V E R I F I E D   V E R S I O N

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2014–15

Melbourne — 22 May 2014

Members

Mr N. Angus
Ms J. Garrett
Mr D. Morris
Mr D. R. J. O'Brien
Mr C. Ondarchie
Mr M. Pakula
Mr R. Scott

Chair: Mr D. Morris
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Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms M. Wooldridge, Minister for Mental Health.

Dr P. Philip, Secretary,

Mr L. Wallace, Deputy Secretary, Finance Corporate Services Division,

Mr P. Smith, Deputy Secretary, Mental Health, Wellbeing and Ageing Division,

Mr P. De Carlo, Deputy Secretary, Regulation, Health Protection and Regions Division, Department of Health.

Necessary corrections to be notified to executive officer of committee

The CHAIR — We will resume the hearings with hearing no. 42, mental health. I welcome back the Honourable Mary Wooldridge and this time from the Department of Health the secretary, Dr Pradeep Philip; the Deputy Secretary, Finance and Corporate Services Division, Mr Lance Wallace; the Deputy Secretary, Wellbeing and Ageing, Mr Paul Smith; and Deputy Secretary, Regulation, Health Protection and Regions, Mr Pier De Carlo.

The minister now has an opportunity for a brief presentation of no more than 5 minutes on the budget estimates for the mental health portfolio.

Overheads shown.

Ms WOOLDRIDGE — Thank you, Chair. It is great to be able to present on mental health and alcohol and drugs in the 2014–15 budget. It is very important once again to couch this in terms of our overall reform, and a lot of reform there is and has been. The new Mental Health Act, which had a lot of support from right across the Parliament, which was very positive, is now in place and will be operational from 1 July. We have had significant reform in the community sector mental health service delivery area and also the alcohol and drug treatment delivery area.

The government has a whole-of-government plan called 'reducing the toll' in terms of addressing alcohol and drugs. It brings together all parts of government to address this very significant issue as well as a real focus on ensuring we have the workforce. Once again the work that we are doing in mental health and alcohol and drugs is very much tied into our broader health and human services reform agenda of Services Connect and the service sector reform.

A few of these titles will be familiar. There are many different reform documents and agendas driving the very positive change we are seeing in the area of mental health and drugs. In this budget there is a very significant investment of $1.26 billion in mental health. This has been about a 25 per cent increase over the last four budgets. In that, we are investing in many new beds — acute, subacute and community based — and it is generating a number of jobs for the community.

Alcohol and drugs also has a record investment of $165 million. This particular investment for alcohol and drugs is very significant — the biggest investment in alcohol and drug treatment that we have been able to find in terms of previous budgets, a 21 per cent increase over four years and once again some good job numbers.

In terms of mental health particularly some of the budget highlights include, as I have mentioned, a record investment in mental health and the biggest ever investment increase in alcohol and drugs. I am very proud that for a long time — 14 years — we have the first budgeted increase in residential beds. This is the new mother and baby withdrawal unit that will be run by ReGen, which will be quite an addition to the suite of withdrawal and rehabilitation facilities that we have.

There are new initiatives, or expanded initiatives, to address people with very complex mental health issues and also an expansion of what I will call the PACER model, where police and mental health services work together to address people with a mental illness in the community rather than needing to present to emergency departments. There are new prevention and recovery care units in Warrnambool and Mildura, once again continuing our investment in beds and options — different ranges of types of bed-based services for, particularly in this case, people in regional Victoria.

Overall there is nearly $70 million. The bulk of the funding, in addition to the beds, is really trying to deal with clients with very complex issues, to address the long stay in hospitals, to address their readmission rates, to address the presentations into emergency departments and to support them to be able to deal with their mental ill health and actually recover from it in the community. It also fulfils the last significant election commitment that had not yet been done, which was the funding for transition support units. There is nearly $15 million there for two new 10-bed units, which will also add to the suite of bed-based services that are available.

The other couple of programs I would like to touch on include the extension of Mental Illness Fellowship's Doorways program, which is about using private rental accommodation by putting support around people with a mental illness to start to address some of the housing issues that people with a mental illness have. There is also a very significant investment in ice particularly but other treatment, particularly in regional Victoria but also in our growth and suburban areas.

