

PRO-FORMA REQUEST FOR COSTING AN ELECTION COMMITMENT¹

Name of policy:	Mental Health
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	8 April 2025
Link to the publicly released policy:	Strengthening Medicare: Labor to deliver \$1 billion for more free mental health services
Date of request to cost the policy:	17 April 2025
Summary of policy (please attach copies of relevant policy documents):	<p><u>Element One</u></p> <p>Delivering 22 new and 9 upgraded Medicare Mental Health Centres, progressively establishing them over 4 years from 2025-26.</p> <p><u>Element Two</u></p> <ul style="list-style-type: none"> a) Delivering 4 new and 2 upgraded headspace centres. b) Boosting service capacity at 30 existing headspace centres, creating the new <i>headspace plus</i>. c) Create an additional 2 new remote headspace services and 20 headspace outreach locations in rural areas. d) Funding for <i>headspace plus</i> evaluation (\$1.5 million per year for three years from 2026-27). <p><u>Element Three</u></p> <ul style="list-style-type: none"> a) Establishing 20 youth specialist care centres (YSCC) to support young people requiring specialist clinical support, covering groups

¹ An electronic version of this pro-forma can be found at www.electioncostings.gov.au/templates.

for whom the headspace service is not sufficient for, but hospital admission is not necessary. 8 existing headspace Early Psychosis Youth Services (EPYS) will be upgraded and rebranded, and an additional 12 Centres will be established.

- b) Continuing to support the National Centre of Excellence in Youth Mental Health (2025-26: \$3.6 million) and transforming it into the National Institute for Youth Mental Health (2026-27: \$14.6 million, 2027-28: \$14.9 million, 2028-29: \$14.4 million)

Element Four

- a) Creating an extra 500 postgraduate psychology student places – evenly phased over three years from 2026-27.
- b) Support 200 GPs and other medical professionals to undertake the Certificate of Postgraduate Training in Clinical Psychiatry – evenly phased over four years.
- c) Extend funding for 30 psychiatry training places from July 2026 to December 2028
- d) Piloting 10 new psychiatry training places tied to Medical Mental Health Centres over four years
- e) Creating 500 peer workforce training places, providing \$5,000 per student to not-for-

	<p>profit organisations to facilitate a placement and support supervision costs in public mental health services – evenly phased over four years</p> <p>f) Funding for Psychology Board of Australia approved supervisor training – evenly phased over three years from 2026-27 (300 sessions at \$3,000 per session per year) with additional funding for administration (\$0.3m in 26-27).</p>
Intention of policy:	To provide new free mental health services that are better matched to the needs of each Australian, and to grow the workforce to ensure there is support available when people need it.
Certification that this, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office:	This, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office.
<p>Description of policy (<i>note: where the request to cost a proposal differs from the announced policy, or if subsequent announcements have been made, the costing will be on the basis of information provided in the costing request</i>)</p> <p>What are the key assumptions that have been made in the policy including:</p>	
Is the policy part of a package? <i>If yes, list and outline components and interactions with proposed or existing policies.</i>	No.
Where relevant, is funding for the policy to be demand driven or a capped amount?	Capped.
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? <i>If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</i>	No.
Are there associated savings, offsets or expenses?	No.

<p><i>If yes, please provide details.</i></p>	
<p>Description of policy (note: where the request to cost a proposal differs from the announced policy, or if subsequent announcements have been made, the costing will be on the basis of information provided in the costing request)</p> <p>What are the key assumptions that have been made in the policy including: (continued)</p>	
<p>Does the policy relate to a previous budget measure? <i>If yes, which measure?</i></p>	<p>Element Four(a) – 2023-24 Budget – “Mental Health”</p>
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program? Will funding/cost require indexation? <i>If yes, list factors used.</i></p>	<p>No.</p>
<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>2025-26: \$16.5 million 2026-27: \$187.7 million 2027-28: \$336.8 million 2028-29: \$542 million</p> <p>Cash basis.</p>
<p>Are the revenue and/or expense costs likely to be significantly different beyond the forward estimates period? <i>If yes, why?</i></p>	<p>No.</p>

<p>What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?</p>	<p>Element One: unit costs for establishment and operation of Medicare Mental Health Centres based on Department of Health and Aged Care advice. New centres phased in with 5 established in 2025-26, 7 established in 2026-27, 7 established in 2027-28 and 3 established in 2028-29. Upgraded centres phased in with 3 centres upgraded in each of 2026-27, 2027-28 and 2028-29.</p> <p>Element Two: unit costs for establishment and operation of headspaces based on Department of Health and Aged Care advice. 2 new headspace centres established in each of 2026-27 and 2027-28. 1 headspace upgrade in each of 2026-27 and 2027-28. 10 headspace plus upgrades in each of 2026-27, 2027-28 and 2028-29. Remote headspaces established in 2026-27.</p> <p>Element Three: unit costs for new youth specialist care centres based on Department of Health and Aged Care advice. 4 EPYS upgrades in 2026-27 and 2 each in 2027-28 and 2028-29. 12 YSCCs established in 2027-28.</p> <p>Element Four: unit costs for elements based on Department of Health and Aged Care advice.</p>
<p>Has the policy been costed by a third party? <i>If yes, can you provide a copy of this costing and its assumptions?</i></p>	<p>No.</p>

<p>What is the expected community impact of the policy? How many people or businesses will be affected by the policy?</p> <p>What is the likely take up?</p> <p>What is the basis for these impact assessments/assumptions?</p>	Not applicable.
<p>Note: <i>it will be up to the professional judgment of the relevant Secretary as to whether these assumptions are adopted in a Treasury or Finance costing of the policy.</i></p>	

Administration of policy	
Who will administer the policy (for example, Australian Government entity, states and territories, non-government organisation, etc.)?	Department of Health and Aged Care
<p>Should departmental expenses associated with this policy be included in this costing?</p> <p><i>If no, will the Australian Government Entity be expected to absorb expenses associated with this policy?</i></p> <p><i>If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy entities) and additional transactions/processing (by service delivery entities).</i></p>	No, the Department of Health and Aged Care is expected to absorb departmental expenses.
Intended date of implementation.	2025-26 financial year
Are there transitional arrangements associated with policy implementation?	No
Will the policy be ongoing or terminating*?	Elements 1, 2a, 2c, and 3a ongoing. Remaining elements are terminating.
<p>If terminating:</p> <p>What is the intended date of termination?</p> <p>Are there any transitional arrangements associated with the conclusion of the policy?</p>	Elements that terminate are intended to terminate 30 June 2029.
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	Not applicable
Are there any other assumptions that need to be considered?	No.

* Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.