



Mental Health  
Australia

# COST OF LIVING AND MENTAL HEALTH



"Worrying about money can affect your mental health and living with a mental health condition can make managing money more difficult. This can lead to a 'vicious cycle.'"

The Money and Mental Health Policy Institute

There is no doubt the cost of living is rising. And there is no doubt that the cost of mental health treatment is a barrier to those who need it most. The continual rise in the cost of living will only add further pressure to those already experiencing financial difficulty and will also increase the number of those finding it hard to make ends meet.

A high proportion of people accessing Disability Support Pension (DSP) and JobSeeker payments live with mental ill-health. The insufficient rates of these payments mean many people reliant on them are living below the poverty line, unable to meet housing, utility, transport and other basic costs of living. Independent modelling by the Brain and Mind Centre found that the government's increased income support and JobKeeper programs during the COVID 19 pandemic prevented almost 500 suicides and more than 4000 hospitalisations.

## While according to a UK study by the [Money and Mental Health Policy Institute](#):

- Financial difficulties are a common cause of stress and anxiety. Stigma around debt can mean that people struggle to ask for help and may become isolated. The impact on people's mental health can be particularly severe if they resort to cutting back on essentials, such as heating and eating, or if creditors are aggressive or insensitive when collecting debts.
- Financial difficulty drastically reduces recovery rates for common mental health conditions. People with depression and problem debt are 4.2 times more likely to still have depression 18 months later than people without financial difficulty.
- People in problem debt are three times as likely to have thought about suicide in the past year. There is rarely one single factor that leads to suicide. Instead, typically, a range of social issues, life events, cognitive and personality factors are combined.

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# THE FACTS

## Mental health and money problems are often intricately linked.



"21.5% of the poorest Australians experience mental and behavioural problems compared to 15% in the highest socio-economic group"

[Jobseeker/Newstart payment levels and health outcomes: FACT SHEET](#)

When it comes to the cost of mental health care and access, the Royal Commission into Victoria's Mental Health System report found a disproportionate number of people with mental health issues have a low income.

The commission's findings revealed that this, combined with the high cost of mental health services, was a major barrier to people accessing the care they needed.

Temporary economic supports introduced at the start of the pandemic (JobKeeper and the Coronavirus Supplement) played a key role in minimising mental ill-health impacts of the pandemic and associated lockdowns, but have since been mostly removed.

As [Australia's Mental Health Think Tank](#) proposes, introducing improved unemployment supports is one of the most immediate actions the government can take to address Australia's mental health crisis. Mental Health Australia has consistently called for income support payment rates to be set at a level to meet reasonable costs of living.

When it comes to the cost of living in 2022, Australia is currently listed as the country with the 16th highest cost of living in the world and the 14th most expensive country to rent in. On the list of the least affordable groceries, Australia is ranked 10 in the world - [https://www.numbeo.com/cost-of-living/rankings\\_by\\_country.jsp](https://www.numbeo.com/cost-of-living/rankings_by_country.jsp)

According to the [Kenkou Mental Health Price Index 2022](#) Australia is also ranked 16th in the world in relation to the cost of mental healthcare, where the average cost of a one-hour therapy session is 73% more expensive than the global median cost.

## WHAT CAN THE GOVERNMENT DO?

All governments need to act to ensure the cost of living does not increase inequality in Australia on access to health care, housing and employment outcomes of people with a lived experience of mental illness and the people who love and care for them.

"These cost-of-living impacts are real, and the Australian government understands that."  
**Prime Minister Scott Morrison, March 2022**

"The cost of living is increasing, but pay isn't keeping up. A Labor Government will focus on lifting pay and profits, and creating even more jobs by making our economy more productive."  
**Opposition Leader Anthony Albanese, February 2022**



### For more reading...

Mental Health Australia - [Submission to Review of the Disability Support Pension Impairment Tables](https://mhaustralia.org/submission/submission-review-disability-support-pension-impairment-tables)

Mental Health Australia - [Submission to Senate inquiry into the adequacy of Newstart](https://mhaustralia.org/sites/default/files/docs/submission_to_senate_inquiry_into_the_adequacy_of_newstart_pdf_-_13_sept_.pdf)

Mental Health Australia would like to thank its member organisations and key stakeholders for contributing to this extensive body of work on how the cost of living will continue to impact the mental health of all Australians. If you are a member of Mental Health Australia and would like to add to these resources, please contact [info@mhaustralia.org](mailto:info@mhaustralia.org)

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