

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2015–16

Melbourne — 19 May 2015

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Witnesses

Mr Martin Foley, Minister for Mental Health,

Dr Pradeep Philip, Secretary,

Mr Lance Wallace, Deputy Secretary, Corporate Services,

Mr Paul Smith, Deputy Secretary, Mental Health, Wellbeing, Social Capital and Ageing, and

Ms Leanne Beagley, Director, Mental Health, Department of Health and Human Services.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 budget estimates. All mobile phones should now be turned to silent.

I would like to welcome the Minister for Mental Health, the Honourable Martin Foley, MP; Dr Pradeep Philip, Secretary of the Department of Health and Human Services; Mr Lance Wallace, Deputy Secretary, Corporate Services; Mr Paul Smith, Deputy Secretary, Mental Health, Wellbeing, Social Capital and Ageing; and Ms Leanne Beagley, Director, Mental Health. A potential witness in the gallery is Ms Judith Abbott, Acting Director, Drugs, Primary Care and Community Programs.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

I now invite the minister to make a very brief opening statement of no more than 5 minutes, and this will be followed by questions from the committee.

Visual presentation.

Mr FOLEY — Thank you, Chair. In a way this presentation comes at the end of the earlier submissions and sets the context. I will proceed to the next 'setting the context' slide. The mental health portfolio is very much set in the context of contributing to that broader sense of addressing the wider needs of vulnerable Victorians. Obviously it has a community setting, but it also has an acute setting as well. But it is not an either/or; it is a spectrum of where the needs of individuals fit in the system, together as part of the rationale of the portfolio of bringing it into the realm of the wider bringing together of services and opportunities to deal with the causes of mental health and wellbeing issues.

The budget seeks, first, to deliver on our election commitments. It seeks to make sure that the needs of Victorian families dealing with mental health and wellbeing issues are addressed. It seeks to prioritise investments in those needs in the areas of greatest growth and demand for mental health, drug and alcohol services. It seeks to address issues of where underinvestment in more recent times has occurred. This budget delivers \$112 million in mental health program initiatives. It delivers \$6 million in new investment in capital projects, and it delivers the largest part of the government's ice action task force plan of some \$26 million in a range of drug services across the state.

In terms of the next slide, the \$5 million over four years that we committed to in the election to reinstate funding for a range of community-based mental health organisations is delivered, and those services are identified in the slide. That was particularly to focus on what we believed was an omission from the recommissioning program of the former government to deal with the most vulnerable and most needy people, bringing together a range of complex social and mental health issues that we believed were overlooked in the rollout of the recommissioning, as it was highlighted to us by stakeholder groups. That is delivered there, together with the down payment of the \$1 million in planning and development for the Orygen Youth Mental Health rebuild of its Parkville facility. There is also the contribution of a wider \$20 million election commitment to focus half of that — \$10 million over four years — to deal with the mounting issues of occupational violence associated with

the mental health workforce. Equally, there is half a million dollars for four years for the community-based ice action groups across the state.

In terms of the next slide, this is really a snapshot of how the mental health budget would be rolled out over the period of time and the delivery of support programs for lapsing programs that were due to expire. To draw attention to some of my earlier comments around how the equality portfolio can partner with other areas of government activities, we see almost \$6 million of programs through the self-harm and suicide response areas for same-sex attracted and gender diverse people, but with the view that we should seek to reframe that in a more positive rights-based approach. There is also a recommitment of \$4.4 million to eating disorder programs and a \$5 million rollout for the continuation of upgrade programs.

I will briefly draw members' attention to the next slide. This is an interesting slide that I wanted to share with members, particularly from the regions. I am happy to share with members, if they wish, the actual areas, but I do not want to stigmatise particular communities. What we have seen for the first time, even allowing for some data issues associated with the recommission, is that amphetamine use is now the largest area of referral from regional communities — particularly regional communities, but not just regional communities — in terms of alcohol and other drug users. That has not been at the expense of the number of alcohol referrals, which continue at about the same actual level. It reflects the fact that amphetamine use has grown substantially, particularly in our regional communities, to the point where now, with the state being split up into 16 catchment areas, we have a situation where over the last year amphetamine use has grown to be the largest intake and assessment point of contact of all drugs, which leads us on to the next point — —

The CHAIR — The minister to conclude his presentation.

