Mental Health Australia

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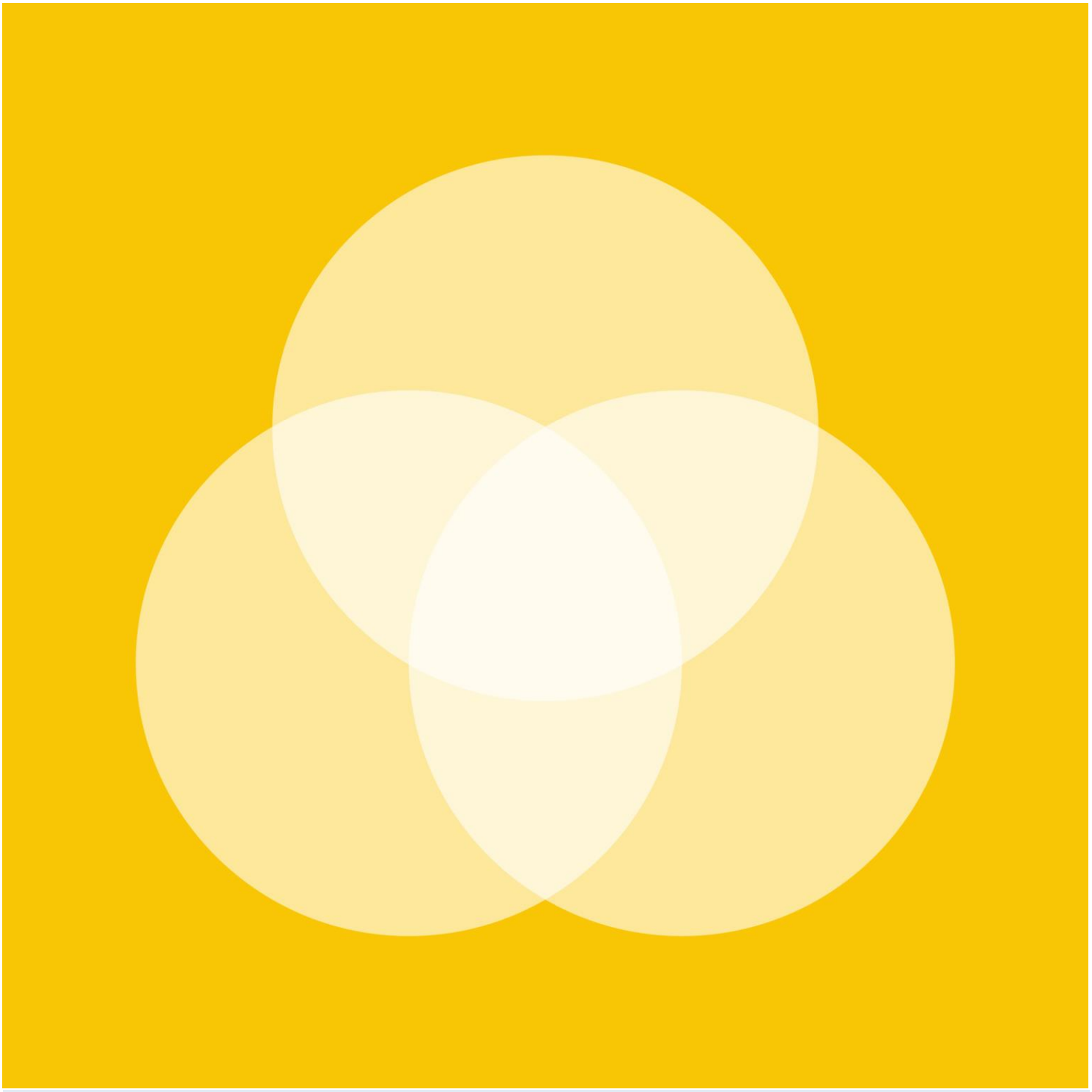

Submission to Senate Inquiry into the Extent of Income Inequality in Australia

AUGUST 2014

Contents

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

22 August 2014

Dear Secretariat

Mental Health Australia welcomes the opportunity to provide a submission to the Senate Standing Committee on Community Affairs inquiry into Income Inequality.

Mental Health Australia is the peak, national non-government organisation representing and promoting the interests of the Australian mental health sector and committed to achieving better mental health for all Australians. Mental Health Australia members include national organisations representing consumers, carers, special needs groups, clinical service providers, public and private mental health service providers, researchers and state/territory community mental health peak bodies.

