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Towards a responsive psychosocial support system: An occupational therapy perspective

Advice and Actions for Governments

Executive summary



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Introduction

Australian Governments have indicated their intention to design and deliver a new system of supports outside of the National Disability Insurance System (NDIS) for people with psychosocial disability. This system is intended to result in a connected-up system of mental health and psychosocial supports that incorporates and builds on mainstream services and existing psychosocial support programs to meet the high volume of unmet need. This plan builds on the recommendations for psychosocial foundational supports outlined in the final report of the NDIS Review.

The new system of supports is intended to align closely with the NDIS, with a range of potentially shared services including assessment and navigation. However, almost two years after the release of the NDIS Review, no plan has yet been provided to people with psychosocial disability or the people who support them and it is likely that significant work will still be needed to design and implement a new system of supports. This provides an important opportunity for governments to design an accessible and inclusive system that better supports people with psychosocial disability and the workforces that will deliver those supports.

Occupational therapy is a key profession that delivers vital and unique services to people with psychosocial disability. The functional, vocational focus of occupational therapy practice focuses directly on psychosocial outcomes and has a long and proven history of supporting recovery. Yet this area of occupational therapy practice is often less recognised. To address this, Occupational Therapy Australia (OTA) has invested significantly in a program of work to provide practical policy guidance to all governments as they respond to the challenge of building a new and expanded system of psychosocial supports and the workforce structures that will support those.

OTA's vision is that the new and expanded system of psychosocial supports will harness the full potential of the occupational therapy workforce, which is uniquely skilled and qualified to support the recovery and independence of people with psychosocial disabilities. Below, we describe the unique role and value of occupational therapy in working with people with psychosocial disability, including an explanation of the skills and capabilities of mental health occupational therapists, to better equip policymakers in future system design. Fully utilised, with a focus on functional capacity building and restoring independence, occupational therapy has the potential to provide efficiencies within psychosocial support systems and to attain positive outcomes for people with psychosocial disabilities.

OTA's Advice to Governments for Psychosocial Supports (Advice to Governments) document outlines that vision and seeks to show how governments can build:

1. A new system of psychosocial foundational supports based on a multi-tiered system of general and targeted supports, with clearly defined roles for occupational therapists working to use their unique skills and approaches across all tiers of supports.
2. Improved access to all supports with a focus on better connecting mental health and health supports. This necessitates a multidisciplinary workforce, including mental health occupational therapists, who draw on psychotherapeutic approaches as well as core occupational therapy practice to support the health and mental health needs of people with psychosocial disability.
3. A strong and equitable National Disability Insurance Scheme (NDIS) that continues to fund the highly individualised occupational therapy and other psychosocial support services needed by people with more complex psychosocial disability and ongoing support needs.

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4. Improved system integration between mainstream, foundation supports, and NDIS systems.

To support the enactment of these four conditions, the Advice to Governments paper outlines key considerations across three domains – service models, workforce conditions, and funding models – to support policy makers to design and implement an efficient, effective and well-integrated psychosocial support system. The actions proposed in the Advice to Governments document are also intended to support a safe and effective transition to a new support system for those who require its support, with continued access to high-quality occupational therapy.

OTA provides constructive suggestions about how to structure services in a way that ensures a new, nationally consistent and effective approach. The Advice to Governments paper also provides insight into how best to utilise the unique role and scope of occupational therapy in a way that will contribute to new and expanded system's success.

While there are still many questions about how a new and expanded system of psychosocial supports will be structured, funded, and delivered to those who need them, work must commence urgently. Significant time and deep consideration are required to develop the service models, capability frameworks, funding processes, and workforce development programs that will be needed to support a more effective and connected system of supports, which is well integrated with other systems.

Principles, concepts, and practices underpinning the delivery of best practice psychosocial supports

As governments work to develop new, nationally consistent, evidence-based approaches to the delivery of psychosocial supports, and to build the workforce strategies and capability plans that are needed to deliver those, three system components need to be designed, in concert, to ensure that a new and expanded system of psychosocial supports achieves is aims: **psychosocial service model, workforce design, and funding model.**

OTA has identified the following underpinning requirements for these components:

The importance of laying a strong foundation for psychosocial supports

Undertaking a dedicated program of policy work to lay the foundations for a more effective and consistent psychosocial system is critical. Australia's mental health and psychosocial support system has changed significantly with the introduction of the NDIS, with real benefits for those who have been able to access funding. Attempting to replicate what and how psychosocial services were delivered before the NDIS risks stepping back from significant areas of progress.

