



**Australian Government**  
**National Mental Health Commission**

Reference: 2013/3530

Mr Patrick McClure AO  
C/- Welfare System Taskforce  
Department of Social Services  
PO Box 7576  
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Dear Mr McClure

Thank you for the opportunity to provide a submission to the Review of Australia's Welfare System.

As you would be aware, the vision of the National Mental Health Commission is that all people in Australia achieve the best possible mental health and wellbeing and that they be enabled to live contributing lives. A key goal in achieving this vision is that systems and supports are transformed to improve people's lives.

Australia's welfare system is a key element of current support arrangements for people with mental illness, and this is an area we are considering in detail as part of our Review of Mental Health Programmes and Services, which will report to the Minister for Health on 30 November 2014.

To this end, our Review is examining factors relevant to the experience of a contributing life such as employment and social connectedness, and the role that formal income support plays in these domains.

I attach for your consideration (Attachment A) a summary of the Commission's positions on these aspects of the Review of Australia's Welfare system. As a priority we would note the following main issues for your analysis:

- Arrangements which replace the Disability Support Pension—particularly tiered working age payments—as well as other income support options should be flexible and recognise the often episodic nature of mental illness. It is important to understand what “episodic” means—a person with severe and persistent mental illness may be seriously ill regularly and for long periods of time, but much of this may occur while they are in the workplace. Therefore of fundamental importance in your review is to dispel any misconceptions about the nature of episodic or persistent mental illness: this does not mean that a person is usually “well” and then has episodic illnesses where they have to take time off work and which then are managed clinically. Often a person with a mental illness will need considerable (non-clinical) support when they are in the workforce – to get there and to stay there. This means that any new arrangements need to maximise flexibility so

that people can be supported to get a job and stay in a job, but also when they cannot work. One approach would be to have a flexible pool to support people with severe, episodic/persistent illness which can be shifted between employment services and the tiered working age payment, to cater for people with a mental illness when they have to move in and out of the workforce, but also to provide support when they are working.

- Rather than creating disincentives for workforce participation by people with mental illness (as occurs under the existing arrangements), we should be encouraging people with any capacity to work or volunteer so that they can benefit from that capacity. Incentives for employment agencies who are working with people with a mental illness should not be based on the hours that people work or volunteer, but rather on recognising even the most minimal participation as the start of a pathway to maximise their full potential – whatever that might be. This is beneficial to wellbeing, recovery and social participation by individuals, as well as to the broader community in terms of maximising participation and economic productivity.
- Partnerships with employers should be given greater emphasis to ensure employers are aware of, and respond to, the opportunity cost of absenteeism, ‘presenteeism’ and staff turnover—all of which can arise as a result of mental illness. Employers also have a significant role to play in helping to prevent people from dropping out of employment and becoming reliant on other sources of support. The Commission initiated the Mentally Healthy Workplace Alliance and participation by employers in this initiative provides an excellent opportunity for them to improve culture and workplace health and safety, as well as to improve productivity, reduce risk and the financial impact of mental health issues in the workplace.

Thank you for your consideration of these issues. I look forward to meeting with you again to discuss the potential synergies between our reviews.

Yours sincerely



David Butt  
**Chief Executive Officer**  
**Commissioner**

## National Mental Health Commission

### Submission to the Review of Australia's Welfare System

#### 1. Employment

Employment is a fundamental part of a contributing life. Participation in the right employment, with the right support, can bring personal fulfilment and economic stability. It is a major factor in enabling stable relationships, and in maximising individual productivity. It gives people something meaningful to do, builds personal satisfaction, creates connections and helps with their economic stability.

Mental illness has a significant impact on functional capacity to work, including the fluctuating and unpredictable nature of those impacts. Its fluctuating nature means that people may be able to function at high levels for extended periods, but then may need time off.

The impact of mental illness on work capacity is reflected in the increasing numbers of people accessing the Disability Support Pension due to a psychological/psychiatric disability. This provides a strong imperative for governments and policy-makers to consider the specific needs of this group in the context of disability and income support policy. According to the Department of Social Services, at June 2013:

- 821,738 people were receiving the DSP
- 256,380 (or 31.2%) had a recorded primary medical condition of Psychological/Psychiatric disability<sup>1</sup>

It is known that many people receiving the Disability Support Pension (DSP) want to work, but the incentives between the DSP and employment services do not always line up. For example, the benefits for an individual and society of getting someone into volunteering appear obvious: this often is the best place to start for someone with a psychosocial disability and may then lead on to greater workforce participation. The same is true with getting someone into one or two hours of work a week.

But neither of these examples is regarded as participation in terms of counting towards the benchmark hours or star ratings which employment agencies are paid to achieve. There is no incentive to assist individuals into less hours of work than contribute to the star ratings.

The system needs far greater flexibility in what is recognised as “participation”, related to a person’s assessed ability to participate, not set cut-off points.

The Commission strongly endorses the view put forward by the McClure Review Interim Report<sup>2</sup> that consideration should be given to how approaches such as Individual Placement

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<sup>1</sup> Australian Government, Department of Social Services (2013) *Characteristics of Disability Support Pension Customers*, June 2013, Canberra: Australian Government.

and Support can be expanded to assist people with mental health conditions to gain and maintain employment – people with mental health conditions often need help to get into jobs, and then need support to stay in those jobs.