Mr FOLEY — I might just leave it there, given I was only one slide away from finishing.

The CHAIR — Thank you, Minister. I refer you to table 1.13, 'Asset initiatives — Department of Health and Human Services', which appears on page 77 of budget paper 3. How do these initiatives acquit the government's election commitments in *Labor's Financial Statement* to improve mental health services for Victorians?

Mr FOLEY — Set out there are the asset initiatives for the current projected arrangements, and I will briefly address those. The first is the \$1 million planning contribution for Orygen Youth Mental Health for its planning and development work. The government's contribution in LFS was — and is, and will over the course of this Parliament be — a \$60 million contribution to that facility. Orygen Youth Mental Health is a very important national best practice centre not just for research but also for service delivery for young people dealing with mental health and wellbeing issues. In fact it is a world leader. We committed to rebuilding this facility, and the initial contributions there will start this process and will be consequently followed up with the necessary capital once the planning is in place. The starting of the investment there in Parkville will transform that site and will reflect the importance and the value of the work that is done with some of our most vulnerable young people.

Members will no doubt also be aware of the \$5 million contribution that is also set out there. That is for a range of upgrades of mental health and alcohol and other facilities in communities across the state, particularly seeking to align the modern use of those facilities, particularly in the regions, around the changing nature of drug and alcohol use and its relationship back to mental health programs. Given the 4-minute time frame that I am seeking to operate in, I am happy to expand on precisely where those might be, but it is a commitment to make sure that the growth in demand for services is equally reflected in the need to upgrade facilities that are accompanied with that.

Mr MORRIS — I have a similar budget paper reference — BP3, page 77 — and in particular the 300 000 allocated in 15–16 and 800 000 across the forward estimates to the Orygen Youth Mental Health planning and development asset initiative there. I also refer to your media release from 14 November last year, which indicated that an Andrews Labor government would invest \$60 million in this project. I ask you: when obviously a costing was done that led to this \$60 million commitment, why is the commitment in the budget \$59 million short over the next four years?

Mr FOLEY — Thank you, Deputy Chair. I touched on this issue in the answer to the Chair's question, and no doubt you will recall the recent question time when the opposition put a similar question to the Treasurer and he clearly indicated the support, not just in BP3 but in other budget papers, around the contingency items for the

support for Orygen. The truth of the matter is that we will deliver in full our commitment to Orygen. Oddly enough, given the neglect of the site that we inherited, there is a substantial amount of cooperative work that has to be done with Orygen and with Melbourne Health in terms of partnering with them to seek the planning and rollout of that wider contribution. That is certainly a position that we will be delivering on.

In terms of the additional funding, as the Treasurer indicated in the recent question time, we will deliver on that arrangement. The necessary early planning and site preparation work that needs to be done will be funded, as you correctly identified, with the remaining capital to follow as will be needed as the basis for partnering with Orygen, Melbourne Health and other partners to deliver a much-needed service that specialises not just in clinical services and community delivery but in world-leading research in early intervention for young people. We proudly stand with Orygen youth services in delivering these services, knowing that they are desperately needed and that they will deliver long-term benefits through an early intervention approach for young people.

Mr MORRIS — If we can refer to page 109 of BP3. The heading there is ‘Outstanding capital commitments’. The text says:

Work is underway to deliver all of the government’s election commitments.

Funding is being held in contingency for the full cost of delivering these asset initiatives that are not yet ready for inclusion in the 2015–16 budget.

But there is absolutely no mention there at all of the Orygen project. It is simply not there. I will not list the initiatives that are there, but frankly it is not there. Given your earlier answer and indeed given the Treasurer’s answer in the Legislative Assembly, where is the money?

