

June 23, 2014

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

Dear Secretariat

**RE: Income Inequality Inquiry**

Catholic Health Australia (CHA) welcomes the opportunity to provide a submission to the Senate Standing Committee on Community Affairs inquiry into Income Inequality. By way of background, the guiding principle by which we approach broader public policy debate regarding issues of inequality in relation to health care is that:

- those with capacity to contribute to their health care costs should; and
- those less able to contribute must be guaranteed high-quality access to health care when needed, with the support of a robust publicly funded social safety.

This guiding principle reflects the service structure of the network of Catholic hospitals that operate one in 10 of Australia's hospital beds. Catholic private hospitals operate with funding provided predominantly by individuals able to contribute to their health care costs through private health insurance. Catholic public hospitals operate with funding from Commonwealth and State Governments provided by the taxpaying public.

CHA recommends that particular attention be given to ensuring that any barriers in access in particular to health care for socioeconomically disadvantaged Australians are continuously monitored and removed such that socioeconomically disadvantaged Australians enjoy the same health care access, and health care outcomes, as the most advantaged Australians.

Ensuring equality in the level of access and standard in health care outcomes requires action both within the health care system and beyond. The action needed beyond the health care system is comprised in the five recommendations of the Senate Standing Committee on Community Affairs' 20 March 2013 Inquiry report on *Australia's domestic response to the World Health Organization's (WHO) Commission on Social Determinants of Health report Closing the gap within a generation*. These five recommendations, unanimously endorsed by the Labor-Greens-Liberal members of that Inquiry, are yet to be responded to by the Government. The Inquiry should recommend implementation of the five 20 March 2013 social determinant of health recommendations.

Yours Sincerely

**Martin Laverty**

Chief Executive Officer

Catholic Health Australia

## Addressing the Terms of Reference of the Inquiry- Income Inequality

### a. the extent of income inequality in Australia and the rate at which income inequality is increasing in our community;

The evidence tells us that income inequality in Australia is rising. This is the case in most western democracies and is a result of many complex issues. CHA will leave the addressing of this term of reference to those who are qualified to provide comment in this area.

In relation to the social determinants of health however, it may be helpful to note that the Australian Bureau of Statistics (ABS) provides key data items that can be used for analysis. Data derived from the Census such as SEIFA and other data sets such as Household, Income and Labour Dynamics in Australia Survey (HILDA) and the Measures of Australia's Progress – across society, economy and environment - all provide useful baseline and longitudinal data sets with which to analyse.

### b. the impact of income inequality on access to health, housing, education and work in Australia, and on the quality of the outcomes achieved;

In 2010 CHA and the National Centre for Social and Economic Modelling (NATSEM) released a report entitled *Health Lies in Wealth*, where the important issue of the social determinants of health and their impact on health outcomes was highlighted and showed that 65% of those in the lowest income group report a long term health problem compared with just 15% of the most wealthy. This evidence was provided to the Senate Standing Committee on Community Affairs' 2013 Inquiry into *Australia's domestic response to the World Health Organization's (WHO) Commission on Social Determinants of Health report Closing the gap within a generation*.

In 2012 CHA and NATSEM released another report entitled *The Cost of Inaction on the Social Determinants of Health* where again the important issue of the social determinants of health and the impact on health outcomes, including the economic impact, were discussed. Key findings suggested that if the WHO recommendations were adopted in Australia then:

- 500,000 Australians could avoid suffering a chronic illness;
- 170,000 extra Australians could enter the workforce, generating \$8 billion in extra earnings;
- Annual savings of \$4 billion in welfare support payments could be made;
- 60,000 fewer people would need to be admitted to hospital annually, resulting in savings of \$2.3 billion in hospital expenditure;
- 5.5 million fewer Medicare services would be needed each year, resulting in annual savings of \$273 million;
- 5.3 million fewer Pharmaceutical Benefit Scheme scripts would be filled each year, resulting in annual savings of \$184.5 million each year.

### c. the specific impacts of inequality on disadvantaged groups within the community, including Aboriginal and Torres Strait Islander peoples, older job seekers, people living with a disability or mental illness, refugees, single parents, those on a low income, people at risk of poverty in retirement as well as the relationship between gender and inequality

The impact on the most disadvantaged from the social determinants of health, which includes income inequality, was explored in a book edited by CHA titled *Determining the Future: A Fair Go & Health for All*. This brought

together a unique collection of essays on the social determinants of health from some of Australia's leading health and social policy experts – medical professionals, academics, opinion leaders, thinkers and writers.

Social determinants of health are so complex that often the cause and effect relationships are not readily apparent; correlation is common; but not causation.

Routine data poorly collected or not at all can often mean policy implementation fails because of lack of data. Also the multitude of stakeholders in the policy development leads to difficulty in implementation.<sup>1</sup>

There are a number of options open to government that would allow them to act on issues such as the social determinants. The most important action that can be taken today is to continuously monitor and evaluate the impact of policy changes on the most socioeconomically disadvantaged Australians.

**d. the likely impact of Government policies on current and future rates of inequality particularly the changes proposed in the 2014-15 Budget;**

It is not possible for CHA to quantify the likely impact of Government policies on current and future rates of inequality, especially the proposed changes in the 2014-15 Budget. As mentioned above, CHA therefore recommends that particular attention be given to ensuring that any barriers in access in particular to health care for socioeconomically disadvantaged Australians are continuously monitored and removed such that socioeconomically disadvantaged Australians enjoy the same health care access, and health care outcomes, as the most advantaged Australians.

**e. the principles that should underpin the provision of social security payments in Australia; and**

CHA is not in a position to comment on the principles that should apply to the provision of social security payments within Australia, but as a general policy principle CHA subscribe to the guiding principle regarding issues of inequality in relation to health care, as being that:

- those with capacity to contribute to their health care costs should; and
- those less able to contribute must be guaranteed high-quality access to health care when needed, with the support of a robust publicly funded social safety.

**f. the practical measures that could be implemented by Governments to address inequality, particularly appropriate and adequate income support payments.**

As mentioned previously ensuring equality in the level of access and standard in health care outcomes requires action both within the health care system and beyond. The most practical action that could be taken for action needed beyond the health care system can be found in the following five recommendations of the Senate Standing Committee on Community Affairs' 20 March 2013 Inquiry report on *Australia's domestic response to the World Health Organization's (WHO) Commission on Social Determinants of Health report Closing the gap within a generation*.

**Recommendation 1**

The committee recommends that the Government adopt the WHO Report and commit to addressing the social determinants of health relevant to the Australian context.

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<sup>1</sup> Exworthy M: *Policy to tackle the social determinants of health: using conceptual models to understand the policy process*; Health Policy and Planning 2008;23:318–327, pp 319-321

**Recommendation 2**

The committee recommends that the government adopt administrative practices that ensure consideration of the social determinants of health in all relevant policy development activities, particularly in relation to education, employment, housing, family and social security policy.

**Recommendation 3**

The committee recommends that the government place responsibility for addressing social determinants of health within one agency, with a mandate to address issues across portfolios.

**Recommendation 4**

The committee recommends that the NHMRC give greater emphasis in its grant allocation priorities to research on public health and social determinants research.

**Recommendation 5**

The committee recommends that annual progress reports to parliament be a key requirement of the body tasked with responsibility for addressing the social determinants of health.

These five recommendations, unanimously endorsed by the Labor-Greens-Liberal members of that Inquiry, are yet to be responded to by the Government. The Inquiry should recommend implementation of the five 20 March 2013 social determinant of health recommendations.