



Consumers Health
Forum OF Australia

SUBMISSION

**Submission to the Senate
Standing Committee on
Community Affairs Inquiry:
Social Services Legislation
Amendment (Strengthening
Income Support) Bill 2021**

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Consumers Health Forum of Australia 2021

*Submission to the Senate Standing Committees
on Community Affairs Inquiry: Social Services
Legislation Amendment (Strengthening Income
Support) Bill 2021*

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Executive summary

The Consumers Health Forum of Australia (CHF) supports lifting the maximum single rate of JobSeeker and related payments by a minimum of \$185 per week. The proposed increase of \$25 per week will not provide enough income support to live on, and will likely be (more than) used to meet the additional mutual obligation requirements to be implemented from 1 April, increasing the number of face to face interviews unemployed people are required to attend.

CHF also believes that the Bill should be amended to align future increases of JobSeeker and related payments to pension indexation – that is, based on both the Consumer Price Index and Male Total Average Weekly earnings – rather than rely on ad hoc increases, which has resulted in this first proposed real rate rise in more than 25 years.

There is compelling evidence that people in poverty are much more likely to suffer poor health, higher risk of chronic disease and mental illness. Conversely, evidence indicates that disadvantaged groups with higher incomes, including people who are unemployed, achieve better outcomes on health indicators.¹

Many of the key drivers of health reside in our everyday living and working conditions – the circumstances in which we grow, live, work and age. These social determinants include factors such as income, education, employment and social support.² The negative effects and stress of unemployment result in unemployed workers being more likely to develop certain conditions and diseases, such as mental health issues and cardiac disease. Our social security system is meant to alleviate poverty,³ but is failing to meet this goal when it comes to income support payments, such as the JobSeeker and related payments. That is why CHF supports the Raise the Rate for Good campaign.

This submission will outline the evidence showing the benefits of increasing income support payments for health and wellbeing, as well as sharing some of the stories of those living on JobSeeker and other payments. This lived experience perspective is crucial to understanding how the inadequacy of current payment levels places recipients in the untenable position of choosing between basic needs such as food, medicines and accessing health services. The research referred to in this paper was collected in mid-2019 to inform an earlier parliamentary Inquiry on the rate of income support payments, as there is too little time to conduct new consultations with consumers for this Inquiry.

Added to those voices, are the those of over 30 consumer leaders from across Australia and the views of national health experts, compiled by CHF in response to the pandemic, resulting in a Consumer Commission Report that pointed to the need to rethink the relationship health and other social factors, and recognised the effect of very low income on health outcomes.⁴

¹ Deloitte Access Economics (2018) *Analysis of the impact of raising benefit rates*, Melbourne: Australian Council of Social Service, iii

² Australian Institute of Health and Welfare (2016) *Australia's health 2016*, Australia's health series no. 15, Cat. no. AUS 199, Canberra: AIHW, 128

³ Saunders, P & Bedford, M (2017) *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians: Summary Report*, Sydney: Social Policy Research Centre, UNSW Sydney, 9

⁴ CHF (2020). *Consumer Commission Report: Making Health Better Together: Optimising consumer-centred health and social care for now and the future*. Canberra: CHF

Recommendations

CHF published a survey in 2019, seeking the voices of people living on income support payments, and the affect their low incomes had on their health and wellbeing. One of the questions we asked was what changes respondents would like to see to the income support system. Below are deidentified quotes from respondents that outline the negative impact of the current system and why a change is urgently needed.

"This payment needs to be raised to enable people to live and afford to pay for rent and food. It is not enough for anyone to survive and be able to afford decent food and medication when they are sick."

**

"It needs to take into account the true cost of living. We can live frugally, but it shouldn't be necessary to forego all pleasure in life. We only create increasingly dire situations which make it ever harder for people to escape."

**

"When managing chronic illness it becomes impossible to get your life together and get work when you can't afford medication, car registration, and live in a state of constant stress and insecurity."

