

Productivity Commission Canberra Office  
4 National Circuit  
Barton ACT 2600 Australia

23 January 2020

Dear Presiding Commissioner King, Commissioner Abramson and Associate Commissioner Whiteford,

**RE: Submission for Productivity Commission's inquiry into mental health**

I wish to submit Future Generation's report, *Australia's mental health crisis: why private funders are not answering the call*, to the Productivity Commission's inquiry into mental health. We believe the report will assist the inquiry by outlining the structures limiting private investment in mental health and the actions required by Australian governments, mental health focused charities and private funders. The report, based on a survey conducted by EY, found 85% of private funders believe Australia is facing a mental health crisis; yet only 28% directly and consistently invest in mental health causes. We found private funders are holding back because:

1. Mental illness is complex and the mental health sector is convoluted.
2. There is significant duplication across mental health delivery.
3. Most mental health charities have little profile and their messages are not resonating.
4. Measuring outcomes is a requirement for funding.
5. They are not aware of their place in the mental health sector.
6. There are not enough leaders encouraging other funders to invest in mental health.

Australian governments, mental health focused charities and private funders must work together and address the mental health crisis by implementing our six recommendations:

1. Governments and Charities: Define the current and desired state of the mental health sector.
2. Charities: Communicate, collaborate and potentially rationalise.
3. Charities: Articulate your purpose and raise your profile
4. Charities: Focus on measuring outcomes, not outputs.
5. Governments: Highlight the need and the place for private funding.
6. Private funders: Seize the opportunity.

We hope this is of use to the inquiry and we welcome any queries or feedback. I can be reached on [redacted] or email [redacted]

Yours sincerely,

Louise Walsh  
Chief Executive Officer

**About Future Generation**

The Future Generation companies, Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG), are the first listed investment companies to deliver investment and social returns. The Future Generation companies provide shareholders with zero-fee exposure to leading Australian (FGX) and global (FGG) fund managers as well as fully franked dividends and capital growth. The companies deliver charities focused on children and youth at risk (FGX) and youth mental health (FGG) with a stream of social investments equal to 1% of the companies' net tangible assets each year and offer fund managers with a unique opportunity to make a social and investment impact. Since inception in 2014, Future Generation has delivered \$30.6 million in social investments. Shareholders' savings from foregone management, performance, Board of Directors, Investment Committee and service provider fees have reached \$54.0 million over the same period.

# Australia's mental health crisis.

Why private funders are not  
answering the call.

# Executive summary

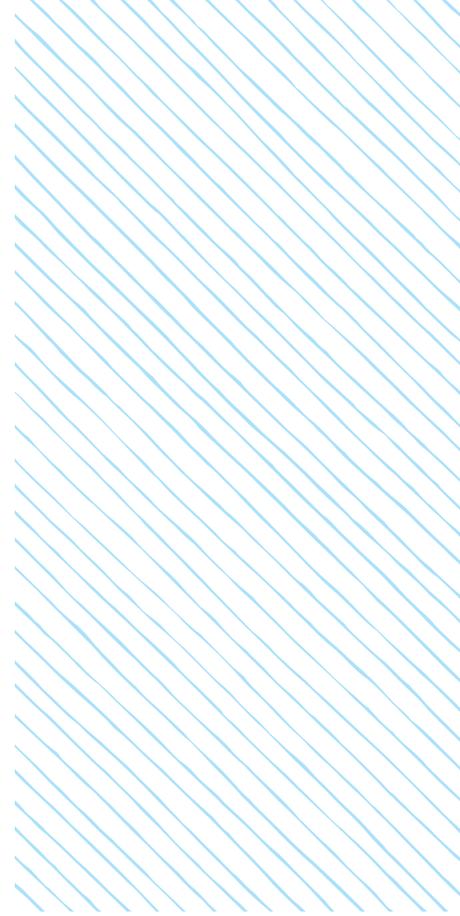
**Australia is experiencing a mental health crisis and private funders are not answering the call. Future Generation and EY surveyed 56 philanthropists and corporate foundations to understand why, and to determine what needs to change.**

Our survey found **85%** of private funders agree that Australia is facing a mental health crisis; yet only **28%** directly and consistently invest in mental health causes. Private funders are holding back because:

1. 'Mental illness' and the mental health sector are too confusing.
2. There is significant duplication across mental health delivery.
3. Mental health charities lack profile and their messages are not resonating.
4. Measuring outcomes is crucial for grant funding.
5. Funders are not aware of their place in the mental health sector.
6. There are not enough leaders encouraging other funders to invest in mental health.

We call on Australian governments, mental health focused charities and private funders to work together and address the mental health crisis by implementing this report's six recommendations:

1. **Governments & Charities:** Define the current and desired state of the mental health sector.
2. **Charities:** Communicate, collaborate and potentially rationalise.
3. **Charities:** Articulate your purpose and raise your profile.
4. **Charities:** Focus on measuring outcomes, not outputs.
5. **Governments:** Highlight the need and the place for private funding.
6. **Private funders:** Seize the opportunity.



**KEY FINDINGS & RECOMMENDATIONS**

**01**

'Mental illness' and the mental health sector are too confusing.

GOVERNMENTS & CHARITIES



Define the current and desired state of the mental health sector.

**02**

There is significant duplication across mental health delivery.

CHARITIES



Communicate, collaborate and potentially rationalise.

**03**

Mental health charities lack profile and their messages are not resonating.

CHARITIES



Articulate your purpose and raise your profile.

**04**

Measuring outcomes is crucial for grant funding.

CHARITIES



Focus on measuring outcomes, not outputs.

**05**

Funders are not aware of their place in the mental health sector.

GOVERNMENTS



Highlight the need and the place for private funding.

**06**

There are not enough leaders encouraging other funders to invest in mental health.

PRIVATE FUNDERS



Seize the opportunity.

# Research partners

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The Future Generation companies, Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG), are the first listed investment companies to deliver investment and social returns.

### **The Future Generation companies provide:**

- 1.** Shareholders with zero-fee exposure to leading Australian (FGX) and global (FGG) fund managers
- 2.** Charities focused on children and youth at risk (FGX) and youth mental health (FGG) with a stream of social investments equal to 1% of the companies' net tangible assets each year; and
- 3.** Fund managers with a unique opportunity to make a social and investment impact.

Since inception in 2014, Future Generation has delivered A\$30.6 million in social investments.

Shareholders' savings from foregone management, performance, Boards of Directors, Investment Committees and service provider fees have reached A\$54.0 million during the same period.

[futuregeninvest.com.au](http://futuregeninvest.com.au)

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# Foreword

Four years ago, I became involved in the mental health sector by joining what is now the largest private funder of mental health in Australia, Future Generation.

Created by Geoff Wilson AO, Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG) have invested A\$30.6 million to date in high-impact Australian charities since 2014.

When we decided that we would focus FGG's social impact solely on youth mental health, it was because we knew that it was a grossly underfunded cause and that we could make a real difference.

Private funders believe Australia is facing a mental health crisis, yet philanthropic and corporate investment in the mental health sector is incredibly low. Future Generation has sought to find out why this disconnect exists.

We commenced by inviting private funders to our first National Mental Health Funders' Forum in October 2018. This was followed by a Roundtable for the highest-level funders in July 2019. A second Roundtable is scheduled for November 2019 followed by a third Roundtable and second Forum in March 2020.

This report is another initiative. By surveying 56 of Australia's leading private funders we distil the key reasons why private investment in mental health is left wanting and, more importantly, what needs to change.

## **Louise Walsh**

Chief Executive Officer  
Future Generation

28 October 2019

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## **8 Australians die by suicide every day.**

This rate is predicted to increase to 10 deaths per day by 2030.<sup>1</sup>



### **Australia's mental health crisis**

**Mental ill-health<sup>2</sup> is defined as a health condition that significantly affects how you feel, think, behave and interact with other people. It can vary in severity and duration. It can have a significant impact on your life and on those who care for you. Poor mental health is also associated with suicidality – the collective term for suicidal ideation, suicide plans and suicide attempts.**

# **Suicide** is the leading cause of death of young Australians.

**35%** of deaths in the age group 15 to 24 years.<sup>3</sup>  
**21%** of deaths in the age group 25 to 44 years.<sup>4</sup>

Close to **one-in-seven** young Australians in any given year experiences mental ill-health.<sup>5</sup>

Almost half the adult population experiences mental ill-health at some point.<sup>6</sup>

**1 in 5** adult Australians in any given year experience mental ill-health.<sup>7</sup>

Around **64,000** Australians have a severe psychotic illness.<sup>8</sup>

**178** Australians attempt to take their own life every day.<sup>9</sup>

# Key finding 1:

## 'Mental illness' and the mental health sector are too confusing.

“There's not really a coherent story about mental health – you know – causes, research, services, what works, what doesn't. I don't think there's a very coordinated picture.”

