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MHCC ACT response to Senate Inquiry around Jobseeker Scheme

Mental Health Community Coalition ACT

Peak Body in the ACT for the Community Mental Health Sector

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About MHCC ACT

The Mental Health Community Coalition of the ACT (MHCC ACT) is a membership-based organisation which was established in 2004 as a peak agency. It provides vital advocacy, representational and capacity building roles for the Not for Profit (NFP) community-managed mental health sector in the ACT. This sector covers the range of non-government organisations (NGO) that offer recovery, early intervention, prevention, health promotion and community support services for people with a mental illness.

The MHCC ACT vision is to be the voice for quality mental health services shaped by lived experience. Our purpose is to foster the capacity of the ACT community managed mental health services to support people to live a meaningful and dignified life.

Our strategic goals are:

- To support providers to deliver quality, sustainable, recovery-oriented services
- To represent our members and provide advice that is valued and respected
- To showcase the role of community-managed services in supporting peoples' recovery
- To ensure MHCC ACT is well-governed, ethical and has good employment practices.

Preamble

MHCC ACT joins the chorus of organisations shocked by this Government's new measures around JobSeeker. As a Mental Health Peak Body, we are dumbfounded by the Government's decision to push people \$145 weekly under the poverty line, condemning vulnerable people to hardship and mental distress. This during a time when COVID is still playing havoc on the job markets.

"The decision on JobSeeker was bad social policy, and poor economics."¹

The mental health system is already under enormous pressure, as shown in the PC Report on Mental Health² and many other reports. The 2020 Bushfires and the Covid pandemic have put even more pressure on mental health services. It makes no sense from an economic perspective nor a mental health and wellbeing perspective.

Recommendations

- Consistent with the calls of the Australian Council of Social Services (ACOSS)³ and many other experts, set a minimum floor across the working age payments system at the current pension ratee (including the Pension Supplement). In July 2020 this was \$472 per week for a single person
- The government be required to provide the evidence that these changes to JobSeeker are in Australia's best interests
- The government be required to model and make public the flow on impacts of such a decision to population mental health and the economy as well as other portfolio areas such as health, disability, housing, education and the criminal justice system
- Apply a 'do no harm' test to all government policies
- Introduce a national wellbeing index which is applied to all government policies and decisions.

¹ [Dr Greg Ogle is the senior policy and research analyst at the South Australian Council of Social Service \(SACOSS\).](#)

² Productivity Commission [inquiry into Mental health system](#), November 2020

³ [ACOSS briefing 'Next steps for income support'](#) July 2020

Impact of the changes to JobSeeker

Economic consequences

It is well known that people on low income tend to spend any increase on necessities in their local community, boosting the local economy including small businesses. According to the Grattan Institute, removing the COVID supplement will suck about \$5 billion out of the economy in the coming year⁴. Furthermore, it will increase the number of unemployed – to the tune of an additional estimated 40 0000 jobs because of the hit to spending.

The majority of leading economists have argued for an increase in jobseeker of \$100 per week⁵, acknowledging that anything less would be immoral, damaging and erodes people's ability to look for work. In August 2020, the Reserve bank of Australia Governor said that JobSeeker needs to be permanently increased.

The Business Council of Australia Jennifer Westacott has also argued that JobSeeker be permanently lifted closer to the Age Pension 'so that people can live a dignified life'.⁶ Labour market specialist Sue Richardson said "keeping payments so low that people lost dignity and hope and suffered material deprivation hurt not only the people who were unemployed, but also the thousands of children who grew up in their households."

If the government disagrees with these experts then what is the evidence it is using to justify taking such a different direction?

The Government showed during the COVID pandemic that it could indeed reset society, reduce inequality and provide for the most vulnerable. JobKeeper and JobSeeker during that time showed us that it is possible to give people dignity and support. The decision to reverse this, against the advice of experts from a wide range of perspectives, is non sensical.

Mutual obligations

This new rate per fortnight comes with stricter job search requirements, making things even more difficult for people already at their lowest.

New requirements:

- People looking for work will have to be able to prove they searched for at least 15 jobs per months (this will increase to 20 from July 1).
- An employer reporting line will be established to refer job seekers who are not genuine about their job search or decline the job offer.
- Some job seekers will have to take part in "work for the dole" after six months or an approved, intense, short course.

⁴ [Grattan Institute- Jobseeker cuts could cost 40000 jobs](#), 26 February 2021

⁵ [Top Economists want JoSeeker boosted 100 dollar per week](#), The Conversation, November 2020

⁶ [ACOSS JobSeeker increase - Briefing Note](#) November 2020

- Job seekers will also have to return to compulsory face-to-face services with Jobactive providers, and
- Increased auditing of job applications to make sure they are genuine.