Lastly, I will just touch on, as I have in the other areas, the funding for the SACS decision through Fair Work Australia — about 9000 people working in the community mental health and community alcohol and drug area who will benefit from the pay rise as part of the SACS decision.

The CHAIR — Thank you, Minister. We have until 4.00 p.m. or a little bit after for questions. Starting again, would you outline to the committee the budget initiatives in the mental health portfolio which contribute to the growth of Victorian jobs both in the coming year and over the forward estimates period?

Ms WOOLDRIDGE — Thank you, Chair. Overall since coming to office about 530 jobs have been created in the mental health sector and over 140 in the alcohol and drugs area. There are also over 150 construction jobs as a result of the capital investments that have been made — good investments that will make a very significant difference in terms of jobs in this state, and as a number of our investments are in regional Victoria, that is, of course, very positive for jobs in those areas.

For example, there are new prevention and recovery care units in five different locations — 25 construction jobs in Mildura and in Warrnambool but also 30 ongoing roles across the services we have funded. There is good funding, and that includes in Wodonga as well as St Vincent's and the Austin. With the new transition support units we think there are about 45 construction jobs in terms of building them, once again in Melbourne's north and in Melbourne's south-east.

In terms of investing in mental health and people with complex needs, once again this is all about people. The new intensive client packages will create over 20 jobs, and we think about 16 jobs for the complex needs initiative that we have. These are very significant capital investments creating construction jobs and ongoing service delivery roles which will enhance our mental health and our alcohol and drug specialist workforce. With the community residential alcohol and drug withdrawal unit, for example, there will be 12 jobs during construction and then obviously ongoing jobs once that has occurred.

I was very positive, and I mentioned this earlier, that VCOSS think this is a jobs budget. For people who are disadvantaged the best thing we can do is create job opportunities through investment, encouraging private sector investment as well as public sector investment. They have particularly welcomed the health infrastructure in regional areas, as have others, like VICSERV. It is a good budget that creates jobs and builds infrastructure, and importantly all of that is going to go towards the care, support and recovery of people with a mental illness and alcohol and drug addiction issues.

Mr PAKULA — Minister, I just want to ask you about the national health reform agreement. Budget paper 5, page 170, indicates that the 2014–15 budget for the NHRA is $3.7569 billion. If I go back through the Victorian health policy and funding guidelines for 2013–14, it shows that mental health services receive roughly 10 per cent of national health reform agreement funding. To me it is a tiny bit over 10 per cent. Out of 3.756 billion can you confirm that 375 million or thereabouts will flow to mental health services in 14–15 from that funding allocation?

Ms WOOLDRIDGE — Obviously it is very significant funding from the federal government, and we do work on a formula of about 10 per cent. Sometimes there are individual agreements on particular issues, but generally we work on roughly 10 per cent of those sorts of things in terms of flowing through to the individual area for mental health.

Mr PAKULA — I do not want to verbal Mr Wallace, but I do note that he is nodding.

Ms WOOLDRIDGE — That is what I am looking at too.

Mr PAKULA — In terms of last week's federal budget and the national health reform agreement money, the 14–15 amount is $129 million lower to Victoria than it was suggested it would be in last year's federal budget. Can you indicate what if any proportion of that $129 million reduction will be flowed through to mental health in 14–15?

Ms WOOLDRIDGE — I understand what the member is seeking, but it is impossible to disentangle how this flows through specifically. A real life example I suppose of how this occurred is when the former federal government was making cuts during the course of last year. Through some strong advocacy Victoria managed to regain some of that money from the former government. When the health services were asked what they

would have to cut to meet the reduction in funding from the federal government, it flowed through differently in different areas. In some areas mental health services were part of the ones that were going to have to be reduced, and in other cases health services decided that if their budgets were reduced, that impact would happen elsewhere. The reality is it is impossible to disentangle what flows through and how that then translates to the service delivery on the ground and attribute a specific amount of funding to mental health.

Mr ANGUS — Minister, I refer you to budget paper 3, page 19 and page 24 as well, and also slide 6 of your presentation, which detailed the government's investments in the development and operation of prevention and recovery care units. Minister, would you please outline to the committee the benefits of these investments for people with a mental illness?

