Submission to the National Advisory Council on Mental Health

regarding

‘Daily bread, income and living with mental illness’

Brotherhood of St Laurence

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1 Background: The Brotherhood of St Laurence and disadvantaged job seekers with mental health issues

The Brotherhood of St Laurence is a community organisation that has been working to reduce poverty in Australia since the 1930s. Our vision is 'an Australia free of poverty'. Our work includes direct service provision to people in need, the development of social enterprises to address inequality, research to better understand the causes and effects of poverty in Australia, and the development of policy solutions at both national and local levels. We aim to work with others to create:

- an inclusive society in which everyone is treated with dignity and respect
- a compassionate and just society which challenges inequity
- connected communities in which we share responsibility for each other
- a sustainable society for our generation and future generations.

The Brotherhood of St Laurence (BSL) works to prevent poverty through focusing on those life transitions where people are particularly at risk of social exclusion.

The Brotherhood has a long tradition of undertaking research to identify the causes of poverty and social exclusion and to provide evidence to support its call for policy reform and improved services. Our research agenda is shaped by the needs of the people with whom we work and informed by these people's insights. This work is led by the Brotherhood's Research and Policy Centre (RPC). The RPC has undertaken a number of studies on the needs of highly disadvantaged job seekers with mental health issues, including most recently the Individual Placement and Support (IPS) project and the 2007 *Making it work* evaluation of the Commonwealth program to assist disadvantaged job seekers, the Personal Support Programme (PSP).

Through funding from the Leith Family Trust we continue our practice-based research to examine how an individualised, placed approach can best meet the needs of highly disadvantaged jobseekers with mental health issues. This work builds on the Individual Placement Support research project, and it examines to what extent the complex needs of highly disadvantaged jobseekers with mental health issues can be addressed more effectively though the use of a mental health worker based at a mainstream place-based service, such as the Brotherhood's new Centre for Work and Learning Yarra. The Centre for Work and Learning is a pilot project to address the needs of the most disadvantaged job seekers by finding innovative solutions to overcome their barriers to employment. The project is financed by the Innovation Fund of the Commonwealth Department of Education, Employment and Workplace Relations, with matched funds from the Brotherhood of St Laurence. Opened in early 2010, the centre aims to coordinate the efforts of Job Services Australia providers, employers, enterprises and industry groups, training organisations and government and other support services in and around the City of Yarra.

The BSL engages with government through submissions informed by our research and services. The most recent relevant submissions include:

- submission to the Senate Committee inquiry into social security and other legislation amendment bills, February 2010

- a response to the Future of disability employment services in Australia discussion paper, January 2009;
- submission to the parliamentary inquiry into the provision of supported accommodation for Victorians with a disability or mental illness. October 2008
- *Pension reform for all*, submission to the Pension Review of measures to strengthen the financial security of seniors, carers and people with a disability, September 2008
- *Sustainable outcomes for disadvantaged job seekers* Submission to the Australian Government on the Future of Employment Assistance, February 2008.

2 Introduction

The Brotherhood of St Laurence welcomes the opportunity to contribute to the National Advisory Council on Mental Health (NACMH)'s advice to the Minister for Health and Ageing, the Hon Nicola Roxon MP, on effective and equitable policy responses to better meet the needs of people with mental illness and their families.

The NACMH Secretariat seeks responses to three key questions:

How are people with mental illness and their families faring on a daily basis? What income related difficulties do they face?

How might the income-related difficulties of people with mental illness and their families be addressed?

Of these remedies, which ones should be pursued as a matter of priority? That is, what are the top 5 measures in order of urgency and priority?

As noted in the letter of invitation to submit, options put to the NACMH include:

- personalised support packages including person directed schemes
- income management
- targeted employment and employment support programs
- disability insurance
- a review of the effect of Centrelink payments and policies on people with mental illness and
- a review of how people with mental illness are faring under current PBS arrangements.

In this submission we respond to these questions with a specific focus on highly disadvantaged individuals with mental health issues.

3 Mental health and mental illness

How are people with mental illness and their families faring on a daily basis? What income related difficulties do they face?

People with a mental illness and their families are a diverse group and include those with serious medical conditions as well as those who experience mental health issues as a result of their life

circumstances. In our research and services, we refer to people with mental health issues or mental illness. These terms include:

- those with mental health issues such as anxiety or depression (which may be a response to precarious and difficult personal and social circumstances);
- people who may experience mental health problems associated with their drug or alcohol abuse
- those who may experience post-traumatic stress disorder (especially refugees or asylum seekers)
- those with serious mental illnesses such as schizophrenia.