PHILANTHROPIST

Private funders believe the mental health sector lacks definition and the sector's landscape, including the focus of governments and the role of its charities, is too confusing to navigate.

### Of the 56 private funders surveyed:

**85%**

believe Australia is experiencing a mental health crisis. The remaining 15% consider it to be a significant health issue.

**28%**

directly fund mental health programs on a consistent basis.

**55%**

of the funders not directly supporting the sector, were open to funding the sector if they were given more clarity on the sector's landscape.

### "How on earth do you tackle that?"

Survey respondents universally agree that the subject of mental health and the sector is mired in complexity.

While respondents understand that the causes and nature of mental health are complicated, they feel it is critical for the charities and government to simplify the problem and identify where and how funders can contribute.

Funders want better answers to the questions: "What is mental health?" and "What constitutes the mental health charity sector?"

### Sector confusion

The mental health charity sector is confusing due to the broad range of charities operating in the space. Put simply, the charities sit in three categories:

1. Mental health charities that effectively act as government sub-contractors, delivering the mental health services for crisis response and chronic issues formerly delivered by government, or now covered by the National Disability Insurance Scheme.
2. Mental health charities focused on research and delivery of prevention and early intervention programs.<sup>10</sup>
3. Welfare charities, in particular social services charities, delivering mental health programs related to areas such as homelessness, unemployment and family breakdown.

## Confusing landscape: government sub-contractors

Mental health charities with the highest gross income are those sub-contracted by governments to deliver crisis intervention and chronic mental health services. A sample of those charities is listed and shaded in Figure 1.

**Figure 1: FY2017 Gross income and percentage of funding from government and donations and bequests for Australian mental health charities by gross income.**

Mental Health Charity <sup>1</sup>	FY2017 Gross income	% Government revenue	% Donations and bequests
New Horizons Enterprises Ltd	\$88,700,876	93%	0%
Neami Limited	\$83,899,257	96%	0%
Mind Australia	\$68,497,441	95%	1%
RichmondPRA Limited	\$59,499,987	87%	1%
Beyond Blue	\$52,671,031	73%	21%
Aftercare Limited	\$49,091,000	91%	0%
headspace	\$35,444,141	95%	1%
Open Minds Australia	\$31,158,378	96%	0%
One Door Mental Health	\$30,320,417	66%	1%
Mai Wei	\$29,327,439	87%	0%
Lifeline Australia	\$26,261,387	72%	21%

Source: FY2017 Australian Charities and Not-for-Profits Commission (ACNC) dataset.

The exceptions are Beyond Blue, headspace and Lifeline. Beyond Blue and headspace were created by government; these charities deliver prevention and early intervention services, not chronic mental health support services. Lifeline provides crisis intervention services.

The gross income figures and high proportion of government funding would lead private funders to believe that governments are more than adequately funding the sector. However, this is not the case. Government channels most of its funding to addressing crisis intervention and chronic mental illnesses. A significant opportunity exists for private funding of prevention and early intervention support.

Funding prevention and early intervention support is crucial in resolving the mental health crisis.

“I think the complexity of it mental illness makes people think: ‘Well how on earth do you tackle that?’... it makes it hard for people to get their head around it and say, ‘Yeah I get that, and I think we can do something about that, and this is how I can contribute to that.’”

PHILANTHROPIST

## KEY FINDING #1

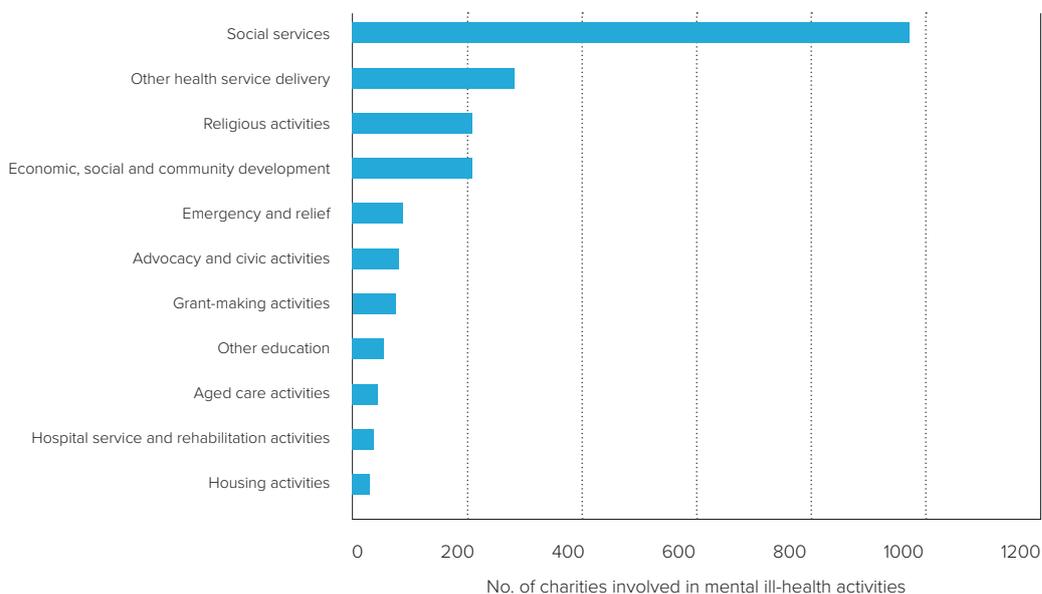
### Australia's mental health crisis:

Why private funders are not answering the call

## Confusing landscape: the welfare charity sector

There are more than 2,000 Australian charities running "sub-activities" in mental health. Figure 2 reveals the extent to which other charities offer mental health services. This adds to the confusion experienced by private funders.

Figure 2. Number of Australian charities with mental health activities by cause area.



## RECOMMENDATION #1



### GOVERNMENTS & CHARITIES:

## Define the current and desired state of the mental health sector.

The mental health sector needs to be mapped to help private funders understand:

- the forms of mental health and required responses, such as research and treatment;
- where each charity fits in delivering responses and the unique value each charity delivers;
- where government is directly responding or funding charities' responses; and
- where private funders are currently filling the gaps and where opportunities exist for additional private funding.

The Federal Government needs to lead this mapping process in partnership with state governments and charities to carve out the areas where private funders can and should invest.

The mapping process is likely to involve a shift in language, from grouping charities under one 'mental illness' banner, to defining each charity by the illness or illnesses they address and how they do this.

This single initiative would establish a coherent mental health sector, improving engagement from funders and create a coherent and well-functioning ecosystem.

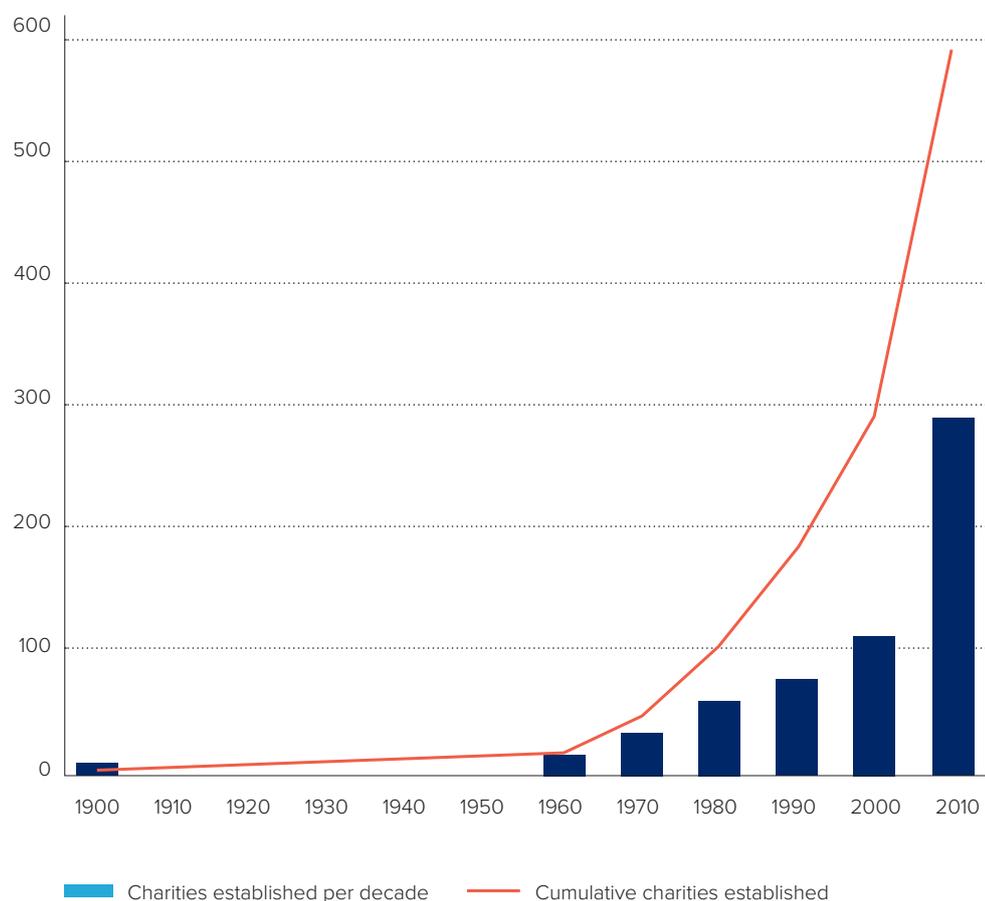
## Key finding 2:

# There is significant duplication in the delivery of mental health research and services.

Private funders are concerned about the duplication within the mental health sector, with multiple charities pursuing the same cause area and lack of collaboration among charities.