Mr FOLEY — I refer you to the Treasurer’s comments in the house and the fact that in BP5 you will find those arrangements I think at page 40 — I stand to be corrected — in terms of not just those listed facilities there but a much wider range of contingencies in the many billions of dollars under the heading of contingencies for commitments made. The support that this government brings to Orygen youth services is solid, is real and is attended with the price tag of \$60 million. Once the initial planning and site preparation issues are dealt with in partnership with Melbourne Health and Orygen, the capital will be provided, as the Treasurer clearly indicated to the house and to the people of Victoria.

Mr MORRIS — Solid, real and unfunded.

Ms WARD — Is that a comment, an additional question or just a flyaway line?

The CHAIR — Order!

Ms PENNICUIK — Minister, I go first of all to budget paper 3, page 234, which refers to mental health community support services, and also to your presentation, which does not have a page number but refers to budget highlights and mental health funding. It says, amongst other things, that there is \$8.3 million over two years for the NDIS trial in Barwon. I wanted to raise the issue of the relationship between the NDIS and mental health community services. It is becoming evident that the NDIS was built with people with a disability in mind, not necessarily those with a mental illness, although it is supposed to provide support for both. To be eligible for the NDIS you must have a permanent disability, but mental health problems can be episodic and not necessarily classified as a permanent disability, and we are finding in the trial site in Barwon that many people with a mental illness are not qualifying for the NDIS because they are not considered to have a permanent disability. So will any of this \$8.3 million funding be directed to restoring access to those services to people who are missing out currently?

Mr FOLEY — Indeed you have hit on one of the many complexities of the rollout of the NDIS in the Barwon region as a trial. The reason you trial things is to seek to iron out the bumps and get things right. You are correct in your reflections on some of the issues. The titles keep changing, but it was originally tier 2 — it has now got a different name, which I might be assisted by my friends from the department on — as to how people are considered to be in scope or not in scope of the NDIS. This is an issue that has been brought to my attention not just by NGOs and providers in the Barwon trial but by the peak organisations and indeed by participants in the scheme.

The definition of what is an episodic mental illness and wellbeing condition and therefore what is in the system and what is not in the system is an area of some contention. The number of people who are being deemed to be not in scope, to use their terminology, as a result of episodic mental wellbeing issues is an area of not just concern to the Victorian government but indeed to all state jurisdictions. The area is now called information linkages and capacity building.

Ms PENNICUIK — Great.

Mr FOLEY — I do not know who decides these things, but tier 2 in which the mental health areas are considered under the NDIS is now information linkages and capacity building.

Hopefully things will change as a result of approaches that all jurisdictions are making, but it is potentially around about up to 30 per cent of people with mental wellbeing issues who may well have, from a state's perspective, had an expectation they would be covered by the NDIS might well be facing not being covered by the NDIS. This of course then impacts on how the state approaches — indeed all states then approach — our commitments from 2013 and the specific bilateral agreements that we have to reach later this year about service provision and how that gets rolled out and supported.

Whilst we are up for the \$2.5 billion in terms of commitment to the NDIS and indeed the commonwealth through its Medicare levy and its contributions of some \$2.6 billion, how that contribution gets rolled out and who is covered by it — and if people are not covered by it what are the continuing linked services of the Victorian community care system, particularly in the area of mental health — are probably the most challenging issues that all states are facing in their relationship with the commonwealth. That needs our friends at the commonwealth to ensure that the 2013 principles that people signed up to are delivered in the way in which I think not just governments and not just communities but participants with mental health and wellbeing issues and their families and carers expect.

Rest assured that because of the complex two-way nature of the exchange of finances associated with the NDIS that the Victorian government's position will be that those people not picked up by the NDIS, whether it be mental health or otherwise, should not be disadvantaged and that their current level of service provision will be one that we will defend and prosecute.

