

Australian Council of Social Service Submission to the Draft Report – Productivity Commission Inquiry into the Social and Economic Benefits of Improving Mental Health.

February 2020

The Australian Council of Social Service (ACOSS) is a national advocate for action to reduce poverty and inequality and the peak body for the community services sector in Australia. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life. ACOSS appreciates the opportunity to contribute to the work of the Productivity Commission in this important area.

ACOSS welcomes the Productivity Commission's examination of mental health in the context of the broader system of health, employment, housing and community services. ACOSS also recognises that there is a spectrum of mental health issues.

In this submission our focus is on more serious conditions which impact on people's ability to participate socially and economically in the community.

This submission has concentrated on five key elements of the draft report that we consider could be strengthened in the final report:

- Employment and employment services
- Social security adequacy and conditionality
- Housing and homelessness
- Support service contract lengths; and
- Services for Aboriginal and Torres Strait Islander peoples.

Our recommendations are summarised below.

Summary of Recommendations

The Productivity Commission Final Report should adopt the following Recommendations:

Employment and Employment Services

Recommendation 1: ACOSS' recommendations in our [Submission on Future Employment Services](#), particularly those that relate to individualised support for

people experiencing mental ill health and funding models designed to encourage and support local partnerships be adopted

Recommendation 2: Express serious concern about the direct negative effects of an inadequate income and lack of control on a person's mental health.

Recommendation 3: Noting that key social security payments are inadequate, leading to people being in severe hardship that these allowances be increased.

Recommendation 4: Newstart and other Allowances should be increased with an urgent single base rate increase of a minimum of \$95 per week, with Allowances indexed to wages, and a Social Security Commission established to ensure that social security payment levels are adequate to secure a person's health and wellbeing.

Recommendation 5: The Council of Australian Governments increase the quantum of Australian Government funding for State and Territory Government-provided housing and homelessness services, for both people with mental ill health, but also for the broader population.

Recommendation 6: Services funding contract lengths increase to seven years for most contracts, and ten years in remote Aboriginal and Torres Strait Islander communities.

Recommendation 7: Aboriginal and Torres Strait Islander organisations should be the preferred providers of local suicide prevention activities for Aboriginal and Torres Strait Islander people, as it has in its draft report.

Employment and employment services system

On average, the employment rate of people with severe mental illness is lower than that of people with a physical disability (Figure 1). A major reason for this is that employing people with mental illness is often perceived as risky by employers. At the same time, suitable paid employment can improve mental health and this is often a key component of people's recovery plans.¹

In response to these challenges, policy makers in Australia and other countries have introduced employment assistance programs to meet the specific needs of people with mental illness. Broadly speaking, the most effective are programs that aim to place people in suitable open or subsidised employment at an early stage; work intensively with employers to provide advice, mentoring and support; and offer assistance in multidisciplinary settings.

¹ Milner A et al (2015), Does disability status modify the association between psychosocial job quality and mental health? A longitudinal fixed-effects analysis. *Soc Sci Med.* 2015 Nov;144:104-11 <https://www.ncbi.nlm.nih.gov/pubmed/26409168>

As the Commission notes, Individual Placement and Support (IPS) programs share these characteristics. Evaluations of these schemes have often found that they significantly improve the prospects of paid employment in the short to medium term.² On the other hand, these programs are typically small-scale. As with many smaller or pilot programs, it is not clear whether similar outcomes would be achieved if they were scaled up and the most disadvantaged among people with mental illness were consistently targeted for assistance. Further, it is not clear whether local health or employment services are the best auspice for this service. Ideally, those services would work together.

The much larger Disability Employment Services (DES) program has some of these features (especially an emphasis on early placement), but is not clear that the program has significantly improved employment outcomes for people with mental illness.

From the standpoint of assistance for people with mental illness, both DES and the jobactive program share significant weaknesses, which (in the case of jobactive) were identified last year by the government's Employment Services Expert Panel (on which ACROSS was represented):³

- Competitive tendering, and competition among providers to attract clients, weakens collaboration and trust among service providers and the resulting uncertainty of funding undermines service quality. For example, staff turnover in jobactive is high which likely has adverse impacts on people with mental illness.
- While outcomes-based purchasing can improve cost efficiency in the narrow sense, net outcomes (valued added) are very difficult to measure beyond the short term. Performance-based purchasing tends to undermine diversity, innovation, and risk-taking among providers, who focus on the most cost-efficient way to achieve short-term goals (such as employment that is sustained for 3-6 months).⁴ This lack of diversity reduces service specialization, for example, in assistance for people with mental illness.
- Both government and service providers tend to under-invest in assistance for the most disadvantaged. For example, the average consultant caseload for jobactive is 140 people and the Employment Fund (a fund quarantined for investment in assistance to overcome barriers to employment) is often

² Killacky E et al. (2017), 'Individual placement and support, supported education for young people with mental illness,' *Early intervention in psychiatry*, Volume11, Issue6, pp526-531

³ Employment Services Expert Panel (2019), *I want a job*, Department of Employment, Small and Family Business, Canberra.

