

# Economics of Mental Health in Australia Workshop

14 December 2016  
Melbourne University



**Australian Government**

**National Mental Health Commission**

# Agenda

Wednesday 14 December 2016

The West Room, Woodward Conference Centre, University of Melbourne

8:30am **Registration**

9:00am **Opening remarks**  
Mr Tim Marney

9:15am **The economics of mental health: Setting the scene**  
Prof Allan Fels AO  
Prof Martin Knapp

10:15am **Morning tea**

10:30am **Topic 1**  
**Are resources allocated efficiently in mental health in Australia?**  
Group Discussion

12:15pm **Lunch**

12:45pm **Topic 2**  
**Is the mental wealth of Australia a useful addition to policy decision making?**  
Group Discussion

2:30pm **Afternoon tea**

2:45pm **Topic 3**  
**What would be the return on investment of a scaled-up response to the burden of mental ill-health in Australia?**  
Group Discussion

4:30pm **Closing remarks**  
Dr Peggy Brown

4:45pm **Workshop close**

# Foreword

The costs associated with poor mental health for individuals, families, workplaces, society and the economy as a whole are great. Since its inception in 2012, the National Mental Health Commission has taken a keen interest in gaining a better understanding of the true economic cost of poor mental health in Australia.

The Commission's work to date has shown that improving mental health is an invest-to-save issue. The Commission's view is that tackling the causes rather than the symptoms of mental ill-health, preventing and intervening early in mental illness and suicidal behaviour, promoting good mental health for everyone, and timely support when things start to get tough, is the best economic and social renewal strategy that we can invest in.

The case for change in mental health is not only morally and socially compelling, it is economically fundamental. If Australia's mental health system were managed through a 'whole of life and whole of government' approach, where resources are allocated efficiently and effectively to the right person at the right time and in the right place, we would see increased mental health and wellbeing of Australians, increased 'mental wealth' of our nation and potentially see a return on investment in the form of increasing Australia's GDP and economic competitiveness.

The Commission believes there is a link between the mental wellbeing of Australians and our economic growth as a nation. As such, strategies to facilitate national mental health should be a critical part of Australia's economic agenda.

This workshop brings together a diverse range of academic views, as well as people with lived experience of mental illness, each of whom bring expertise and experience that can significantly contribute to achieving the aim of putting Australia's mental health on the mainstream economic agenda.

We are delighted that the eminent economist Martin Knapp, Professor of Social Policy and Director of the Personal Social Services Research Unit at the London School of Economics and Political Science, will be participating in the workshop. Professor Knapp's detailed knowledge of mental health economics, and the associated social and political considerations, will be an invaluable contribution to our discussions.

On behalf of the National Mental Health Commission, we would like to thank you for participating in what we hope will be a meaningful and productive occasion.

We welcome you to this workshop to progress this important initiative.



**Professor Allan Fels AO**  
Chair  
National Mental Health Commission



**Dr Peggy Brown**  
Chief Executive Officer & Commissioner  
National Mental Health Commission

## Speakers, facilitators and presenters

The National Mental Health Commission welcomes the following speakers, facilitators and presenters and thanks them for their contribution to the workshop.



### Professor Martin Knapp

Martin Knapp is Professor of Social Policy and Director of the Personal Social Services Research Unit at the London School of Economics and Political Science (LSE). He is also Director of the School for Social Care Research, a position he has held since the School was established by the National Institute for Health Research (NIHR) in 2008.

Awards include NIHR Senior Investigator (since 2008), Fellowship of the City and Guilds of London Institute (2012) and Fellowship (honorary doctorate) of King's College London (2014).

His main research interests are in the areas of dementia, social care, child and adult mental health, and autism, with much of his work using economic arguments and evidence to inform policy discussion and influence practice development. He has published extensively in academic journals, and authored a dozen books.



### Professor Allan Fels AO

Professor Allan Fels AO is Chair of the National Mental Health Commission.