Ms WOOLDRIDGE — Thanks very much for that. The prevention and recovery care units I think have been a great innovation in our suite of the provision of mental health services in the state. They were started under the former government and are something that we have embraced and continued very significantly under the coalition government. This budget provides for two things: as I have mentioned, just at a high level, it provides for 8.6 million for two new prevention and recovery care services, one in Mildura and one in Warrnambool, but also $21.1 million for the operation of three PARC facilities that we funded for the capital in an earlier budget. These are at Fitzroy North, Heidelberg Heights and Wodonga. This budget is a very significant advance, with funding for 48 beds, 30 of which will be service provision and 18 of which are for capital for building them. The one in Warrnambool will have 8 beds but also have 2 day places as well, so coming up to the 10-bed unit.

In terms of where this takes us in the course of this government, we have actually invested funding for 78 new PARC beds overall. That is a significant expansion of the provision of PARC beds, the choice that people have with a mental illness in relation to their treatment and recovery and of course the choice of the clinicians in terms of their treatment options as well. This is a very significant step forward. The government made a commitment to have PARC facilities in every area. This delivers on that commitment. There is one outstanding area where their model of care does not actually suit a PARC model because of the way that they provide very community-based care already, but the rest of the state now has PARC facilities — or will have, with the building of these final two and the operation of the three that we have provided funding for. That is a great step forward, and it is roundly supported across the board. For example, beyondblue in their media release for the budget said:

> It's great to see funds allocated to transition support units and prevention and recovery care centres —

recognising the importance. It was described by the *Border Mail* as a 'Four-year win for mental illness' and as 'a big boost' in terms of the resources and support that is being provided.

I think this is a model that other states emulate. Other states do seek to understand how we provide them. At its heart is the connection between the acute area of mental health service provision and the community and mental health service provider. The two come together in the provision of these services to make sure there are not gaps in terms of the service provision, and they are very much working hand in glove for the benefit of people with mental illness and their recovery.

Mr SCOTT — Minister, in correspondence dated 14 March of this year you wrote to the opposition leader in relation to funding attached to the Mental Health Bill 2014, which had been allocated in 2010, being a total of $36.56 million, and you stated that:

> … up to $28.3 million of the implementation budget will be expended by the end of 2013–14.

Will this occur?

Ms WOOLDRIDGE — First of all, can I say how pleased I was with the support of the Parliament for the new Mental Health Act. It has been a long time in coming — five years in the making. It was started under the former government and refined and completed, and will be delivered, under the coalition government. In that process we did have ongoing correspondence in relation to the funding — because that has been an ongoing source of interest of this committee — in relation to the service provision.

Can I say the funding was committed in the 2010–11 budget, and we have been very careful to make sure that all the funding committed is available for both the planning and the implementation of the act, and for

supporting the act to be operational. Even back in 10–11 the view was that the act would become operational in 14–15, and that is exactly when the act is becoming operational. It is interesting, and I am pleased that we have been able to meet the time frames.

I am advised that the implementation budget of 36.56 million has been committed in accordance with all the policy objectives, and that includes: 13.5 million for health services to prepare and also for the workforces to get ready for the new legislative, practice and operational requirements; 12.2 million in overall project investment to develop and implement the policy reforms, upgrade the IT, establish the evaluation framework and so on; 4.4 million to establish the mental health tribunal; 3.8 million for the mental health complaints commissioner; and 2.6 million to embed and sustain service quality improvement. There has been a whole range of things that we have done, such as the recent announcements about reducing seclusion and restrictive interventions, that have been funded out of these processes. Then recurrent funding of $20.7 million is available from 14–15, which will include direct funding for health services, funding for the mental health complaints commissioner and the mental health tribunal, and funding for an advocacy program, the second psychiatric opinions and the chief psychiatrist clinical leadership and quality improvements.

My advice is that the funding is as was advised at the time, in terms of the March correspondence, and that any funding that is not expended in this financial year will be fully carried over to 14–15 to continue the implementation and the rollout of the act.

Mr SCOTT — By way of supplementary, you have outlined the 20.75 million and I think the 8.2 million to be rolled over, if that is the case. What is the additional money beyond that, those two amounts, in terms of additional funding for mental health services in 2014–15?

Ms WOOLDRIDGE — This funding was committed in 10–11; it is already embedded in the base of the budget. So all the funding that we have announced for the 14–15 budget does not include any funding for the Mental Health Act.