Given the wide variation in how psychosocial programs are currently delivered, which services are funded, the differences in the skills and scopes of the workforces that are delivering services, and between the types of supports that can be sustainably delivered in different geographic settings, developing a consistent and evidence-based framework and model of service delivery must be a priority.

Principles for a strong psychosocial service model

We have identified four criteria required in the design of a new psychosocial model for it to meet the objectives of the Australian government's reform agenda. The model needs to:

- Account for different recovery journeys and needs
- Support early intervention

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- Include appropriate intensity and duration of service delivery
- Improve access to mental health services

A model of psychosocial supports that accounts for different recovery journeys and needs

In order to account for different recovery journeys and needs, the model will need to align with different individual needs, life stages, and lived experience, and facilitate local approaches with regional variation as appropriate.

Supporting early intervention and/or early support

The NDIS Review proposed that early intervention, sometimes also referred to as early support approach, provides the best chance of reducing longer-term dependence on formal support systems (see Action 7.2). This is achieved by ensuring that participants are supported to put in place the right mix of services when first accessing supports. This is also supported by other evidence of the effectiveness of supported housing, supported employment and social skills-focused interventions as early intervention approaches that support recovery outcomes.[i] Some caution is needed though, as much of the literature focuses on early intervention in mental health[ii], based on local support and resourcing that may not be scalable[iii], or on current trials where final outcomes have not yet been evaluated.

Addressing questions about where best to situate early intervention approaches will require coordinated policy and program design discussions between the NDIS and other government teams working on psychosocial supports outside of the scheme. It will also be important to ensure system integration between the NDIS and services outside of the NDIS.

The effectiveness of early intervention approaches is heavily dependent on a skilled workforce capable of identifying, assessing, and responding to psychosocial support needs in a timely and developmentally appropriate manner.

Funding appropriate service intensity and duration

It is important to ensure that psychosocial supports are funded at a level that allows the right frequency, intensity and duration of supports. This is particularly important for targeted psychosocial foundational supports that are focused on achieving functional outcomes.

Regardless of the intensity of supports being delivered, careful consideration of how to ensure that the duration of supports aligns with the episodic and potentially ongoing nature of psychosocial disability is required. Some supports may need to be time-unlimited, with reductions to very low levels of intervention, except when needed. For others, supports will need to be able to be re-accessed as needed.

Improved access to mental health services

The limitations of Australia's mental health system have been well-documented. Many Australians with severe mental health needs are either missing out on services or presenting in locations that are not set up to meet their needs.

The close association between psychosocial disability and severe mental health needs means that a high proportion of people needing psychosocial support also require ongoing mental health supports. These include access to medication, case management, and psychotherapeutic support. However, practitioners report that many of those clients experience significant barriers to accessing mental health

services. These barriers are due to multiple factors, such as resourcing constraints, the resulting crisis-driven nature of current public mental health services, and the lack of alternative mental health services for moderate and severe mental health needs.

A fit-for-purpose model can be developed that supports genuine access to mental health supports delivered by occupational therapists and other allied health professionals working to their full scope of practice.

OTA notes the importance of school-based mental health supports for children and young people, but that there is wide variation in access to these supports across jurisdictions. In addition, older Australians with mental health and psychosocial support needs experience significant barriers to accessing services.

Workforce needs

Building a sustainable and effective response to the high volume of unmet psychosocial support needs outside of the NDIS requires more than just an expansion of current services. The current psychosocial and broader mental health landscape is larger than ever but also more fragmented, including a highly skilled and experienced private workforce that provides services within the NDIS. Supporting this workforce is required to safeguard access to high-quality supports for people with psychosocial disability.

Issues to be addressed include:

Planning and timeframes

One of the key areas to be addressed is engagement of the large private workforce providing psychosocial supports. Consultation activities have largely excluded this provider group. This must change if governments are to avoid the risk of funding fragmented and poorly aligned programs that don't take into account the broader ecosystem of supports available and that don't align with changes in the mental health ecosystem and workforce.

Workforce capabilities and training

The commitment by health and mental health ministers to developing a mental health capability framework provides an opportunity to improve consistency across the Australian mental health and psychosocial workforces. However, the working group leading this work on behalf of the government will need to ensure that the framework includes a specific focus on the capability needs of the psychosocial workforces, alongside those of mental health workforces.