Ms PENNICUIK — Picking up from your latest point, Minister, it seems that the trial has left many people without access to services. This may be due to the fact that Victoria was the only state which did not use NDIS funds to evaluate two existing community health services but instead used existing community mental health funds to fund the NDIS, resulting in less funding for community mental health services. This appears to be a Victorian issue?

Mr FOLEY — I might have to take that on notice, because it has certainly been my experience as recently as a few weeks ago that the Victorian government committed an extra \$450 000 to National Disability Services as the peak covering all of the participants and their peaks in the system to deal with the NDIS rollout in lieu of the fact that some of the support for that framework was being withheld by the commonwealth for various technical reasons. But in terms of how different states measure whether it is community-based, acute-based or the step-up, step-down arrangements between the two, different states measure them in different ways. The joys that await us as to how the NDIS nationally will measure those consistently are yet to be determined. So I think I would, one, take it on notice, but two, potentially take issue with you that there has been no reduction in support for the funding of community-based mental health services associated with the NDIS or not associated with it, because the reality is demand continues to grow, whether it is in the NDIS trial areas or more broadly.

Whilst different states measure it in different ways, and our friends in New South Wales can point to what they would like to say is their superior system, the truth of the matter is that Victoria has probably the most sophisticated community-based service delivery around mental health and wellbeing and will continue to do so. That will not be diminished by the rollout of the NDIS.

Ms PENNICUIK — Thank you, Minister. I am happy to have that clarified on notice.

Ms WARD — I am glad that we have started talking about mental health. My question comes from a conversation I had this morning with the local basketball club, the Eltham Wildcats, which have identified that there is an issue with services for people having mental health issues and which are coming up with their own

strategies, which is just fantastic. Can I get you to look at table 1.12, 'Output initiatives — Department of Health and Human Services', on page 64 of budget paper 3? There is a line item there that refers to meeting clinical services demand. Can you inform the committee how the expenditure will help meet the growing demand that our community is facing overall for mental health services?

Mr FOLEY — Certainly. Whether it is the Eltham Wildcats or many other community-based organisations, the fact is that somewhere around about 20 per cent of our community will face mental health and wellbeing issues over the course of their lives. Again, this is an issue that impacts on everyone — every community and every family. In terms of the table you draw our attention to, meeting the clinical services demand is seriously a key item of how the state needs to respond to the growth in demand, not just associated with population growth — although that is the driving factor — but increasingly responding to unmet demands in the system as a result of previous governments cuts in this area and, sad to say, the projected commonwealth contributions being reduced by somewhere between 13 to 17 billion dollars to the wider area.

Ms WARD — A common story with the federal government.

Mr FOLEY — That is clear in mental health. What this package does is identify an additional 88.2 million to meet that growth in demand, and that package includes resourcing over the four years of, particularly, clinical service demand. That will increasingly be around intensive community-based mental health programs, which I think are recognised as a particular strength of the Victorian system. The program here will particularly focus on an area that has been neglected, around adult and older complex needs clients, and trying to build up the package of support that they have.

There will be intensive community treatment aged-care service packages each year targeting 500 older people who have experienced severe mental illness. We will seek to manage their illnesses at home, rather than in an acute setting. Evidence — not just in Australia but internationally — shows us that that is where you get your better results. In addition to that, at any particular time those adult complex care packages will support 80 people experiencing severe mental illness which is disproportionately reflected in co-occurring complexities, whether it is drug use, forensic history, homelessness or, sadly, coexisting intellectual or acquired brain injury conditions, which again reflects that whole-of-person focus that this portfolio is seeking to bring. This will very much be a first for the state in how mental health catchments seek to use the intensive clinical capacity of the highest needs in their 16 different areas around the state.

Part of this will also be in capital. There is a commitment for a 10-bed residential transitional support service at the Austin in Heidelberg, close to your own community, which will allow people with particularly severe mental illness and co-occurring intellectual and acquired brain injuries to have — in a non-highly acute hospital setting but in a step-up, step-down transitional program — long-term support so as to allow them to build up the capacities they have to operate as effectively as they possibly can and then transition into a residential community-based environment.

