



Centre of Full Employment and Equity

Creating effective employment solutions for people with psychiatric disability

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Starting point ...

- We should judge the performance of government by what they do for the poorest and most disadvantaged citizens in our society not what they do for the better-off citizens.
- In this regard, successive Australian governments have failed miserably.
- The policy agenda for disability employment support is a glaring example.
- Please let me explain....

An essential partnership ...

- Partnerships between **economists** and **mental health experts** are essential to break open the policy debate.
- Health professionals have been constrained by the erroneous fiscal dictates of neo-liberal economists.
- If **you** can argue that suitable paid employment for the psychiatric disabled persons will improve health outcomes, social inclusion, reducing poverty ...
- **We** can show that appropriately designed jobs for people who need them can be created without threatening inflation and causing the sky to fall in.

A rights framework

- Everyday we are reminded that, for everybody, work is a defining feature of human existence. It is the means of sustaining life and of meeting basic needs. But it is also an activity through which individuals affirm their own identity, both to themselves and to those around them. It is crucial to individual choice, to the welfare of families and to the stability of societies.

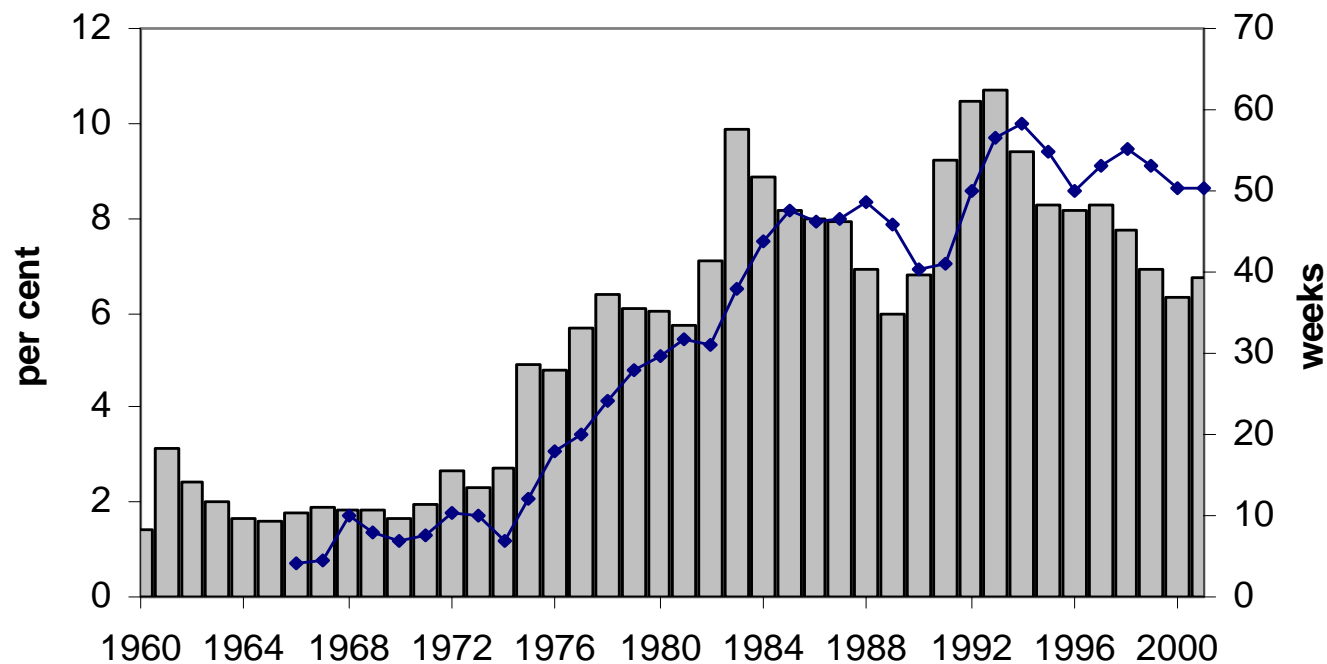
Juan Somavia, ILO Director General, 2001

- Rights agenda is well articulated but at odds with the policy agenda.
- The current macroeconomic paradigm is inappropriate as a basis for creative policy development - policy options developed must fit with fiscal austerity.
- The government has abandoned its responsibility for ensuring full employment in favour of the diminished goal of full employability.
- Constructs labour market problems in terms of individual rather than systemic failure.