Professor Fels is the former Dean of the Australia and New Zealand School of Government (ANZSOG), an institution established by the governments of Australia, New Zealand, the states and territories and 16 leading universities that educate and train senior public sector leaders.

He is the Chairman of the Haven Foundation, which seeks to provide accommodation and support for people with long term mental illness.

Professor Fels is also the former Chairman of the Australian Competition and Consumer Commission from 1995 to 2003 and before that Chairman of the Trade Practices Commission and Chairman of the Prices Surveillance Authority.

In 2008-2009 he was a member of the Australian Government Disability Investment Group which first proposed the National Disability Insurance Scheme.

In the field of mental health Professor Fels serves or has served on a number of government advisory boards. He also is patron of many mental health networks. He was a member of the Bayside Health Board for a number of years. Professor Fels is a long-term advocate of mental health policy reform and a carer for his daughter.



### Dr Peggy Brown

Dr Peggy Brown commenced as Chief Executive Officer of the National Mental Health Commission in October 2016.

Involved in mental health leadership and advocacy roles for 30 years, Peggy has a deep understanding of the many challenges of meeting the social and health needs of people with mental health and substance use issues.

Prior to her appointment with the Commission, Peggy was Chief Psychiatrist with the Northern Territory Department of Health. In addition to multiple roles with professional bodies such as the Royal Australian and New Zealand College of Psychiatrists, she has held executive level positions in the public service for more than 20 years, including a five year term as the Director-General of ACT Health.

Peggy is also a past chair of the Australian Health Minister's Advisory Council, AHMAC, and has previously been a board member of Health Workforce Australia and a board director of the National E-Health Transition Authority, NEHTA.



### Timothy Marney

Timothy Marney was appointed as the West Australian Mental Health Commissioner in February 2014.

Following the amalgamation of the Western Australian Drug and Alcohol office and the Mental Health Commission on 1 July 2015, Mr Marney is responsible for planning and purchasing the State's mental health services, as well as planning, purchasing and delivery of alcohol and other drug services.

Mr Marney has been instrumental in the development of the Mental Health, Alcohol and Other Drug Services Plan 2015-2025, which maps out the optimal mix of contemporary and high quality services for Western Australians over the next 10 years.

A graduate of Murdoch University, Mr Marney has more than 20 years of experience in economics and finance with the State and Federal Governments. He joined the Western Australian Department of Treasury in 1993, where he held the position of Under Treasurer of Western Australia from 2005 to 2014.

Since 2008 Mr Marney has served on the board of beyondblue, a national depression and anxiety initiative, and has been deputy chair of the board since 2010.

# Topic 1

## Are resources allocated efficiently in mental health in Australia?

### Overview

Understanding the efficiency of any industry or sector requires an understanding of the input versus output dynamic. This invariably raises questions about how best to understand and measure the outputs and/or outcomes of the sector. In a health and welfare context, it generally also raises questions of equity in resource distribution.

**Australia has a complex health and welfare sector with a myriad of components and stakeholders. This system serves a range of purposes and produces a variety of outputs.** Many argue that the contemporary Australian mental health system is neither efficient nor equitable using a variety of reference points for understanding the input versus output equation. **There is no established shared view, however, or agreed approach to measuring mental health sector efficiency.**

One particular problem is the fact that, as Professor Knapp and others have pointed out, 'there are never enough health services to meet all needs or satisfy all preferences'. Another key issue is the difficulty in effectively targeting resources along the prevention/treatment spectrum to achieve the most cost effective balance – how to best manage the problems of today, while also **working to reduce the problems of tomorrow.**

This session will consider how decision making processes might be influenced so that there is a **greater emphasis placed on the economic aspects of mental health by Australian stakeholders and policy makers.** Do we have the necessary evidence in Australia to make more informed decisions about efficiently and equitably allocating resources to achieve better outcomes for mental health consumers? If not, what evidence do we need and how might we build the necessary evidence base to give decision makers the level of comfort they desire?