Ms WARD — Thank you. That is great news for the Austin.

Mr D. O'BRIEN — Minister, referring to community ice action groups, which are listed on page 16 of budget paper 3, I note that the government's media release of 29 April says that community groups can apply for up to \$10 000 in funding, but I note the previous government had introduced a \$2 million program which allowed groups to apply for up to \$100 000. There is basically a quarter of the funding available and a tenth of the individual grants that are available, so I ask: why that cut in that side of it, and what will the impact be on the types of programs that community groups might be able to run?

Mr FOLEY — You are partly right but partly wrong as well in your question. In terms of the arrangements that the government has put in place in the rolling out of our election commitment around the ice action task force, we inherited a series of commitments that had been made but not necessarily rolled out — indeed, largely not rolled out — in terms of community initiative supports. When I came to office it was clear that whilst commitments had been made — particularly in a pre-election environment — a range of community organisations would be supported in rolling out their programs, that had not actually occurred. One of the first things I did when coming to this portfolio was to ensure that, whether it was the Australian Drug Foundation or other community-based organisations, they were in a position to deliver on the unmet commitments that the

former government had made — indeed, some in your own community. We ensured that those organisations were funded and that those programs that were committed to but had yet to be rolled out were delivered.

In terms of the \$45 million program and the half-million-dollar commitment we have made around local community-based opportunities for communities to get together and partner with a whole range of organisations to have relevant embedded responses to the scourge of ice, at the moment we are seeing a series of programs. Some are funded through our initiatives and some by the former government, as we funded the initiatives that were unmet, and in addition to those, the half-million-dollar localised programs. To cast that as a cut is in fact incorrect. The money that we are rolling out is in addition to those arrangements that have already been entered into or committed to.

What we are seeing is a whole range of local communities responding in ways that are relevant to those communities to provide support, whether it is through community health centres, health networks, law enforcement, schools or sporting clubs, using the serious commitment made by so many of those communities — disproportionately in regional and rural Victoria — —

Mr D. O'BRIEN — That is the nub of the question.

Mr FOLEY — They seek to support locally relevant, locally powerful ways in which the scourge of ice can be dealt with and which, as I pointed to in the presentation, indeed in some areas of the state is now the leading alcohol and other drug issue that communities are seeking to grapple with. I say all power to those communities, and I would not like to couch this in any other way than what it is, and that is that there is a real increase in the provision of new money to resource and support those community efforts.

Mr D. O'BRIEN — My supplementary question is still in relation to the community ice action groups. This is for clarification, and then I will come to the question: the media release refers to \$0.5 million, while the budget paper has four lots of \$100 000. I assume that is just a rounding issue. *Labor's Financial Statements* referred to the community ice forums being reprioritised, and my question is: what has that money been reprioritised to, particularly in regional Victoria?

Mr FOLEY — The reprioritisation reference there needs to be seen in the context of the \$45.5 million in new commitments that have been associated with the rollout of the election commitment around the ice action task force being delivered in the first 100 days. The previous government committed \$2.8 million over four years for community education forums, this and the \$1.9 million of ice crime prevention grants, I think they were. Whilst being reshaped and alternative, Labor policies are picked up and extended in the \$45.5 million targeted ice action plan. So whether it is the expansion of drug treatment services, particularly the focus on rural rehabilitation, whether it is the expansion of investment in clinical supervision, whether it is the expansion in needle and syringe programs across the hundreds of both primary and secondary locations as ice use and ice purity sees it being used in many different ways, whether it is the support for families and communities both in terms of access to direct information through digital and the 24/7 ice action hotline and indeed the training support for workers delivering that, the \$45.5 million in new money is a commitment that has been delivered in full and in a comparative sense adds to and dwarfs the previous commitments made by the former government.

Mr D. O'BRIEN — So some of that funding has been allocated across that \$45 million?

