

Raise the Medicare levy to pay for mental health, says Victoria

By [Noel Towell](#)

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38

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Australia could have a new mental health tax or a rise in the Medicare levy to pay for the massive costs of sweeping reform to the neglected sector under a new plan proposed by the Victorian government.

The idea of using a higher Medicare levy or a whole new federal tax has been raised at meetings between Victoria and the Commonwealth as the two governments discuss their response to the mental health crisis.

The Andrews Labor government revealed on Sunday that mental health claims to WorkCover may have topped \$700 million last year, with the cost to the economy expected to continue to soar and for claims to increase by 34 per cent in the coming decade.

WorkSafe says one in five Victorian workers will suffer a mental injury in their job each year, a figure described as “staggering” by the state’s Mental Health Minister Martin Foley on Sunday.

Victoria has announced a massive program of reform of its mental health system recommended by its Australia-first royal commission into the issue, but has yet to reveal the new ‘revenue stream’ that is to raise up to \$1 billion a year to pay for Labor’s ambitious reform agenda.

A key recommendation from the royal commission was a guaranteed revenue stream, to pay for mental health, that would be quarantined from other government funds and off-limits to raids by ministers to fund other programs or policies.





Victoria's Mental Health Minister Martin Foley said "the cost of inaction isn't just measured in dollars – all too often it's measured in human lives". PAUL JEFFERS

The Morrison government has ambitions of its own for mental health, with a report in production on how to reduce the nation's soaring suicide rate and the Productivity Commission working on the second stage of its own inquiry into the national system.

The Commonwealth currently spends almost \$5 billion on mental health services, with Victoria spending about \$1.7 billion annually, but the state says Canberra will have to spend much more if it is to achieve meaningful reform.

The Victorians say their own plans require a huge amount of input from the federal government, which has responsibility for much of the primary health care system including GPs, Medicare, the public health networks and the National Disability Insurance Scheme.

In Victoria's Productivity Commission inquiry submission, to be published on Monday, the state urges the federal government to consider a dedicated mental health revenue-raiser.

A new tax or a hike to the Medicare levy would be politically difficult for Prime Minister Scott Morrison, who has worked hard to brand the Liberals as the party of lower taxes.

But Mr Foley told *The Age* that although reform might be expensive, the human and financial cost of inaction was higher, citing the royal commission's findings estimated a \$1.6 billion loss in productivity in Victoria each year and a further \$4.8 billion in foregone wages through poor mental health.

"Victoria's royal commission and the Productivity Commission inquiry provide an unprecedented opportunity for us to work together with the Commonwealth in delivering the best mental health services for every family, in every community," the minister said on Sunday.

"We lose billions to poor mental health every year, but the cost of inaction isn't just measured in dollars – all too often it's measured in human lives."

"These staggering figures are why here in Victoria we established Australia's first royal commission into mental health and it's why we remain dedicated to working with the Commonwealth in advancing vital reform."

The office of Federal Health Minister Greg Hunt was contacted for comment.

The final Productivity Commission report is expected to be handed over to the Commonwealth in late May and the Royal Commission into Victoria's Mental Health System will hold another round of public hearings in April and will release its final report in October.



Noel Towell



Noel Towell is State Political Editor for The Age
