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# Productivity Inquiry – Submission response



**Black Dog**  
Institute

# Response

The 2020 Productivity Commission Inquiry into Mental Health revealed that mental ill health and suicide costs Australia up to \$220 billion per year, which is equivalent to over 10% of Australia's entire economic production.

Australia's future productivity and recovery from the pandemic relies on mentally healthy people to drive the economy. It is critical to ensure that all Australians are supported to live purposeful lives. Population mental health should be considered a top priority for productivity growth.

Black Dog Institute urges the government to focus on the following mental health areas in order to improve Australia's productivity performance:

1. Elevate workplace mental health as a key policy lever to influence productivity
2. Proceed with national mental health system reform to improve allocation of labour and resources
3. Prioritise prevention, and intervene early in life and early in illness

## 1. Elevate workplace mental health as a key policy lever to influence productivity

Mental illness contributes significantly to lost productivity at work, in the form of sick leave and absenteeism, presenteeism, and lower participation rates. The cost of lost productivity due to mental illness is estimated at up to \$39 billion per year (1). Further, workers compensation claims for mental illness are increasingly attracting higher compensation than other serious claims because they lead to more time off work (2). Current requirements to demonstrate a link between work and symptom onset often result in delayed access to treatment and prolonged recovery time.

Black Dog Institute recommends that workplace mental health should be a key focus in order to reduce the loss in productivity due to mental illness. Strategic focus on mental health in the workplace is needed, particularly with continued changes to working arrangements, anxiety around post-pandemic return to offices, and trends towards 'hybrid' models of work. This should include:

- Reform to workers' compensation claims to promote early recovery and return to work following psychological injury
- Improved regulation of psychosocial risks including bullying and harassment in the workplace to reduce risk of work-related mental illness
- Investment in research and evaluation of interventions to foster mentally healthy workplaces

For more information, please see Black Dog Institute's 2021 White Paper 'Modern Work' (3) (Attachment 2).

## 2. Proceed with national mental health system reform to improve allocation of labour and resources

We know that a fit-for-purpose and efficient mental health workforce is critical to support population mental health. The Productivity Commission Inquiry revealed that many Australians currently do not receive the support they need. Estimates suggest only 40% of people with moderately severe mental illness and 60% of people with severe mental illness have used mental health services in the last 12 months (4). Undersupply, lack of appropriate skilling and maldistribution of services are key issues for

Australia's mental health workforce (5). Even amongst those who access services, many people do not receive evidence-based care. Further, many people face long waiting times before they can access treatment, with impacts on the severity and pervasiveness of their mental illness.

Improving the efficiency of Australia's mental health system through national reform would result in increased productivity. Specifically, reducing delays to accessing support and improving the quality of care delivered would result in people recovering sooner from debilitating mental illnesses, leading to greater participation in the workforce. This should include greater adoption of efficacious digital and blended delivery mental health interventions. When delivered correctly, digital and blended care approaches are both clinically effective and cost effective (6-10). Blended care requires substantially less clinician time per client, positioning it as a future-focused tool for optimising the existing healthcare workforce. The Productivity Commission Inquiry estimated that 2 million people who are currently receiving medication or individual psychological treatment could benefit from lower intensity digital options, and a further 500,000 Australians who are not currently accessing any treatment could also benefit from these digital interventions (11).

The economic benefits of implementing recommended mental health system reforms is estimated at \$1.3 billion per year in increased economic participation (12).

Black Dog Institute strongly recommends that governments drive mental health system reform and improve system efficiency through:

- Urgently addressing mental health workforce shortages and maldistribution
- Facilitating uptake of evidence-based digital and blended interventions and infrastructure in the mental health system

### 3. Prioritise prevention, and intervene early in life and early in illness

Over the last decade, the prevalence of mental illness in young people has increased. Mission Australia's Youth Survey, the largest annual survey of Australian young people aged 15-19, revealed that 26.6% experienced psychological distress in 2020, compared to 18.6% in 2012 (13). Our 2021 White Paper, Modern Work, also revealed that the amount of mental health symptoms reported by young Australian workers under 25 years old has gradually increased (3). In part, this is due to the mental health effects of insecure work. Trends of increased casualisation of jobs and the growing gig economy disproportionately affect young people who are overrepresented in less stable industries.

Increased prevalence of mental illness in the youth workforce is concerning for Australia's future productivity. Evidence suggests that adolescent mental illness is associated with higher risk of being Not in Education Employment or Training (NEET; (14) and unemployment across the lifespan (15).

Young people have also reported a steep increase in mental health symptoms over the last year in response to the COVID-19 pandemic, and the long term impacts on their wellbeing and future working lives are unknown.

Black Dog Institute strongly recommends that governments prioritise prevention and early intervention of mental illness in children and young people. This should include:

- Use of school settings as a near universal touchpoint to identify and treat mental illness in children and young people
- Investment in regular population level data on child and youth mental health in addition to adult mental health to monitor and respond to trends and improve understanding of long-term mental health outcomes

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## For more information

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