Mr FOLEY — No, it is new money, over and above some of those arrangements. In the arrangements that the government inherited, some organisations through the best of faith had put in place arrangements that had not been funded. I am familiar with some in your own community who made representations to us to say, 'We have incurred costs and made provisions; we seek those to be funded'. Those were funded in full, and those programs have in fact run out — to be delivered, run out. The \$45 million is in addition to that. Some of it is new money in terms of meeting the former government's commitments, but the \$45 million is all new money.

Mr D. O'BRIEN — On a point of order, Chair, could the minister clarify that issue of rounding? There is a disparity between what is in the budget and what the media release said.

Mr FOLEY — In terms of the contributions of the community ice, it is 0.125 for each of the four-year projections — so reflecting that issue that you identified.

Mr D. O'BRIEN — Yes. It is just that on basics there it says 100 000, but that is just a round figure.

Mr FOLEY — Yes, quite right.

The CHAIR — This is probably going to be our last question,

Dr CARLING-JENKINS — I will try again to be brief. I would like to refer the minister to budget paper 3, page 70, under ‘Meeting clinical services demand’, where additional funding will be given to enable clinical mental health services to respond to growing patient demand across Victoria. Many people with disabilities, as we have described here this morning, have dual disadvantages, and one of those is mental health problems. This was covered in your response to Sue as well. There is increasing recognition of depression, for example, within different disability communities, particularly intellectual disability. Within this context, can you outline for the committee where and how this additional funding will be targeted — specifically, if there is a focus within this service expansion on general services or if there will be a review within clinical services which will evaluate which specialist areas require expansion?

Mr FOLEY — Thank you for that question. I might make some general comments before perhaps seeking the assistance of either Ms Beagley or Mr Smith in terms of the specific programmatic detail. You are right, and as I responded to Ms Ward earlier, the growth of support to meet the clinical demand services is new money, it is real and it is set out not just in page 70 in terms of its heading but in detail at page 64. Whilst that responds to population growth, it also responds to the increasing levels of demand and the changing nature of that demand.

I did highlight in an earlier answer some of the targeted areas in which that will be delivered, whether it is community treatment aged-care services for 500 older people, particularly in a community mental health setting, whether it is the adult complex care packages with the overlay of those co-occurring alcohol, drug, forensic history, homelessness, intellectual disabilities or acquired brain injury factors, or indeed whether it is the contribution around the capital components or upgraded facilities.

In terms of the specifics, in terms of depression, I might have to bow to the judgement of my colleagues from the department and perhaps seek their assistance in some of the more nuanced aspects of your question.

Dr CARLING-JENKINS — No problem, thank you.

Ms BEAGLEY — I think I understand you to be asking how that funding will be allocated and how those decisions might be made —

Dr CARLING-JENKINS — Yes.

Ms BEAGLEY — and I think with a particular reference both to depression but also to people with intellectual disabilities or other complex presentations, like acquired brain injuries or drug and alcohol problems, forensic histories and those sorts of complexities. This package has been designed to directly address those complexities so that clinical mental health services will be more able to provide holistic care for people with a range of complexities, and these are programs that are available in some areas of our state but not in all, so there is a commitment from the minister to ensure that all areas of the state will be able to access complex care packages for people with a range of those kinds of issues, including people who are in the older age group who may have some organic brain disorders and things that further complicate their presentation in the mental health service system.

It is important to focus on the funding of 10 new beds at the Austin Hospital as well, which is for people with complex presentations, including those who have a dual disability, so both an intellectual disability and a severe mental illness. This program and one that is later to be commissioned in the Monash catchment will both be statewide services for people with the sorts of complex issues that you are talking about.

Dr CARLING-JENKINS — Excellent. Thank you very much.

The CHAIR — I would like to thank the witnesses for their attendance: the Minister for Mental Health, the Honourable Martin Foley; Dr Pradeep Philip, Mr Wallace, Mr Smith, Ms Beagley and Ms Abbott. There was one question on notice from Ms Pennicuik, so if you could provide a written response within 21 business days of that request, that would be appreciated.

Witnesses withdrew.