The focus of our work in relation to mental health has been on people who experience socioeconomic disadvantage. Our work has been influenced by the ideas of Amartya Sen who recognises that poverty is multidimensional. Sen argued that '[i]ncome may be the most prominent means of a good life without deprivation, but it is not the only influence in the lives we can lead' (Sen 2000 p. 3).Sen recognised that income poverty is important and can compound the processes of social exclusion.

The NACMH notes that a significant proportion – around a third – of Australians with a mental illness experience economic hardship, having an income of less than $20,000 per year. The relationship between mental health issues and socioeconomic disadvantage is well-documented and complex. Some scholars suggest that the individualisation of social and economic problems occurs when such problems are medicalised. Mikael Holmqvist (2009 p. 406) defines medicalisation as ' the process by which human behaviours become defined and treated as medical problems and issues'. This process may explain the expanded definition of mental health. For example, the depression and anxiety experienced due to precarious housing and employment is increasingly understood as a mental health issue rather than as an understandable response to difficult circumstances. Further, mental health issues such as anxiety and depression may be exacerbated by precarious social circumstances, which in turn may be associated with drug and alcohol abuse, and physical ill health or disability. In addition, people with mental illness experience stigma which can create barriers to service use, employment and the development of strong social networks. In this way stigma reinforces economic and social disadvantage.

Whatever the relationship between mental health and poverty, one thing is clear: 'The presence of disability is associated with low levels of income and high exposure to poverty' (Saunders 2005 p. 11). Our recent research has highlighted the very low level of income support for highly disadvantaged jobseekers with mental health issues(Bowman & Lawlor 2010 p. 40 -41). In the *Evidence and Experience* report, we noted that:

> Poverty is the most pressing barrier for disadvantaged job seekers. Maintaining benefits at a low level is often rationalised as a means of motivating the unemployed into paid work. Paradoxically, the low level of Newstart Allowance may add to and compound the barriers facing disadvantaged job seekers.

Very low incomes create and reinforce barriers to participation in many ways. For example, inadequate incomes restrict an individual's opportunity to travel, due to the costs of maintaining and running a car, and the costs of public transport. Such barriers overlap and compound. For example, lower cost housing may only be available in outer suburbs which tend to be poorly served by public transport. Thus housing and transport may combine to create very real barriers to engaging in employment or formal learning opportunities. In addition, very low incomes may

affect access to vital health and dental care: in our recent study, *Public dental care and the Teeth First trial: a history of decay* (Bond 2010) we found that inadequate dental care has widespread impacts in relation to employability, self-esteem, quality of life and health. The experience of poverty and disadvantage compounds the difficulties that people with mental health issues face in seeking to participate in social and economic life. Further, the work involved in receiving welfare payments and services is made more difficult by inadequate resources. Our research on the employment, retention and advancement of low paid workers has highlighted the costs, in terms of time, effort and money, in attending interviews and appointments. One low-paid worker explained how she spends her days off:

> running around after these departments without a driver's licence, I found it hard to keep up, the cost of petrol can be a lot. Plus with kids, housework and other responsibility, I can feel snowed under. Childcare is a huge problem. (Bowman & Clarke 2010 forthcoming)

Accordingly, we recommend a review and increase of income support payments to enable people with mental health issues and their families to decent lives, without the added burdens of poverty and associated insecurity. We also recommend an extension of eligibility for healthcare concession cards because the cost of medications can act as a financial disincentive to gaining and keeping jobs.

4 Mental health, income support and employment

How might the income-related difficulties of people with mental illness and their families be addressed?

The BSL recognises that paid work can play an important role in social inclusion. The benefits of paid work are well documented. Nevertheless, the employment rate of people with disabilities is generally very low. As HREOC (2005) points out:

> The workplace participation rate for people with a psychiatric disability receiving disability support payments is only 29%.

We can and should be doing more to support people with mental illness who want to work to get and keep jobs. However, it is important to recognise that while paid employment may provide opportunities to engage and contribute, much depends on the nature of the jobs. Very low paid, insecure work may not provide opportunities for inclusion and indeed, may serve to further exclude already marginalised people.

The new Job Services Australia system aimed to assist highly disadvantaged jobseekers who had been poorly served under the previous Job Network system. However, as we have pointed out elsewhere:

> … anecdotal and research evidence suggests a number of factors prevent there being an individualised approach. These include inadequate funding levels and an entrenched culture that emphasises compliance rather than innovation (Bowman & Lawlor 2010). Contracts still require overly burdensome monitoring and reporting within a tightly controlled transactional model. There is also a stronger risk under such models of perverse outcomes, such as 'parking' of jobseekers with complex barriers to safeguard financial targets. (Bowman & Horn 2010, pp 8–9)

The very real barriers to getting and keeping jobs include the nature of low-paid 'entry level' jobs that are often casual and on flexible, rotating rosters. While flexibility may be useful in accommodating the needs of people with mental illness or conditions, too often flexibility suits the employer's needs rather than the needs of the employee. Unstable, insecure employment may also exacerbate mental health conditions. For example, a young man described how his stress and anxiety levels increased due to the pressure to perform within a retail role in a supermarket:

