

Submission to the Senate Community Affairs
References Committee Inquiry into

The Extent of Income Inequality in
Australia

Australian Psychological Society

APS contact:

Heather Gridley Manager, Public Interest

h.gridley@psychology.org.au

August 29 2014

Level 11, 257 Collins Street
Melbourne VIC 3000
PO Box 38
Flinders Lane VIC 8009
T: (03) 8662 3300
F: (03) 9663 6177
www.psychology.org.au

TABLE OF CONTENTS

TABLE OF CONTENTS	1
Executive Summary	3
Recommendations	4
Introduction.....	5
Health, well-being and inequality.....	5
A note about the causes and solutions to inequality	6
a. the extent of income inequality in Australia and the rate at which income inequality is increasing in our community;	7
b. the impact of income inequality on access to health, housing, education and work in Australia, and on the quality of the outcomes achieved;.....	8
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;	9
d. the likely impact of Government policies on current and future rates of inequality particularly the changes proposed in the 2014-15 Budget;	10
Addressing health inequality	10
Intervening in early childhood	11
Neighborhood level intervention	11
Impact of recent 2014-15 Budget.....	12
e. the principles that should underpin the provision of social security payments in Australia; and	14
f. the practical measures that could be implemented by Governments to address inequality, particularly appropriate and adequate income support payments.	14
Conclusion.....	16
About the APS.....	16
Acknowledgements.....	16
References	17

Executive Summary

The Australian Psychological Society (APS) is concerned about growing levels of inequality in Australian society. Psychologists have long recognised that economic and social circumstances are the foundation of our health and wellbeing. Inequality compounds disadvantage, leading to poorer physical and mental health and living circumstances for marginalised groups, and is also linked to negative effects on social stability and health across all levels of society. Emerging evidence also points to the detrimental impact of inequality on economic productivity and growth.

Numerous initiatives show promise in terms of addressing increasing inequality. These include increasing access to health services and resources by disadvantaged groups, particularly mental health and wellbeing services, intervening in early childhood, and intervening at a local, neighborhood level, as preventive approaches to building community capacity as well as specific strategies aimed at empowering disadvantaged groups.

Of particular concern is the impact of income inequality on specific groups such as Aboriginal and Torres Strait Islander people and communities, migrants and refugees, women and those who are unemployed and underemployed. These groups are already vulnerable to living in poverty, and to psychological distress associated with these material living conditions; growing inequality risks further marginalising them by making it more difficult to access health, housing and employment, as well as increasing stigma and diminishing equality of opportunity more generally. The APS is concerned therefore, about how the recent Federal Budget measures might contribute to growing inequality and undermine some of the outcomes associated with more promising initiatives.

The APS considers that fundamental guiding principles for the provision of welfare should begin with clearly articulating the responsibility of government to provide an adequate safety net for those most vulnerable - to decrease the level of income inequality and poverty, and in doing so, to increase the wellbeing of the whole community.

The APS believes that the World Health Organisation's Social Determinants of Health Framework offers a unique opportunity for the development of a whole of government approach to minimising income inequality, and enhancing health and wellbeing. This involves recognising the importance of individual health behaviours as risk factors for health outcomes, improving service access for those who are disadvantaged, but importantly, also addressing the wider social, economic and political factors that drive health behaviours.

It is timely to begin a national conversation about inequality and its impacts in our community. Linking equality of opportunity to Australian values of a 'fair go for all', and promoting attitude change about the causes, consequences and solutions to poverty and inequality are a key part of challenging the growing inequalities within Australian society.

Recommendations

The APS is aware of the growing income inequality in Australia, and recognises its detrimental impacts on the mental health, physical health and wellbeing of individuals and communities. In particular:

Recommendation: The APS is concerned that many measures within the 2014-15 Federal Budget risk widening rather than reducing income and other inequalities. This is particularly the case for vulnerable groups, such as young people, older Australians, single parents and Aboriginal and Torres Strait Islander communities. We recommend that these measures be reviewed and amended to ensure they do not contribute to widening wealth or equality gaps, but rather work toward a fairer society for all Australians.