In 2020, CHF brought together a diverse group of thirty consumer leaders from across Australia to form a Consumer Commission to ensure a strong consumer voice would help shape healthcare following the pandemic. The Consumer Commission also drew on interviews with national experts to ensure a reimagining of health and social care following this significant period of disruption. Key themes that emerged from this process recognised the connections between income and health equity, and the effect of inadequate income on health outcomes, including mental health outcomes.

These lived experiences, leadership and expert views have informed CHF's recommendations to the Committee:

Recommendation 1: Amend the Bill to increase the rate of JobSeeker and related payments to at least \$910 per fortnight to achieve an adequate standard of living.

Recommendation 2: Amend the Bill to link future increases in the JobSeeker payment and related income support payments to indexation of pension rates (as was historically the case).

Introduction

The Consumers Health Forum of Australia (CHF) is the national peak body representing the interests of Australian healthcare consumers and those with an interest in health care consumer affairs. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems. CHF appreciates the opportunity to provide a submission to the Senate Standing Committees on Community Affairs Inquiry: *Social Services Legislation Amendment (Strengthening Income Support) Bill 2021*.

Health is determined by a complex interaction between individual characteristics, lifestyle and the physical, social and economic environment. Addressing the social determinants of health is generally understood to contribute more to improving health outcomes at a population level, than investing in health care. Evidence also shows that economic hardship is highly correlated with poor health and can threaten individual and family wellbeing, especially for people who are unemployed. Becoming very poor affects your health a lot more than the average relationship between health and income.⁵

The COVID-19 pandemic has led to a significant shift in attitudes and behaviours around public health, with the relationship between private and public health more holistically understood, highlighting the benefits of investing in human capital and wellbeing to improve life for everyone in the Australian community. This has also been recognised internationally, with the World Economic Forum declaring that, “a healthy future cannot be achieved without putting the health and wellbeing of populations at the centre of public policy.”⁶

We often speak with pride about Medicare as a universal health insurance scheme that means cost should not be a barrier to accessing health care in Australia. Yet this is not the reality for many people, especially those receiving income support payments. People who are most socio-economically disadvantaged are twice as likely as those who are least disadvantaged to have a long-term health condition.⁷ National Health Survey data shows that people receiving JobSeeker payments experience a significantly increased burden of ill health compared with employed people of working age.⁸ This level of health inequality does not arise by chance. Social and economic differences in health status reflect, and are caused by, social and economic inequalities in society⁹ and the changes required to address this lie outside of the health system.

There is a particularly strong causal link between unemployment and mental health issues, as well as for heart disease, where the increased risk is caused by stress from unemployment.¹⁰ Evidence also shows that family poverty is strongly associated with poorer outcomes for

⁵ The King's Fund. (2019). Broader determinants of health: Future trends. Retrieved from <https://www.kingsfund.org.uk/projects/time-think-differently/trends-broader-determinants-health>

⁶ Global Future Council on Health and Healthcare. (2020). How to build a better health system: 8 expert essays. World Economic Forum. Accessed 16 October 2020, <https://www.weforum.org/agenda/2020/10/how-to-build-a-better-health-system/>

⁷ Brown, L & Nepal, B (2010) *Health lies in wealth – Health inequalities in Australians of working age*, Report no. 1/2010: CHA-NATSEM report on health inequalities, Canberra: National Centre for Social and Economic Modelling, x.

⁸ Collie, A, Sheehan, L & McAllister, A (2019) *The Health of Disability Support Pension and Newstart Allowance Recipients: Analysis of National Health Survey Data*, Melbourne: Insurance Work and Health Group, School of Public Health and Preventive Medicine, Monash University, 9.

⁹ Brown & Nepal, *Health lies in wealth – Health inequalities in Australians of working age*, 2

¹⁰ Deloitte Access Economics, *Analysis of the impact of raising benefit rates*, 16-17.

children's wellbeing and healthy development, and that childhood socio-economic disadvantage is prospectively linked to adult physical morbidity and mortality.¹¹

A 2015 study using longitudinal Australian data found that financial hardship is associated with the onset of mental health problems over time. Respondents who reported deprivation and cashflow problems had greater risk of mental health problems than those who did not.¹² Data from the Australian National University showed that around one-fifth of the increased risk of mental health problems for JobSeeker recipients could be directly attributed to their experience of financial hardship. Inadequate payment levels preclude access to the essentials of life, leading to increased poverty and social exclusion.¹³ Inadequate income support payments can trap people in a cycle of poverty and poor health from which it is extremely difficult to escape.