### Issues for consideration

#### Resource allocation

Resource allocation dilemmas faced by mental health decision makers include:

- **Opportunity costs and whether resources are allocated appropriately to mental health as a whole, as opposed to other resource allocations within health and within the pattern of government spending generally, and within the entire allocation of resources within the economy.**
- The potential role of markets and consumer preference in driving efficiency.
- The various kinds of mental health problems and stages of their treatment (primary, secondary etc.).
- Allocation to government, non-government organisations, consumers and carers.
- Geographic and regional allocation.
- **Research versus treatment/service delivery.**
- Health-based services such as hospitals, community health and so forth, as opposed to resource allocation to housing, employment, education and so on.
- Allocation to and between different parts of the mental health workforce.
- The political economy of the sector.
- Competition over access to the available resource pool.

#### Prevention versus treatment

Preventing Australians from developing mental health issues is intuitively appealing and arguably a sound investment by society and there is evidence to suggest that preventative interventions can be cost effective and improve the lives of people who experience mental ill-health. There remains, however, an immediate and present need to treat and provide care to those who need it regardless of the stage of their condition. How can we work to swing the pendulum towards evidence-based, preventative approaches to mental health issues that will work in the real world in Australia while still meeting the full range of present care needs?

### Questions for consideration

Do we have the necessary evidence in Australia to make more informed decisions about efficiently and equitably allocating resources to achieve better outcomes for mental health consumers? If not, what evidence do we need and how might we build the necessary evidence base to give decision makers the level of comfort they desire?

How might we influence decision making by Australian decision makers and stakeholders to ensure that resources are allocated more efficiently and equitably in the mental health sector?

How can we swing the pendulum towards evidence-based, preventative approaches to mental health issues that will work in the real world in Australia?

### Resources

Knapp, Martin and Lemmi, Valentina (2014) The economic case for better mental health. In: Davies, Sally, (ed.) *Annual Report of the Chief Medical Officer 2013*, Public Mental Health Priorities: Investing in the Evidence. Department of Health, London, UK, pp. 147-156.

National Research Council (US) and Institute of Medicine (US) Committee on the Prevention of Mental Disorders and Substance Abuse Among Children, Youth, and Young Adults: Research Advances and Promising Interventions; O'Connell ME, Boat T, Warner KE, editors. *Preventing Mental, Emotional, and Behavioral Disorders Among Young People: Progress and Possibilities*. Washington (DC): National Academies Press (US); 2009. 9, Benefits and Costs of Prevention. Available from: <http://www.ncbi.nlm.nih.gov/books/NBK32767/>

# Topic 2

## Is the mental wealth of Australia a useful addition to policy decision making?

### Overview

For Australia to prosper we must maximise all the resources at our disposal – both mental and material capital.

Mental capital influences the degree to which an individual can contribute to society. Higher mental capital has been associated with higher earnings, greater employability, better health status, greater civic awareness and political participation and at a societal level, with lower criminality and greater political stability. Collectively, the mental capital of people in our communities over time will ultimately build the mental wealth of our nation. As such, how a nation develops and uses its mental capital not only has a significant effect on the country's economic competitiveness and prosperity, it is also important for the mental health and wellbeing, social cohesion and inclusion of its people.

Because mental health and mental capital are intrinsically linked, it has been argued that both should be considered when developing policies, designing interventions and allocating funds. However, there is currently no established shared view of whether or not there is merit in incorporating mental capital into policy discussions and decision making in the Australian context. Nor is there or agreement on how mental capital could be grounded in practical application.

This session will consider whether mental wealth is a useful addition to policy discussions and decision making in Australia; how to operationalise mental capital; whether we have the necessary evidence to efficiently invest in building mental capital; and where mental capital fits within the wider goal of advancing the economic case for mental health in Australia.