Workforce development and planning

Meeting the unmet psychosocial needs of the Australian community presents major workforce challenges for Australian governments. All mental health workforces, including occupational therapy, are experiencing workforce shortages.

A more targeted and fit-for-purpose workforce strategy is required. A separate psychosocial workforce strategy, which is connected to the current mental health workforce strategy, would be beneficial. To be effective, this strategy will require a more careful analysis of the factors that impact the growth and development of individual professions than is included in the current mental health workforce strategy. This will enable the strategy to effectively meet the workforce needs of a growing psychosocial support system.

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Service models and commissioning approaches

There are real risks associated with relying on existing commissioning processes and organisations. Evidence shows that a commissioning approach heavily favours large non-government providers and may exclude occupational therapy and allied health providers.

Commissioning is also impacted by the level of knowledge and capability of the commissioning organisation, with many PHNs being impacted by limited knowledge of and engagement with allied health providers. The Productivity Commission noted in its interim report on the mental health and suicide prevention agreement that comprehensive national guidelines on regional commissioning and planning are needed. The Productivity Commission also noted inconsistencies and inefficiencies in the way PHNs approach their role in commissioning and the negative effect this has on the availability of mental health and suicide prevention services and consumer experiences of care.[iv]

Careful consideration is needed of how new commissioning approaches will support the involvement of existing providers, particularly private providers. The NDIS Review has noted the importance of alternative commissioning arrangements for both First Nations and Remote communities (Action 14.1), emphasising the importance of local input and needs within the commissioning process. The Review also noted the importance of supporting consortia-based approaches within commissioning models in order to support greater involvement of local services.

The establishment of an expanded ecosystem of psychosocial supports will need dedicated commissioning and planning guidelines, as proposed by the Productivity Commission.

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Recommended actions for Australian governments

A clear plan for change must be a key priority for all governments. The recommended immediate, short and medium-term actions below are intended to support governments to take the requisite steps to design and deliver a new and expanded supports system that meets their articulated goals, and determine appropriate funding to ensure smooth implementation.

OTA calls on governments to commit to the following actions:

Immediate actions:

1. **Release a government response to the NDIS Review and Analysis of Unmet Psychosocial Support Needs outlining a timeline for the design, funding, and implementation of foundational and other psychosocial supports.**

   The Commonwealth, in conjunction with the states and territories, must agree on what will be funded and by whom, how services to meet psychosocial support needs will be delivered, and how a contemporary model of service will integrate with NDIS and mainstream supports, including mental health supports. Governments must urgently develop and communicate a coordinated roadmap for how consistent national models of service delivery will be developed and maintained, how workforce needs will be addressed, and how they will intersect with existing health, mental health, and disability systems. As the Productivity Commission has noted in Draft Recommendation 4.4 in its Interim Report, governments cannot delay progress until the next Mental Health and Suicide Prevention Agreement is negotiated and must develop a plan for fully addressing unmet need.[v]

2. **Fund the development of a dedicated psychosocial workforce strategy to supplement the National Mental Health Workforce Strategy 2022 – 2032 and ensure work on a capability framework includes the capability requirements of the psychosocial support workforce.**

   The current mental health workforce strategy does not account for the workforce needs arising from new and expanded psychosocial supports or the roles of different professions in delivering effective outcomes. The proposal to develop a mental health workforce capability framework by Health and Mental Health Ministers as a deliverable for the Mental Health Strategy 2022-2032[vi] is welcomed, but will need to explicitly include the capability needs and scopes of practice of the psychosocial workforce. This includes the role of occupational therapists and how their more specialised training is a key foundation for psychosocial outcomes, particularly where individual needs may be more complex. A supplementary psychosocial workforce strategy and inclusion of psychosocial workforce needs in the capability framework will need to be underpinned by dedicated modelling that seeks to quantify supply and demand, outlines the scope, skills, and training needed by each profession, and identifies the student and early career development pathways needed to support the growth of the workforce and a move away from generic support roles.