The number of mental health charities has significantly increased in recent years. As shown in Figure 3, the number of charities has almost tripled since 2000. In 2017, there were 573 mental health focused charities registered in Australia.<sup>12</sup>

**Figure 3. Mental health and crisis intervention – number of charities established and cumulative per decade.**



“It’s become an industry. It’s a very crowded space. It’s very matrixed. It’s quite a difficult area to navigate unless you actually invest your time to learn and speak to as many people as possible.”

PHILANTHROPIST

**KEY FINDING #2**

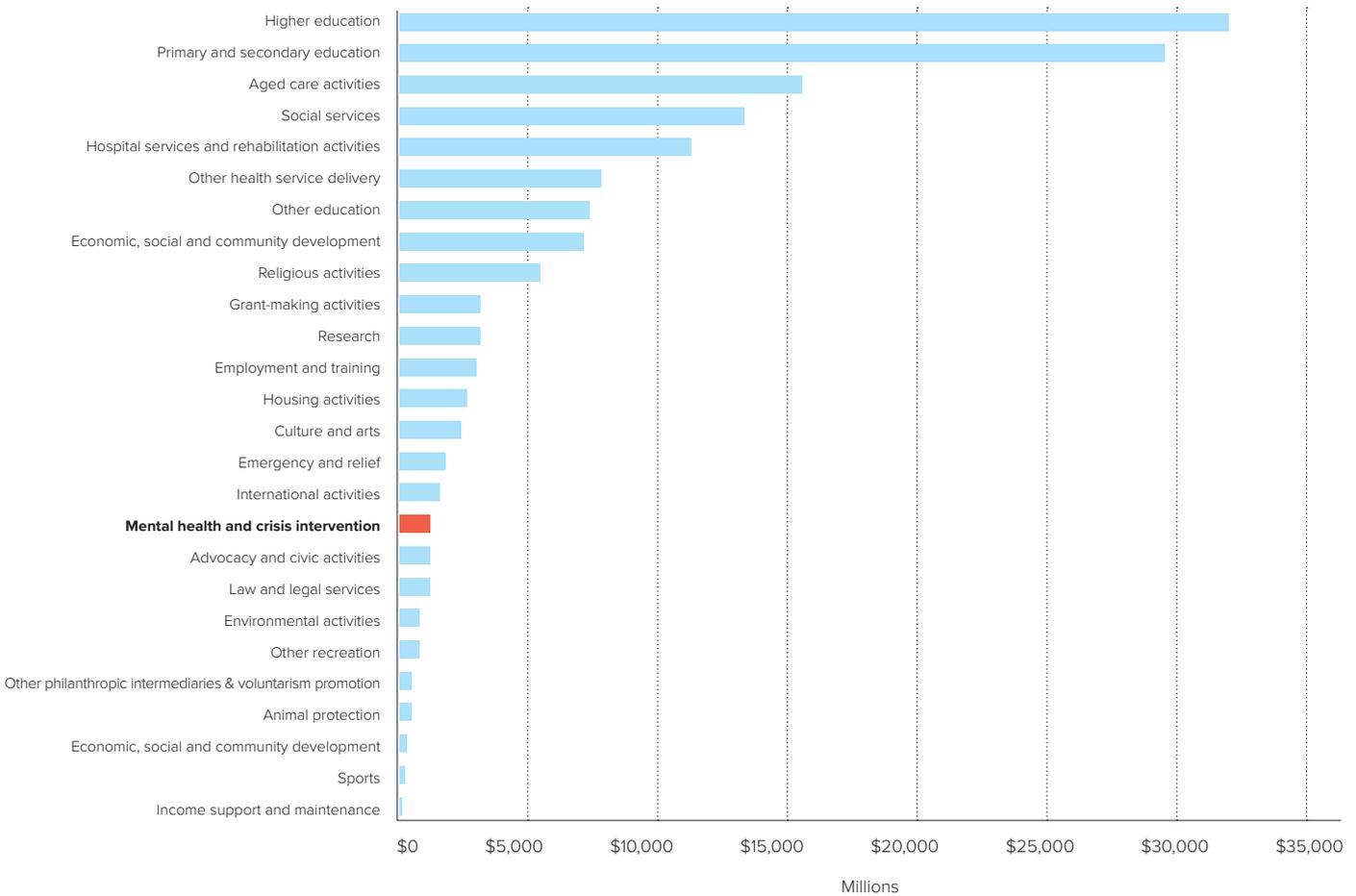
**Australia's mental health crisis:**

Why private funders are not answering the call

Despite the growth in charities, funding has not kept pace. Mental health charities rank 17th of 26 in the listing of total gross income. Figure 4 shows that with a total gross income of around A\$1.5 billion, mental health charities receive 0.8% of the entire gross income of the charity sector.

There appear to be too many charities attracting funding at sub-optimal levels. Many of the charities established in the last five-to-10 years will not be sustainable if they do not attract diversified and long-term funding.

**Figure 4. Total gross income of Australian charities by 'main activity' in FY2017.**



## More collaboration is required

Concerns of duplication across the sector, from research to support, have led some stakeholders to call for more collaboration.

For example, at the Inaugural Mental Health Funders' Roundtable there was consensus that there are too many online applications (apps) and not enough are supported by evidence. One senior mental health sector leader singled out the crisis text line (CTL):

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“CTL is now in Australia, the training is undeniably inadequate, and CTL is proven around the world not to work. So, there is a role to play in supporting good practice and putting protocols in place.<sup>13</sup>”

SENIOR MENTAL HEALTH SECTOR LEADER

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Further, it is clear that there are dominant leaders in the mental health charity and research sector who secure most of the mental health funding. Amid the mental health sectors opacity and in the absence of an overall plan, a personality-based funding model has prevailed. Collaboration within the sector is required to give other leaders, current and emerging, and alternative mental health solutions greater exposure.

## RECOMMENDATION #2



### CHARITIES:

## Communicate, collaborate and potentially rationalise.

Mapping the mental health charity sector (Recommendation 1), will highlight duplication and should encourage rationalisation.

Further, more collaboration is required among the charities to focus resources on the most effective support tools, such as telephone support, chat lines, online forums, apps or online assessments.

## Key finding 3: Mental health charities lack profile and their messages are not resonating.

Private funders believe that, apart from two or three big names, mental health charities lack brand awareness. While acknowledging the mental health charity sector is in its infancy when compared with other causes, such as cancer and heart disease, 87% of funders state that mental health charities need to work on their funding pitch and relationship management.

### Cancer charities receive \$5 for every \$1 received by mental health charities.

When the gross income levels of charities in the mental health sector and cancer sector are compared (Figures 5 and 6), the disparity is clear.

This is despite the fact that mental health ranks just behind cancer in Australia's top four burden of disease groups and ranks far ahead of cancer in the non-fatal burden of disease study.<sup>14</sup>

Further, the donation and bequest percentages suggest the mental health sector is receiving a lower portion of private funding.

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“There are a couple of charities in there that are well-known and high-profile, like Black Dog, Lifeline, Beyond Blue, and headspace but the biggest charities in the sector receive virtually no private funding, they're not household names, they're pretty much purely funded by government.”

