



CAPTURING THE ECONOMIC VALUE OF PSYCHOSOCIAL SUPPORT

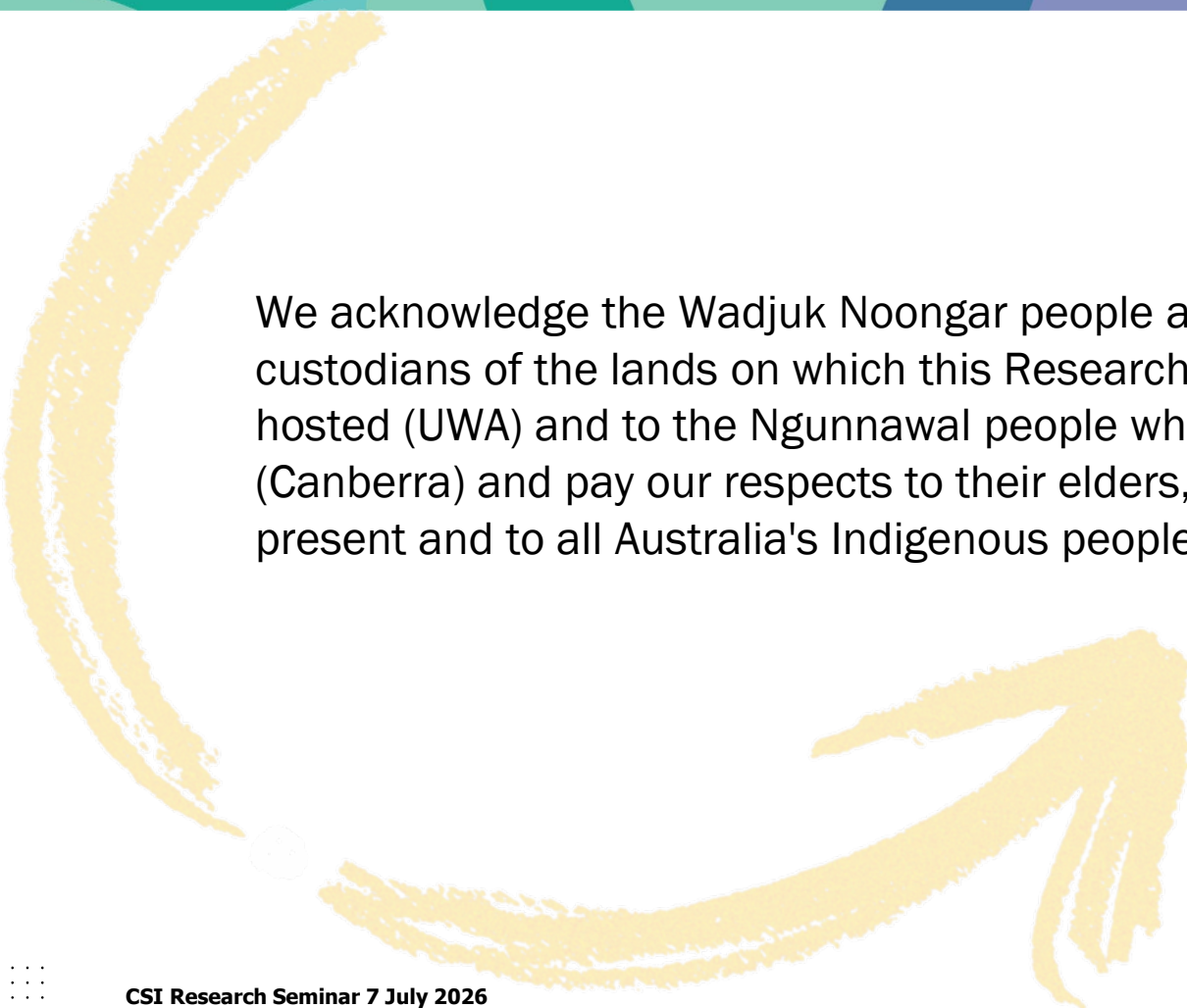
REPORT LAUNCH WITH COMMUNITY MENTAL HEALTH AUSTRALIA

CSI Research Seminar 7 July 2026

Paul Flatau, Lisette Kaleveld, Zoe Callis, and David Koppers

CSI Research Seminar 7 July 2026





We acknowledge the Wadjuk Noongar people as the traditional custodians of the lands on which this Research Seminar is being hosted (UWA) and to the Ngunnawal people where I am today (Canberra) and pay our respects to their elders, past and present and to all Australia's Indigenous peoples.