3. **Work with OTA and the provider sector to develop National Guidelines on Regional Planning and Commissioning that support commissioning work by Primary Health Networks (PHNs), State and Territory Governments, and other funding bodies.**

   The Productivity Commission[vii] has noted a range of issues undermining the planning and commissioning roles of PHNs, local hospital networks, and other bodies with a role in supporting or undertaking commissioning work. This includes poor coordination, significant variation in commissioning approaches and levels of quality. Draft recommendation 2.1 calls for government to

release detailed National Guidelines, but does not consider the additional work needed to ensure that new guidelines incorporate the findings of the Review of Primary Health Network Business Model & Mental Health Flexible Funding Model, and support improved PHN commissioning capabilities. In the context of a new and expanded system of psychosocial supports, commissioned by PHNs, addressing the lack of innovation in commissioning approaches, and the significant barriers that commissioning approaches may present to the largely private occupational therapy and allied health psychosocial support workforce must be a key priority in the development of updated guidelines. A greater focus is also needed on outcome measures that assess clinical and quality outcomes, not just occasions of service.

Short- and medium-term actions:

1. **Finalise work to improve the accessibility of the NDIS for people with psychosocial disability and improved outcomes for participants with psychosocial disability, in conjunction with OTA and the occupational therapy profession.**

   Access rates for people with psychosocial disability seeking NDIS funding remain well below those of other participant cohorts People with psychosocial disability also typically access a smaller proportion of capacity building and recovery-oriented supports than is best practice. The NDIA is currently undertaking work to develop and implement new assessment and planning frameworks as well as to develop new early intervention entry pathways. These will provide an important foundation not only for NDIS access and outcomes for people with psychosocial disability but should also support access to other psychosocial supports outside of the NDIS for those not needing more complex supports. Occupational therapists are well established as experts in establishing functional support needs and capacity and will need to continue to play a key role in the more complex assessments needed to support people with psychosocial disability. OTA and the occupational therapy profession must be involved in work to develop and trial new assessment and planning approaches, as well as early intervention pathways for psychosocial disability.

2. **Fund the development and delivery of a national model of evidence-based psychosocial supports that underpins an integrated and collaborative system of services.**

   Considerable changes have occurred in how and where psychosocial workforces operate and in the broader psychosocial support ecosystem since the introduction of the NDIS. This means that previous models of psychosocial support delivery may no longer meet needs or reflect a contemporary understanding of psychosocial supports and needs. New models are needed that reflect contemporary evidence about the roles and capabilities needed to deliver effective outcomes, particularly more specialised workforces such as occupational therapists. New models will need to support a diverse provider workforce, including small private providers, whether through commissioning approaches or through other funding mechanisms. Work to consolidate an evidence base for a new model should be led by a consortium of experts with representation from all key sectors, as has been undertaken on behalf of the Commonwealth for the Best Practice Framework for Early Childhood Intervention. Consideration should be given to how the multi-year evaluation of the Commonwealth Psychosocial Support program is included in this work. Funding must be sufficient to provide a viable alternative to the NDIS and to meet the unmet psychosocial needs of the Australian community.

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3. **Fund an expanded system of accessible mental health supports for people with psychosocial disability that improves access to mental health occupational therapy.**

   The NDIS Review identified the need for more accessible mental health supports for those with psychosocial disability, noting a range of issues in relation to the accessibility of services and their integration with psychosocial supports. The Commonwealth has since committed to funding a range of initiatives, such as expansions of the headspace and Medicare Mental Health programs, without a clear strategy for ensuring that services meet consumer needs, including those with more complex support needs. A clearly defined strategy is needed that outlines how private services funded through Medicare, private health insurance, and other government programs, alongside public acute and community mental health programs, and user pays services, form a comprehensive and accessible mental health system for all Australians. Occupational therapists are a recognised mental health workforce working across mental health services, often with those experiencing more complex mental health challenges. Due to the profession's occupational and functional focus, occupational therapy mental health supports not only symptom reduction and clinical mental health outcomes, but also recovery-focused psychosocial outcomes, providing an essential bridge between mental health and psychosocial supports. However, occupational therapists are too often limited by lower rebates, exclusions from programs, and scope restrictions, and access will need to be prioritised under mental health reforms.

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[ii] https://onlinelibrary.wiley.com/doi/full/10.1002/wps.20940#wps20940-bib-0023

[iii] Killaspy, H., Harvey, C., Brasier, C. et al., (2022)

[iv] P9. https://www.pc.gov.au/inquiries/current/mental-health-review/interim/mental-health-review-interim.pdf

[v] https://www.pc.gov.au/inquiries/current/mental-health-review/interim/mental-health-review-interim.pdf

[vi] https://www.health.gov.au/sites/default/files/2025-06/health-ministers-meeting-hmm-special-communique-13-june-2025.pdf

[vii] https://www.pc.gov.au/inquiries/current/mental-health-review/interim