



DOCTORS
REFORM
SOCIETY

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12 September 2019

Senate Community Affairs References Committee

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The Doctors Reform Society is an organisation of doctors and medical students which formed in 1973 to support the introduction of a universal health insurance scheme (Medibank). It is an organisation which continues to advocate for a health system and a society which aims to address all causes of poor health outcomes for all people irrespective of income, socioeconomic status, race, culture, and geographical location.

The level of the Newstart payment is a health issue. It is also a productivity issue. It is time to recognise that a Newstart payment 40% below the poverty line impairs both the health and the productivity of recipients and of the broader community.

Terms of Reference: d, e, f, h, i, j

The level of the Newstart payment is a health issue. There is a direct correlation between income level and health in rich countries like Australia (Wilkinson and Pickett. *The Spirit Level* 2009). Poor people die younger and suffer more illness than rich people. Poverty results in an unnecessary and unproductive use of health resources.

Existing on an income 40% below the poverty line means those on Newstart without family support are very poor. Being very poor decreases capacity to think and make good decisions. Laboratory and field experiments on cognitive ability suggest that being poor of itself might contribute a 13 point decrease in IQ (Mani A et al *Science*: 30 August 2013 Vol 341). Increasing income improves that capacity. That in turn makes it more likely they will find and hold a job if one is available.

We need to encourage poor people who can work to find such work. Most employable people living on the poverty line want work to increase their income. There is no evidence that keeping them very poor rather than just on the poverty line increases their desire to work. For those capable of working the lack of employment may lead to depression. That will only be made worse by making them very poor rather than just poor.

Some of my patients on Sickness Benefits which is identical to Newstart except for work application requirements, are unemployable due to a chronic disease but have to wait two years or more before their condition is regarded as chronic and in that time have to live on a below poverty level income. This is cruel and unnecessary.

Very poor people on Newstart look to their family and friends for support. Some can get support easily. Many can't and for many family members it is an extra strain on them which makes them less productive in the workplace.

We already have the most targeted welfare system in rich countries. According to the OECD the poorest 20% of the population receive the highest percentage of welfare benefits of any OECD country (OECD2014-Social-Expenditure-Update-Nov2014) i.e. the richest get very little. We are now increasing punitive measures to ensure even more targeting of people who are already very poor.

Good health begets improved productivity. Poverty begets poor health and decreased productivity. The below poverty level of Newstart and Sickness Benefits is unhealthy and impairs productivity. It is time to change.