Mr SCOTT — I understand that. But there is 20.75 that you are talking about, which I understand is growth funding for this year; is that correct?

Ms WOOLDRIDGE — Yes.

Mr SCOTT — What is the additional growth funding in the budget, excluding those amounts?

Ms WOOLDRIDGE — So every dollar that is increased in the budget against mental health, or new funding, is in addition to the amount that is already budgeted for to be increased. Does that make sense?

Mr SCOTT — Yes.

Ms WOOLDRIDGE — Yes, there is an uplift for this 20 million, but everything outlined on page 19 of BP 3 is the additional funding. On top of that there will be indexation and other things. I am actually looking for the overall figure. I am looking at page 133, where we go from 1.2 billion to 1.26. That will obviously incorporate the increase for the Mental Health Act, but the funding above and beyond that is additional investment to address the complex patients, to provide the service delivery and to do everything else that I have outlined, so it is a combination of the two. If you look at the revised figures, it is 1.168 and then 1.26, and the difference between those two, minus the 20 million, is the increase in the mental health budget.

Mr O'BRIEN — I refer to your opening presentation where you mentioned the problem of ice, and as you are aware, ice is a significant problem in Victoria, particularly rural Victoria. I ask you, Minister, if you could advise the committee what investment the government has made to support communities that have been affected by ice usage.

Ms WOOLDRIDGE — Thank you very much, Mr O'Brien. This is an important area because many of us are seeing it in our communities and certainly we are seeing it at the front line of our health services and police. Police are reporting increased call-outs, ambulances are seeing the impact of ice in terms of their call-outs for ambulance services and our emergency departments are seeing more people presenting who are ice affected. The challenge with ice is that it can, for some, lead to very aggressive behaviours. That makes it particularly

challenging for our workforce to know how to deal with it and to be able to contain it not only to keep the person safe and to keep our workforce safe but also to keep the broader community safe.

In this budget I have been very pleased that we do have a significant investment — over $30 million — in new alcohol and drug treatment services, acknowledging the need to expand our treatment services and particularly with a focus on ice. We have provided separately additional funding for our workforce to be trained on the specific skills and capacities they need to be able to work with people who are ice affected. One of the things we have in our alcohol and drug sector is a wonderful generalist set of skills. Drugs of concern at any point in time change, so we need a workforce that has the capacity to deal right across the full range of issues but have specialist skills and training if particular types of drugs emerge and if there are particular issues associated with those drugs.

We have been training our workforce, and we have been targeting cohorts of users to educate them in relation to the dangers of using ice. We have targeted, for example, tertiary students. We have targeted our tradies, the tradespeople workforce, as groups that are more likely to have access and to engage. There is funding in this budget to also expand further that education support across the community not only for our workforce but potentially even for families. How do we educate families how to work with and support a family member who may have an addiction to ice? We believe that the funding in the budget will support about 2000 extra people a year to access treatment and support for ice and other presenting issues.

The other thing I wanted to mention in this context is the importance of the additional funding that we have provided and new funding in this budget for further support for our emergency departments. What we are seeing is that people presenting with alcohol and drug issues, particularly with ice issues, in our emergency departments are not only a danger to themselves but can be a danger to other people in the emergency departments and a danger to our emergency department workforce. In the last budget we funded 21 different emergency departments to have additional funding to be able to come up with creative ways to deal with people presenting with alcohol and drug issues, and this budget extends that to a further six emergency departments that will have that funding.

The interesting thing in terms of how it is rolled out — because we have very much left it to the discretion of the emergency departments, the health services, in how they use the funding — is that the models have varied, so what might be needed at Austin might be different to Bendigo, which might be different to Box Hill and so on. By providing the funding and setting some parameters but letting the health service and the emergency department team determine how it is best invested, we have had a variety of options and solutions come up, and we will continue to encourage locally driven responses to this very, very difficult issue.

Ms GARRETT — Minister, I refer to budget paper 3, page 145. Under recent actions by you, as you are aware, community and mental health services have been significantly rationalised into 16 catchment areas. The downsizing or closure of services that have had success at engaging the most vulnerable and disadvantaged Victorians with mental illness will have a significant impact. I would like you to explain to the committee why the budget papers show that 12 600 clients will receive community mental health services in 2014–15, while in 2010–11 it was 14 076 people?

