

## • 2026–27 BUDGETS · MHV SUMMARY

# Mental health funding **in Victoria.**

A summary of the **2026–27 Victorian and Federal Budgets** — every identifiable mental health, alcohol and other drugs, and suicide prevention commitment across both budgets, with Mental Health Victoria's analysis of what the system needs and what more is required.

**VICTORIAN BUDGET  
YEAR 1 · 2026–27****~\$123.1m+**

Discrete output funding for mental health, AOD & suicide prevention.

**VICTORIAN BUDGET  
FOUR-YEAR TOTAL****~\$349.9m+**

Combined output across all discrete MH, AOD & suicide prevention initiatives.

**FEDERAL BUDGET  
MENTAL HEALTH · 4 YRS****\$283.2m**

National Mental Health & Suicide Prevention Agreement extension.

Sources: Victorian Budget 2026–27, Budget Paper No. 3; 2026–27 Australian Government Budget, Budget Paper No. 2; MHV State of the Sector Key Insights Report. All figures are output funding unless otherwise noted.

PREPARED BY  
**Mental Health  
Victoria**

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# \$123.1 million in year-one output funding for mental health, AOD & suicide prevention.

The 2026–27 Victorian Budget includes approximately **\$123.1 million** in year-one output funding, with a four-year total of approximately **\$349.9 million**. A further **\$10 million** in capital funding supports facility improvements.

Source: Victorian Budget 2026–27, Budget Paper No. 3.

## CLINICAL CARE

**\$209.7m**

Hospital in the Home, Thomas Embling, workforce, suicide prevention, MH Tribunal

## COMMUNITY SUPPORT

**\$34.4m**

YORS, crisis response, MH&W Hubs, diverse communities, The Nest

## ALCOHOL & OTHER DRUGS

**\$94.2m**

AOD community supports, public intoxication, pill testing, Footscray Hub

## CAPITAL (TEI)

**\$10.0m**

MH & AOD Capital Renewal Fund: quality & amenity uplift across Victoria

## MENTAL HEALTH CLINICAL CARE

**\$209.7M OVER 4 YEARS**

| INITIATIVE                                               | 2026–27 | 2027–28 | 2028–29 | 2029–30 | 4-YR TOTAL      |
|----------------------------------------------------------|---------|---------|---------|---------|-----------------|
| Mental health Hospital in the Home – expansion           | \$13.3m | \$16.4m | —       | —       | <b>\$29.7m</b>  |
| Thomas Embling Hospital expansion – operationalisation   | \$9.6m  | \$36.3m | \$39.1m | \$40.1m | <b>\$125.1m</b> |
| Strengthening mental health workforce sustainability     | \$11.6m | \$17.6m | \$9.2m  | \$6.5m  | <b>\$44.9m</b>  |
| Supporting groups disproportionately impacted by suicide | \$5.4m  | \$1.1m  | —       | —       | <b>\$6.5m</b>   |
| Mental Health Tribunal                                   | \$3.5m  | —       | —       | —       | <b>\$3.5m</b>   |

## MENTAL HEALTH COMMUNITY SUPPORT

**\$34.4M OVER 4 YEARS**

| INITIATIVE                                                            | 2026–27 | 2027–28 | 2028–29 | 2029–30 | 4-YR TOTAL     |
|-----------------------------------------------------------------------|---------|---------|---------|---------|----------------|
| Mental health and wellbeing care in the community (incl. YORS)        | \$9.8m  | \$0.2m  | —       | —       | <b>\$10.0m</b> |
| Improving Victoria's mental health crisis response (incl. TelePROMPT) | \$2.7m  | \$2.8m  | —       | —       | <b>\$5.5m</b>  |
| Mental Health and Wellbeing Hubs                                      | \$4.9m  | —       | —       | —       | <b>\$4.9m</b>  |
| Mental health support for diverse and marginalised communities        | \$0.7m  | \$0.1m  | —       | —       | <b>\$0.8m</b>  |
| The Nest – wellbeing for Aboriginal children and families             | \$2.2m  | \$3.6m  | \$3.8m  | \$3.6m  | <b>\$13.2m</b> |

## ALCOHOL AND OTHER DRUGS

**\$94.2M OVER 4 YEARS**

| INITIATIVE                                        | 2026–27 | 2027–28 | 2028–29 | 2029–30 | 4-YR TOTAL     |
|---------------------------------------------------|---------|---------|---------|---------|----------------|
| Alcohol and other drug community support services | \$14.9m | \$16.8m | —       | —       | <b>\$31.7m</b> |
| Public intoxication services                      | \$28.5m | \$23.8m | —       | —       | <b>\$52.3m</b> |
| Victorian Pill Testing Service                    | \$5.4m  | \$4.2m  | —       | —       | <b>\$9.6m</b>  |
| Footscray Hub                                     | \$0.6m  | —       | —       | —       | <b>\$0.6m</b>  |