DIRECTOR, FAMILY FOUNDATION

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“Breast cancer has been going for many years, it's very visible with lots of organisation. We're just not there with mental health at all. ”

DIRECTOR, CORPORATE FOUNDATION

**"If the funders aren't aware, they don't invest."**

DIRECTOR,  
FAMILY FOUNDATION



**Figure 5: FY2017 Gross income and percentage of funding from government and donations and bequests for Australia's mental health charities (not government sub-contractors) by gross income.**

Mental health charity <sup>15</sup>	FY2017 Gross income	% Government revenue	% Donations and bequests
Orygen	\$22,604,030	51%	17%
Black Dog	\$17,321,730	35%	43%
Youth Focus	\$10,858,720	52%	33%
ReachOut Australia	\$7,414,499	46%	39%
Grow	\$5,816,940	82%	3%
Mates4Mates	\$5,412,505	4%	94%
Butterfly Foundation	\$4,381,579	37%	31%
SANE Australia	\$3,736,594	28%	38%
Mates in Construction	\$2,551,301	29%	62%
Batyr Australia	\$2,366,480	0%	66%
Red Frogs Australia	\$2,189,064	7%	42%
Panda Australia	\$2,170,581	79%	10%
RUOK?	\$2,058,679	19%	32%
Raise	\$2,054,237	22%	64%
Twenty Ten Association	\$1,553,889	51%	15%
Pathways to Resilience	\$1,535,230	67%	13%

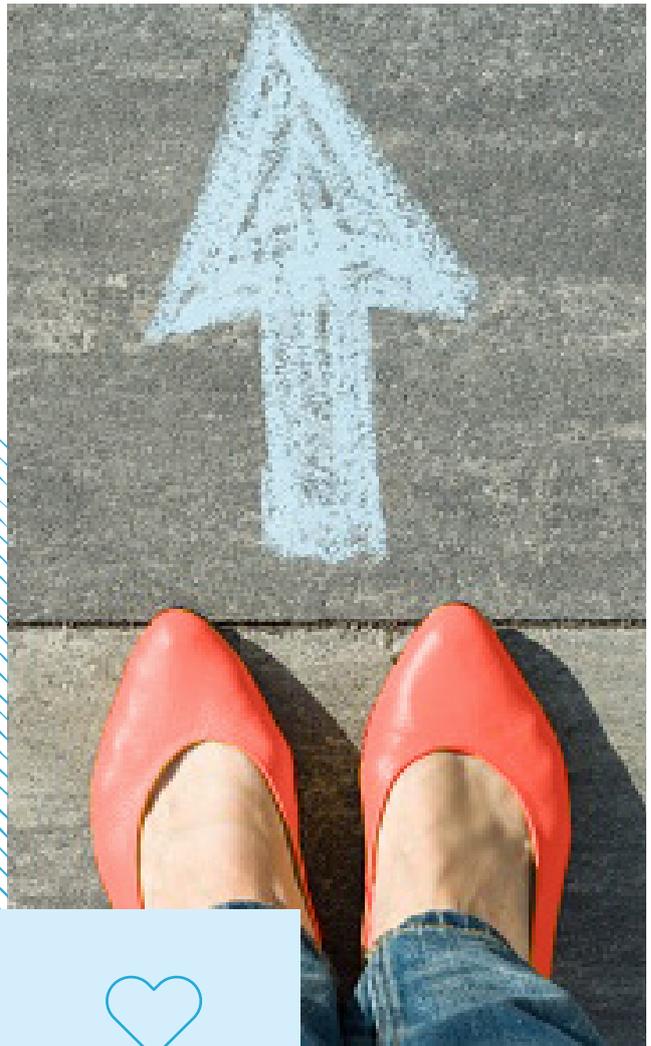
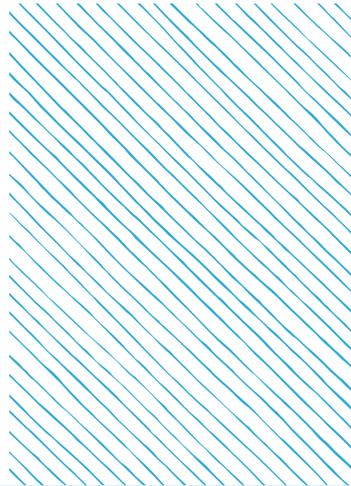
**Figure 6: FY2017 Gross income and percentage of funding from government and donations and bequests for Australia's top 20 cancer charities by gross income.**

Cancer charity <sup>15</sup>	FY2017 Gross income	% Government revenue	% Donations and bequests
Chris O'Brien Lifehouse	\$113,926,267 <sup>16</sup>	37%	7%
Cancer Council of NSW	\$84,408,000	4%	79%
Cancer Council of Victoria	\$76,968,000	31%	59%
Children's Cancer Institute	\$48,589,290	36%	22%
Leukaemia Foundation of Australia	\$38,235,264	2%	87%
Canteen	\$33,525,581	19%	75%
Cancer Council of WA	\$33,358,424	14%	64%
National Breast Cancer Foundation	\$27,738,000	0%	93%
VSC Foundation	\$25,349,828	89%	0%
Centenary Institute of Cancer Medicine	\$20,869,000	40%	5%
McGrath Foundation	\$18,752,152	30%	67%
Camp Quality	\$17,419,092	0%	83%
Cancer Council of SA	\$16,181,675	13%	58%
Olivia Newton-John Cancer Research Institute	\$14,698,830	40%	6%
ANZ Breast Cancer Trials	\$14,188,332	12%	42%
Prostate Cancer Foundation	\$12,826,753	14%	81%
Redkite	\$12,399,764	0%	100%

### KEY FINDING #3

#### Australia's mental health crisis:

Why private funders are not answering the call



### RECOMMENDATION #3



#### CHARITIES:

### Articulate your purpose and raise your profile.

Mental health charities need to better articulate their areas of focus and what they hope to achieve.

As a relatively new sector, charities focused on mental health must build brand recognition through public awareness and fundraising campaigns to help drive philanthropic donations.

Survey respondents believe the ambassadorial roles played by Australian leaders and celebrities who publicly share their lived experience of mental ill-health have proven to be an effective initiative.

Charity leaders can also raise their organisation's profile by engaging with the private funder community through roundtables and forums. The Boards of charities need to invest in building their staff resources in fundraising and marketing as these resources are necessary to secure major gifts from private funders.

## Key finding 4:

# Measuring outcomes is crucial for grant funding.

Funders strongly believe that mental health charities need to adopt more robust evaluation processes and a renewed focus on program outcomes rather than outputs. Respondants expect to see improved pitches that reflect an understanding of private funders' requirements for outcome-based evaluation.

### Lauren Sheargold

CEO and Co-Founder, Sheargold Foundation

*“I agree that there is a mental health crisis in Australia.”*

#### What do you think is the impact of the crisis?

It goes into several areas or facets of society. It has financial impacts, raising questions about how the country can operate and how much of the budget needs to go into health. More broadly, when you're not dealing with people in the way they need and they're not getting the help they need, then there are people within society who are feeling left behind.

#### Have mental health causes been part of your philanthropy portfolio?

No, not directly. Our mainstream of funding is directed towards education, but a lot of the organisations have a crossover with mental health.

#### Why do you not fund mental health charities?

I've met with a few different organisations that do work purely in mental health, and it's not that we would be deterred from working with them, but we'd be looking for programs within those organisations that could show us outcomes in assisting the individual to help themselves or give them skills to be able to improve their circumstance. We need to have a clear direction of where the funds are going and their potential impact.

“Philanthropists want to see outcomes. There are many components to mental health. There's a lot of sub-sets. You have to isolate those sub-sets. If you said we're raising money to build a stronger, resilient community, that's great but what does that look like? I want to know what the money is going to be used for. The outcomes will be complex, they'll take time, but what are the outcomes?”

DIRECTOR, CORPORATE FOUNDATION

## KEY FINDING #4

### Australia's mental health crisis:

Why private funders are not answering the call

### Butterfly Foundation: measuring impact

One private funder of eight mental health charities undertook a review of the outcomes of its funding investment from 2016 to 2018. The review found that only two charities rated 'above-average' in demonstrating robust evaluation methodologies with clearly differentiated outputs, impacts and reporting.

Some mental charities are presenting funders with sophisticated pitches. The Butterfly Foundation, a charity representing people affected by eating disorders and negative body image, is an example.

The Butterfly Foundation's Youth Intensive Outpatient Program seeks to establish an evidence-based early intervention program of intensive meal therapy and group therapy to assist recovery. It meets a service gap in the delivery of appropriate and effective outpatient eating disorder treatment.

When pitching the program to private funders, Butterfly Foundation articulated: short, medium and long-term goals; change levers; and an evaluation process across its first two years of funding.

### At the end of the two years, the evaluation showed:

- The short-term goals had been met or exceeded.
- The second-year direct beneficiary target had been exceeded by approximately 25%, from 18 to 23 beneficiaries.
- Participants showed high engagement in the program, with 100% of clients maintaining engagement or re-engaging with education and improved health and wellbeing outcomes post-program, against an anticipated target of 60%.
- 80% of participants reported improved social participation and connectedness, against a target of 60%.
- 14 clients graduated from the program (against a target 15), with over 70% reporting a decrease in distress and eating disorder symptomatic behaviour.
- How the evaluation activities fed into a continuous quality improvement loop, at both the clinical and business model levels.

Overall, the pitch and subsequent evaluation showed how the program is meeting a need and the impact of the investment was clear.