In his 2010 report, 'Fair Society Healthy Lives', Sir Michael Marmot defines a Minimum Income for Health Living (MIHL) as the level of income needed for adequate nutrition, physical activity, housing, social interactions, transport, medical care and hygiene.¹⁴ The MIHL has been described as what someone needs to take their place in society without shame. In 2017, the University of New South Wales undertook modelling to determine a level of MIHL for low paid and unemployed Australians. It showed that income support provisions fall well short of the required level, with the single rate of JobSeeker falling \$96 a week below what is required to reach the MIHL standard.¹⁵

This provides an independent, evidence-based benchmark for assessing the adequacy of income support payments, noting that the gap between the level of JobSeeker and the MIHL has continued to widen since that time, except during the period where the Coronavirus Supplement was paid. CHF anticipates that increasing the single base rate of JobSeeker and related payments by \$185 per week would have significant health benefits for income support recipients as well, as for the broader community and population.

¹¹ Ministry of Social Development (2018) Rapid Evidence Review: The impact of poverty on life course outcomes for children, and the likely effect of increasing the adequacy of welfare benefits, Wellington: Author, 19.

¹² Kiely, KM & Butterworth, P (2013) The contribution of financial hardship, socioeconomic position and physical health to mental health problems among welfare recipients, Australian and New Zealand Journal of Public Health, 37(6), 589.

¹³ Kiely & Butterworth, The contribution of financial hardship, socioeconomic position and physical health to mental health problems among welfare recipients, 590.

¹⁴ Marmot, M. (2010). Fair society, healthy lives : the Marmot Review : strategic review of health inequalities in England post-2010. Retrieved from the Institute of Health Equity: www.instituteofhealthequity.org/resources-reports/fair-society-healthy-lives-the-marmot-review

¹⁵ Saunders & Bedford, *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians: Summary Report*, 10.

Costs and benefits

The inadequacy of income support payments is a contributor to poor health and wellbeing outcomes, and leads to unfair and avoidable health inequalities across the community. The AIHW has identified action on the social determinants of health, such as income, as an appropriate way to tackle this issue.¹⁶ While this action will come at a cost, it will also benefit both payment recipients and the economy.

In its 2018 report, Deloitte Access Economics modelled a lift in the JobSeeker payment of \$75 a week, with a direct cost to the Federal budget of about \$3.3 billion a year.¹⁷ While this seems like a significant outlay, Deloitte's analysis pointed to the effect reduced financial pressure on recipients would have in changing key social outcomes, such as health.

Other studies have gone further and calculated the positive benefits likely from actions that close health gaps between the most and least disadvantaged members of our society. Brown et al. (2012) found that if the health inequality gap was closed there would be half a million fewer Australians with chronic illness, 5.3 million fewer PBS prescriptions filled and \$2.3 billion saved in annual hospital costs.¹⁸ These figures only represent the reduction in pressure and costs in the health system, but there would undoubtedly be similar effects in other areas.

There is evidence, too, that life expectancy is inversely related to the generosity of social security regimes, that poverty is a barrier to recovery from illness, including mental illness, and that financial distress is associated with lower likelihood of returning to employment in people with significant health conditions.¹⁹

Raising the rate of income support payments will help affected Australians to support their own health, avoiding many instances of hospitalisation and illness. JobSeeker recipients are at 1.5 to 2 times increased risk of visiting a hospital than wage earners. They have higher rates of health service usage and a significantly poorer health.²⁰ The recommended increase in income would help people to be able to prevent or self-manage some health conditions by being able to access, for example, over the counter medicines, high nutrient foods, and exercise classes. At the same time, poor health and disability are substantial barriers to finding and maintaining employment. Providing people with enough income to support their health is one way of taking pressure off our health system and to avoid the costs that result.

