17 March 2017

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

By email to: community.affairs.sen@aph.gov.au

Dear Committee Secretary

Re: Inquiry into the design, scope, cost–benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to contribute to the Senate Community Affairs References Committee Inquiry into the design, scope, cost–benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative (the Inquiry).

The RANZCP has almost 6000 members, including more than 4000 fully qualified psychiatrists, many of whom have specific interest and expertise relevant to the first term of reference for this Inquiry: ‘the impact of Government automated debt collection processes upon the aged, families with young children, students, people with disability and jobseekers and any others affected by the process’. The RANZCP is guided on policy issues by a range of expert committees whose membership is made up of leading psychiatrists as well as consumer, carer and community representatives.

The RANZCP appreciates the imperative of ensuring that Australia's social welfare system is economically viable so as to ensure adequate support can be provided to people in need, and specifically, to support people living with mental illness to achieve employment and social participation. However, like many others, the RANZCP is concerned about the potential impacts of the automated debt recovery system on vulnerable Australians. As such, the RANZCP strongly approves of the purposes of the Inquiry.

In the RANZCP’s view, the current operation of automated debt collection processes risks causing significant undue stress and hardship to vulnerable Australians, including those living with mental illness. It is essential that debt recovery organisations conduct their work with sensitivity to the difficulties which individuals with mental illness may face both in coping with emotional distress, as well as in understanding the debt collection process, when confronted by a debt collector.

In particular, the RANZCP is concerned about the placing of the onus of proof on the individual and the relatively small amount of time in which individuals are given to dispute claims. Even if individuals have further opportunities to dispute their apparent debts, the
abruptness of the process may nevertheless cause considerable stress. The difficulties which many Australians reportedly have in contacting Centrelink are also likely to increase stress levels and contribute to mental ill health, as are concerns that their private information will be made public should they raise concerns with the media about the process.

In some cases, such policies may lead to the exacerbation of existing mental health issues, creating a snowball effect whereby greater mental ill health leads to greater difficulties in gaining employment. There is a large body of evidence to show that obtaining work is one of the highest priorities for people with mental illness (Killackey, 2013); however, employment rates among this group are very low (Waghorn et al., 2012). This would indicate that the high proportion of this group in receipt of income support is the result of significant barriers to engagement, not an unwillingness to work. Simply put, current debt collection processes may make it more difficult for job seekers to find work.

The best way of ensuring that people who are on income support meet their obligations is to make these obligations realistic, achievable and flexible to individual circumstances. The RANZCP is concerned that the automated debt recovery system, as it has been implemented, is simply not flexible enough to fulfil these requirements and is therefore not appropriate for people living with mental illness nor for people vulnerable to stress or at risk of worsening mental health.

The RANZCP would therefore support a more flexible approach to debt recovery to balance sustainability imperatives with the mental health of the broader community including those living with mental illness.

If you would like to discuss any of the issues raised in the submission, please contact Rosie Forster, Senior Department Manager, Practice, Policy and Partnerships via rosie.forster@ranzcp.org or by phone on (03) 9601 4943.

Yours sincerely

Professor Malcolm Hopwood
President

Ref: 0655o

References
