

considering health in all policy

cohealth Submission to the
Senate Economics Legislation
Committee - Inquiry into the
Budget Savings (Omnibus) Bill
2016

about cohealth

cohealth is a not-for-profit community health service operating from over 30 sites across 14 local government areas in the north and western regions of Melbourne. Our mission is to improve health and wellbeing for all, and to tackle inequality in partnership with people and their communities.

cohealth has doctors, nurses, occupational therapists, speech therapists, physiotherapists, dieticians, counsellors, and other services and programs that support people to live independently at home, manage their physical and mental health, and address issues such as family violence, homelessness or drug use.

We prioritise people who experience disadvantaged social circumstances and who are consequently marginalised from many mainstream health and other services. This includes people who are experiencing or at risk of homelessness, people who live with serious mental illness, vulnerable families, Aboriginal and Torres Strait Islanders, refugees and asylum seekers, people who use alcohol and other drugs, recently released prisoners and LGBTIQ communities.

cohealth recognises that health is affected by many factors including education, housing, employment, access to fresh food, and participation in the community. We work directly with people and in the community through advocacy, health promotion and education to improve health and connectedness.

contact

Aram Hosie
Executive, Public Affairs
aram.hosie@cohealth.org.au
+61 403 317 618

executive summary

cohealth welcomes the opportunity to provide a submission to the Senate Economics Legislation Committee regarding the Budget Savings (Omnibus) Bill 2016. As a rights based community health service we take a keen interest in matters of policy and legislation affecting people's social and economic circumstances due to the well-established impacts these can have on health.

cohealth is deeply concerned that a majority of the savings measures set out in the Omnibus Bill target the most socio-economically disadvantaged groups in Australia – those who can least afford and absorb cuts to their already limited income and financial supports. Economic inequality directly contributes to health inequality, negatively affecting the health outcomes of individuals and families in economic hardship and ultimately resulting in greater costs to society as a whole.

To this end, whilst the following submission sets out our concerns in relation to three specific measures, we strongly encourage the Committee to consider the potential impact of every measure contained in the Omnibus Bill to negatively impact on the health and potential of socioeconomically disadvantaged Australians.

summary of recommendations:

That the Committee recommends Parliament reject any measure contained in the Omnibus Bill 2016 that will further impoverish the most economically disadvantaged people in Australia. In particular, the Parliament should:

1. reject removal of the energy supplement, or else proceed with its removal only if it accompanied by an increase in the Newstart base rate;
2. reject removal of social security payments to forensic patients; and
3. defer axing the Child Dental Benefits Schedule until such time as details of the proposed CaAPDS replacement are finalised and can be assessed.

introduction: the health impacts of economic hardship and inequality

As a rights-based community health service, cohealth knows that people's social and economic circumstances are a key determinant of health. Research tells us that higher spending on social care as well as public health is associated with subsequent improvements in health outcomes (Bradley et al, 2016). Improved health, in turns, supports people to participate in economic and social activity.

This week, the world-renowned Sir Michael Marmot has commenced the 2016 Boyer lectures, focusing on social and health inequalities. The lectures highlight how income inequalities are strongly linked to health inequalities, with negative consequences for society as a whole. As Professor Fran Baum notes, societies where the gap between rich and poor is smaller ultimately reap the benefits of lower health costs and increased economic participation (Baum, 2016).

'Reducing excessive income inequality is not just sound social policy, but sound economic policy as well.' – Christine Lagarde, IMF

In addition to the strong links between economics and health there is now widespread consensus that for a nation's economic growth to be robust and sustainable it must be inclusive. It must improve living standards and opportunities for everyone and leave no one behind. Inclusion is a prerequisite for stronger economic growth, rather than a consequence of it, and is critical also to social stability and cohesion.

For example, the OECD has declared that inequality 'takes a toll on the social fabric of communities, (and) places a heavy economic cost on future growth..' whilst Nobel prize-winning economist Joseph Stiglitz argues that 'we can no longer talk about rising inequality and sluggish economic recovery as separate phenomena... they are in fact intertwined – inequality stifles, restrains and holds back our growth.' In this context it is our contention that far from assisting with "budget repair" the many measures in the Omnibus Bill that remove financial assistance and reduce income to the most economically disadvantaged Australians are likely to ultimately harm Australia's economy and productivity. For this, and the negative health impacts that will also follow, these measures should be rejected by the Committee and the Parliament more broadly.

recommendation

That the Committee recommends Parliament reject any measure contained in the Omnibus Bill 2016 that will further impoverish the most economically disadvantaged people in Australia.

specific measure 1: removal of the energy supplement

One of the 24 individual measures in the Bill is the removal of Energy Supplement for all new recipients of social security payments - Newstart, the Disability Support Pension and Age Pensions, Carer and Parenting Payments and Youth Allowance.

This Supplement is worth between \$4 and \$7 a week, and was introduced in 2012 to compensate for the introduction of the carbon price. It is important to note that the usual indexation of social security payments was lower than usual at that time due to the application of the Supplement. Removal of the Supplement therefore leaves recipients worse off than they would have been if no carbon price (and no Supplement) had been introduced.

For a single person trying to live on the Newstart rate of \$38 a day in particular, \$4-7 a week is enough to make an impact. Welfare groups, academics and private sector organisations all agree that the Newstart payment level has fallen to a rate which is too low. The Newstart rate for singles, even with additional allowances such as rent assistance, is now only 37% of the Henderson Poverty Line (Melbourne Institute for Applied Economic and Social Research, 2016). Both KPMG and the Business Council of Australia argued for an increase in Newstart in April this year (Aston, 2016), with the latter stating that the current rate of Newstart is so low it "presents a barrier to employment and risks entrenching poverty."