> they employ a minimum of staff and get them to work all over the place, so the staff have to be very efficient, and they have time frames for each task just how long it should take. So you're always under pressure. I really had a hard time. (Bowman 2010)

Our recent study *Making work pay and making income support work* examined the interrelationship of different policies that create disincentives to engage in paid employment. The study highlighted 'the serious structural flaws at the heart of Australia's income support system' (Bodsworth 2010, p. v). We found that 'participants … wanted to work and wanted policies which would make the path to paid work straightforward, worthwhile, secure *and* flexible'(Bodsworth 2010, p. xiii).

The 2007 *Making it work* study (Perkins 2007a) evaluated the extent to which the PSP enabled people with multiple non-vocational barriers (such as those identified above) to achieve positive economic and/or social outcomes. The study, which was based on research carried out in 2004–05 and 2005–06, found that mental health issues were the most common barrier to employment, reported by nearly 80 per cent of those surveyed (Perkins 2007a, p.122). Perkins identified a number of deficiencies with the PSP approach, including a lack of integration of employment and other services, and inadequate funding to access essential services such as counselling or mental health support. Further, the study questioned the effectiveness of the sequential model used by PSP, where long-term pre-vocational programs were used to facilitate clients' 'job readiness'.

Building on that evaluation, BSL investigated the individual placement and support approach (IPS) (Bowman & Lawlor 2010). IPS aims to provide ongoing support for those people with mental illness who want to work. The approach is to place and support rather than to 'prepare and place'. Key elements include strong relationships with employers and potential employers, sensitivity to issues around disclosure and stigma and ongoing personalised support.

Our research investigated an adaptation of this approach; and we found that providing such services within the constraints of existing employment services for disadvantaged job seekers was not viable, given the strongly contractual nature of service provision which worked against innovation and flexibility. We are currently investigating a further adaptation by trialling the provision of mental health services within a Work and Learning Centre. This research will examine whether, and how, a mental health professional may enhance outcomes for highly disadvantaged jobseekers, who are clients of a place-based multi- disciplinary centre (the Centre for Work and Learning at Yarra).

Disadvantaged job seekers with mental health issues require assistance in identifying, getting and keeping jobs. Employers may also require assistance and support in adapting jobs to meet the needs of people with multiple barriers including mental health issues. Our research (Bowman & Lawlor 2010) suggests that some employers are well disposed to people with mental health issues:

> We have recruited a person with depression. We have been very supportive with giving time off and covering absences. It has taken two years, but he is now a model employee. (VECCI & BSL 2009, p.28)

However, small businesses may be reluctant take on employees whom they perceive as 'risky'(VECCI & BSL 2009), as this quote from another Victorian employer suggests:

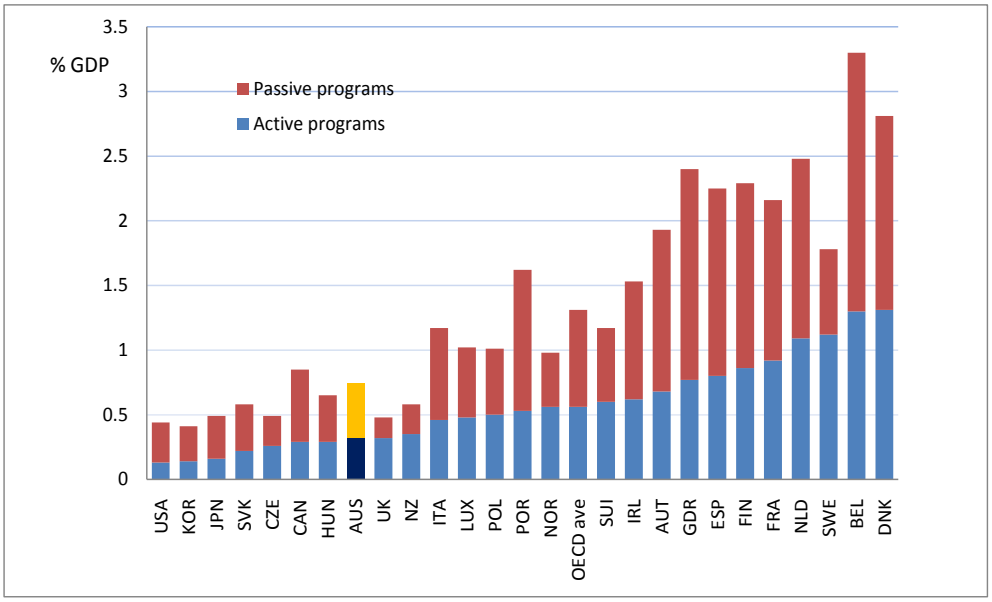
> Customers who come in don't know that that person is someone that's having a hard time. They don't know. Really, all they want is to come in, buy whatever they've got to buy and that's it. So they're a little unforgiving at times. (Bowman & Lawlor 2010, p.33)

Strategies such as job creation programs for people who experience multiple challenges including mental health issues can play an important role in creating and supporting stable, decent jobs for people with mental illness.

