funding split between the Australian, state and territory governments
- include a detailed plan and timeline for the expansion of services, with the aim of fully addressing the unmet need by 2030 (ultimately superseding the psychosocial uplift pool, which is a temporary measure)
- commit to update and nationally implement the *Mental Health Non-government Organisations Establishments National Best Endeavours Data Set*.
- commit to update the National Mental Health Workforce Strategy to include a focus on the community managed workforce.
- ensure the improved visibility of community mental health data and workforce actively feeds into a continuous improvement approach to psychosocial services.
- improve capability of commissioning bodies including funding for:
 - a requirement to include people with lived experience of mental health challenges, family, carers and kin in the commissioning process
 - ensuring commissioners can deliver sustainability of funding for services including appropriate indexation and longer term contracts (as called for in **Mental Health Australia's Sector Sustainability Statement**)
 - an uplift in psychosocial commissioning capability and capacity for collaborative commissioning.

ⁱ Mental Health Australia (2024) **Statement on Addressing Unmet Need for Psychosocial Support Outside the NDIS**.

ⁱⁱ Psychosocial supports assist people with mental health challenges in their personal recovery, to connect with their community and what's meaningful for them. This complements clinical supports, and can include support for care coordination, personal recovery, drug and alcohol rehabilitation, accommodation, education, employment and family, social and community connection. Psychosocial supports also enable family, carers and kin to participate in employment and engage with the community.

ⁱⁱⁱ Health Policy Analysis for Australian Governments (2024) **Analysis of unmet need for psychosocial supports outside of the National Disability Insurance Scheme – Final Report**, 9-10.

^{iv} Mental Health Australia and the National Mental Health Consumer and Carer Forum (2024) **Advice to governments on evidence-informed and good practice psychosocial services**.

^v Mental Health Australia and the National Mental Health Consumer and Carer Forum (2024) **Advice to governments on evidence-informed and good practice psychosocial services**.

^{vi} Health Policy Analysis for Australian Governments (2024) **Analysis of unmet need for psychosocial supports outside of the National Disability Insurance Scheme – Final Report**.

^{vii} Health and Mental Health Ministers (2025) **Joint Health and Mental Health Ministers' Meeting Communique**.

^{viii} Australian and State and Territory Governments (2022) **National Mental Health and Suicide Prevention Agreement**, 14.

