

Submission in response to the Productivity Commission’s Issues Paper “The Social and Economic Benefits of Improving Mental Health”

NDS welcomes this opportunity to provide a brief initial response to aspects of the Productivity Commission’s investigation into the social and economic benefits of improving mental health. This response will focus on certain questions raised in the issues paper that relate to the provision of social services and government funded employment support to Australians experiencing adverse mental health.

The high economic cost of mental ill-health to Australia—estimated in 2014 to be about \$40 billion a year—highlights the importance of good mental health services and supports. Only a relatively small segment of the large number of people who receive services for a mental health condition each year will be eligible to receive supports under the National Disability Insurance Scheme (NDIS).

Provision of Social Services

What are the significant service gaps for people with psychosocial disability who do not qualify for the NDIS?

The Personal Helpers and Mentors Service (PHaMs) has provided practical assistance for people aged 16 years and over whose lives are severely affected by mental illness (Source: DSS website). PHaMs is currently transitioning into the National Disability Insurance Scheme (NDIS), a process that will be completed once the latter has ceased its national roll out.

The Commonwealth has acknowledged there will be instances where people who had been eligible for PHaMs will not be eligible for funded supports under the NDIS. As a result, the Commonwealth is implementing “Continuity of Support” (CoS) arrangements for these individuals, described as follows:

CoS will support these clients to achieve similar outcomes to those they were aiming to achieve prior to the introduction of the scheme. From 1 July 2019, existing PHaMs clients who are ineligible for the NDIS will receive CoS through community mental health services delivered through the Primary Health Networks, administered by the Department of Health. (Source: DSS website)

Clearly, the arrangements for the transition of PHaMs into the NDIS will result in a two tiered system for individuals with mental illness – a group ineligible for NDIS supports that will continue to receive PHaMs type supports under the CoS arrangements, due to their accessing PHaMs prior to it being transitioned into the

NDIS. A second group of individuals who may have previously been eligible for PHaMs type supports will miss out on receiving these if they do not meet the NDIS eligibility requirements. The latter group's need for assistance will not disappear if the programs they currently access are absorbed into the NDIS.

In the interests of equity for people experiencing mental illness, NDS believes that the second group identified above should be eligible for community mental health services delivered through the Primary Health Networks. Should that group not be eligible for those mental health services, this would be evidence of a significant service gap for people with mental illness ineligible for NDIS funded supports.

It is also important to note that Information, Linkages and Capacity Building (ILC) services may be available to assist people with mental illness who may or may not be NDIS participants. Clarity about the eligibility of people with mental illness to access ILC is needed, as those services were intended to assist NDIS ineligible individuals access other appropriate supports and address service gaps.

NDS also notes that the University of Sydney's [*Mind the Gap: The National Disability Insurance Scheme and psychosocial disability*](#) Report (Jan 2019) includes a comprehensive analysis of service gaps (identified by service providers) as well as a set of proposed solutions.

Are the disability support pension, carer payment and carer allowance meeting the income support needs of people with a mental illness and their carers?

It is interesting to note that the largest disability cohort of DSP recipients is those with a primary medical condition of Psychological/Psychiatric. In June 2013, of the 821,738 DSP recipients, 256,380 (31.2%) were in this category. The corresponding proportion in 2003 was 24.7%. (Source: Characteristics of Disability Support Pension Recipients, DSS).

NDS considers that payments for people with disability assessed as having no or partial capacity to work should be sufficient to cover their reasonable daily living expenses and participation in community life.

The total weekly rate of DSP and the pension supplement is currently \$465.05 for an adult. This is 63.4% of the national minimum wage of \$719.20 per week for a full time employee (\$18.93 per hour). The DSP income test applies once a recipient earns above \$86 per week with DSP recovered at a rate of 50 cents in the dollar for income earned above that amount. Where DSP recipients are able to supplement these benefits with wage earnings, they are far more likely to be able to meet reasonable daily living expenses and participate in community life.

Is there evidence that mental illness-related income support payments are a disincentive for recipients to seek employment?

NDS has long been of the view that income support payments and their attendant add-on benefits may constitute a disincentive to recipients seeking work, depending on their personal circumstances and assessed work capacity. The most obvious example is the DSP income test. Once a DSP recipient gains work and becomes

subject to the income test they are effectively subject to a marginal tax rate of 50%. The proportion of DSP recipients in paid employment has been steadily decreasing, especially over the last decade. As of June 2018, only 8% of the 756,960 DSP recipients reported income from paid employment, which is a new low (Source: DSS Annual Report 2018).

