**MEDIA RELEASE**

# 220,000 NSW FAMILIES LEFT OUT IN THE COLD AS MENTAL HEALTH NATIONAL AGREEMENT FREEZES

**EMBARGOED 3 September 2026, Sydney:** Leading NSW mental health peak bodies are calling on the NSW Government to urgently prioritise progress on the next National Mental Health and Suicide Prevention Agreement, after the Agreement was removed from the agenda of tomorrow's Health Ministers Meeting.

Discussions on the National Agreement were postponed until December after negotiations between the Commonwealth and state and territory governments reached a stand-off, specifically over psychosocial support and who would pay for it.

The postponement comes days after NSW Health published its own analysis of where mental health services fall short, district by district. It finds that almost no mental health service in any state or territory in Australia meets the level of service the national planning framework estimates its population needs. In NSW, at least 67,500 people with severe mental health challenges are unable to access community mental health care each year, due to underfunding and understaffing of services.

NSW Health analysis also shows 125,000 people in NSW who need long-term psychosocial support are not receiving it, alongside approximately 95,000 carers — 220,000 people in total. No local health district in NSW reaches half the modelled need. The best-served reaches 41.6 per cent. The worst, Northern Sydney, reaches just 13.0 per cent.

Giancarlo de Vera, CEO of BEING – Mental Health Consumers, said it was a matter of urgency that mental health be considered as soon as possible.

"In NSW, we have at least 220,000 people who are in desperate need of psychosocial support and cannot access it, with thousands more to come as people are kicked off their NDIS supports in the coming weeks.

"This is a mental health crisis that requires the urgent attention of our nation's Health Ministers, and yet, it's been booted from their meeting agenda until December.

"As Victoria goes into caretaker mode in October and NSW has its state election in March 2027, the reality is that time is running out, and the people of NSW are paying the cost for the Government's deadlock."

From 1 October, NDIS allocations for social, civic and community participation will be reduced by 50 per cent and capacity-building daily activity allocations by 10 per cent, according to the Commonwealth Department of Health, Disability and Ageing. This applies progressively at each participant's next plan reassessment over roughly twelve months.

"Access rates for applicants with psychosocial disability have already fallen from around 66 per cent to around 25 per cent over the last five years. These changes by the Commonwealth will both reduce the number of people able to access the basic wellbeing supports they need to function in society, and reduce the amount of support they are able to receive," says Mx de Vera.

Jonathan Harms, CEO of Mental Health Carers NSW, said that when mental health support was withdrawn by government, the burden of care increasingly fell on families.

"95,000 carers in NSW needed support and did not get it. When a package is reduced the work doesn't disappear: it lands on a mother, a partner, a sibling, unpaid and unseen. Families are the default when governments cannot agree, and they are already at capacity."

Mr Harms said that, to compound the difficulties, new eligibility rules were making the Scheme harder to access, requiring a person to prove their disability is permanent and that they have undertaken all the publicly funded treatment available to them.

"For psychosocial disability this is close to a contradiction. Mental health care is built on the premise that people can recover, but to access the NDIS you have to prove you can't. Families and carers will have to take on those thousands of hours of care and all of the risks the government doesn't want on its books, or else even more people with significant needs will now miss out on the help they need.

"Mental illness is often episodic, and the same fluctuation that defines the condition is read as evidence it isn't permanent. People must prove they have exhausted treatment, when no definitive list of treatment options exists, with access to those treatments often inaccessible and unaffordable given our chronically underfunded public mental health system.

"The data shows that psychosocial supports keep people housed, contributing to, and staying well in the community. Evidence consistently shows that timely, community-based support improves outcomes while reducing pressure and costs on hospitals and emergency departments, and interactions with police.

"The NSW Government must urgently secure a deal on the National Agreement to ensure people in NSW do not lose these supports and that the NSW taxpayer does not have to carry the cost when Commonwealth services disappear."

## What we are asking of the NSW Government

As the mental health consumer and carer peak bodies in NSW, we are asking the NSW Government to:

- **Champion psychosocial wellbeing supports** in the next National Mental Health and Suicide Prevention Agreement, ensuring full funding for the 220,000 people in NSW who are currently missing out;
- **Prioritise community-based supports** so that people receive care before they reach a crisis point and NSW taxpayer funds are reinvested into wellbeing, prevention and early intervention, rather than crisis responses;
- **Commit to and champion reversing the sequencing of reforms** so that changes to individual NDIS supports do not occur before replacement state-based services are designed, fully funded, implemented and independently assessed for their impact on those with psychosocial disability;
- **Champion full transparency of mental health service gap data nationally,** including district by district breakdowns, so that all Australian communities can see what is missing where they live;
- **Commit to finalising NSW's bilateral negotiations** on the National Mental Health and Suicide Prevention Agreement before the NSW election in March 2027.

