

Consultation taskforce
Mental Health Commission of NSW
Submitted via NSW Mental Health and Wellbeing Strategy portal

29 August 2025

Dear consultation taskforce

NSW Mental Health and Wellbeing Strategy consultation

The Council of Australian Life Insurers (CALI) is the trusted voice of life insurance in Australia. We support Australians to make informed choices about their future and advocate for national policy settings that expand their access to the life insurance protection that suits them when they need it most over their lifetime.

Our mission is to ensure Australians view life insurance and the industry as accessible, understandable, and trusted. We do this by supporting our members to deliver the protection and certainty Australians need on their best and worst days.

CALI welcomes the opportunity to contribute to the consultation of the New South Wales (NSW) Mental Health and Wellbeing Strategy.

Private life insurance sits alongside state-based workers compensation schemes as part of our nation's safety net that financially supports Australians when they are so injured or unwell that they are unable to work. In 2024 Australia's life insurers provided nearly \$2 billion in financial support to almost 25,000 customers in NSW who were either temporarily or permanently unable to work due to illness or injury.¹ We also provide death cover benefits to bereaved families including those who have lost a loved one by suicide.

Our industry sees firsthand the lived experiences of customers who are severely impacted by mental ill health and are unable to work or participate in the communities in which they live. We fully support a broad, coordinated effort across all areas of the NSW Government, as well as across governments nationally, to better support Australians with mental ill health and to prevent suicide.

¹ Data collected from CALI member companies with customers in NSW.

As the Government develops the NSW Mental Health and Wellbeing Strategy, we believe the Government should prioritise:

- education, training and boosts to the mental health workforce
- mental health research to better understand causes, treatments, and prevention strategies
- accessible, equitable mental health care for all Australians, especially in rural, regional, and remote areas.

The NSW Government should also consider the intersections between different parts of our states and the nation's safety net for people experience mental ill health and take actions to address the root cause of mental ill-health and avoid cost shifting between public and private systems.

We have provided specific responses to the consultation questions and a series of recommendations in the attachment. Please contact Keely O'Brien at keely.obrien@cali.org.au for more information.

Kind regards,



Christine Cupitt
CEO
Council of Australian Life Insurers

Attachment – Detailed submission

The mental health services system in NSW (response to questions 1 – 4)

Intersections between different parts of the support system

An issue for consideration within the context of developing this strategy is the proposed Workers Compensation Legislation Amendment Bill, NSW, 2025, which if passed, will reduce access to workers compensation for people experiencing mental ill health.

In reducing the scope of the cover provided by the NSW scheme, pressure will inevitably shift to other parts of the nation's safety net, primarily to private life insurers through earlier and increased claims and to the Australian Government through increased reliance on income support payments, benefits and concessions, and increased pressure on publicly funded health services.

We anticipate that if this Bill is passed, there will be workers, particularly those who hold insurance through superannuation, who access financial support from the private insurance system in the absence of cover through the NSW workers compensation scheme. These changes are likely to drive changes in consumer behaviour, as individuals increasingly frame their circumstances in ways that align with compensation pathways. Insurers are starting to see this flow-on effect from similar changes to the Victorian workers compensation scheme made early last year.

CALI believes the changes proposed in this Bill, similar to the ones undertaken in Victoria, will create a cost shift rather than a cost solution, placing more pressure on another part of the system and accelerating life insurance affordability challenges for our customers.

Changes made in isolation to the workers compensation system will not address the root cause of the current pressures that mental health claims are putting on NSW and the whole nation's safety net. The underlying factors driving these claims represent a broader public policy challenge, one that requires systemic investment in prevention, early intervention and timely, affordable access to mental health care and support. We anticipate these trends will worsen without significant national action.

It is important the NSW Government consider the intersections between different parts of our states and the nation's safety net and recognise that overall the entire system is feeling the strain of mental ill health in our communities. From a private insurance perspective, mental ill health is the leading cause of Total and Permanent Disability (TPD) claims in

Australia, accounting for 31 per cent² of all claims paid. In addition, one in five income protection claims³ is due to mental ill health.