## RECOMMENDATION #4

### CHARITIES:

### Focus on measuring outcomes, not outputs.

### Funding pitches must:

- Present an evaluation process.
- Set out the potential outcomes of the private funder's investment. The outcomes must be measurable.
- Communicate to funders in plain English – this is especially relevant to research institutes.
- Offer innovative ways in which funders may visualise and engage with the impact of their investment.



## Key finding 5: Funders are not aware of their role in the mental health sector.

Some private funders are not aware of the role for private funding in the mental health sector due to the dominance of government funding.

Those who are aware of the opportunity seek reassurance from the Federal Government of its commitment to systemic change in addressing the mental health crisis.

### “They may not appreciate the gap.”

Private funders ask government to show them the gap in funding and the role for philanthropy:

"There is the misnomer that mental health can be picked up by the public health system which is physically impossible. The reality is, public health just can't meet demand."

DIRECTOR, CORPORATE FOUNDATION

To commit substantial investment, private funders call for government leadership in funding:

"I think it would be great to have some leadership around the issue... so there's a greater sense of how we might work together to actually make a difference."

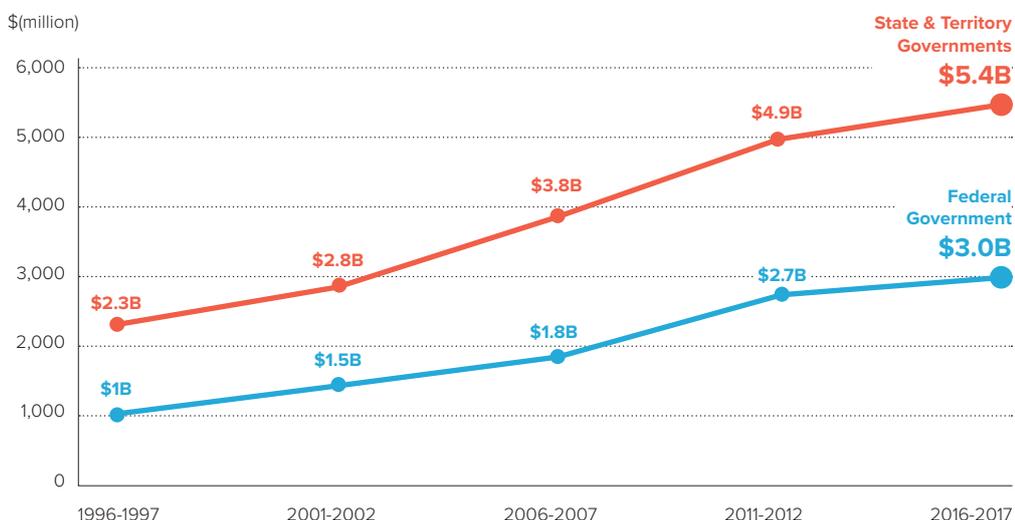
DIRECTOR, PRIVATE FOUNDATION

### Australian governments's focus

#### Levels of government investment

In 2016 to 2017, A\$9.1 billion was spent on mental health related services, with A\$5.4 billion funded by State and Territory Governments, A\$3.0 billion by the Federal Government and the remainder funded by private health insurance companies (Figure 7).

Figure 7: Expenditure on mental health related services, by source of funding, 1996-97 to 2016-17.

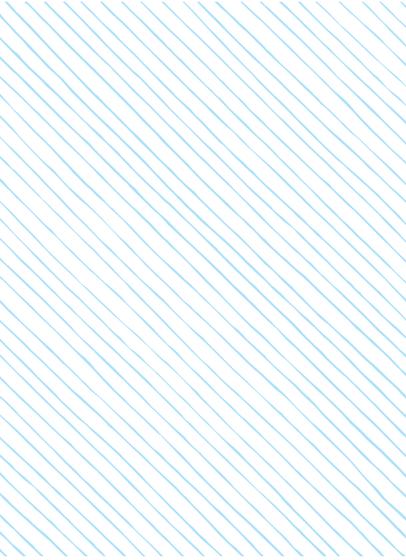


Source: AIHW 2018 and AIHW Mental Health Services 2019 data.

**KEY FINDING #5**

**Australia's mental health crisis:**

Why private funders are not answering the call



*Still falling short: Mental health expenditure ranks fourth*

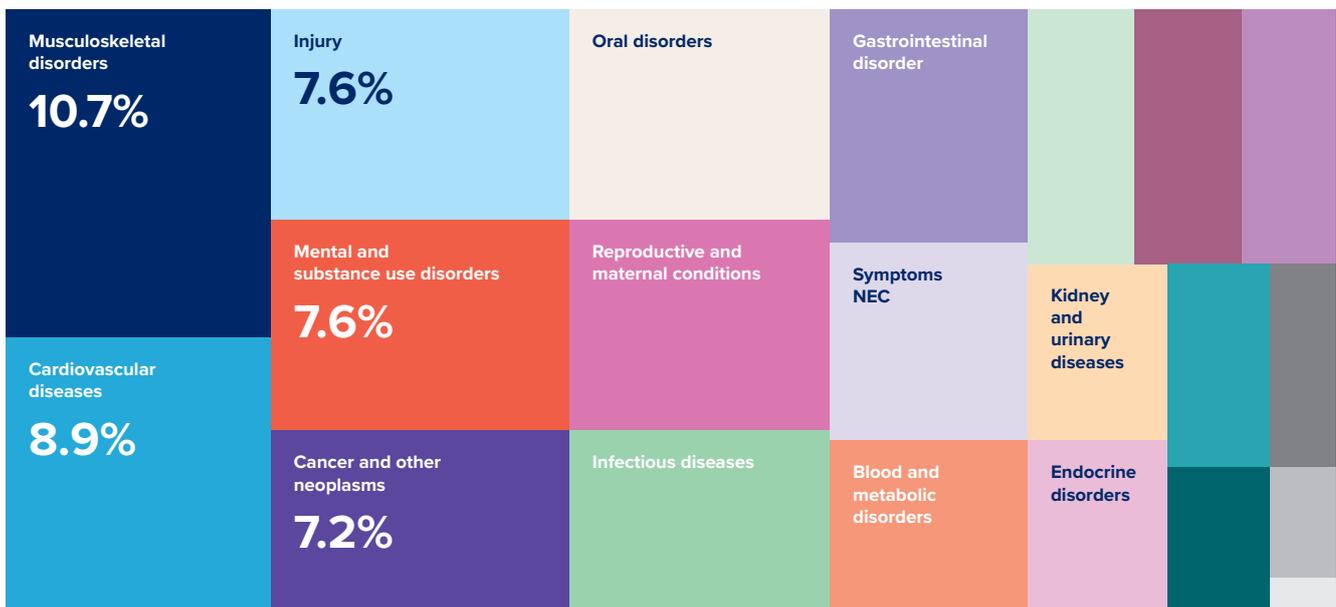
According to the Australian Institute of Health and Welfare's inaugural ranking of disease expenditure by Australian Governments which considers expenditure up to 2016, mental disorders rank fourth with A\$8.9 billion (7.61% of total expenditure).

Musculoskeletal disorders<sup>17</sup> attract the highest government expenditure, at A\$12.5 billion (10.72%), followed by cardiovascular diseases at A\$10.4 billion (8.93%) and injury at A\$8.93 billion (7.64%). Figure 8 illustrates the weighting of expenditure.

*Youth depression vs back pain*

When considering the non-fatal disease burden, that is, the years lost to living with mental ill-health<sup>18</sup>, Australian government funding towards depression, the most pressing disease burden faced by young Australians, rates below the musculoskeletal problems faced by older Australians.

**Figure 8: Australian Federal and State Government expenditure by Australian burden of disease groups, AIHW Disease Expenditure in Australia 2015-2016, released June 2019.**



### *Other indicators of falling short: Federal Government forward spending*

In more recent Federal Budgets (2016 to 2020), the Federal Treasurer has announced approximately A\$2.6 billion in physical health funding as opposed to A\$1.06 billion of additional spending on mental health initiatives. For a turnaround, is the focus where it needs to be?

### *Other indicators of falling short: Mental health research*

The two main Federal Government sources of medical research funding are the Medical Research Future Fund and the National Health and Medical Research Council. Both entities are yet to deliver substantial funding in mental health research.

### *Medical Research Future Fund*

Established in the 2014/2015 Federal Budget, the Medical Research Future Fund was set up to provide a major injection in health and medical research funding. In its current listing of grants under contract since 2016/2017, just 1.1% of its total grant giving has been committed to mental health.<sup>19</sup>

The tide will turn with the 2018/2019 Federal Budget announcement of the Million Minds Health Research Mission with A\$125 million in research funding being delivered over 10 years. Seven grants totalling A\$27.5 million were awarded in July 2019.