### Issues for consideration

Issues relating to decision makers considering Australia's mental wealth include:

- How might we define and measure Australia's mental capital?
- Do we know what investments will most effectively and efficiently build mental capital?
- What are the links between mental capital and labour productivity as a factor of production in the Australian economy?
- Are the investments needed to build mental capital in the long-term the same as the investments needed to achieve mental health and wellbeing in the short-term? If not, where should the balance sit between investing in mental health and wellbeing and mental capital?
- How does investment in building mental capital sit within the wider framework of optimising the economics of mental health in Australia, and of economic and policy discourse more broadly?

### Questions for consideration

Are mental capital and mental wealth useful constructs to be measured and reported in Australia?

How can the mental wealth of nations approach inform improvements to Australia's mental health system and to other areas of policy (e.g. the skills agenda, housing, employment services, the welfare system)?

### Resources

Foresight Mental Capital and Wellbeing Project. *Final Project report*. London: The Government Office for Science; 2008.

OECD. *How's Life? 2015: Measuring well-being*. Paris: OECD Publishing, 2015.

# Topic 3

## What would be the return on investment of a scaled-up response to the burden of mental ill-health in Australia?

### Overview

In its 2014 National Review of Mental Health Programmes and Services, the Commission concluded that “the status quo provides a poor return on investment for taxpayers, creates **high social and economic costs for the community, and inequitable and unacceptable results** for people with lived experience, their families and support people.” In light of this conclusion, the Commission called for a re-allocation of mental health funding from acute care services to primary and preventative care services.

There is an increasing body of evidence relating to the cost-effectiveness of optimising prevention and promotion based initiatives for poor mental health. However, there is variability in relation to both the strength of the respective evidence and the time period that would be **required to achieve a return on investment**.

In order to prosecute this perspective with decision makers there ideally needs to be an accepted **methodology and a robust evidence base which can be used to demonstrate to decision makers the quantum and time period required to realise a return on investment from different approaches to providing mental health and social care services**.

### Issues for consideration

#### Methodology

Various economic evaluation frameworks including: cost-effectiveness, cost-utility and cost-benefit analyses and social return on investment (SROI) have been used to analyse the potential return on investment of mental health interventions. Are any of these methodologies better suited to the Australian context and therefore should be the preferred technique? Is there sufficient stakeholder literacy about their strengths and weaknesses? Are the data sources available?

#### Robust evidence base

Does Australia have a sufficiently robust evidence base to advance the return on investment argument with decision makers? If not, what concrete action can be taken to improve mental health information research activities to establish the requisite evidence?

#### Making the case

It is apparent that Australian decision makers do not always avail themselves of the evidence that is available from return on investment analyses. How can we improve decision makers' understanding and acceptance of economic evaluation methodologies to make more informed decisions about resource allocation in the mental health sector?

### Questions for consideration

What action needs to be taken to improve the return on investment literacy of decision makers in the mental health sector?

What are the information requirements to support better reporting on return on investment in the mental health sector in Australia?

### Resources

Banke-Thomas, A. O., et al. (2015). “Social Return on Investment (SROI) methodology to account for value for money of public health interventions: a systematic review.” *BMC Public Health* 15(1): 1-14.

Canadian Institute for Health Information, *Return on Investment—Mental Health Promotion and Mental Illness Prevention* (Ottawa, Ont.: CIHI, 2011)

Chisholm, Dan et al. (2016). “Scaling-up treatment of depression and anxiety: a global return on investment analysis.” *The Lancet Psychiatry*, Volume 3, Issue 5, 415 – 424.

Edwards, R. T., et al. (2013). “Public health economics: a systematic review of guidance for the economic evaluation of public health interventions and discussion of key methodological issues.” *BMC Public Health*. 13.

Liverani M, Hawkins B, Parkhurst JO. Political and Institutional Influences on the Use of Evidence in Public Health Policy. A Systematic Review. Derrick GE, ed. *PLoS ONE*. 2013;8(10):e77404. doi:10.1371/journal.pone.0077404.

Social Ventures Australia (SVA) Consulting. Social Return on Investment, Lessons Learned in Australia. *Sydney: Social Ventures Australia*; 2012. <http://socialventures.com.au/assets/SROI-Lessons-learned-in-Australia.pdf>.



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