For mental health consumers and carers, the impacts of income inequality and economic and social disadvantage can be significant and can have a detrimental impact on health, housing and other social outcomes across the whole of a person's life.

In our submission we briefly outline some of the impacts of income inequality on health, housing and employment outcomes for people with lived experience of mental illness and suggest some changes that could be made to social security payments and recent budget measures to ensure that our social security system more effectively serves its primary purpose of keeping people out of poverty.

We urge the committee to give due consideration to the importance of reducing income inequality in Australia noting that doing so would deliver significant benefits for individuals, the community, the economy and Government.

I would be pleased to provide further evidence to the committee in person at a later date if desired.

Yours sincerely

Frank Quinlan
Chief Executive Officer

Health

Income inequality constrains the choices that people can make regarding their health and wellbeing. Gap payments and other 'out of pocket' expenses can make accessing services such as General Practice, psychology and psychiatry cost-prohibitive for people on low to moderate incomes. In addition, the Australian Bureau of Statistics and the Australian Institute of Health and Welfare report that people in areas of greatest socioeconomic disadvantage have difficulty accessing the health services they need, when they need them[1].

Timely access is particularly important for people with mental illness. If people are prevented from accessing early intervention services, their conditions are likely to worsen. They will not enter the mental health system until much later, usually when they are in crisis through expensive clinical pathways like acute hospital care.

Mental Health Australia has long argued for the need to rebalance mental health funding in favour of early intervention and away from crisis management. Doing so would result in significant improvements in whole-of-life outcomes for mental health consumers as well as significant savings for both health and social services budgets.

Although mental illness represents around 13 per cent of total burden of disease and injury in Australia[2] and is the leading specific cause of non-fatal burden of disease, it is the target for only 7.5 per cent of national government health expenditure[3]. We know that this is not enough: while there is high demand for already under-resourced services, it has been estimated that around 900,000 people each year are missing out on mental health services that should be available to them[4].

In addition to not being able to access health services, people may be forced to accept treatments that are less appropriate because they are unable to afford more expensive but more appropriate or superior support services or treatments for their condition(s). A good example of this is children with Attention Deficit Disorder (ADD) from low-socio economic status (SES) backgrounds, who are significantly more likely to be prescribed medication than their peers from higher-SES backgrounds[5], not because their condition is more likely to be responsive to it but because the cost of prescriptions is significantly cheaper than regular occupational therapy or psychology appointments[6].

People should not be excluded from accessing the mental health services that they need because of income inequality or socio-economic disadvantage. The Australian Government must commit to on-going reform of the mental health system through integrated, whole-of-government approaches covering all aspects of the lives of people affected by mental illness. This reform must be guided by meaningful input by consumers, carers and the broader mental health sector, as well as by sound and accurate planning of services. In this regard, the National Mental Health Service Planning Framework will provide important

[1] http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=6442459734 ;
[2] Australian Institute of Health and Welfare, The burden of disease and injury in Australia 2003: http://www.aihw.gov.au/publication-detail/?id=6442467990
[3] Department of Health and Ageing, National Mental Health Report 2010: http://www.health.gov.au/internet/main/publishing.nsf/Content/mental-pubs-n-report10
[4] National Mental Health Commission, 2012: A Contributing Life, the 2012 National Report Card on Mental Health and Suicide Prevention, Sydney: NMHC, p82.
[5] Harwood, Valerie, The New Outsiders: ADHD and Disadvantage, University of Wollongong Research Online, 2010, p.4.
[6] Ibid, pp.6-7.

information and comprehensive data and modelling to inform the redistribution of mental health funding and resources. This work should be completed and released as soon as possible to ensure that resources are directed to where they are most needed and will achieve the greatest return on investment.

Housing

Housing costs are the largest expenditure item for individuals and households in Australia[7].

Income inequality constrains the housing choices that are available to people. People with lived experience of mental illness and mental health carers are over-represented amongst people on the lowest incomes and as such face disadvantage in the housing market.

Having access to adequate affordable, safe and secure housing is a key social determinant of health and wellbeing. There is a strong correlation between homelessness and poorer health and wellbeing especially in relation to mental health outcomes. According to the ABS survey of mental health and wellbeing, for the 484,400 people who reported ever being homeless, more than half (54%) had a12-month mental disorder, which is almost three times the prevalence of people who reported they had never been homeless (19%)[8]. In addition, specialist homelessness services supported more than 41,000 people who identified as having mental health concerns in 2012-13[9].