⁴ Koning, P & Heinrich. (2010). *Cream-Skimming, Parking and Other Intended and Unintended Effects of Performance-Based Contracting in Social Welfare Services. IZA Discussion Paper*, no. 4801. p.4. Available at: http://www.iza.org/en/webcontent/publications/papers/viewAbstract?dp_id=4801

under-spent by providers. This model means case managers have very little time to allocate to each individual, limiting their ability to assist people with complex needs.

- Cooperation with employers and other local health and community service providers is limited, with providers focusing instead on preparing and motivating people to undertake their own job search. This limits the opportunity for partnerships between mental health services and employment providers.

The Department of Employment Small and Family Business is undertaking 'New Employment Services Trials (NEST)' in two regions to test the effectiveness of different models of employment assistance, especially for people unemployed long-term or otherwise disadvantaged in the labour market. In contrast to jobactive, the trials:

- Place people in separate service streams – a 'digital service' for those assessed as less disadvantaged and an 'enhanced service' for people who are less likely to secure employment without personalised support.
- Enhanced services are intended to operate with much lower caseloads.
- More funding is provided up-front to allow providers to invest in the staff and other resources required to assist people who are more disadvantaged;
- There is less emphasis on competition to achieve short-term employment outcomes.

To assist people with mental illness and others who face significant barriers to employment, ACOSS has advocated that future employment services incorporate a *Local Partnerships Service*. More details of this proposal are provided in our Future Employment Services submission.⁵

The key feature of the proposed model is a coordinated or partnership approach in which employment services partner with local community services and employers to prepare people for employment, and to support them (and their employer) to sustain it.

It is difficult for resource-constrained services for people with complex needs to collaborate in a consistent way on a common goal such as securing employment. These services tend to focus on crisis alleviation rather than prevention, and short-term outcomes rather than patient investment to achieve longer-term goals. Partnership work, which requires the establishment of common goals and service

⁵ ACOSS (2018), [Submission on the future of employment services](#)

protocols, regular communication among providers, and constant review and evaluation of effectiveness, is understandably not given priority.

Local services often do try to work together collaboratively, but are stymied by limited resources or funding rules and restrictions. Governments are wary of supporting multi-disciplinary collaboration for fear that costs will be shifted from another level of government. For example, employment services are mainly a national responsibility while mental health is mainly a State responsibility.

Another problem to resolve is how funding and credit for success is shared among the partners, especially when they operate within diverse funding environments, or in competition with each other.

Examples of funding models that were designed to encourage and support local partnership working include the *Pathways to Recovery* program for people with mental illness, and the 'placed based' initiatives under the former *Building Australia's Future Workforce* strategy, including the *Local Connections to Work* program for people unemployed for more than two years.⁶ Regrettably, these programs were discontinued before they could be scaled up, or properly evaluated.

The proposed *Local Partnerships Service* would build on the strengths of these models. Local service providers who commit to collaborate to assist a group of clients with mental illness to secure employment would be funded to do so, provided they offer assistance without discrimination to groups of unemployed people who are assessed as having complex needs. In this way national 'targeting' would be combined with local flexibility.⁷

Funding under the Local Partnerships model could be provided to local consortia or a single local organisation that acts as host or broker. It would complement, rather than replace, funding under existing programs such as jobactive, DES or mental health programs. Providers would be required to jointly assess the needs of each participant, and provide evidence of coordinated case planning and service provision that extends beyond the 'normal' service offered by each provider.

The appropriate funding mechanism for a partnership service is closer to a traditional grants scheme than the present purchasing model for employment

⁶ Department of Health and Ageing (2012): *Partners in recovery- Coordinated support and flexible funding for people with severe and persistent mental illness with complex needs*, Department of Health and Ageing, Canberra; Swami, N (2018): *The effect of homelessness on employment entry and exits: Evidence from the journeys home survey*, Melbourne Institute Working Paper No 1:18. Available: <https://dx.doi.org/10.2139/ssrn.3132028>; Department of Human Services (2013): *Building Australia's future workforce place-based measures*, Senate Community Affairs Committee response to Question on Notice No 13:421, Department of Human Services, Canberra; Department of Human Services (2011): *Better futures, local solutions grants program guidelines*, Department of Human Services, Canberra.