For someone to successfully seek employment they need money, positive self-esteem, and energy. Maslow's hierarchy⁷ of needs clarifies that one's physical and safety needs have to be satisfied before one can focus on other things. Applying for jobs costs money. To apply, you need a computer, internet access, an address, a working phone. If you are lucky enough to get an interview, you need to look presentable and you need to get to the appointment. By undermining the ability of job seekers' to meet their basic needs, this government sets people up to fail, increasing their mental anguish and trapping them in poverty and vulnerability.

Business groups too condemn the hotline to "dob in reluctant" job seekers measure⁸ as unnecessarily cruel – why not instead allocate the cost of this measure to raise the rate of unemployment benefits so that job seekers have the means to successfully seek a job.

These measures are particularly stark when contrasted with the government making no requirement for organisations which received JobKeeper and flourished, to repay the millions of dollars they received during COVID. *'In total, around a dozen billionaires have benefited from the program, including Solomon Lew, John Gandel, and James Packer. This comes after a year in which the average wealth of billionaires has risen more than 50 percent.'*⁹

The mental health of unemployed people

"The psychological effects of living in poverty, the stress, the guilt and the shame around your relationship with money, that affects your living conditions for the rest of your life."

*"It's not just a short-term thing. Living in poverty is not just something you pass through."*¹⁰

The most significant impact of these new measures will be on the unemployed's mental health and wellbeing and their social networks. The negative impacts of low socioeconomic status on someone's mental health and wellbeing has been shown in studies worldwide. Poverty affects mental health through an array of social and biological mechanisms acting at multiple levels, including individuals, families, local communities, and nations. For that reason, the World Health Organisation developed A Mental Health Action Plan 2013-2021¹¹

⁷ [Maslow's hierarchy of needs](#), Simply Psychology, 2020

⁸ [Hotline to dob in unemployed who reject job offers blasted by business and welfare groups](#), Guardian February 2021

⁹ 'BillionaireKeeper, Bonds and Broadband,' March Leigh Report, Andrew Leigh MP, Federal Member for Fenner, March 2021

¹⁰ [Comment from a jobseeker](#), The Guardian May 2020

¹¹ World Health Organization [Mental Health Action Plan 2013-2020](#). Geneva: (2013)

to call upon states to focus socioeconomic policies on the lowest income groups where the need is high and the resources low. A study on income levels in Australia showed *‘among the poorest one-fifth of Australians, 1 in 4 people have psychological distress at a high/very-high level; this compares to about 1 in 20 people in the richest one-fifth of Australians’*¹².

There is a direct link between income security and stress levels; people with higher incomes tend to have less psychiatric symptoms. Financial hardship and unsecured debt have been shown to be strongly associated with depression, suicide, drug disorder and psychotic disorder¹³. Furthermore, findings suggest that poverty leads to mental health and developmental problems that, in turn, prevent individuals and families from leaving poverty, creating a vicious, intergenerational cycle of poverty and poor health¹⁴.

These recently announced changes to unemployment benefits make no sense when put in the context of the Government’s efforts to address Australia’s mental health and suicide numbers. The Prime Minister engaged Christine Morgan to develop a roadmap to reduce suicide numbers to zero¹⁵. In the Prime Minister’s own words, *‘80% of people committing suicide suffer from mental health issues’*.

The Productivity Commission has also recently finished its inquiry into mental health, quantifying the cost of mental illness and suicide to Australia as \$220 billion per annum. Mental Health Australia reports that the Productivity Commission report shifts the conversation around mental health in three key ways, the second being *‘it takes a life cycle and social determinants approach, recognising that both developmental life stages and the contexts in which people live impact on our mental health and wellbeing, and that mental health responses should take these circumstances into account’*¹⁷.

There is also a direct link between having a place to call home and a person’s wellbeing. Being on a low income means access to housing is limited. According to the Rental Affordability Snapshot¹⁸, in the whole of Australia, only nine houses out of 70,000 advertised on 21 March 2020 were affordable for people on a low income. Not having secure and quality housing harms one’s mental health¹⁹ - and presents a real barrier to seeking

¹² Isaacs A et al, [Lower Income Levels in Australia Are Strongly Associated With Elevated Psychological Distress: Implications for Healthcare and Other Policy Areas](#), 2018 Frontiers in Psychiatry

¹³ Idib Isaacs et al.