Conversely stable housing has been shown to improve chances of recovery from mental illness[10] and having a place to call home is widely acknowledged as a critical foundation upon which to build a place in community and social life.

The two primary housing subsidies provided by governments in Australia for people on lower incomes and people who are reliant on income support are the provision of Commonwealth Rent Assistance for people in private rental and community housing and the allocation of public housing properties to people on the lowest incomes by state and territory housing authorities.

There is evidence that investment in both of these primary Government interventions is inadequate to support people on lower incomes. Over the past fifteen years both the total number and proportion of public housing dwellings relative to total housing stock has declined in all States and Territories. Over the same period of time median weekly rental prices in the private market have increased at a much greater rate than Commonwealth Rent Assistance.

This has led to a significant increase in the number of people on social housing waiting lists (now well in excess of 200,000 across Australia[11]) and an increase in the number of people

[7] Australian Bureau of Statistics, Australian Social Trends 2013
http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features30July+2013
[8] http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/6AE6DA447F985FC2CA2574EA00122BD6/$File/43260_2007.pdf
[9] Australian Institute of Health and Welfare, Specialist Homelessness Services Collection 2012/13
http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129545638
[10] Mental Health Council of Australia, Home Truths: Mental Health, Housing and Homelessness in Australia, MHCA, Canberra, 2009, p.29.
[11] Australian Institute of Health and Welfare, Housing Assistance in Australia 2013
http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129545051

in housing crisis (in the lowest 40% of income earners, paying more than 50% of their take-home-pay on housing costs)[12].

While people with mental illness remain a group that is more likely to be granted priority access to social housing properties, the waiting period can still exceed 12 months in many jurisdictions. During this time, this can mean people are either cycling through various forms of homelessness or trapped in private rental properties that are well beyond their capacity to afford. Neither of these scenarios is appropriate or desirable to support recovery from mental illness and in many cases can contribute or lead to a worsening of their conditions.

In the medium and longer term the consequences of homelessness and housing instability cost far more than interventions that improve access to affordable housing with security of tenure and support to people to access the services that they need to keep them home, safe and well.

Australia needs a national affordable housing strategy that significantly increases the supply of affordable housing including housing and support packages for mental health consumers.

Employment

Mental Health Australia believes that for many people with mental illness, appropriate employment with sufficient flexibility and the right support can aid recovery from mental illness. In the context of this Inquiry, increasing rates of participation in paid employment by people with mental illness would lead to a decrease in overall income inequality and Governments at all levels should commit to working in partnership with the private and third sectors to use the levers at their disposal to achieve this.

People with mental illness want to be engaged and participating in our communities and in work where possible. The vast majority (around 70 per cent, or approximately 2 million people) of people with mental illness are employed[13]. There are many benefits – both social and economic – in ensuring these 2 million people maintain their employment and productively participate in the workplace.

Participation by people with mental illness in voluntary activities is similar to that of the general population. In contrast, rates of labour force participation are lower for people with mental illness than average, suggesting that more needs to be done to address the specific barriers people with mental illness face in relation to paid employment[14].

Consistent with our recent submission to the Reference Group on Welfare Reform[15], Mental Health Australia supports the implementation of incentive-based measures to increase employment participation by people with mental illness; including:

- Wage subsidies for employers who employ people with mental illness;

[12] NATSEM, http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129545051 , p.7.
[13] Australian Bureau of Statistics, National Survey of Mental Health and Wellbeing 2007; http://www.abs.gov.au/ausstats/abs@.nsf/mf/4326.0
[14] Australian Bureau of Statistics, ibid.
[15] Mental Health Australia Submission in Response to the Interim Report of the Reference Group on Welfare Reform: http://mhaustralia.org/sites/default/files/docs/mhca_-_submissions_-_adjacent_systems_-_mcclure_review_of_the_welfare_system_-_mhca_august_2014.pdf

- Outcome payments for employment services upon achievement of sustainable job outcomes for people (26 and 52 weeks) not short term job placements;
- Funding for Disability Employment Services to develop and expand best practice models of employment services for people with mental illness and psychosocial disability based on a comprehensive review of what has been shown to achieve the best sustainable employment outcomes for different population groups in Australia and overseas;
- The expansion of the provision of 'wrap around' models of support for people with mental illness to enable them to address both vocational and non-vocational barriers to employment and prepare to re-enter the workforce; and
- Australian Government funding for an awareness campaign to encourage employers to hire people with mental illness and psychosocial disability and promote the value of increased workplace diversity.