### *National Health and Medical Research Council*

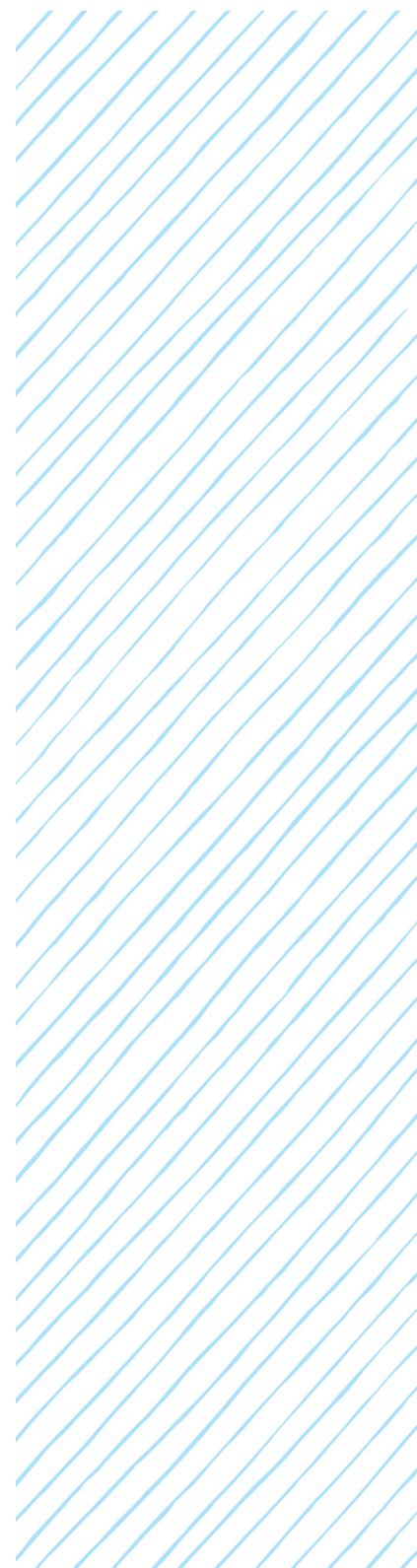
Of the Targeted Calls for Research Grants issued by the National Health and Medical Research Council (NHMRC) between 2000 and 2016, only 7.2% of the research projects target mental health.<sup>20</sup> A listing of the NHMRC's priority funding areas for 2017, ranks mental health research (11% of total funding) well behind cancer research (29% of total funding).<sup>21</sup>

### *Money well spent?*

The A\$9.1 billion currently invested by government is heavily weighted towards acute care and crisis responses rather than the pivotal areas of prevention and early intervention.

A 2018 report<sup>22</sup> recommended the government provide a range of up-front promotion, prevention and early intervention investments. An investment of A\$4.4 billion was estimated to generate between A\$8.2 billion and A\$12.7 billion in short-term savings.

The point was reiterated in a recent report<sup>23</sup> that called on government to adopt an 'investment approach' to its efforts. It suggests a reshaping of the size and direction of funding to shift public expenditure from a focus on crisis response services to an investment in quality and evidence-informed recovery, prevention and early intervention services.



## KEY FINDING #5

### Australia's mental health crisis:

Why private funders are not answering the call

## RECOMMENDATION #5



### GOVERNMENT:

## Highlight the need and the place for private funding.

Australian governments need to engage and work with private funders. Further, governments need to firmly dispel private funders' misconceptions that mental health funding is a government responsibility.

This process of articulation outlined in Recommendation 1 is an important opportunity for the Federal Government to invite private funders to invest in areas that are under-funded and where significant mental health gains can be made, such as prevention and early intervention.

While the Federal Government has shown leadership in increasing funding to the mental health sector in recent years, the level of funding still falls short. The Federal Government must communicate to the private funding community its continued commitment to addressing the crisis.

The Federal Government also needs to articulate the examples of how its funding programs are producing results. This evidence of the funding impact will create investment confidence in the private funder community.



## Key finding 6:

# There are not enough leaders encouraging other funders to invest in mental health.

Leadership from funders and their resulting success stories will encourage others to invest in mental health.

### "The great opportunity for funders."

While many private funders appear nervous about funding the sector, Geoff Day OAM, Chair of the Day Family Foundation, sees the opportunity to lead.

**Geoff Day** OAM

Chair, Day Family Foundation

*"I agree that there is a mental health crisis in Australia."*

#### What do you think is the impact of the crisis?

There is a human impact. There is a massive cost associated with that. And then there's the economic impact, productivity. That cost will work its way right throughout the economy and our lifestyles.

#### Have mental health causes been part of your philanthropy portfolio?

Yes, and we think the way to address this issue is through trying to find the solution to reducing mental illness through prevention. It seems to me that the significant part of funding, mainly from government, goes to the person who has the health problem and I think more funds should be directed towards trying to find the solution to reduce the incidence of mental health.

We all go through life having to face curveballs, but we are never educated in schools on how to cope with them. Education is the key and consequently we support positive education programs in primary and secondary schools.

#### What, in your opinion, is the main reason why funders don't support mental health?

I think funders tend to want to fund the solution to the problem rather than put a band-aid on things. They are not interested in the chronic end of the spectrum. That's for government. And I think that's **the great opportunity for funders** – to identify well-being and resilience programs and education initiatives.

## KEY FINDING #6

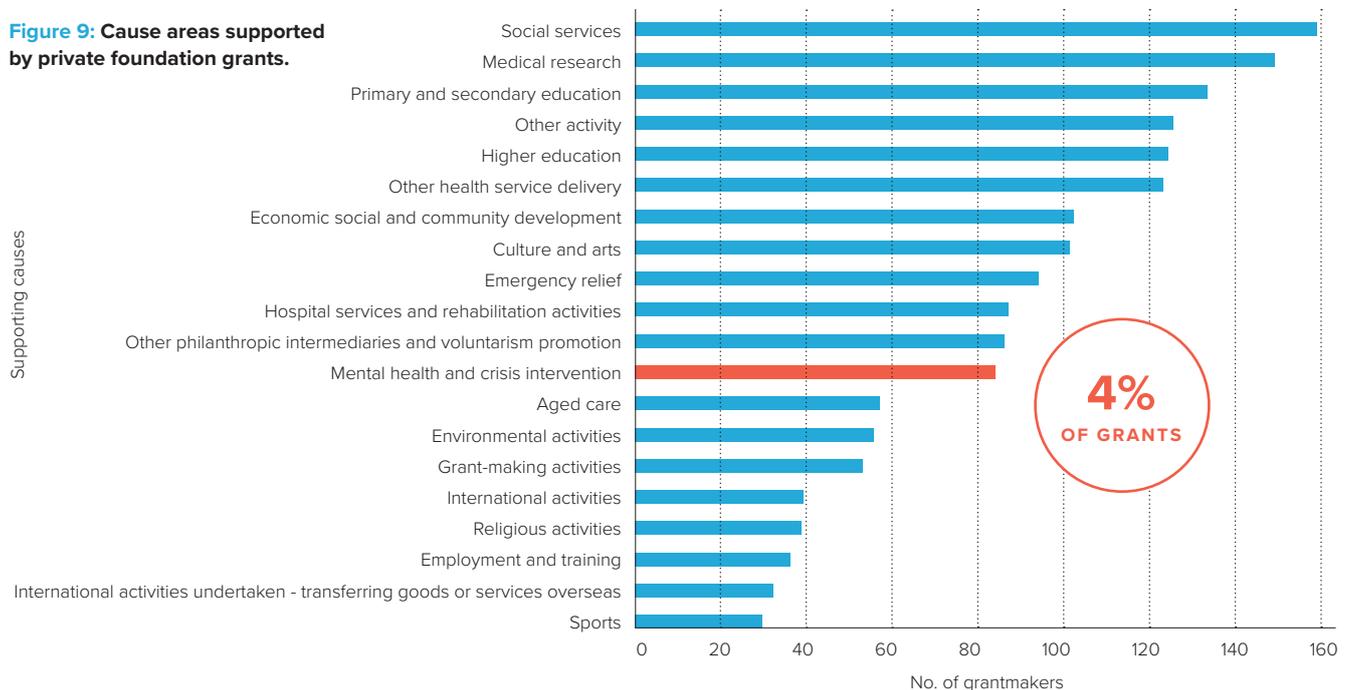
### Australia's mental health crisis:

Why private funders are not answering the call

## Attracting a mere 4% of private grants

Australian Charities and Not-for-Profits Commission data reveals that private or family foundations provide comparatively low support to the mental health charity sector. Figure 9 shows that mental health charities rank 12th and receive a mere 4% of the funding from corporate foundations, community foundations, family foundations and private charitable trusts.