The economy is not in good shape...

- Throughout the election campaign we heard that the economy is ‘in good shape’ and being ‘managed well’.
- But, the overall labour market is in appalling shape.
- The economy is hanging on a precipice with budget surpluses driving the private sector further into debt and eventually the house of cards will fall.
- Then mass bankruptcies will spread through the so-called mortgage belt.

Rising unemployment duration ...

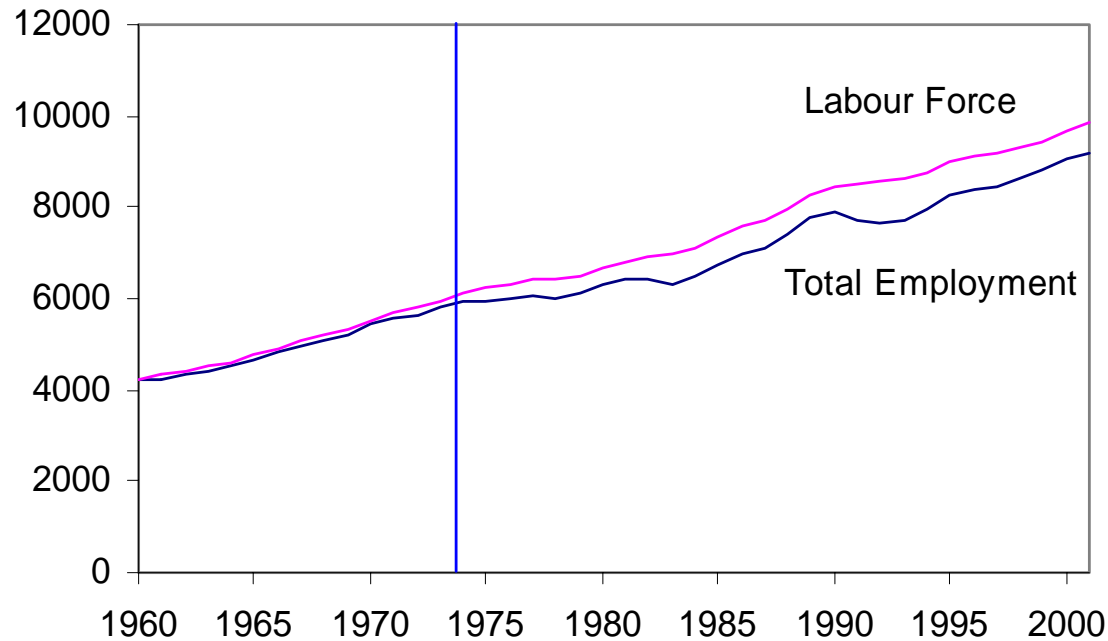


In 1966 the average duration of unemployment was 3 weeks.

Average duration in Australia is now 48 weeks and 176 weeks for the LTU.

In the Hunter close to 94 weeks. For the LTU it is 245 weeks.