The inadequacy of income support payments in Australia is fundamentally an issue of fairness and inequality. The primary reason why a meaningful increase is desperately needed immediately is because it is simply not possible to maintain an adequate level of health and wellbeing living with just the proposed increase of \$25 per week.

¹⁶ Australian Institute of Health and Welfare (2018) Australia's health 2018, Australia's health series no. 16. AUS 221, Canberra: AIHW, 181.

¹⁷ Deloitte Access Economics, *Analysis of the impact of raising benefit rates*, ii.

¹⁸ Brown L, Thurecht L & Nepal B (2012) The cost of inaction on the social determinants of health, Report no. 2/2012: CHA-NATSEM second report on health inequalities, Canberra: National Centre for Social and Economic Modelling, vii.

¹⁹ Collie, Sheehan & McAllister, *The Health of Disability Support Pension and Newstart Allowance Recipients: Analysis of National Health Survey Data*, 42.

²⁰ Collie, Sheehan & McAllister, *The Health of Disability Support Pension and Newstart Allowance Recipients: Analysis of National Health Survey Data*, 41.

Lived experience voices

CHF published a survey with the voices of people who have lived on income support payments to inform an earlier submission on the adequacy of those payments, showing the affect that it had on their health and wellbeing. Deidentified quotes from the stories shared with us by 37 respondents are included throughout this section.

From the responses, it was clear that people struggled living on income support payments, with respondents almost universally reporting that the payments did not allow them to maintain an acceptable standard of living. There were serious implications for people's health, with 87% of respondents experiencing illness or needing to access health services. Concerningly, 73% of respondents indicated they had avoided accessing health services because of cost while living on a working age income support payment.

It was also apparent from our survey that, while income support payments may be intended to act as a stopgap measure to help unemployed Australians get by while they find paid work, the reality is that many recipients are spending longer periods on these payments. The majority (55%) of respondents to our survey had been receiving an income support payment for more than one year, and 19% had been receiving their payment for at least 6 months.

While a person is living on an income support payment in Australia, their standard of goes backwards, and the longer they remain on that payment, the worse the situation gets. The following sections provide some examples of the choices people are forced to make and the impact this has on their health and wellbeing.

Mental health

For some respondents, the experience of being on income support led to instances of poor mental health:

"It was hell. I just wanted to go study and better myself, but the drop to student payments would have left me homeless. It nearly brought me to tears going shopping and having to decide which 90c cans of food to put back. I was always stressed and contemplated suicide often."

**

"It's depressing having to choose between using tampons and hygiene products or eating. It's depressing having to use what little money I have to pay for bus fare to get to an appointment so what little assistance I do get isn't cut off, and I am left with nothing, and risk losing my living arrangements. And it's depressing and a real blow to your self-esteem when you have to put back groceries because you've gone over the small amount of money you have to feed yourself"

**

For others who were already experiencing mental illness, being on income support meant an exacerbation of their illness and for some choosing not to access treatment or support:

"I'm a victim of sexual assault resulting in a diagnosed anxiety disorder and depression. I couldn't afford the gap payment for counselling services."

**

"I had to stop seeing my psychologist as I regularly couldn't afford the gap. This significantly impacted my mental health because I struggle with PTSD, anxiety, and depression, and am sometimes suicidal."

**

"I am unable to afford the medication I need if I have to choose between that and paying bills. I have had to stop seeing my psychologist because I could not regularly afford it, which has been very detrimental to my mental health."

Social isolation

For many income support recipients, their lack of disposable income means they are unable to maintain social connections and end up feeling isolated, which effects for their wellbeing:

"I have very limited opportunity to participate in community; especially on the weeks where I have no money to take public transport."

**

"I want to be a valid member of society. I want to work. I want to help other people. But I get my bread and vegetables from a community food bank once a week. I can't remember the last time I had dinner, drinks or even a cup of coffee at a cafe with friends."

**

"A lot of my friendships deteriorated and I found it difficult to make new friends because I couldn't even afford to go to coffee with someone."