**Figure 9: Cause areas supported by private foundation grants.**



## RECOMMENDATION #6

### PRIVATE FUNDERS:

## Seize the opportunity.

Funders must demonstrate leadership in responding to Australia's mental health crisis. They need to contribute to the growth of the mental health charity sector, to help take it from infancy to maturity. This involves:

- Being open to investing in new and emerging forms of mental health support which do not yet have proof of concept. By taking a leap of faith, funders play a role in building the number of funding success stories that in turn attract other funders.
- Taking risks and funding challenging areas.
- Investing in a charity's capacity building to help the charity expand their brand awareness and fundraising campaigns.
- Creating meaningful long-term relationships with the charities by providing both financial and non-financial support. Long-term support is not just three-to-four years of funding, it needs to be a minimum of five years of support.



# Methodology

## Stage 1

Interviews were conducted with 56 private funders to better understand private funder support of the mental health charity sector. The list of interviewees was compiled by Future Generation. EY conducted the interviews. A breakdown of the interviewee cohort is shown in Figure 10.

**In collaboration with Future Generation, EY formulated the following three interview questions.**

**Q1 Do you agree or disagree with the following statement: “Australia has a mental health crisis?”**

- a. If you disagree, why do you disagree?
- b. If you agree, what do you think is the impact of the crisis?

**Q2 Have mental health causes been a part of your philanthropy portfolio?**

- a. If mental health causes are part of your philanthropy portfolio, why did you choose to support this cause area?
- b. If they are not part of your philanthropy portfolio, why not?

**Q3 In your opinion, what is the main reason why funders do not support mental health?**

- a. What makes you support the causes you support?

The questions were presented to the survey participants via telephone interview conducted by one EY employee, with another EY employee transcribing the interview in real-time. Each interview took, on average, 15 minutes to complete. The interview transcription was then analysed to produce the summary of survey findings.

## Stage 2

The study examined secondary research on the sources and levels of funding invested in resolving the mental health crisis. This involved analysing the datasets of:

- The Australian Institute of Health and Welfare (AIHW), and
- The Australian Charities and Not-for-Profits Commission (ACNC).

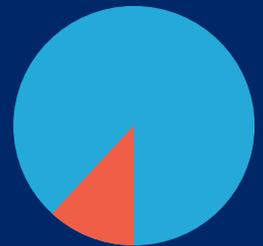
Secondary research also set the context of the report – that there is a mental health crisis in Australia. This involved extraction of data from sources including:

- National surveys conducted by the Federal Government in 2007, 2010 and 2015
- AIHW, and
- The Australian Bureau of Statistics.

Reports produced by the Australian professional services sector and charity sector also informed the research. The context of the report is featured in the Report Appendix.

**This study was conducted in two stages, one involving primary research and the other secondary research.**

Figure 10: Breakdown of private funder interviewees



**47**  
PHILANTHROPISTS

**9**  
CORPORATE  
FOUNDATIONS

# Appendix:

## Context for this report

### DEFINITION

The burden of disease is a measure of the years of healthy life lost from living with, or dying from, disease and injury. The measure is called "disability-adjusted life years" or DALY.

To measure DALY, the AIHW groups 216 diseases and injuries into 17 disease groups. Mental ill health is one of the 17 disease groups.

### Years of healthy life lost – the burden of disease

Mental ill-health ranks in the top four disease groups and accounts for 12% of the total burden (Figure 11). Running closely behind it is injuries, which includes suicide and self-inflicted injuries, accounting for 9% of the total burden.

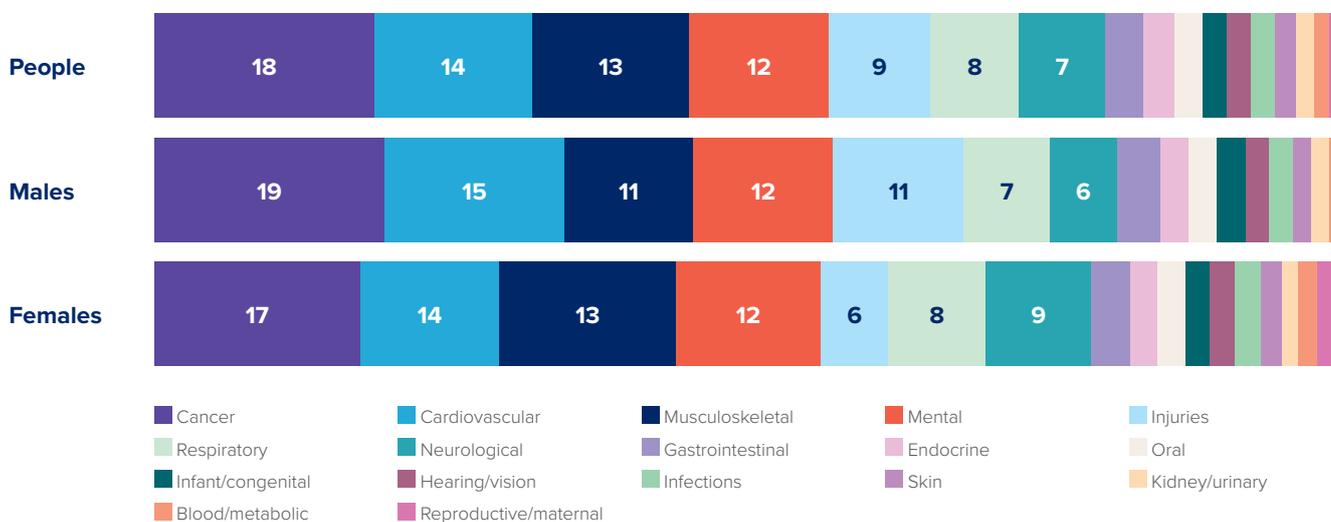
### The burden may be much greater

Given the "injuries" grouping includes suicide and self-inflicted injuries, arguably, the burden of mental ill-health disease ranks much higher, particularly in light of the fact that suicide is the biggest killer of Australians aged between 15 to 44 years.

A higher ranking may also be justified given the connection between mental and physical illness. Research<sup>24</sup> shows that people with serious mental illness are at greater risk of premature mortality because they also experience much higher rates of physical ill-health, particularly chronic diseases such as cardiovascular and respiratory diseases, cancers and diabetes.

### TOTAL BURDEN

Figure 11: Proportion (%) of total burden (DALY), by disease group and sex, 2015.



Source: AIHW: Australian Burden of Disease Study 2015.

## The non-fatal burden

The AIHW delineates between:

- Dying prematurely from the disease – the fatal burden.
- The healthy years lost through living with disease – the non-fatal burden measured as Years of Lived Disability (YLD).

The delineation is an important one as it shows the extent of the healthy years lost by Australians who live with a particular illness or condition.

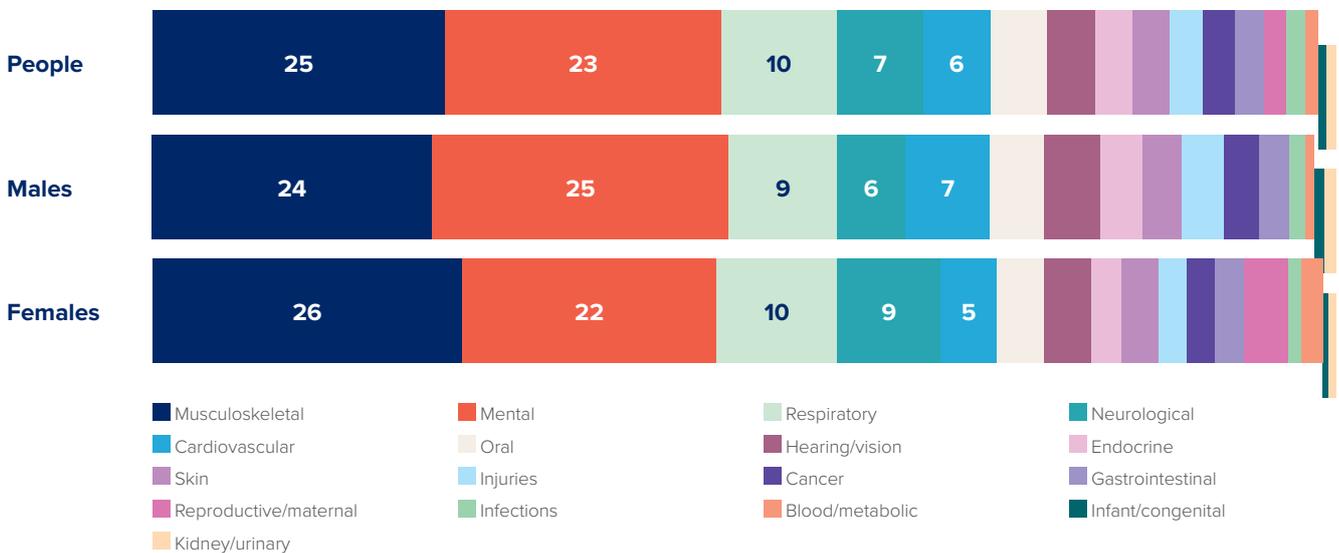
Figure 12 shows that mental ill-health accounts for 23% of the non-fatal burden. It comes closely behind the burden of musculoskeletal conditions at 25%.