Recommendation: The APS recommends that the Australian Government respond to the WHO 'Closing the Gap within a Generation' report, endorse a social determinants approach to health and wellbeing, and develop a framework (or use existing mechanisms) to embed a social determinants of health approach across government.

Recommendation: The APS particularly endorses the Government's continued focus on early childhood as a key way to address inequality. Of significance are the approaches being taken that build service capacity, focus on strengthening communities to optimise child and family wellbeing, and target disadvantaged areas to improve health and wellbeing outcomes.

Recommendation: The APS endorses the recommendations of the report by Douglas et al (2014) regarding measures that could be implemented by governments to address inequality: inclusive job creation policies, long term investment in human capital through improving early childhood development and education and training, fairer distribution of education and health funding, a range of reforms around the tax system, and increasing income support payments in line with pensions to above the poverty line.

Recommendation: The APS recommends that the Government include as a guiding principle the responsibility of government to provide a safety net for those vulnerable in the community - to decrease poverty and increase community wellbeing - and the right of all Australians to financial security or income support where needed.

Introduction

The Australian Psychological Society (APS) welcomes the opportunity to make a submission in response to the Community Affairs References Committee Inquiry into the Extent of Income Inequality in Australia.

Our submission draws on psychological research and best practice to respond to the Inquiry terms of reference. In particular, we refer the Committee to a range of other submissions made by the APS to related inquiries:

- The Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services
<http://www.psychology.org.au/Assets/Files/2014-APS-Submission-Welfare-Reform-August.pdf>
- The Senate Select Committee into the Abbott Government's Budget Cuts Inquiry
- The Senate Community Affairs References Committee 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'
<http://www.psychology.org.au/Assets/Files/2012-submission-Response-to-WHO-October.pdf> .
- We also endorse the submission made to this inquiry by the Social Determinants of Health Alliance, of which the APS is a member.

Finally, we also commend to your attention a key report released by Douglas, Friel, Denniss and Morawetz in June 2014 titled '[Advance Australia Fair? What to do about growing on inequality in Australia](#)', for the Committee's reference.

Health, wellbeing and inequality

Wellbeing is a multi-factorial concept that is based on the satisfaction of material, physical, affective and psychological needs. It includes physical and mental health, but also security - of food, of income, of identity (personal and collective) and environmental stability - and is predicated on the presence of a healthy and just society that affords people opportunities for growth and development (Albee, 1986).

This impact is outlined clearly by Psychologists for Social Responsibility (2010):

Poverty and inequality are responsible for adults often being too stressed to parent well; inadequate access to nourishing food, clean water, and sanitation; dilapidated housing, homelessness, and dangerous communities; schools unable to educate children to read, write, and think for themselves; conflict, crime, and violence; few work opportunities and low pay for jobs that do exist; daily struggles to manage personal, family, and financial chaos; and risks for premature birth and early death. All of these consequences contribute to the developmental damage that results from limited access to the basic

resources that nurture us. Ultimately, poverty and inequality engender hopelessness, helplessness, and misery, and they tear at the social fabric of families and communities (p.1).

Psychologists have long recognised the impact of inequality on the health and wellbeing of individuals and communities, where economic and social circumstances are widely recognised as the foundation of our health and wellbeing. Social and material disadvantage and exclusion have been demonstrated to drive unequal health outcomes, and poor health also compounds disadvantage, limiting participation in employment, education and the community (Psychologists for Social Responsibility, 2010).

Growth in inequality of incomes and wealth leads to greater stratification of the community, with adverse impacts on trust, self-image, and equality of opportunity for those who face disadvantage; this then has negative effects on people's health and on society more broadly (Douglas, Friel, Denniss & Morawetz, 2014).

The work of Wilkinson and Pickett (2012) in the UK highlights that aiming for equality at a social level is a goal that will benefit all, particularly those who are materially disadvantaged. Their research has found that greater income differences in a society are associated with lower standards of population health across the board (suggesting that health is poorer in societies where income differences are larger).