⁷ This, and the principle of 'case coordination' were key features of Local Connections to Work (LCW), but beyond joint assessment and co-location of some services, no additional resources were provided to facilitate partnership working. LCW provided the *entry point* to a coordinated local service, but not the service itself. Department of Human Services (2011), 'Better Futures, Local Solutions, Building Australia's Future Workforce, working document.'

services, which prioritises competition and payment for performance. To give the scheme a clear focus on employment outcomes, bonus payments could be made where people obtain, and keep, paid employment.⁸

Ideally, State and Territory governments, as well as the Commonwealth, would contribute to the cost of a local partnerships program. This would give all governments 'skin in the game' so that they make room for local services they fund under other programs to work together to assist people with mental health issues to find employment.

Recommendation 1: Endorse ACOSS' recommendations in our [Submission on Future Employment Services](#), particularly those that relate to individualised support for people experiencing mental ill health and funding models designed to encourage and support local partnerships

Social Security, its adequacy and conditionality

ACOSS notes the Commission's awareness of the high prevalence of mental illness among people receiving Newstart and other income support payments. We know that almost half of all people receiving Newstart have a partial work capacity, with the largest proportion of people having a psycho-social illness that prevents them from working full time.⁹

However, the draft report largely fails to acknowledge the immense negative effects of an inadequate income on people's mental health. Severe financial stress can cause mental illness. An inadequate income contributes to, and exacerbates, poor mental health. The grind of not having enough money to eat properly, keep a roof over your head, or cover the cost of other essentials can cause substantial mental distress, depression and anxiety. People regularly report suicide ideation because they cannot cover the cost of living and are studies suggest that unemployment increases the risk of suicide.¹⁰

An inadequate income also limits people's ability to access the mental healthcare they need, including medication and access to specialists, therapists and psychologists. A recent ACOSS survey of people on Newstart found that people regularly go without essential medications or cease accessing mental health care because they cannot afford the cost.¹¹ The lack of universal access to mental health

⁸ A clear line of sight to employment is essential in employment assistance for people with complex needs. The previous 'Personal Support Program' funded many useful services for unemployed people (for example, assistance to obtain social housing), but the program did not appreciably increase people's employment prospects (Department of Education, Employment and Workplace Relations 2008, op cit). For this reason, its survival as a national employment program was always in doubt, and it was eventually integrated into Job Services Australia as 'Stream 4'.

⁹ Minister for Families and Social Services (2019) 'Answer to Senate Question on Notice' 27 September, Question No 867

¹⁰ Milner A, Page A, LaMontagne AD. (2014) Cause and effect in studies on unemployment, mental health and suicide: a meta-analytic and conceptual review. *Psychological medicine*; 44 (5):909-17.

¹¹ ACOSS (2019) ["I regularly don't eat at all": Trying to get by on Newstart"](#)

care under Medicare means that when people are living on income support (especially allowances), they generally cannot afford the cost of ongoing treatment.

The poor mental health experienced by people on inadequate incomes increases the already substantial barriers they face trying to find paid work. People consequently find themselves in a spiral of deprivation that is difficult to get out of.

For these reasons, ACOSS submits that income inadequacy is absolutely within the remit of the Commission. In ACOSS's experience, the broad lack of acknowledgment of the effect of an inadequate income on people's mental health has been a fundamental failure of public policy across the board. We see this report as important vehicle to address this common omission, and urge the Commission to recognise the effect of poverty on mental health in its findings.

Recommendation 2: Express serious concern about the direct negative effects of an inadequate income and lack of control on a person's mental health.

Recommendation 3: Noting that key social security payments are inadequate, leading to people being in severe hardship that these allowances be increased.

Recommendation 4: Newstart and other Allowances should be increased with an urgent single base rate increase of a minimum of \$95 per week, with Allowances indexed to wages, and a Social Security Commission established to ensure that social security payment levels are adequate to secure a person's health and wellbeing.

Housing and Homelessness

Safe, secure, affordable housing can prevent mental ill health and is a key contributor to recovery for people experiencing mental ill health. The Australian Housing and Urban Research Institute found that there was a "...complex bi-directional relationship between housing, homelessness and mental health" and that "Homelessness may act as a trigger for mental health issues and vice versa, persons with lived experience of mental ill health are more vulnerable to common risk factors for homelessness, such as domestic and family violence, alcohol and other drug addiction, and unemployment."¹²

ACOSS agrees with the Commission that we need to invest in housing for people with severe mental illness who lack stable housing. We also agree with the

¹² Brackertz, N., Wilkinson, A., and Davison, J., (2018) [Housing, homelessness and mental health: towards systems change](#), AHURI

Commission's recommendations (15.1 and 15.2) which aim to prevent people with mental illness from experiencing housing issues or losing their home.