## DEFINITION

**Years of Lived Disability is a measure of the number of healthy years of life lost due to living with disease at the population level.**

## NON-FATAL BURDEN

Figure 12: Proportion (%) of non-fatal burden (YLD), by disease group and sex, 2015.



Source: AIHW: Australian Burden of Disease Study 2015.

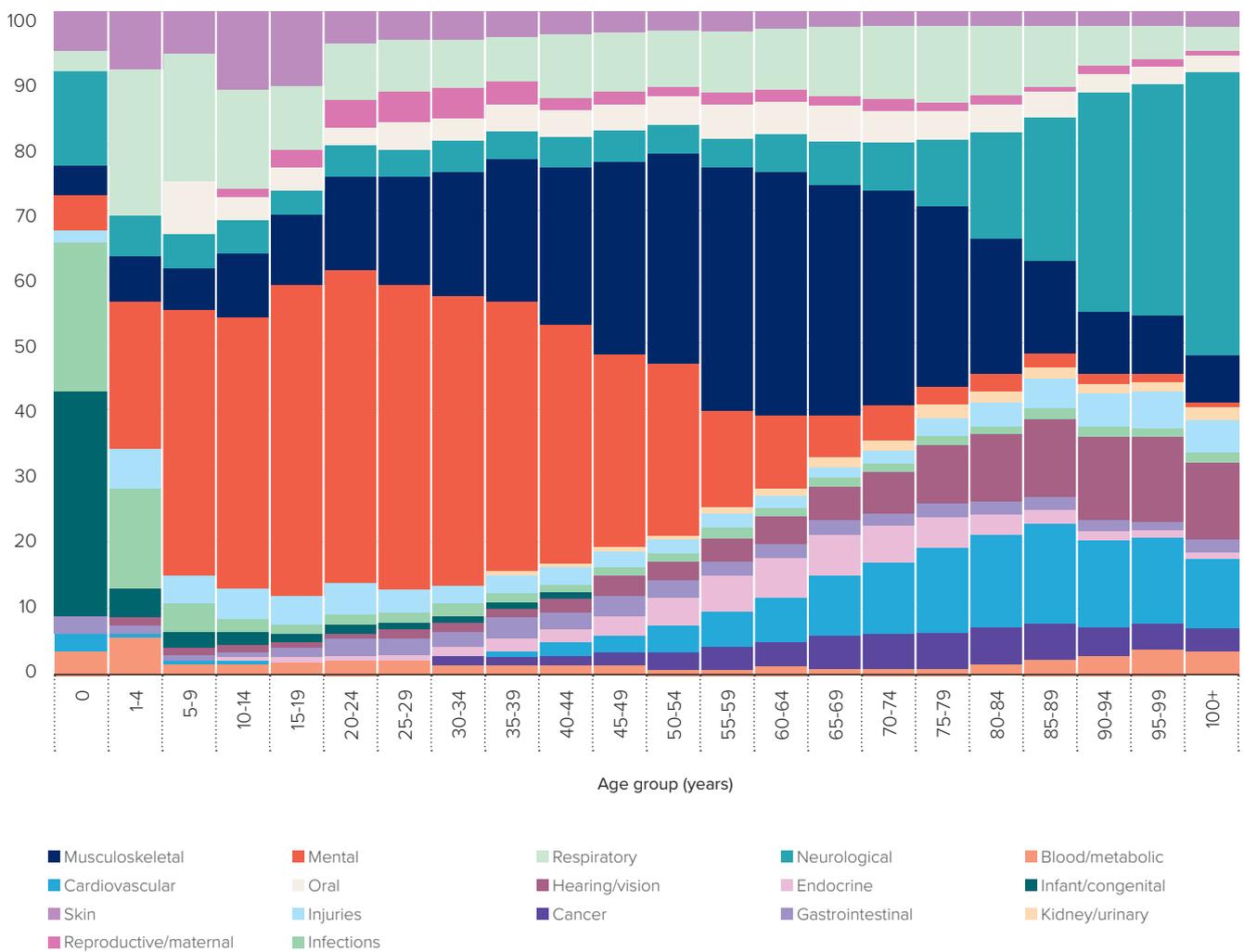
**APPENDIX**

**Australia's mental health crisis:**

Why private funders are not answering the call

Figure 13 shows the high concentration of the mental ill-health burden in Australians aged under 50 years (excluding infants). The graph clearly shows that mental ill-health impacts our most productive demographic, Australians aged between 18 and 50 years.

**Figure 13: Relative proportion of non-fatal burden by disease group and age group, 2015.**



Source: AIHW: Australian Burden of Disease Study 2015.

## The social cost

Without appropriate care, support and management, mental ill-health not only becomes more severe, but may often lead to other difficulties including social withdrawal, the breakdown of family and personal relationships, poor education<sup>25</sup> and employment outcomes<sup>26</sup>, over-representation in the justice system<sup>27</sup>, increased mortality rates and high levels of health and social service use.<sup>28</sup>

## The economic cost

The World Economic Forum forecasts that over the next two decades the global economic cost of mental illness will exceed that of cancer, diabetes and respiratory ailments combined. The global cost of mental health conditions in 2010 was estimated to be US\$2.5 trillion, with the cost projected to surge to US\$16 trillion by 2030.<sup>29</sup>

### *The lost productivity figures*

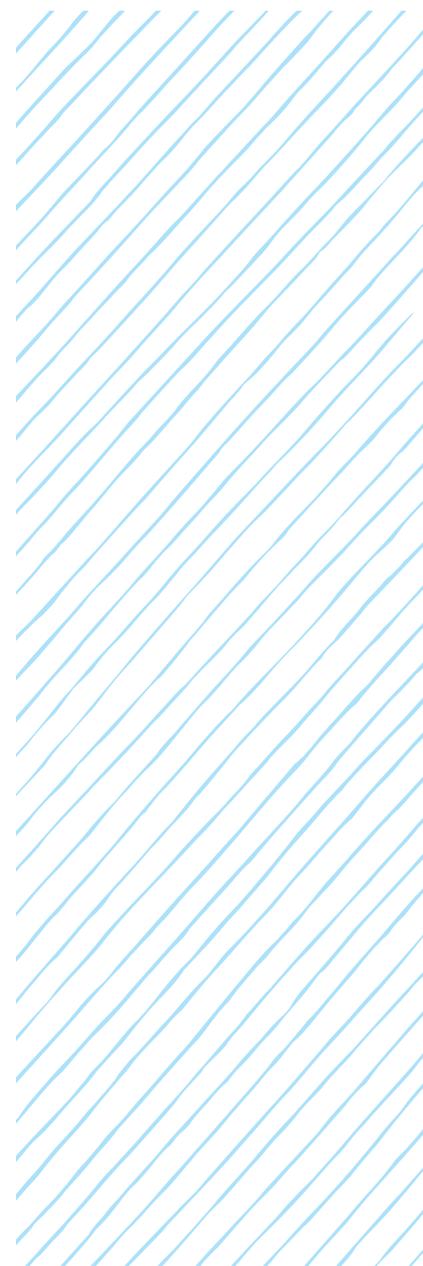
In the past decade, a number of Australian professional service firms have partnered with major mental health charities to draw attention to the economic fallout of lost productivity.

A 2009 report<sup>30</sup> found that mental illness in young Australians aged 12 to 25 years cost the Australian economy in that year A\$7.5 billion in lost productivity due to lower employment, absenteeism and premature death.

This was followed by a 2015 report<sup>31</sup> which, using conservative data, found that mental illness in young people aged 12 to 25 years, cost the Australian economy at least A\$6.29 billion per year in lost productivity.

A 2014 report<sup>32</sup>, across all employee age groups, estimated that the mental health conditions of employees cost Australian workplaces approximately A\$11 billion per year in lost productivity. This comprises A\$4.7 billion per year in absenteeism, A\$6.1 billion per year in 'presenteeism' and A\$146 million per year in compensation claims.

A clear picture of the current economic cost will be revealed in late October 2019 when the Productivity Commission releases its draft report<sup>33</sup> on the effect of mental health on the nation's economy and productivity.



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11. This is not an exhaustive list.
12. FY2017 ACNC dataset
13. Mental Health Funders' Inaugural Roundtable Meeting Minutes, 23 July 2019. Hosted by Future Generation.
14. See Report Appendix: Figures 11, 12 and 13.
15. This is not an exhaustive list.
16. Note: As a hospital, Chris O'Brien Lifehouse derives much of its revenue from patient billing.
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