CAPTURING THE ECONOMIC VALUE OF PSYCHOSOCIAL SUPPORT



Flatau, P., Kaleveld, L., Callis, Z. & Kupperts, D. (2026). *Capturing the Economic Value of Psychosocial Support*. Centre for Social Impact, University of Western Australia. <https://doi.org/10.60836/y22q-8w40>
<https://www.csi.edu.au/research/capturing-the-economic-value-of-psychosocial-support/>



Investing in psychosocial support is not a cost to be managed, but an opportunity to be seized.

CEO, Community Mental Health Australia

PSYCHOSOCIAL SUPPORT DEFINITION

Australian governments' **Psychosocial Project Group** defines psychosocial supports as: “Non-clinical and recovery-oriented services, delivered in the community and tailored to individual needs, which support people experiencing mental illness to live independently and safely in the community”

The provision of psychosocial support services recognises: The importance of social determinants of mental health outcomes and the limitation of adopting a clinical-only model of care

National Mental Health Consumer Alliance (NMHCA)

Psychosocial supports are “the full range of social, relational, cultural, material, and structural conditions that enable a person to live with dignity, agency, connection, and self-determination. High quality psychosocial supports strengthen a person’s capacity to have full citizenship rights; experience belonging; determine identity; feel safe; participate in community; sustain relationships; access housing, employment and income; and navigate systems that affect their wellbeing”.



Adapted from the Primary and & Community Care Services Limited (PCCS) website at
https://www.pccs.org.au/case_study/social-rx/

AIMS OF REPORT

To provide an overview of the extant economic evaluation evidence available in relation to psychosocial support programs within Australia's mental health system.

Our key framing question is: **What do we know about the mental health, social and economic outcomes of investing in psychosocial support?**

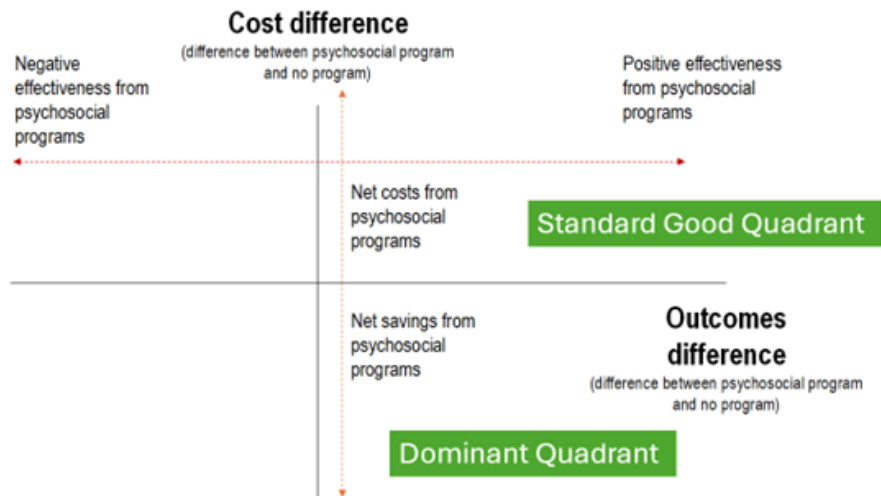
The **economic benefits** of psychosocial supports:

- **Improved quality of life** (valued in dollar terms)
- **Labour market and employment-related benefits**
- **Cost offsets** derived from programs (i.e., reductions in system costs including hospital costs because of improved mental health outcomes)

Measured for both beneficiaries and carers and families

NB Carer, family and kin benefits are rarely estimated

ECONOMIC EVALUATION CASE STUDY



The Housing Support Worker Mental Health NPAH Program

Dedicated public housing and linked support for people with significant mental health challenges

Total cost saving of \$119,873 per person per year (adjusted to March 2026 dollars).