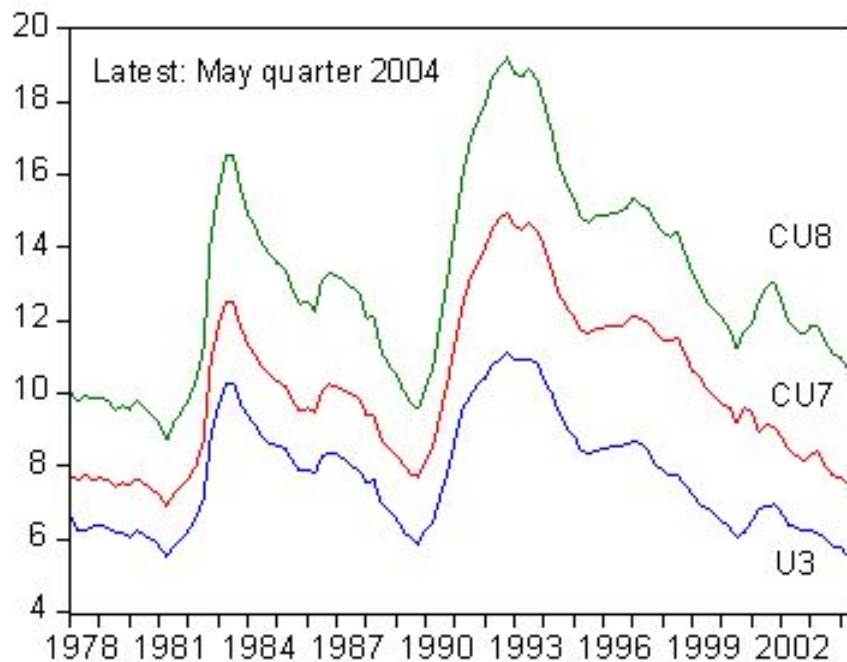
The reason – chronic employment gap



UV ratio has averaged 11.1 since 1974.

59 % of jobs since 1978 are part-time and more than half want more hours (mostly full-time).

CofFEE Labour Market indicators – May 2004



But the problems magnify for the disabled...

- The general labour market problems are magnified for those with disabilities and are **specifically worse** for those with mental disorders.
- In an environment where there are not enough jobs firms ration jobs according to personal characteristics.
- Accordingly, those with perceived disadvantages are at the end of the queue and in a hopeless situation.
- The need for public sector intervention via direct job creation is overwhelmingly urgent.

Table 1 Age standardised labour force status, 1997

	Age standardised rates of employment, unemployment and labour force participation (per cent)			
	F/T	P/T	UN	LFPR
Physical conditions	65.5	29.1	5.4	61.2
Anxiety disorders	56.7	32.3	11.0	54.7
Affective disorders	52.2	34.9	12.9	53.3
Substance use disorders	64.5	23.6	11.9	72.5
Total mental disorders (a)	61.0	28.9	10.1	60.9
No mental disorders or physical conditions	70.1	25.4	4.5	71.9

Relative disadvantage with respect to unemployment and participation and significant NLF counts

Hours worked ...

- Persons with psychiatric disabilities are relatively disadvantaged in terms of hours worked.
- 23.4 per cent work between 1-15 hours compared to 10.7 per cent of other employed Australians.
- 48.6 per cent of employed Australians work more than 40 hours compared to 8.9 per cent of persons with psychiatric disabilities.
- Is this an under-employment issue or consistent with optimal health care arrangements?
- Implications for earned income, career opportunities, self esteem.

Earnings outcomes ...

- Most of these hours worked are in low-wage jobs.
- 30 per cent of persons with psychiatric disabilities earn between \$1-\$80 per week compared to 4.2 per cent of the remaining Australian workers.
- 11.3 per cent of persons with psychiatric disabilities earn over \$400 per week compared to 44 percent of all Australians.

The current policy framework...

- In this talk I am only concerned with open employment opportunities.
- There are two strands within the current disability support framework with respect to open employment:
 - The construction of an individualised service delivery model to support increased participation (McClure Report).
 - Tightening of eligibility criteria for DSP to define the problem away – will now pass through Senate in July 2005.
- Today I am focusing on whether the **service delivery model** reforms have improved employment outcomes.

- **Key components** of the Employment Incentives Strategy provides financial inducements to employers to increase employment.
- Based on false belief that lack of jobs is due to cost factors which is a clue to why they fail.
- Problem is actually lack of jobs *per se*.
- How have they worked?

Supported wages and wage subsidies

- 25 per cent of DSP recipients are persons with psychiatric disabilities.
- But only 5.5 per cent of SWS (to June 2000) and 16 per cent of WS participants (to June 2000) – therefore under-represented.
- Evaluations tell us that:
 - Aggregate outcomes modest (job and/or wages) but particularly poor for persons with episodic-illness or high support needs.
 - Both programs are best suited when the disability has a consistent impact on productive capacity.