Add-ons and attendant welfare benefits for income support recipients also include such things as the Health Care Card (which can be retained for six months after returning to work, dependent on a recipient's previous benefit) and the Pensioner Concession Card (which can be retained for a year after losing DSP). Recipients living in subsidised housing will also experience significant rent increases should they start earning above a particular level of income. Rules relating to loss of benefits should a DSP recipient take up full time work or ineligibility to receive the DSP after having worked for a period may also constitute disincentives for individuals to maximise their participation in the workforce.

However, there are concessions in place that are designed to encourage DSP recipients to obtain work without their eligibility for DSP being affected. All DSP recipients can engage in paid employment for less than 30 hours a week without their payment being suspended or cancelled (subject to income test provisions). If a DSP recipient starts working for 30 hours a week or more, their DSP will stop, but it may be suspended for up to two years, rather than cancelled. This means that if the person starts working less than 30 hours a week within two years of their DSP stopping, they can return to DSP without having to claim it again (Source: DSS website).

Given the allowances that have been made for individual circumstances when accessing welfare benefits, NDS does not believe there is a need for mental illness specific welfare benefits. However, there is certainly a case that can be made for more responsive delivery of particular types of government services that better reflect the fluctuating needs of people with mental illness.

Provision of Government Funded Employment Support

How cost effective have Disability Employment Services (DES) and Personal Helpers and Mentors service (PHaMs) been in enabling people with a mental illness to find and keep a job? Have DES and PHaMs been targeted at the right populations?

It is important to note that DES participants with a mental illness constitute a significant proportion of the DES caseload. They constitute the second largest disability cohort in DES overall (38.8% or 83,222 people,) and are the single largest cohort of DES Employment Support Services (ESS) participants (39.7% or 47,292). ESS is the DES stream for participants with an ongoing or permanent disability or condition. (Source: DES Data Dec 2018).

The most recent PHaMs data available (via the [AIHW](#)) includes a detailed data set on PHaMs participants that identifies their primary and secondary conditions, their referral source, their functional limitations and their reasons for exiting PHaMs. There were 20,337 participants in PHaMs services during 2014–15. Of those participants

accessing PHaMs that received the assessment of functional limitations resulting from their mental illness, 95% had limitations in work and employment.

NDS does not have a view on whether or not DES and PHaMs have been targeted at the right populations. It would appear from the data cited above however, that people with mental illness access DES in significant numbers.

Whether or not DES is able to adequately support participants with mental illness to obtain sustainable employment (especially since the implementation of the new DES contract from 1 July 2018), remains up for debate.

Are there alternative approaches that would better support people with a mental illness to find and keep a job?

It is imperative that the episodic nature of mental illness be taken into account when providing employment support for that participant group. In DES, there has been widespread provider concern that changes to the Ongoing Support provisions are preventing providers assisting DES participants in work as and when the latter actually need it. This particularly disadvantages DES participants with a mental illness, who may require unanticipated, intensive periods of provider support to assist the participant retain their employment.

Currently, DES program provisions require Ongoing Support audits that set participant funding for 12 months in advance, based on contacts required in the previous 3 months. During those 12 months, some participants will require higher or lower levels of support to those anticipated.

Recognition of an 'Overs and Unders' model of support for Ongoing Support participants was a key design feature when Case Based Funding was introduced in DES. It allowed a balanced use of funding over a year, for example, by offsetting the additional support to a participant experiencing instability against the reduced support to the same participant during periods of stability. It also allowed similar offsets among DES participants across a provider's caseload.

This model allows providers greater flexibility to manage the funding to provide Ongoing Support for participants at the levels they require and ensures that these participants retain their employment. It should be incorporated back into the DES program provisions so as not to disadvantage DES participants with a mental illness.

Has the workforce participation of carers increased due to the Carers and Work Program?

Data from the SDAC for 2012 and 2015 reveals that the labour force participation rate for primary carers increased from 42% to 56.3% and for other carers from 63% to 77.2%. The equivalent rates for non-carers of workforce age were 69% and 80.3%.