38.7% decrease in emergency, 44.4% decrease in hospital admissions, 60.7% decrease in psychiatric care, and 21.6% decrease in mental health services in the year after program entry

Linked WA health and public housing data

PRODUCTIVITY COMMISSION REPORT



Australian Government
Productivity Commission

Mental Health

Productivity Commission
Inquiry Report
Volume 1

No. 95, 30 June 2020

The Productivity Commission
2020 *Mental Health* report

“Mental illness, on a conservative basis, is costing Australia about \$200-220 billion per year” which represents “just over one-tenth of the size of Australia’s entire economic production in 2019”

Significant economic benefit from recommended reforms many of which can be directly linked to the provision of psychosocial supports

LIVED EXPERIENCE PERSPECTIVES

LEN, PETER, AND HAYLEY'S EXPERIENCES PROVIDE RICH, DESCRIPTIVE EVIDENCE OF EFFECTIVENESS AND ECONOMIC VALUE

1

Physical health, mental health, social, and cultural outcomes and significantly reduced hospital admissions realised when Len (an Aboriginal elder) was supported with housing, health and Social and Emotional Wellbeing programs

2

Loneliness and social isolation reduced, living skills improved, employment and career benefit, reduced hospital admissions and emergency department presentations associated with Hayley's involvement in the Personal Helpers and Mentors (PHaMs) program

3

Hayley credits PHaMS for saving her life, noting that without it, she would not be alive today.

A 2016 study estimated that a 10% reduction in loneliness (based on a single item measure) could reduce mental health-related expenditure by around \$4.4 billion or \$219 per person, per year (converted to March 2026 dollars). A 2017 study estimated the total cost associated with suicide and non-fatal suicide attempts in 2014 in the Australian workforce at \$9.3 billion (converted to March 2026 dollars).

PSYCHOSOCIAL SUPPORT PROGRAMS OUTSIDE THE NDIS

Health Policy Analysis. (2024). Analysis of unmet need for psychosocial supports outside of the National Disability Insurance Scheme – Final Report. <https://www.health.gov.au/resources/publications/analysis-of-unmet-need-for-psychosocial-supports-outside-of-the-national-disability-insurance-scheme-final-report>



The mapping of psychosocial support programs in Australia at an early stage. The Health Policy Analysis represents a good start. Further modelling required.



The Health Policy Analysis revealed **very high levels of unmet need** - 493,600 people nationally with unmet need; high levels of unmet need in state-based analyses.



Limited information on total expenditure on psychosocial support programs in Australia outside published budget estimates on the Commonwealth Psychosocial Support program. Our own rough estimates suggest that psychosocial support expenditure represents a very small proportion of total mental health service expenditure with clinical supports dominating total expenditure.



STATE OF PLAY ON ECONOMIC EVALUATION

A review of the economic evaluation evidence available for the **63 psychosocial programs** identified in the HPA Report indicated that **only 10 programs** had associated evaluation studies that included economic evidence.

Of the nine studies covering the 10 programs (one study covered two programs) that had economic evaluations, **only six had undertaken a cost offset analysis** (see Table 3 in **Section 5 in the report**). This was due mainly to the studies not being able to collect sufficient data for a cost offset analysis.

ECONOMIC EVALUATION CASE STUDY

Community Living Supports (CLS) and Housing and Accommodation Support Initiative (HASI) covered in HPA Report

Psychosocial support programs based in NSW that support people who have a severe mental illness so that they can live and participate in the community the way they want to. Support is tailored to consumers' unique goals and can include daily living activities, social inclusion, tenancy support, and access to services (e.g., referrals to clinical mental health services).

The average cost per consumer was \$45,455 (adjusted to March 2026 dollars)

