The Department was first formally established with the establishment of the Cato Chair of Psychiatry in 1963, and the appointment of Professor Brian Davies, the Foundation Professor, who took up his appointment in 1964. The main driving force in the establishment of the Chair was the then Dean, Prof Sydney Sunderland, Dr Eric Cunningham Dax, Dr Una Cato and the psychiatric community at that time. The most prominent of whose advocates were the Victorian Council for Mental Hygiene, especially Drs Hal Maudsley and John Williams.

In 1990, after heading the Department for 26 years, Prof Davies retired and was succeeded by Professor Bruce Singh, who had previously held a Chair of Psychological Medicine at Monash University. Under Professor Singh, considerable expansion of the Department in various sub-specialty areas which had commenced in the second half of the 1980s, was accelerated with a series of externally funded positions throughout the then psychiatric hospital system. These included Associate Professors/Senior Lecturers in Geriatric Psychiatry at both Royal Park and Mont Park, appointments in Child and Adolescent Psychiatry, Forensic Psychiatry, Transcultural Psychiatry and General Psychiatry. These offered the opportunity for the Department to expand its areas of interest in a more formal way into the psychiatric hospital system, to support the funding provided by the University for the academic positions in its general hospital units.

Professor Ian Everall arrived as the third Cato Professor of Psychiatry at the end of 2009. With a background in molecular and cellular brain pathology he augmented the already strong base of biological psychiatry research within the Department and he set about supporting the broad range of research that flourished under Professor Singh. Professor Everall was part of a successful application for $23 million to establish a Clinical Research Centre in Mental Health and is the leader of the psychosis research program to identify novel biomarkers to aid diagnosis and identify new treatments. Together with senior colleagues they are setting up a birth cohort to identify important events that occur during pregnancy or early in life that predict future mental health problems and produce interventions that will improve their mental health.

Updated 25 February 2012