**ENDS**

## What is the National Agreement?

The National Mental Health and Suicide Prevention Agreement is a once-in-five-year funding agreement between the Commonwealth and state and territory governments, which originally expired in June 2026. The Commonwealth extended the current Agreement by 12 months, until June 2027, to negotiate a more comprehensive reform package, after the Productivity Commission's Review criticised the current Agreement as ineffective and not fit for purpose. It is currently in active negotiation, and NSW is leading the drafting of the new Agreement.

## What are psychosocial supports?

Psychosocial supports are basic wellbeing supports that help people with mental health challenges function in society: housing, employment, nutrition, social and community supports. Take them away and people don't just cope with less. They lose housing, stop working, become isolated and often, without support, end up in emergency departments, inpatient wards or in prison — all of which NSW pays for.

## Case study

**Sharon**: a Sydney mother whose daughter, Amber, lives with schizophrenia and is facing a reduction to her psychosocial support package. Available for interview and photography.

## Experts available for interview

- **Giancarlo de Vera**, CEO of BEING – Mental Health Consumers
- **Jonathan Harms**, CEO of Mental Health Carers NSW

## About the organisations

- **BEING – Mental Health Consumers** is the NSW peak body for people with lived experience of mental health challenges, mental illness and psychosocial disability.
- **Mental Health Carers NSW** is the NSW peak body representing family, carers and kin supporting people with mental health challenges.

## Media contact

Lawrence Muskitta, Director of Advocacy and Partnerships, BEING — 0413 621 913, lawrence.muskitta@being.org.au

**APPENDIX**

## Psychosocial support by Local Health District, 2022–23

People needing psychosocial support, people receiving it from any source, and the shortfall. Counts every funding source: the NDIS, NSW Health, Primary Health Networks and the Department of Communities and Justice.

| Local Health District | People needing psychosocial support | People receiving support | People missing out | Coverage |
|---|---|---|---|---|
| Northern Sydney | 18,069 | 2,340 | 15,729 | 13.0% |
| South Western Sydney | 20,035 | 3,141 | 16,894 | 15.7% |
| Western Sydney | 18,822 | 3,522 | 15,300 | 18.7% |
| Nepean Blue Mountains | 7,641 | 1,582 | 6,059 | 20.7% |
| Central Coast | 7,268 | 1,529 | 5,739 | 21.0% |
| Murrumbidgee | 6,342 | 1,369 | 4,973 | 21.6% |
| Mid North Coast | 5,038 | 1,184 | 3,854 | 23.5% |
| South Eastern Sydney | 18,016 | 4,364 | 13,652 | 24.2% |
| Hunter New England | 20,239 | 5,330 | 14,909 | 26.3% |
| Sydney | 12,855 | 3,511 | 9,344 | 27.3% |
| Southern NSW | 4,391 | 1,227 | 3,164 | 27.9% |
| Northern NSW | 6,644 | 2,003 | 4,641 | 30.1% |
| Western NSW | 6,422 | 1,961 | 4,461 | 30.5% |
| Illawarra Shoalhaven | 8,926 | 3,184 | 5,742 | 35.7% |
| Far West | 659 | 274 | 385 | 41.6% |
| **NEW SOUTH WALES** | **161,367** | **36,990** | **124,377** | **22.9%** |

*Source: David McGrath Consulting for NSW Health, Analysis of unmet need for psychosocial support for people with mental health conditions in New South Wales, Final Report, Appendices 5 and 6. Modelled using the National Mental Health Service Planning Framework v4.3.*

## Other findings from the reports

- Almost no mental health service in any state or territory in Australia met the level of service the national planning framework estimates its population needs. There was one exception, in one jurisdiction, in one year. (Review and Planning for Mental Health Services, NSW Ministry of Health, July 2026)
- Psychosocial spending by age: children 12–17 receive 7.8 per cent of modelled need, young people 18–24 receive 25.9 per cent, adults 25–64 receive 342 per cent, and people 65 and over receive 92.2 per cent. (McGrath 2025, Table 17)
- At least 67,500 people in NSW are missing out on community mental health care, based on the Ministry's modelled demand of 207,212 people and 139,655 patients seen in 2023–24. (NSW Community Mental Health Services Priority Issues Paper, December 2023; AIHW Mental Health Online Report, 2023–24)
- Aboriginal and Torres Strait Islander people are 3.5 per cent of the NSW population and 10.4 per cent of modelled severe mental health need — a rate 3.2 times higher than the non-Aboriginal population. (McGrath 2025, Appendix 2)
- The 2026 review does not name the districts in its findings on community mental health care, and states it will not report the size of any gap. (Review and Planning for Mental Health Services, July 2026)