It is important to note that Australia currently substantially under-invests in active labour market programs compared with best practice across the OECD. As Michael Horn (2010, p.10) has observed:

> By international comparison, Australia has underinvested in both active and passive forms of labour market assistance (Figure 1). Using the latest OECD data, Australia spends the 8th lowest out of 26 countries with comparable data on ALMPs, which include public employment services, administration, training employment incentives supported employment and job creation and start-up measures (OECD 2009, Table J). This level of investment is well below the OECD average and may be contrasted against the core group of flexicurity countries, including Denmark, Sweden, Netherlands and Finland (see Bertozzi & Bonoli 2009). Thus, the top five ranking countries spend over 1.15% of GDP on active labour market programs, compared to 0.32% for Australia (using 2007/08 data).

Figure 1: Public expenditure on LMPs as % of GDP in OECD (2007/08)



Source: OECD (2009), Table J

As Horn points out, many countries specifically invest in job creation through subsidies, ILM models, support for social enterprises and funding for supported employment for those with disabilities who are unable to work in the open labour market. Australia has a poor record in this area, relying largely instead on passive forms of assistance and job placement programs (Job Services Australia and Disability Employment Services).

Organisations adopting the intermediate labour market (ILM) model are well placed to provide individualised tailored support to very disadvantaged job seekers. The ILM approach provides a pathway to employment for very disadvantaged job seekers (Finn & Simmonds 2003; Marshall & Macfarlane 2000). The BSL has been exploring this model through its community enterprises and through collaborations with employers. A key aspect of our approach is ongoing support once participants are employed. Our research suggests this approach pays social and economic dividends—with a '$14 return for every $1 invested in these programs' (Mestan & Scutella 2007).

Australia has supported limited job creation programs in response to the global financial crisis through the Community Jobs Fund. However, these are time-limited and small in scale. It is critical that we learn from this experience to further resource and support sustainable job creation and subsidy models that are shown to be cost-effective in the longer term through moving disadvantaged job seekers off benefits and into paid work where possible.

5 Priorities

Five options for policy change have been suggested so far. Of these remedies, which ones should be pursued as a matter of priority? That is, what are the top 5 measures in order of urgency and priority?

It is our view that the top five priorities in order of urgency and priority are:

1. **A review of Centrelink policies and payments** to increase disability and unemployment payments to a decent level and thus reduce the stress associated with poverty for those who are unable to take up paid work

2. **Targeted employment and employment support programs:** Increase funding for ALMPs aimed at highly disadvantaged job seekers through additional reforms to JSA and DES for the next contracts to enable:

    a. Flexible ongoing support for people mental health issues in work. Approaches such as the IPS, which been trialled in Queensland (Waghorn et al. 2007) and Victoria (Killackey et al. 2007) have been found to be effective if they operate in mental health services working in conjunction with employment services, as part of a better integrated approach to employment assistance. A key element of these kinds of approaches is ongoing post-placement support for people with mental health issues

    b. The development of intermediate labour market programs to provide transitional employment pathways for people with mental health issues. Importantly, employers also require ongoing intensive education and support, especially SMEs who may be reluctant to take employment risks

    c. Policy levers to support the further development of social and community enterprises that can offer work for this category of job seekers

    d. Programs to support and encourage public and private employers to take on and retain job seekers with mental health issues. Post placement support and training, to assist people with mental health issues to retain their jobs is vital

e. 'Make work pay' policy measures such as marginal tax rate reforms and rental holidays, to provide positive financial incentives for disadvantaged job seekers, especially those in public housing, to take up additional hours of work.

3. **A review of how people with mental illness are faring under current PBS arrangements**, including reform to enable the continuation of PBS concessions for period of transition into work

4. **Disability insurance**: A disability insurance scheme may cover some of the costs associated with mental illness and associated conditions and should be examined. However, the effect of any disability insurance scheme on existing approaches would also need to be assessed.

5. **Income management:** This should be voluntary, rather than compulsory, and should be implemented for people with mental illness and associated conditions only within strictly defined time-limits as part of a recovery plan. Clear and accessible review processes about how to move off income management are important. In addition, income support recipients require adequately funded support mechanisms such as mediators to enable genuine participation in review and appeal procedures and to avoid locking people into dependency which may work against their recovery.

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