Fact Sheet 14 – What this means for economic reform

Key issues

- Mental health is a significant problem for Australia’s economy – as significant as, often more significant than, tax or microeconomic reform. The Review’s findings clearly show that Australia’s patchwork of mental health services and programmes is not delivering the best outcomes from either a social or economic perspective. Many people do not get the support they need, and governments get poor returns on substantial investment.

- The OECD estimates the average overall cost of mental health to developed countries is about four per cent of GDP. In Australia, this equates to more than $60 billion or about $4,000 a year for each person who lodges a tax return or over $10,000 per family. The costs include the direct costs of treatment; the indirect costs e.g. disability support pensions, imprisonment, accommodation; the costs of lost output and income and costs to carers and families.

- Collectively, the Review estimated the total cost of mental health in Australia is at least $40 billion, comprising $28.6 billion in direct and indirect costs and a further $12 billion from lost productivity.

- Mental health spending by Commonwealth, state and territory governments is significant, at around $14 billion per year. $9.6 billion of this is Commonwealth spending, much of it for demand-driven programmes, including income support and funding for acute care. Both are essential elements of a comprehensive and integrated mental health system, but they also can be indicators of system failure.

- As many as 20 per cent of the adult population is affected by mental ill-health in any given year and one in two Australian adults will experience mental ill-health at some point in their lifetime - 7.3 million Australians (aged 16-85). A major impact on the economy comes from lost income from unemployment and supporting illness throughout life as the onset of mental ill-health often happens during childhood and teenage years.

- There is a large disparity in employment for those with mental ill-health, with 37.5 per cent of people affected by mental ill-health either unemployed or not in the labour force, compared to 22.3 per cent of people without mental health conditions.

- Mental ill-health is a huge cost to business and to Australia’s overall productivity. Mental ill-health generates considerable absenteeism and presenteeism (on the job productivity loss), resulting in around 12 million days of reduced productivity for Australian businesses each year. People with mental health difficulties are both more likely to take time off from work and to accomplish less than they would like to when they are on the job.
Key responses

- Enabling people to live contributing lives – to have social relationships and stable housing, maximising participation in education, employment and the community more broadly will help build economically and socially thriving communities, and a more productive Australia.

- A central recommendation of the Review is a shift in the balance in the system, away from crisis care to prevention, early intervention and community and primary health care services. The Commission’s approach recommends catching people before they fall, keeping them out of hospital and crisis care, putting support into communities, taking the pressure off state hospital systems and driving long term cost savings, including through increased productivity and economic growth.

- The Review calls for a system which allocates resources according to need, to eliminate waste and promote efficiency. To deliver this, the Commission proposes a stepped care model, which ranges from no-cost and low-cost options for people with the most common mental health issues, through to support and wrap-around services for people with severe and persistent mental illness. A fundamental element of a stepped care approach is prioritising the delivery of care through general practice and the primary health sector.

- The Commission recommends the system be realigned from a focus on funders and service providers to a focus on people, where those with lived experience, their families and support people are engaged and involved at all levels.

- It recommends a shift in focus from downstream to upstream services – from income support and crisis responses, to prevention, early intervention, primary mental health care and support for recovery-based community services, stable housing and participation in employment, education and training is needed.

- Improving the mental health system by 25 per cent can deliver a one per cent improvement in GDP. That is, for every 10 per cent gain in mental health, GDP would rise by 0.4 per cent.

- Reducing the impact of mental illness on a large population, improving participation and improving productivity at work has great scope for contributing to economic growth in Australia.

- There is an opportunity to set in place a world-leading mental health system which will pay dividends for decades and generations to come. It will improve the lives of many individuals and families, it will make us a more productive society, reduce the numbers of those in need of support, increase the numbers of those who are contributing and help secure future economic growth.
Economic Impact of Mental Illness

TOTAL ECONOMIC IMPACT OF MENTAL HEALTH IN AUSTRALIA

$40 bn

$14.5 bn

Lost productivity

$12 bn

Commonwealth costs

$9.6 bn

State and Territory costs

$4.5 bn