Workforce issues and solutions

We want to see the NSW Government investing in education, training and boosts to the mental health workforce. Currently there is not an adequate supply of mental health professionals to meet the care needs of people in NSW.

The CALI/KPMG [Mental Health Check-up report](#) found that 80 per cent of the increase in permanent disability claims over the last 10 years is due to mental ill health⁴, suggesting there are barriers to accessing care, such as long wait times, high costs, and workforce shortages. Higher claim numbers can serve as a signal of a reactive system, where individuals seek financial support through insurance due to barriers preventing proactive and accessible mental health care.

The report also found that the average age for mental health-related TPD claims has decreased from 49 to 46 years over the past decade.⁵ This suggests that individuals are experiencing severe, disabling mental health issues at younger ages, a trend not observed with other forms of disability claims, where the average age has remained stable at 49 years. The shift in the average age reflects worsening mental health conditions among younger Australians, likely due to unmet needs for early intervention and accessible treatment options.

Recommendations:

- Expand the mental health workforce to reduce waiting times and provide timely care, particularly for individuals in high-demand age groups.
- Invest in building the mental health [workforce](#), including training, retention and expansion of psychologists, psychiatrists, social workers, and peer support workers.
- Support training [programs](#) for general practitioners and allied health workers to enhance their capacity to provide early mental health support. For example financial incentives like scholarships, loan forgiveness, and rural placement bonuses to attract talent to underserved areas.

² Based on data included in the 2024 H2 CALI -KPMG Data Collection Cause of Claims Results ("COC Results Report") (Released 30 May 2025)

³ Based on data included in the 2024 H2 CALI -KPMG Data Collection Cause of Claims Results ("COC Results Report") (Released 30 May 2025)

⁴ CALI / KPMG Australia's Mental Health Check Up Report, December 2024

⁵ CALI / KPMG Australia's Mental Health Check Up Report, December 2024

- Develop specialised mental health [training](#) for GPs and allied health professionals, equipping them to offer early support and referrals.

Research and evaluation

The stark increase in claims shown in the CALI/KPMG Mental Health Check Up report demonstrates the importance of robust data collection to monitor trends and inform interventions. The report highlights a 60 per cent higher rate of TPD claims for mental health among men compared to women.⁶ This gender disparity suggests the need for more comprehensive data to understand the underlying drivers, measure the effectiveness of interventions, and inform equitable and targeted policy responses.

Recommendations:

- Investment in mental health [research](#) to better understand causes, treatments, and prevention strategies.
- Focus on prevention-oriented research to identify strategies that reduce the risk of mental health issues developing.
- Funding for the establishment of [mechanisms](#) that ensure the collection of robust, real-time mental health data to guide policy-making and ensure transparency, accountability, and monitoring of the mental health system, analysing real-time data on mental health service use and outcomes.

⁶ CALI / KPMG Australia's Mental Health Check Up Report, December 2024

Mental health and wellbeing in NSW communities (response to questions 5 & 6)

Priorities for prevention and early intervention

We are very supportive of efforts by the NSW Government to invest in prevention and early intervention. Currently life insurers are prevented by the law to pay for treatment, restricting our industry's ability to help return our customers to health.

Our view is that the rapid escalation in disability insurance claims over the last decade reflects a lack of timely intervention and inadequate access to care, as well as instability in funding for services resulting in under-service.

Recommendations:

- NSW Government to contribute to and support the development of national mental health targets and provide support for a coordinated approach at all levels of government to supporting Australians with mental ill health.
- Expanding access to services via more [funding](#) to ensure accessible, equitable mental health care for all Australians, especially in rural, regional, and remote areas.
- Increase funding for community-based care, especially in rural, regional, and remote areas, to ensure equitable access.
- Invest in innovative care models, such as mobile mental health clinics and home-based interventions.
- Improve funding models that ensure the mental health sector has the capacity to meet urgent needs and deliver long-term reforms. The NSW Government is encouraged to support and advocate for the Australian Government to fund community mental health services on five-year funding cycles to provide certainty in service delivery for both the community and the sector.
- Introduce funded programs for early detection of mental health challenges, particularly targeting anxiety and depression in young people.
- Provide subsidies for workplace mental health programs, reducing stress and burnout for working-age Australians.