The removal of the Energy Supplement follows from the axing of the Income Support Bonus (also worth about \$4 a week to a single Newstart recipient). These cuts to the already unsustainably-low rate are unfair and unjust, a step in the wrong direction that will make life even harder for those who are already struggling, and undoubtedly negatively impact on their health.

Additionally, the removal of the Supplement will create a two-tiered system, whereby new recipients will receive less than existing recipients, simply due to the date they commenced on the payment. This is manifestly unfair

recommendation

That the Committee recommends Parliament reject removal of the supplement, or else proceed with its removal only if it accompanied by an increase in the Newstart base rate for all recipients.

specific measure 2: removal of social security payments to forensic patients

The proposal to remove social security payments from people who are undergoing psychiatric confinement because they have been charged with a serious offence has been previously considered by Parliamentary Committee – specifically the Senate Community Affairs Committee and the Parliamentary Joint Committee on Human Rights.

During both of those inquiries a number of concerns were raised about the proposal by a range of stakeholders including the Victorian Institute of Forensic Mental Health, the National Mental Health Commission, the President of the NSW Mental Health Tribunal, and the Victorian Equal Opportunity and Human Rights Commission. In their submissions, these various experts posited that the proposal:

1. erroneously treats forensic patients in the same way as people who have been convicted of a crime;
2. discriminates against people with a mental impairment; and
3. would have a negative impact on a person's rehabilitation and reintegration.

cohealth shares these concerns.

Furthermore, whilst we accept the government's contention that a forensic patient's personal and immediate needs are cared for by the State during their rehabilitation, this does not account for the needs of any dependents that a forensic patient may have, undoubtedly leaving these important loved ones in financial hardship. Neither will it allow for the maintenance of tenancy that may make the difference between future housing and homelessness.

recommendation

That the Committee recommends Parliament reject removal of social security payments to forensic patients.

specific measure 3: changes to public dental funding

The Bill includes a proposed saving of \$52 million through the axing of the Child Dental Benefits Schedule, to be replaced by the Child and Adult Public Dental Scheme (CaAPDS). The changes include setting a cap on the amount of funding available for the first half of 2017, with further reductions possible (Australian Dental Association, 2016), and a high degree of uncertainty remains as to how the proposed CaAPDS replacement program will work and be funded.

This measure is concerning given it targets those most at risk of poor oral health outcomes, in an increasingly difficult environment. Indeed, access to public dental care is deteriorating, with waiting times for general adult dental care in Victoria for example, increasing 30% to 15.3 months in the year to June 2016 (DHHS, 2016). Cuts that risk making it harder for children to access public dental health care are also concerning. Given that the effects of childhood dental health and habits extend well into adulthood, and that dental disease is both preventable and a known precursor to other forms of chronic disease, funded universal access to dental care for children is critical.

recommendation

That the Committee recommends Parliament defer axing the Child Dental Benefits Schedule until such time as details of the proposed CaAPDS replacement are finalised and can be assessed.

conclusion

cohealth recognises the importance and value of sustainable economic development. We are however very concerned that many of the measures contained in the bill will (as outlined) demonstrably impact access to care, and the factors that protect health, increasing the probability, chronicity and acuity of health conditions of the groups in greatest need within our community. There is no question that these so called savings will contribute significantly to future demand (and therefore cost) by impairing access to health services and limiting ability for self management of those at greatest risk of poor health. These measures therefore represent a false economy.

references

- Aston H, 2016. Raise the dole, spend less on the dying, says multinational accountancy firm KPMG. Sydney Morning Herald, 29 April 2016. <http://www.smh.com.au/federal-politics/political-news/raise-the-dole-spend-less-on-the-dying-says-multinational-accountancy-firm-kpmg-20160428-gogzmf.html>
- Australian Dental Association, 2016. CDBS expected to close by the end of the year. Media Release 1 September 2016. <http://www.ada.org.au/News-Media/News-and-Release/Latest-News/CDBS-expected-to-close-by-the-end-of-the-year>
- Baum F, 2016. Want to improve the nation's health? Start by reducing inequalities and improving living conditions. <https://theconversation.com/want-to-improve-the-nations-health-start-by-reducing-inequalities-and-improving-living-conditions-64434>
- Bradley EH et al 2016. Variation in Health Outcomes: The Role Of Spending On Social Services, Public Health, And Health Care, 2000-09. Health Affairs 35:760-768. doi: 10.1377/hlthaff.2015.0814
- DHHS, 2016. Statewide average time to treatment for general dental care – Quarterly data. Department of Health and Human Services Victoria. <http://performance.health.vic.gov.au/Home/Report.aspx?ReportKey=18>
- Lagarde, C 2015. Catalyst for Change: Empowering Women and Tackling Income Inequality, Remarks by Christine Lagarde, Managing Director, International Monetary Fund, International Monetary Fund, <https://www.imf.org/external/np/speeches/2015/102215.htm>
- Melbourne Institute for Applied Economic and Social Research, 2016. Poverty lines: Australia. March Quarter 2016. <https://melbourneinstitute.com/miaesr/publications/indicators/poverty-lines-australia.html>
- Organisation for Economic Cooperation and Development, Inclusive Growth, <http://www.oecd.org/inclusive-growth/>
- Stiglitz J (2013) 'Inequality is Holding Back the Recovery', The New York Times, 19 January 2013, http://opinionator.blogs.nytimes.com/2013/01/19/inequality-is-holding-back-the-recovery/?_r=0