The Commission concurs with the view expressed in the McClure Review Interim Report:<sup>3</sup>

“The broader social support system should work in tandem with the income support system to assist those most in need. This includes well-functioning employment services, housing assistance, child care, and early intervention and integrated services for people and families with complex needs, such as homelessness, mental health conditions and drug or alcohol addiction. Reform needs to take account of recent developments such as the system of lifelong care and support for people with disability being introduced through the National Disability Insurance Scheme, the expansion of paid parental leave and the opportunities offered by new technology. It should also take account of effective interventions to support people who are vulnerable in the labour market, such as people with mental health conditions and people with disability.”

However the Commission is concerned by the proposal in the Interim Review that the Disability Support Pension would be reserved only for people with a permanent impairment and no capacity to work. Once again, the description “permanent impairment” is inappropriate to the often episodic and persistent nature of severe mental illness, and to the widespread philosophy of recovery.

The Commission notes the view that people with disability who have capacity to work could be assisted through the proposed tiered working age payment as the alternative and that this would recognise their current or future capacity to work. The Review proposes that requirements, services and other supports could be individualised to each recipient’s circumstances.

“For example, requirements for people with disability and a partial capacity to work would reflect their current capacity and the capability building steps and support services to strengthen their capacity to work into the future. “

The Commission is concerned that tiered working age payments need to be flexible enough to respond to the episodic nature of mental ill health when people are unable to work, and sufficient enough to ensure that people with a psychosocial disability do not fall back on the mental health system for additional support.

The Commission would welcome the opportunity to continue to discuss these issues with the McClure Review.

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<sup>2</sup> Reference Group on Welfare Reform, June 2014, *A New System for Better Employment and Social Outcomes, Interim Report*.

<sup>3</sup> Ibid

## **2. Partnerships with Employers**

Employers already play a significant role in mental health, however, many are not aware that they could do more.

Given the high prevalence of mental illness in society (one in five people experience a mental illness each year), there are hundreds of thousands of people with mental illness participating in the workplace every year.

Mental health costs in the workplace include absenteeism, presenteeism (people coming to work when they are unwell and not contributing as they should) and opportunity cost because people are not being employed when they could contribute in some way.

While levels of stigma about mental health issues such as depression and anxiety have gone down in recent years, discrimination does not appear to be dropping as fast. Feedback received by the Commission is that this is because many employers and employees simply do not know what to do when they realise someone in the workplace has a mental illness.

In response to concerns about workforce participation for people with a mental health problem, the Commission led the establishment of the Mentally Healthy Workplace Alliance, a coalition of business, government and community, working together to create mentally healthy workplaces for all Australians across all businesses and industry sectors.

The Alliance's founding members were: Australian Chamber of Commerce and Industry, Australian Psychological Society Ltd beyondblue, Black Dog Institute, Business Council of Australia, Comcare, Council of Small Business of Australia, Mental Health Council of Australia, Safe Work Australia, SANE Australia and University of New South Wales.

From the work of the Alliance, it has become evident that employers have a responsibility not only to their workers, but also to their businesses' profitability, to tackle mental health conditions at work. There is a growing body of evidence of the urgent need for Australian businesses to start treating the mental health of their employees as seriously as they treat physical health and safety, and that investing in mental health benefits businesses of different sizes within different industries, with small business often benefitting the most.

Fundamentally this is about supporting employers to retain and support staff, educate co-workers to reduce workplace discrimination, be alert to mental ill health, and to prevent people from dropping out of the workforce and becoming reliant on other income supports.

## **3. Reforming Social welfare**

Following from some of the concerns addressed above, the risk with changes to social welfare is that those who currently get access to support will fall back on other aspects of the mental health system, including potential crisis and acute services, if access is reduced or denied without alternative arrangements being put in place. The Commission notes that this concern has been recognised in the Interim Report of the McClure Review.

In this context we propose that targeted changes to the DSP and welfare system more generally should:

- follow the introduction of system improvements and alternative services, designed with expert input
- target people whose level of psychosocial disability is amenable to improvement through these interventions and support
- recognise the episodic nature of many mental illnesses that change people's circumstances: remove perverse incentives which discourage people on DSP (or on the proposed Tiered working age payments proposed in the Interim Review) from moving into the workforce, and be flexible, allowing people to move in and out of welfare support and work without lengthy delays or endless red tape
- improve assessment of psychosocial disability, and assess people not on diagnosis but on their level of functioning
- be accompanied by greater support for employers, as outlined above under 'Partnerships with Employers'.

The Commission would also emphasise that the current Job Seeker Allowance and Direct Employment Services initiatives are poorly designed to support people with a severe mental illness because they are too focussed on people getting into work for, on average, at least eight hours or 15 hours a week (8 hours for DSP recipients, 15 hours for others). This arrangement does not promote a graduated return to longer hours of work which is often what is needed for people recovering from a more acute phase of mental illness.

For some people in this position even one or two hours a week, or some initial volunteering, can be very beneficial to the person's ongoing improvement in general mental health and wellbeing and assist on the path to greater participation in employment. Employment support agencies which can assist people into these types of arrangements should be rewarded for that success rather than ignored or even penalised for not meeting baseline hourly participation requirements that are not appropriate for everyone.