## § 01 · VICTORIAN STATE BUDGET — CONTINUED

**\$10.0m TEI**

### CAPITAL

**\$10.0M TEI**

| INITIATIVE                                         | 2026–<br>27       | 2027–<br>28       | 2028–<br>29      | 2029–<br>30      | 4-YR<br>TOTAL      |
|----------------------------------------------------|-------------------|-------------------|------------------|------------------|--------------------|
| Mental Health and AOD Capital Renewal Fund 2026–27 | \$10.0m TEI       | —                 | —                | —                | <b>\$10.0m TEI</b> |
| <b>Total — all categories</b>                      | <b>~\$123.1m+</b> | <b>~\$124.5m+</b> | <b>~\$52.1m+</b> | <b>~\$50.2m+</b> | <b>~\$349.9m+</b>  |

— denotes nil or no funding in that year. All figures are output funding unless marked as capital (TEI). Cross-portfolio amounts where the mental health quantum is not disaggregated are excluded from totals. Figures in \$million.

### Mental health investment in other portfolios

Other portfolios also made investments in mental health and wellbeing. The BlueHub police mental health initiative receives \$1.6m in 2027–28. For other areas, the mental health portion is bundled within broader packages and not separately disaggregated. These include:

- Bushfire relief and recovery (part of \$366.3m over five years)
- The LGBTIQ+ Strategy (part of \$6.5m over two years)
- Violence Reduction Unit mental health supports for at-risk young people (part of \$33.4m over four years)

### Unfinished business

A number of Royal Commission initiatives have received design funding but have not been operationalised: **Transforming Trauma Victoria** (established 2022, not yet operational), **Aboriginal Healing Centres** (\$1.2m in codesign, no operational funding), and **supported housing mental health supports** (dwellings established under the Big Housing Build, wraparound supports not delivered). The new Mental Health and Wellbeing Client Management System, tendered in 2022, has had its technical readiness date extended.

## § 02 · FEDERAL BUDGET

**\$283.2m**

# \$283.2 million for mental health – largely a one-year rollover.

The Federal Budget commits **\$283.2 million** for mental health over four years, largely through a one-year extension of the National Mental Health and Suicide Prevention Agreement to 30 June 2027. The structural centrepiece is the most significant NDIS reforms since the scheme's establishment, alongside Foundational Supports and Thriving Kids outside the NDIS.

Source: 2026–27 Australian Government Budget, Budget Paper No. 2.

### HEADLINE COMMONWEALTH FIGURES

### ACROSS PORTFOLIOS

| AREA                                                                 | AMOUNT          | PERIOD  |
|----------------------------------------------------------------------|-----------------|---------|
| Mental health (National MH & Suicide Prevention Agreement extension) | <b>\$283.2m</b> | 4 years |
| NDIS reforms – projected savings                                     | <b>–\$37.8b</b> | 4 years |
| Thriving Kids (outside NDIS – children aged 8 and under)             | <b>\$2.0b</b>   | 5 years |
| Foundational Supports – broader package outside NDIS                 | <b>\$3.0b</b>   | 5 years |
| Inclusive Communities Fund                                           | <b>\$200.0m</b> | 3 years |
| National Health Reform Agreement (public hospitals)                  | <b>\$220.3b</b> | 5 years |

Commonwealth payments. NDIS savings figures represent projected reductions in total NDIS payments compared to the pre-reform baseline, expected through eligibility reforms, improved planning consistency and fraud reduction.

### LAPSING MH MEASURES EXTENDED TO JUNE 2027

**\$70.4M IN 2026–27**

| PROGRAM EXTENDED TO JUNE 2027                                 | 2026–27        |
|---------------------------------------------------------------|----------------|
| Mental health services to adults in Victoria                  | <b>\$24.7m</b> |
| Postvention services – support for people bereaved by suicide | <b>\$14.1m</b> |
| Temporary Head to Health Clinics (Victoria)                   | <b>\$7.7m</b>  |
| Perinatal mental health screening                             | <b>\$4.9m</b>  |
| Eating disorder supports                                      | <b>\$4.4m</b>  |
| Aftercare trial initiatives                                   | <b>\$2.6m</b>  |
| Distress Intervention program trial                           | <b>\$2.0m</b>  |
| <b>Total lapsing measures extended</b>                        | <b>\$70.4m</b> |

Single-year extensions only. Future funding contingent on finalisation of the next National Mental Health and Suicide Prevention Agreement.

