

**South Western Sydney LHD**

**Submission to**

**Senate Education, Employment and Workplace Relations Committee Inquiry into the adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market.**

**A/Prof Peter Sainsbury**

**Director of Population Health, SWSLHD & SLHD NSW Health**

**10.8.2012**

This submission provides comment and evidence on the adequacy of the allowance payment system for jobseekers from the perspective of Population Health, South Western Sydney Local Health District.

### **Overview of the South Western Sydney Local Health District**

SWS LHD covers seven Local Government Areas in south western Sydney and has a population of approximately 820,000 people. The District is among the most rapidly growing populations in NSW, high in cultural diversity, and is projected to grow to over more than a million people in the next decade (1). SWS LHD is home to 12 of the 20 most socioeconomically disadvantaged suburbs in Sydney (2). These suburbs are characterised by high unemployment, early school leaving and poor social and economic infrastructure (3). The District deals with the health impacts of unemployment daily and welcomes the opportunity to respond to this senate inquiry.

### **Evidence to support an increase in income support payments for jobseekers**

We note firstly that Newstart payments have not increased relative to other income support payments over the past 5 years or kept pace with rent, utilities or public transport costs. We also note that Newstart was designed to support jobseekers over the short-term and that long-term, the current payment is unable to support jobseekers to access health resources and services, particularly dental, and keep mentally and physically healthy. The Henry tax review recommended a \$50/week increase to income support payments and we strongly support this increase for jobseekers.

#### **1. Strong welfare support buffers the impact of unemployment on health**

Unemployment is a public health hazard. People who are long-term unemployed have higher rates of physical and mental health mortality and morbidity than people who are employed (4,5). As a result, people who are unemployed place greater burden on health systems and service delivery (6). Further, poor mental and physical health actively prevents re-employment (7), placing job-seekers at risk of chronic health problems and disability (8). In fact, claimants for the Disability Support Pension have doubled since the 1980s, mainly as a result of mild to moderate health problems, including musculoskeletal problems (9). While unemployment has independent effects on health, income matters. In a comparative study of welfare support regimes in 23 European countries, people who were unemployed in countries with strong welfare support (e.g. Sweden) had better health than people who were unemployed in countries with limited support (e.g. UK) (10). This, in combination with other research (11) showing that it is a mixture of financial hardship and shame which causes ill health among the unemployed, suggests that the Newstart payment should be increased.

#### **2. Strong welfare support facilitates social inclusion and child development**

Prolonged unemployment has detrimental effects on families and child development. Children of unemployed parents have poorer health and wellbeing than children of working parents and are more likely to be unemployed in the future (9,12). Additionally, children in unemployed families facing financial hardship are at increased risk for psychological disorders, delinquency and substance abuse (9). Unemployment and ensuing financial difficulty puts pressure on families and relationships and can result in family breakdown and social isolation (13). In a snowballing effect, social exclusion limits access to support services and programs designed to assist people to prepare for employment and places the unemployed person and family at-risk for further mental health problems (14). Adequate income enables unemployed families continued participation in the social and economic life of the community and enhances opportunities for the unemployed to gain work, through for example, using social networks to identify employment (5).

### 3. Strong welfare support facilitates access to social determinants of health

A national study of census and government agency data found a 'web of disadvantage' where measures for low income, limited computer use, early school leaving, no internet access, year 12 incomplete, long term unemployment and lack of post-school qualifications were all highly positively correlated (15). Poor access to the social determinants of health such as income, food, housing, transport, employment, education, and social support is associated with increased physical and mental health morbidity and mortality (16). Food insecurity, for example, is closely related to poverty, with short and long term health impacts (17), including negative impacts on children's psychosocial and academic outcomes (18). Increasing the Newstart payment may buffer the impact of unemployment on health by promoting access to the social determinants of health. Further, it may go some way to increasing income equality, a measure which is associated with improved health and wellbeing and reduced crime and other social problems at the national level (19). Along these lines, a recent report concluded that "improving health should continue to be an important public health strategy with emphasis on the youth population in all welfare regimes. Future social welfare policy should remain to tackle inequalities by introducing or maintaining stronger redistributive policies, which contribute to establish better health conditions for future adult populations, especially for people with low socioeconomic position" (20, p.875).

#### References

1. South Western Sydney Local Health District. About us. Accessed 8 August 2012 from: <http://www.swslhd.nsw.gov.au/about.html>
2. Centre for Health Equity Training Research & Evaluation. 20 most disadvantaged suburbs in Sydney. Data from ABS 2006 Socioeconomic Indices for Areas, 2009.
3. Harris E, Rose V, Kemp L, Chavez R. Strengthening the effectiveness of "Whole of Government" interventions to break the cycle of violence in disadvantaged communities. *NSW Public Health Bulletin*, 2007; 18: 94-6.
4. Paul K, Moser K. Unemployment impairs mental health: Meta-analyses. *Journal of Vocational Behavior* 2009; 74: 264-282.
5. Wanberg C. The individual experience of unemployment. *Annual Review of Psychology* 2012; 63: 369-396.
6. Harris E et al. Unemployment and health: the healthcare system's role. *Medical Journal of Australia* 1998; 168: 291-296.
7. Creed P. Improving the mental and physical health of unemployed people: why and how? *Medical Journal of Australia* 1998; 168: 177-178.
8. Bambra C. Yesterday once more? Unemployment and health in the 21<sup>st</sup> century. *Journal of Epidemiology and Community Health* 2010; 64: 213-215.
9. Royal Australasian College of Physicians. Realising the health benefits of work. *Australasian Faculty of Occupational and Environmental Medicine Position Statement*, 2010.
10. Bambra C, Eikemo T. Welfare state regimes, unemployment and health: a comparative study of the relationship between unemployment and self-reported health in 23 European countries. *Journal of Epidemiology and Community Health* 2009; 63: 92-98.
11. Starrin B, Jonsson L. The finances-shame model and the relation between unemployment and health. In Kieselbach et al. *Unemployment and health: International and interdisciplinary perspectives*. QLD: Australian Academic Press, 2006.
12. Lander F, K. Rasmussen, et al. Social inequalities in childhood are predictors of unemployment in early adulthood. *Danish Medical Journal* 2012; 59: .
13. Watts T, Mitchell B. The costs of unemployment in Australia. *Centre for Full Employment and Equity*, 2000.

14. Kieselbach T. Long-term unemployment among young people: the risk of social exclusion. *American Journal of Community Psychology* 2003; 32: 69-76.
15. Vinson T. The web of disadvantage. *Developing practice* 2007; 19: 63-64.
16. Marmot M. Social determinants of health inequalities. *Lancet* 2005; 365: 1099-1104.
17. Innes-Hughes C et al. Food security: The what, how, why and where to of food security in NSW. Discussion Paper. Sydney: PANORG, Heart Foundation NSW and Cancer Council NSW, 2010.
18. Murphy J et al. The relationship of school breakfast to psychosocial and academic functioning. *Archives of Paediatric Medicine* 1998; 152: 899-907.
19. Wilkinson R, Pickett K. *The spirit level. Why greater equality makes societies stronger*. New York: Bloomsbury Press, 2009
20. Richter M et al. Welfare state regimes, health and health inequalities in adolescence: A multilevel study in 32 countries. *Sociology of Health and Illness* 2012; 34: 858-879.