Further, we agree with the Commission that "Suitable housing (housing that is secure, affordable, of reasonable quality and of enduring tenure) is a particularly important factor in preventing mental ill-health and a first step in promoting long-term recovery for people experiencing mental illness."¹³ That's why it is so important that safe, secure, affordable housing is not just seen as an issue that affects people who are currently experiencing mental ill health, but rather as a protective factor against mental ill health and a preventive measure for the whole community.

ACOSS agrees in part with recommendation 24.3 of the Commission's draft report, i.e. that the Council of Australian Governments should increase the quantum of Australian Government funding for State and Territory Government-provided housing and homelessness services. This investment is sorely needed. ACOSS is however concerned that by earmarking all additional funding for people with mental ill health we miss the opportunity to prevent the mental ill health that is caused by a lack of safe, secure, affordable housing and experienced in particular by people on low incomes. Rather, ACOSS recommends in our Budget Priorities Statement that additional capital funding should be provided to state and territory governments to enable growth in the supply of social housing for people on low incomes, through a \$7 billion, 20,000 dwelling package rolled out over the next 3 years, with most construction occurring in the first two years¹⁴.

Recommendation 4: The Council of Australian Governments increase the quantum of Australian Government funding for State and Territory Government-provided housing and homelessness services, for both people with mental ill health, but also for the broader population. Funding Contract Lengths for services

We agree with the Commission that funding contract lengths for providers of psychosocial supports to people experiencing mental ill health (and indeed the community sector more broadly) are too short. We also agree with the Commission that longer contracts would lead to greater continuity, stability and certainty for the community sector and people accessing services. We note the Commission's recommendations to its inquiry into Introducing Competition and Informed User Choice into Human Services¹⁵ which went further, recommending that contract lengths increase to seven years for most service contracts, and ten years in remote Aboriginal and Torres Strait Islander communities. We support this proposal.

¹³ Productivity Commission (2019), Mental Health, Draft Report, Canberra page 31

¹⁴ ACOSS (2019) [Budget Priorities Statement](#)

¹⁵ Productivity Commission (2017), Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services, Report No. 85, Canberra

Increasing contract lengths (accompanied by effective service management by funding agencies) would be a cost-free way to impact the quality of service delivery and improve the viability of community sector organisations. They would also provide longer periods for evaluation and outcomes measurement, improving our understanding of the quality of service delivery and the outcomes achieved. While increasing contract lengths to five years would be an improvement on the current arrangements, an increase to seven years as the default, and ten years in remote Aboriginal and Torres Strait Islander communities, would ensure that the service system achieves the stability that is so important for people accessing services.

Recommendation 5: Services funding contract lengths increase to seven years for most contracts, and ten years in remote Aboriginal and Torres Strait Islander communities.

Services for Aboriginal and Torres Strait Islander peoples

ACOSS supports the Commission's recommendation 21.2, in particular that Aboriginal and Torres Strait Islander organisations should be the preferred providers of local suicide prevention activities for Aboriginal and Torres Strait Islander people. It is critically important to the self determination of Aboriginal and Torres Strait Islander peoples that Aboriginal people, organisations and communities are at the centre of the design and delivery of all services to those peoples and communities.

ACOSS has developed Principles for a Partnership-centred approach for NGOs working with Aboriginal and Torres Strait Islander Organisations and Communities¹⁶. These Principles are designed to guide the development of a partnership-centred approach between Aboriginal and Torres Strait Islander and mainstream NGOs in tendering for program funds and engaging in the delivery of services or development initiatives in Aboriginal and Torres Strait Islander Communities. These principles recommend that where Aboriginal and Torres Strait Islander NGO's are willing and able to provide a service or development activity, mainstream NGOs shall not directly compete for tender, but will seek, where appropriate, to develop a partnership in accord with these principles.

Recommendation 6: Aboriginal and Torres Strait Islander organisations should be the preferred providers of local suicide prevention activities for Aboriginal and Torres Strait Islander people.

If the Commission has any questions regarding this submission, the ACOSS contact person is Senior Advisor John Mikelsons,

¹⁶ ACOSS (2013), [Principles for a Partnership Centred Approach](#)