¹⁴ Simon K et al (2018) [Addressing poverty and mental illness](#), Psychiatric Times, Vol 35, Issue 6, Volume 35, Issue 6

¹⁵ [Why Mental Health is the legacy defining fights Scott Morrison can’t afford to lose](#), The Guardian 21 November 2021.

¹⁶ [Scott Morrison’s suicide prevention advisor says mental health system may increase the risk of self harm](#) . The Guardian August 2019

¹⁷ Mental Health Australia

https://mhaustralia.org/sites/default/files/docs/analysis_of_the_productivity_commission_inquiry_into_mental_health_-_final_report_-_dec_2020.pdf 2020

¹⁸ Anglicare [Rental Affordability Snapshot](#), 2020

¹⁹ [The interplay between housing and mental health and housing pathways](#), AHURI, 2020

employment. Additionally, people with mental health issues often have a harder time finding and retaining housing.

The introduction of the COVID-19 JobKeeper and JobSeeker supplement had a huge positive impact on poverty numbers and reduced housing stress²⁰. A study at the Australian National University found that due to the introduction of the original JobKeeper and the JobSeeker Supplement, the poverty gap and the number of persons in poverty was not only lower than those in the absence of this policy response, but also much lower than pre-COVID times. The poverty gap lowered by 39 per cent, and the number of people in poverty reduced by around 32 per cent.²¹ This also led to a reduction in housing stress which was lower than pre-covid.

The decision to reverse JobSeeker to 41% of the minimum wage or 27%²² of an average wage will plunge people back into poverty and increase their housing stress with detrimental consequences for their mental health and wellbeing and that of their dependents.

Stress on the mental health system

A policy decision such as this one made to reduce unemployment benefits, which will add more stress to vulnerable cohorts in our society, is even more bewildering in light of investment focus by this Government on the mental health system.

In 2018-19 \$10.6 billion was spent on mental health-related expenditure²³. This Government was quick to introduce funding and initiatives to address people's mental health and wellbeing during COVID-19 and after the 2019/20 bushfires. The Department of Health has announced 184²⁴ initiatives around mental health since 2018. On the National Mental Health Commission (NHMC) [website](#) there are 159 initiatives taken to improve Australians' mental health and wellbeing, with a focus on improving our mental health system. The recent Productivity Commission report on mental health, a mammoth work, has already been mentioned.

A common finding in all reports and inquiries around mental health is that the system is broken and not working for people who need it. Services are overstretched or absent in places where people need them the most²⁵. These new JobSeeker measures are only likely to increase the need for support and potentially even increase the number of suicides.

²⁰ Housing stress is defined as those households with housing costs that are more than 30 per cent of disposable income and they are in the bottom 40 per cent of the income distribution

²¹ Philips B et al (2020) [Covid-19 Jobkeeper and Jobseeker impacts on poverty and housing stress under current and alternative economic and policy scenarios](#), ANU Centre for Social Research and Methods

²² Brendan Coates et al [Now is an especially bad time to cut unemployment benefits](#), 25 February 2021

²³ [Mental health services in Australia](#), AIHW

²⁴ [Department of Health](#) Minister for Health

²⁵ Ibid PC Mental Health, [Royal Commission into the Victorian Mental Health system](#), (summary), March 2021

Another finding from many inquiries was that accessing the mental health system is costly. Only people with enough money can access suitable treatment in an appropriate timeframe. Pushing people into poverty means that they will not be able to access the support they need and that services will be inundated with request for support, including the more expensive clinical services in hospitals and emergency departments. This at a time when it is already difficult to recruit staff to for mental health services.

Conclusion

MHCC ACT is bewildered by the inconsistency in government policies. On the one hand, it is reducing unemployment benefits to levels far below the poverty line and minimum wage, while on the other it is commissioning studies, roadmaps and investing in services to try and improve the nation's mental health and wellbeing. This simply does not make sense. This decision is made worse by the stark contrast of the government's approach to JobKeeper payments to organisations which flourished during the COVID pandemic – often to the direct benefit of those who are already very wealthy.

The impact of socioeconomic determinants on people's mental health is well known and widely documented; as is the cost to society caused by mental ill-health. Why introduce policies which make things worse? The decision to take away a livable income and introduce harsher obligations is not based on sound economic nor social policy evidence.

Such discrepancies between policy decisions in different portfolios needs to be addressed – it wastes public money and leads to bad outcomes from all perspectives. A crucial test of all policies should be to do no harm to people and or worsen their circumstances.

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