Social Security System

The primary aim of the social security system in Australia should be the alleviation of poverty and the provision of a minimum financial safety net to ensure that people can meet the cost of life's essentials. Yet there is widespread recognition that income support payments, in particular allowance payments for single people are inadequate and do not enable people to meet the costs of living, let alone the costs of economic and social participation[16].

Consistent with our submission to the Reference Group on Welfare Reform[17], Mental Health Australia urges the Senate Committee to give due consideration to adoption of the following recommendations:

- All income support payments must be adequate to enable individuals and families to meet the costs of living, including the costs of economic and social participation (including job search), with supplements payable to people who incur higher costs of living, such as the costs of treatment and care, as a result of having a disability (including people with psychosocial disability associated with mental illness).
- Payment rates for supplements should be determined independently on the basis of reasonable and necessary costs associated with the purpose for which the supplement is intended, including the costs of support and treatment for a disability or illness.
- Income support payments for carers must be adequate to enable them to meet the costs of living as well as additional costs associated with the caring role. Supplement payments for carers should be set at a rate which would cover reasonable and necessary additional expenses associated with providing care for people with disability or illness.

[16]Opportunity for All: Joint Statement by the Australian Council of Social Service, Australian Council of Trade Unions and the Business Council of Australia http://www.actu.org.au/Images/Dynamic/attachments/7800/Joint%20Statement-FINAL.pdf
[17] Mental Health Australia, 2014, op cit.

- Payment rates should be based on need, not on artificial distinctions drawn from and individual's assessed work capacity.

The impact of recent budget measures

Medicare Benefits Schedule - Introducing patient contributions for General Practice, Diagnostic Imaging and Pathology services

The 2014-15 Federal Budget introduces a measure that would require patients to make a co-contribution of $7.00 for General Practice, Diagnostic Imaging and Pathology services funded under the Medicare Benefits Schedule. Mental Health Australia opposes this measure.

Any blanket increase in the costs of health services will disproportionately affect financially disadvantaged individuals and families - including people with mental illness - who already spend large proportions of total incomes on health services.

In addition, the proposed co-payment introduces an additional financial barrier that may discourage people with mental illness from seeking help for the early signs and symptoms mental illness or from seeking referrals to specialist services that can only be facilitated by a GP. GPs are often the first point of call for people experiencing mental illness, and deliver around 1.5 million mental health services to Australians each year. These services often represent the start of a recovery journey for many people and must not be discouraged.

At the very least, patients seeking consultations/treatment for mental health concerns should be exempt from the co-contribution.

Stronger penalties for serious failures (to comply with mutual obligation)

The 2014-15 Federal Budget includes a measure to strengthen punitive sanctions for alleged 'non-compliance' with mutual obligation (attending Centrelink, Job Services Australia appointments or Work for the Dole).

These penalties include the imposition of an 'eight week non-payment penalty' while simultaneously tightening 'reasonable excuse provisions' for non-attendance[18]. Mental Health Australia does not support the imposition of punitive and arbitrary sanctions for alleged non-compliance upon people with mental illness. Past evidence - such as penalties applied to Newstart recipients as part of the 2005 Welfare to Work changes demonstrates that such penalties are disproportionately applied to people with mental illness, worsening their health and wellbeing and placing housing at risk[19].

Exclusion periods from Newstart and Youth Allowance for people aged under 30

The 2014-15 budget includes a new measure that will impose a six month waiting period before people under the age of 30 who are not 'earning or learning' can access Newstart or Youth Allowance, depending on their work history[20]. In addition, the measure will require young people to participate in Work for the Dole for the next six months before they lose access to their payments for a further six months if they are still not working or studying.

[18] http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Stronger_Penalties
[19] http://www.ombudsman.gov.au/files/Falling-through-cracks_customers-with-mental-illness.pdf
[20] http://www.humanservices.gov.au/corporate/publications-and-resources/budget/1415/measures/job-seekers/64-90066

This will widen income inequality amongst younger people for no discernible participation or productivity benefit. With no access to income support, young people will be unable to afford life's essentials like food, housing and health-care. It is likely that young people subject to this measure will be at increased risk of social exclusion and isolation which would worsen their mental health and wellbeing. For these reasons the measure should be abandoned and all young people who meet current eligibility requirements for these payments should continue to be able to access them when they need them.

Mental Health Australia

Mentally healthy people,
mentally healthy communities

Mental Health Australia is the peak independent, national representative body of the mental health sector in Australia.

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