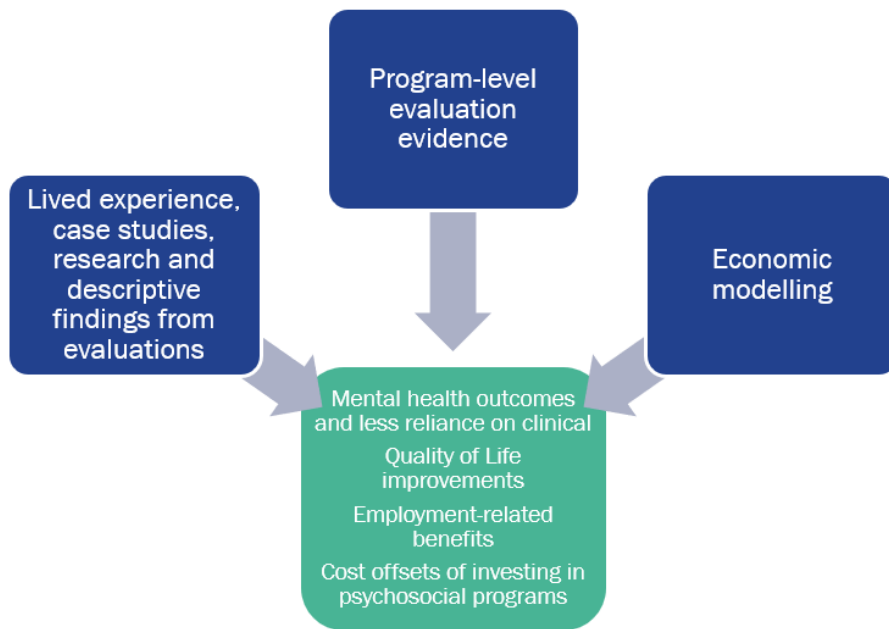
Cost offset of \$109,962 per person (adjusted to March 2026 dollars) over a five year time frame and positive outcome of around 0.25 QALYs.

Reduction in justice service usage (e.g., new charges and community corrections orders); 74.0% decrease in hospitalisations, and 74.8% decrease in average days in hospital.

Government linked Administrative Data sets.



FINDINGS



1. There is strong evidence (from a small but robust set of analyses) relating to the economic benefits of psychosocial supports and extended investment in psychosocial supports in Australia
2. Support for developing the maturity in the system around the mapping, measurement of expenditure on psychosocial support and evaluation of psychosocial support

FINDINGS



1. There is strong evidence (from a small but robust set of analyses) relating to the economic benefits of psychosocial supports and extended investment in psychosocial supports in Australia
 - Lived experience insights, Productivity Commission economic modelling of reforms; estimates of unmet need; existing strong economic evaluation findings
2. Support for developing the maturity in the system around the mapping, measurement of expenditure on psychosocial support and evaluation of psychosocial support
 - Develop further the modelling of the mapping psychosocial support and unmet demand and economic evaluations of psychosocial support programs
 - The absence of economic evaluations beyond a small set of robust evaluations may have the perverse impact of hindering investment in the provision of new or expanded programs and so we call for joint Commonwealth and state and territory attention in this area

RECOMMENDATION

There is a need to advocate for greater investment in the evaluation of the effectiveness of psychosocial supports, and particularly to design evaluations that can capture the flow-on economic benefits.

Strengthening the evidence base for psychosocial support in these ways is critical and timely, especially within the context of a mental health system facing cost pressures and increasing demand.

This can be supported by:

- Increasing funding cycles for programs to enable robust evaluation designs;
- Development of more consistent definitions, measures and shared measurement infrastructure across the sector; and,
- A commitment to sharing any evaluation findings publicly.



THE VALUE OF PSYCHOSOCIAL SUPPORTS

Mental health outcomes

- Improved wellbeing
- Better management of mental health and associated symptoms
- Increased confidence and hope
- Living skills, ability to independently manage day-to-day life
- Improved physical health

Social outcomes

- Overcoming social isolation
- Increased opportunities for social inclusion and a sense of belonging
- Connection with peers
- Pursuing educational pathways and a meaningful career

Economic outcomes

- Less use of hospital care and Emergency Departments
- Reduced reliance on community mental health services
- Reduced reliance on clinical services
- Finding and maintaining employment
- Maintaining participation in education

Develop further the mapping of psychosocial support and unmet demand and economic evaluations of psychosocial support programs



CONCLUSION

1

When people get the support they need that is empowering, that addresses their whole of life needs and enables them to meet their goals, not only does this reduce their reliance on clinical supports, but they can experience the benefits of a more productive and meaningful life.

2

There are significant personal, family and economic benefits of psychosocial supports. This together with high levels of unmet need provide an evidence base for extending investment in psychosocial supports in Australia.

3

There is a need to develop greater maturity in the data collection, research design and information system surrounding psychosocial supports in respect of the mapping, measurement of expenditure on psychosocial support, and evaluation of psychosocial support.