Assessment and Contestability Trial

- Commenced in August 2000.
- Tested a new approach to assessing abilities, needs and capacity for work.
- Examined the capacity of the private market to provide vocational rehabilitation services.
- Final evaluation report unsatisfactory:
 - Assessments (FaCs, TDRs, MASPs) divergent.
 - But whatever the efficacy of the assessment tools you cannot properly relate 'assessments' with potential outcomes without reference to the state of the labour market.

Case-based funding models – the future

- Future (January 1, 2005) will see a shift from block service grants to case-based funding for all disability employment services.
- Fee-for-service model – funding directly linked to individual's support needs and paid as employment milestone achieved.
- The Job Network's failure to deliver employment outcomes for those requiring intensive assistance is cautionary.
- You cannot increase participation in paid work without there being a concomitant increase in jobs available!!

Participation support – post 1996

- The plethora of policies focus on the ‘supply-side’ which is consistent with the construction of the problem – although erroneous.
- Conclusion: in isolation supply-side measures re-shuffle the jobless queue policies result in tentative or short-term reattachment to the Labour Force.
- Supply-side policies are only effective when there is a strong complementary demand side.
- So how do we get more jobs that can provide flexible work environments for persons with psychiatric disabilities?

- This is a huge problem.
- The link between unemployment and mental health is well established in the literature.
- For those with marginal levels of functioning, stress increases when jobs are scarce.
- Short-term or precarious positions: limited control over hours, limited opportunity to build self-esteem and limited willingness to accommodate people with psychiatric disabilities.

Why a new paradigm is needed...

- Debate focused on **supply-side measures** to improve the employability of people with mental health conditions misses the point that there are not enough jobs.
- Debate assumes a **government budget constraint** - policy options are only mentioned if they are consistent with the current fiscal austerity - we have to break out of this nonsensical bind.

More jobs and more flexible jobs

- How do we get enough jobs?
- How do we get jobs designed to meet the varying support needs and which enable integration with mental health services, rehabilitation etc?
- These are the key policy questions that have to be solved if we are to improve the outcomes for persons with psychiatric disabilities.

The Job Guarantee: a demand-side solution

- JG is a ‘buffer stock’ of jobs created by the public sector which would be **inclusive of the most disadvantaged** workers in the economy.
- JG - ensure those with mental health disabilities have immediate access to a public sector job at the safety net wage.
- Twin aims:
 - To provide **transitional employment** for those with the capacity to secure work in the open labour market, and
 - To provide **permanent, secure employment** for those otherwise unable to access the labour market.

Benefits of a Job Guarantee

- Price stability, **local specificity** and responsiveness to expansions and contractions.
- **Immediate employment** - overcomes increasing problem of welfare dependence (increasing the longer the duration of unemployment).
- It is **not a 'program'** (like work-for-dole) - provides permanent employment with normal conditions (pay, leave, etc).

- **Creativity in job-design:**
 - Tailored to disabled worker's interests, stamina, concentration.
 - Can provide for integration of mental health services and professionals into the paid employment setting.
 - Informed job-matching.
- **Community-focused projects** - enhances social productivity.
- Reflects a **meaningful mutual obligation** between state and citizen.

The productivity fallacy...

- Under SWS employers pay disabled workers a wage equal to their ‘independently-assessed productivity’.
- JG workers would be paid a full minimum award wage.
- The appropriate benchmark is not the productivity of comparable private jobs but the productivity of those denied paid work by the failure of policy to generate full employment.
- The JG is inherently productive because it recognises **social productivity** which is broader than the typical concepts orthodox economists like to focus on.

Planned future work ...

- Partnership between CofFEE and Hunter Mental Health will hopefully investigate the shape and association of support structures within a JG type framework.
- Possibly draw on evidence of supported employment success and consider how mental health services and vocational rehabilitation could be better integrated in Australia.

- A human rights agenda requires government to honour international agreements to which they are signatories.
- Australian Governments have failed in this regard.
- The task of rehabilitation and employment services for those with mental illness is reduced if there are enough jobs created.
- To break out of unemployment and marginalisation we need to provide more jobs and more flexible jobs for all persons including those with psychiatric disabilities.
- This is **the primary responsibility** for government.

End of Talk