Ms WOOLDRIDGE — Tell me which line you are referring to?

Ms GARRETT — 'Clients receiving community mental health support services'; the 2014–15 target is 12 600.

Mr ANGUS — The other figure you quoted was a bit old.

The CHAIR — Order!

Ms GARRETT — Yes. I quoted a figure as to what was happening a couple of years ago — yes, I did. Why has there been such a massive decline?

Ms WOOLDRIDGE — Sorry, what number did you quote earlier, because that is not in my budget paper and I do not have earlier budget papers here?

Ms GARRETT — In 2011–12 there was an expected outcome of 14 076 people receiving these services.

Ms WOOLDRIDGE — And what was the actual? In 11–12, have you got the actual? Sorry, I would rather work off the actuals than the expected because that gives us a proper context. Perhaps I can go a bit broadly just to talk about the recommissioning.

Ms GARRETT — Yes, that would be helpful, thank you.

Ms WOOLDRIDGE — On coming to government what was very clear from the community sector was a high level of concern and frustration in relation to the fragmentation of, the complexity of and the lack of access for people with a mental illness to the community mental health system. In fact the sector came to us and said, 'We need reform, and we need to improve the way we can work with people with a mental illness to deliver support'. In fact VICSERV, the peak group, in their own document *Community Managed Mental Health — An Agenda for the Future: Consultation Paper* from 2012, said:

> Significantly improved benefits to consumers can only be delivered through rationalisation of the service system …

This was a request from the sector. It was a very thoughtful process they undertook, coming back to government to say, 'We need to do this differently, and we want this to occur'.

The government has been working with the community sector over the last few years to drive that change. What we have set up is a new system which seeks to, importantly, at its heart improve the recovery for people with a mental illness. In doing that, what we have done is we have collapsed 11 funding streams into 4 and as a result given the community mental health providers much more capacity to individually meet the needs of clients — so, greater flexibility. We have also done a single entry point into each area so that people can come in and get referred to appropriate services that support their particular need. We are putting priority on people with severe mental illness, and we want more say for people in terms of the choice of their treatment and support. That is the context of the reform and why we are driving it.

It has been a six-month process we have gone through in terms of determining who is going to provide those services going forward. As a result of that, we now find that previously there were 47 agencies in scope for recommissioning. These four key services — core services — will be delivered by 20 agencies. Some of those agencies that were unsuccessful did not apply, and the others that applied basically were not rated to be as high quality and have the capacity to be able to deliver in the new flexible way that was needed for clients going forward.

Change is hard. We absolutely acknowledge that, and this is going to be a challenging process, but we are working with service providers and we are working with people with a mental illness and their families and carers to support them through this process. We genuinely believe that people will get better support in the community as a result of this reform agenda that the community sector has led and done in conjunction with the government.

Mr O'BRIEN — A point of order, Chair. The minister had requested information as to the actual figure from the 2011–12 year. I believe I have that in the budget papers here and can provide my copy to the minister, or I could give her the figure as I see it. It was renamed in this present budget from a previous performance measure — 'Clients receiving psychiatric disability support services' — and the actual, as recorded at page 132 of BP 3, was 12 318. The figure would seem to have gone up.

Ms GARRETT — I have budget papers here where the actual in 2009–10 was 13 383.

Mr O'BRIEN — I would prefer that the minister provide the evidence.

Members interjecting.

The CHAIR — Order! That was all part of the point of order.

Mr O'BRIEN — I will provide this to the minister and let the minister look it over.

Ms WOOLDRIDGE — That is fine. Thank you.

Ms GARRETT — By way of supplementary, as we have heard, this transition process is extraordinary. Certainly in my area — and I know I have had correspondence with you as the member for Brunswick, and I

know colleagues of mine have faced similar issues — there is deep concern and distress. There are going to be mass retrenchments of staff, and there are concerns around premises to be found — again to be self-referential — in Brunswick and Coburg for new providers who have not previously had premises there and the cost of that and all of those issues. Certainly that is the sense of vulnerable people, and they are worried about the continuity of care.

You mentioned that you would provide support. I would like you to detail to the committee what the support will be for workers who face retrenchment and for the thousands of clients who are going to have continuity of care broken.