Medications

While JobSeeker recipients can access prescription medications at a concessional rate, the lived experience of many is that they cannot afford to get their scripts filled. This suggests that even small out of pocket costs can be a barrier to accessing care due to their extremely low level of income. Many recipients are also unable to afford over the counter medications that are not covered by the Pharmaceutical Benefits Scheme, but are important for managing episodes of illness.

"Couldn't afford my depression medication. A state largely brought on by my not being able to afford basic household things."

**

"A skin infection got totally out of control. I did not have the cash to buy the creams."

**

“luckily it isn’t my only source of income but I’m still on a tight budget and sometimes can’t afford to fill my antipsychotic prescription which costs around \$150/month.”

**

“I haven’t seen a dentist in years. I also avoid filling scripts for antibiotics and am slowly trying to decrease my antidepressant medication to bring the cost down.”

Dental care

When Australians need to see a GP, Medicare covers all or most of the cost. When they need to see a dentist, Australians are on their own.²¹ People living in the lowest socioeconomic areas in 2014–15 were more than twice as likely to delay seeing – or not see – a dental professional due to cost compared to those living in the highest socioeconomic areas (28% compared to 12%).²²

People who rely on income support payments simply cannot meet the cost of private dental care and they can spend years on public dental wait lists. Dental care can be unaffordable for people living in jurisdictions where public dental care also charges a co-payment, so many live with significant pain or lack of function, which can also be a barrier to gaining employment.

“I can’t afford private dental, and the public system is overloaded. I’m hoping my bad tooth won’t split apart in the meantime.”

**

“I also have to have both of my wisdom teeth taken out. I got through the public waiting list fine, but when it came to my turn, I simply couldn’t afford the \$300+ dollars for the surgery and then travel and accommodation costs on top of that.”

**

“I need to see a dentist, but that wouldn’t be covered under Medicare, so I haven’t gone. My teeth bleed sometimes.”

**

“I’ve learned to live with dental pain. Saltwater rinses, ice packs, clove oil, 5 Panadol at a time.”

²¹ Duckett S, Cowgill M and Swerissen H (2019) Filling the gap: A universal dental scheme for Australia, Melbourne: Grattan Institute, 3.

²² Australian Institute of Health and Welfare, *Australia’s health 2016*, 130.

Daily expenses

Responses to the survey showed that recipients were not only avoiding necessary medical treatment and support, but that many could not afford the cost of daily essentials including food, which affected their health and their ability to work:

"I often skip meals to reduce costs which exacerbates my chronic illness"

**

"[I] have to spend the time in bed watching for my next payment from Centrelink so I can budget in a doctor's visit as I don't just have \$40 laying around"

**

"I could hardly ever afford to eat myself on Newstart. Although I am a young woman and ordinarily very healthy I was forced onto Newstart because I got a sudden and serious illness, my recovery was slower because during times I wasn't in hospital I really struggled to buy any food for myself."

Conclusion

The cycle of disadvantage was best explained by one of our survey respondents, who noted that, *"there seemed to be no way out. I was sick and couldn't afford to get better."* In a country that prides itself on universal access to healthcare, no one should be in a situation where they cannot afford to recover from illness or be in good health.

Income support payments haven't risen in line with national living standards for a quarter of a century, as they are indexed to prices only, and not to wages.²³ It is clear from the examples cited from survey respondents' lived experience that the inadequacy of JobSeeker and related income support payments leads to significant stress and anxiety for recipients and is a cause of poor or declining health.

The low rate of JobSeeker and related payments has trapped them in a cycle of disadvantage, that affects both their health and future employment prospects. An extra \$25 per week, following a quarter of a century without any increase in real terms, is not enough to address these issues.

Recommendation 1: Amend the Bill to increase the rate of JobSeeker and related payments to at least \$910 per fortnight to achieve an adequate standard of living.

Recommendation 2: Amend the Bill to link future increases in the JobSeeker payment and related income support payments to indexation of pension rates (as was historically the case).

²³ Deloitte Access Economics, *Analysis of the impact of raising benefit rates*, 1.

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