NDS has conducted some research into the economic benefits of primary carers being engaged in employment through our BuyAbility Economic and Social Impact Tool. Improved mental health will allow more people with mental illness to work

which also frees up their carers to work as well. The BuyAbility Tool utilises a cost benefit methodology that identifies the economic benefits accruing from carer engagement in the labour force (among a range of other indicators). From a data sample of 3,437 supported employees working over the 2017-18 financial year and assuming around a third of those employees had a carer, the economic benefit to the Australian economy accruing over the period from those carers participating in work was estimated at \$26.2 million.

From an economic policy perspective in particular, it is imperative that carer engagement in the labour force is maximised.

What will the transition to the NDIS mean for those receiving employment support?

In general, people with mental illness transitioning to the NDIS who were receiving employment supports will be largely unaffected. Supported employees' existing supports will remain in place and DES participants will be unaffected as DES remains outside of the NDIS.

However, the NDIS does provide an opportunity for more people with disability to receive a wider range of employment supports to enable increased workforce participation, including participants with mental illness. The NDIA and the Government's NDIS Participant Employment Taskforce will be examining ways to ensure sustainable opportunities for people with disability working in supported employment settings as well as examining ways to ensure that the interface between the NDIS and DES is enhanced.

Which State/Territory Government programs are most effective at enabling people with a mental illness to find and keep a job? What evidence supports this?

NDS's BuyAbility Procurement Program is an example of state/territory governments demonstrating a commitment to increasing the level of their commercial dealings with Disability Enterprises. BuyAbility Procurement leverages state/territory government social procurement policies that emphasise the benefits arising for marginalised jobseekers and employees as well as their employers from socially responsible government purchasing. This type of government purchasing has provided employment opportunities and meaningful work for hundreds of people with mental illness across the country.

For example, in the last two financial years, NSW government agencies have purchased goods and services valued at \$2.6 million from an NDS member that provides supported employment opportunities people with mental illness. Over that period, 72 Supported employees were engaged in delivering this work.

How could employment outcomes for people experiencing mental ill-health be improved?

This end could be achieved by providing targeted funding levels taking into account the episodic nature of mental illness and the vocational and non-vocational supports

required. NDS members that provide open and/or supported employment services for people with mental illness offer a holistic set of services and supports for participants who are seeking or have obtained work.

In open employment, these types of supports can include an extensive suite of supports for employers, such as assistance with job re-design, mental health awareness training and support for staff peers, linkages to relevant health care providers and Ongoing Support of the employee by the DES provider. This model of support provides benefits for the employer through retention of the employee's skills and knowledge, reduced staff turnover, reduced absenteeism and enhanced employee wellbeing as well as linking employers with other types of government assistance.

Given the recent DES reforms, a significant number of new DES providers have entered the market while some existing providers have expanded their service offerings, including moving into provision of support for people with mental illness. There remains concern within the sector that the new funding model applied to the DES contract from 1 July 2018 is not assessing some DES participants at the correct level and has been assigning funding levels to some client groups that will prevent providers offering the types of supports identified above. In order to drive an improvement in employment outcomes for people with mental illness, it is imperative that DES providers receive sufficient funding to offer the holistic support model identified above.

Initial DES data as of 31 December 2018 shows that the proportion of DES participants with a psychiatric disability who have commenced work that achieve a 26-week outcome is 32%. This compares favourably with other DES participant cohorts, but will need to be closely monitored over the six-month period from January to June 2019. In supported employment, employees with psychiatric disability are the second largest disability cohort at around 12%. The NDIS should enable supported employees with a mental illness to receive the reasonable and necessary supports they require to maintain their employment.

In order to improve employment outcomes for people experiencing mental ill-health, who are eligible for the NDIS, NDS recommends that the NDIS participant planning discussion must include consideration of how the participant could prepare for or engage in work. Employment supports should be included automatically in all NDIS plans for participants of working age, unless they choose otherwise. In order to communicate to participants the benefits and possibilities of work, Local Area Coordinators and planners must have an accurate knowledge of the range of employment options, including Disability Enterprises. NDIS participants who require ongoing employment support should have employment identified in their plan as a Core support rather than a temporary Capacity-building support.

NDS looks forward to providing further input into the Commission's work on this inquiry.

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National Disability Services is the peak industry body for non-government disability services. It represents service providers across Australia in their work to deliver high-quality supports and life opportunities for people with disability. Its Australia-wide membership includes around 1,000 non-government organisations which support people with all forms of disability. Its members collectively provide the full range of disability services—from accommodation support, respite and therapy to community access and employment. NDS provides information and networking opportunities to its members and policy advice to State, Territory and Federal governments.