## § 02 · FEDERAL BUDGET — CONTINUED

## What it means

### OTHER NOTABLE INVESTMENTS ACROSS PORTFOLIOS

| INVESTMENT                                                             | AMOUNT          | PERIOD            |
|------------------------------------------------------------------------|-----------------|-------------------|
| Royal Commission into Defence and Veteran Suicide – implementation     | <b>\$311.9m</b> | 4 years           |
| 13YARN – crisis line for Aboriginal & Torres Strait Islander peoples   | <b>\$18.9m</b>  | 4 yrs (+ ongoing) |
| Aboriginal Community Controlled Health Services infrastructure         | <b>\$144.1m</b> | 2 years           |
| Mental health support – Jewish & broader Bondi community (2025 attack) | <b>\$42.9m</b>  | 2 years           |
| PHN After Hours and Homelessness Access programs                       | <b>\$54.5m</b>  | 3 years           |

### Strategies without implementation funding

The following national strategies have no dedicated implementation plan or dedicated investment in this budget:

- National Suicide Prevention Strategy
- National Stigma and Discrimination Reduction Strategy
- Digital Navigation Project
- National Eating Disorders Strategy
- National Roadmap to Improve the Health and Mental Health of Autistic People in Australia

### Implications for Victoria

Victoria has committed **\$2.4 billion over five years** to Foundational Supports, including Thriving Kids, under the National Agreement on Foundational Supports. The split between Thriving Kids and broader Foundational Supports components will be determined through a Bilateral Agreement yet to be finalised.

Two existing programs providing short-term psychosocial supports to Victorians outside the NDIS — the **Commonwealth Psychosocial Support program** and the **Early Intervention Psychosocial Support Response** — both expire in June 2027. Victoria's National Mental Health and Suicide Prevention Bilateral Agreement funding (\$42.1m in 2026–27) is also a one-year extension, with renegotiation required against the backdrop of the November 2026 state election.

## § 03 · THE SYSTEM IN NUMBERS

### A system under pressure

# Investment, measured against the scale of need.

While there are positive signs against some measures, the 2025–26 expected outcomes across key performance measures show a system under sustained pressure. MHV draws on these figures when assessing whether investment is meeting the scale of need.

System performance figures sourced from Victorian Budget 2026–27, Budget Paper No. 3.

| MEASURE                                                                       | RESULT (2025–26 EXPECTED OUTCOME)                      |
|-------------------------------------------------------------------------------|--------------------------------------------------------|
| Consumers rating overall experience of public mental health care as positive  | <b>62%</b><br>Target: 80%                              |
| Families and carers reporting very good or excellent experience               | <b>39%</b><br>Target: 80%                              |
| Child seclusion rate (per 1,000 occupied bed days)                            | <b>7x target</b><br>Target: 3 · Expected outcome: 21.6 |
| Adult and forensic seclusion rate (per 1,000 occupied bed days)               | <b>2x target</b><br>Target: 6 · Expected outcome: 12.6 |
| AOD wait times (median wait between assessment and treatment)                 | <b>2x target</b><br>Target: 20 · Expected outcome: 40  |
| Percentage of community cases newly opened                                    | <b>76%</b><br>Target: 55%                              |
| Percentage of admissions with a preadmission contact – inpatient              | <b>67%</b><br>Target: 63%                              |
| Consumers followed up within 7 days of separation – inpatient (older persons) | <b>91%</b><br>Target: 88%                              |

#### BEYOND THE BUDGET PAPERS: THE SECTOR PRESSURES

##### UNMET PSYCHOSOCIAL NEED

**~130k**

Victorians with unmet psychosocial need outside the NDIS (estimated)

##### UNDERSTAFFING

**73%**

Mental health workforce reporting understaffed workplaces

##### VACANCY > 10%

**50%**

Mental health workforce reporting vacancy rates above 10%

##### BURNOUT

**76%**

Workforce reporting some or high levels of staff burnout

Workforce figures sourced from MHV State of the Sector Key Insights Report.

## S 04 · WHAT MHV IS CALLING FOR

## MHV position

# What Mental Health Victoria is calling for.

There are welcome investment but across both budgets, Mental Health Victoria is calling on governments to take the following actions.

### VICTORIAN GOVERNMENT

- Work with the sector to reset the plan for reforming the Victorian mental health and wellbeing system.
- Address understaffing and burnout as a prerequisite to delivering on the Royal Commission's vision, not an afterthought.
- Deliver equitable access to mental health and wellbeing supports for all regional and rural communities across Victoria.
- Finish what it started: operationalise **Transforming Trauma Victoria**, **Aboriginal Healing Centres**, and supported housing mental health commitments.
- Deliver dedicated, sustainable investment in psychosocial supports for the estimated 130,000 Victorians with unmet need outside the NDIS.

### BOTH GOVERNMENTS

- Negotiate the next National Mental Health and Suicide Prevention Agreement with sufficient lead time to avoid service disruption in July 2027.
- Publish implementation plans and dedicated investment for national strategies developed but not acted upon, including the National Suicide Prevention Strategy and National Eating Disorders Strategy.

### COMMONWEALTH

- Confirm how Foundational Supports will serve people with psychosocial disability who do not qualify for the NDIS, and resolve the gap created by the expiry of the CPS and EIPSR programs in June 2027.

Prepared by **Mental Health Victoria**. Sources: Victorian Budget 2026–27, BP3; 2026–27 Australian Government Budget, BP2; MHV State of the Sector Key Insights Report.

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