Ms WOOLDRIDGE — If I could just briefly add to the last point, one of the things we have done — and you will see that the numbers have actually been consistent over the last couple of years — is that we have also been conservative. As always, we will adjust estimates up or down as we see how the service use plays out so that we can get it more accurate in terms of the numbers that are delivered. We have actually added over $2 million in funding to help this transition through this process. We are funding VMIAC, we are funding the mental health carers network to support clients and we are also funding VICSERV. So we are funding the key agencies that work with people with a mental illness, families and carers and the service providers to assist in the transition process.

Change is hard. We absolutely acknowledge that. We want this to be as smooth as possible. There are things like jobs boards. That is being run by VicSERV, I recall. The new providers or providers who are substantially expanding their service provision will need the workforce to do so, so we think there will be many opportunities, and that is why the jobs board is important — for people to know who is looking for jobs to provide these sorts of services, and people will be able to go to one place to access them.

There will be support and planning for clients to transition to the new providers. Always our number 1 concern is for people with a mental illness to make sure that they can manage this transition smoothly. We are confident that the new providers will be able to provide evidence-based, high-quality support and recovery services to these new clients. Yes, it will be a time of change, but there is significant investment, planning and support to help clients, to help families, to help staff and to help the organisations to transition to what we believe reflects what the community sector asked for in terms of a service delivery sector that has flexibility to respond to individual needs with a number of very high-quality performers and service providers, because that is what is going to be best for people with a mental illness in the future.

Mr ONDARCHIE — That is exactly the slide I was looking to have up on the screen. Minister, you and I have had a number of chats about people who are presenting to hospital emergency departments who have a mental illness and how that number is increasing — we have talked about the Austin Hospital in my electorate before — and we know that is putting a strain on hospital resources as well as on police. In budget paper 3, page 19, it details some funding that will deal with this challenge. I wonder if you could outline to the estimates hearing the investments that, under your stewardship, the government is making to better manage the interface between emergency services, mental health and emergency departments.

Ms WOOLDRIDGE — Thanks very much, Mr Ondarchie. This is a really important area of investment, and I think it will also make a big difference to everyone who is involved, because people with a severe episode of mental illness in the community are often ending up being transported by police or ambulances to our emergency departments when those issues may have been able to be addressed in the community and in their home. The police, mental health clinicians and various parts of government, even Medicare Locals, all to their credit, have been piloting or trying different approaches to have a joined-up response. There have been trials out at the Alfred and at the Austin. When we were up at Northern Health recently in another forum I remember them talking to us about NPACER and how that model was working for the northern suburbs of Melbourne.

There have been a variety of different trials, all of which when evaluated show that if you can address a mental illness issue in the community or in the home rather than transporting to emergency departments, that works for everyone. It works for the client because they get earlier support and address their issues; it works for families because it often de-escalates situations and can be a calmer environment; it works for police, as they spend less time transferring people with a mental illness to hospitals; it works for our ambulances similarly, as 10 per cent of all ambulance transfers are for people with a mental illness, so this goes to the heart of some of our demand

issues there; and it works for emergency services, because people are not presenting with a mental illness who do not need to be there.

This budget makes a significant investment of over $15 million to roll out PACER-type models right across the whole state. Like I mentioned with the emergency departments where the funding was provided, allowing health services to look at local needs and local differences, this funding will also be provided in that flexible way so that police, mental health clinicians and area mental health services, ambulances and others can come together, look at what is currently provided, work out the model — either continuing to build on what is already happening or starting a new approach — to deliver this integrated mental health police response.

I was very pleased to announce this with deputy commissioner Lucinda Nolan and to meet a number of the police who have been working on this as well as the mental health teams. Their enthusiasm for this model is very significant in terms of the difference that it makes for everyone, so I am very positive. This is a great step forward, and it will mean for people with a mental illness and their families an earlier addressing of issues in a calm environment, with a clinician present as needed, and a constructive resolution of the issues that they are presenting with.

The CHAIR — We are now out of time. Thank you, Minister — I am pleased that your voice was able to last the distance this afternoon — the secretary and the deputy secretary for your attendance this afternoon. That concludes the hearing for the mental health portfolio.

Committee adjourned.