A note about the causes and solutions to inequality

While the main focus of this submission is on the *psychosocial* factors contributing to, and impacts of inequality, the APS acknowledges that the causes of income inequality, poverty, substandard employment and unemployment are likely to be linked to broader social, economic and political factors.

For example, Australia is one of the lowest taxing countries in the industrialised world, with welfare spending as a proportion of Gross Domestic Product (GDP) among the lowest in the Organisation for Economic Co-operation and Development (OECD) (Douglas et al, 2014).

Similarly, large tax cuts and tax exemptions introduced in recent decades along with globalisation, unequal access to rapid technological change, changes in compensation practices for top executives and the neoliberal economic policies that have prevailed since the 1980s have all likely contributed to the growing income inequality gap (Douglas et al, 2014).

So while addressing inadequate income support payments and increasing access to quality employment are important to addressing income inequality (as discussed below), sustained, evidence-based Government intervention is required at the broader economic and political levels to comprehensively tackle wealth inequality.

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

There is rapidly cumulating evidence that inequality is growing in Australia, and in other western democracies. Significant trends and challenges affecting disadvantage and inequality include:

- Rapid population growth, particularly in outer urban areas
- Lack of access to affordable housing and continuing homelessness
- Lack of access to affordable, convenient and accessible transport
- Growing unemployment and underemployment, and the increasing lack of flexibility of the labour market
- Growing numbers of people with multiple and complex needs
- Increasing social isolation and exclusion
- Issues facing migrants and refugees, including settlement and racism
- Pressures on the public health system, particularly for rural and remote communities
- The most severe impacts of climate change falling on the most vulnerable and disadvantaged communities (Friel, 2014).

In recent years, Australian studies such as *Advance Australia Fair? What to do about growing inequality in Australia* (Douglas et al, 2014); *Dropping off the Edge* (Vinson, 2007); and *Health Lies in Wealth* (Brown & Nepal, 2010) have mapped the distribution of disadvantage and poverty and found major inequalities in terms of income, social mobility, life expectancy, chronic conditions, obesity, tobacco consumption, alcohol misuse and self-assessed health status.

Over the last decade, the richest 10 per cent have enjoyed almost 50 per cent of the growth in incomes, and the richest 1 per cent have received 22 per cent of the gains, while the bottom 20 per cent have relied on government payments for three quarters of their income, with Australia's unemployment benefit (Newstart) being the lowest of all OECD countries (Douglas et al., 2014).

Similarly, in terms of wealth, the wealthiest 20 per cent of households in Australia account for 61 per cent of total household net worth, and have an average net worth of \$2.2 million per household, while the poorest 20 per cent of households account for just 1 per cent of total household net worth, and have an average net worth of just \$31,205 per household (Douglas et al., 2014, 14).

Alongside increasing income and wealth inequality, and closely related to it, are growing levels of poverty:

- Living in poverty in Australia means having a low or inadequate income to cover the essentials of living (e.g., food, clothes), and living in substandard conditions.
- Poverty has detrimental impacts on health and mental health.

- In 2010, it was estimated that 2.2 million people were living below the poverty line (\$358 per week for a single adult), with one child in six in Australia living in poverty (ACOSS, 2012).
- The unemployment benefit is now 20 per cent below the poverty line, with 37 per cent of people on income support payments living below the poverty line (Douglas et al, 2014)
- The current and future impacts of climate change are likely to exacerbate social and health inequities, depending on underlying economic, geographic, social and health status (Friel, 2014).

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

The consequences of inequality are detrimental for everyone in society, with recent research highlighting that the chronic stress of struggling with material disadvantage is significantly intensified by doing so in more unequal societies, of which Australia is one (Wilkinson & Pickett, 2012).

The Australian Institute for Health and Welfare (2014) reports that there is a 'direct link between income and education level and health whereby those on higher incomes are more able to afford better food and housing, better health care, and healthy activities and pursuits and are more likely to be better informed about healthy choices and behaviours' (AIHW, 2014, p25).

Furthermore, as outlined by Douglas et al (2014), there are many adverse outcomes of income inequality, including:

- increasing status barriers between people, which reduce empathy and a sense of community, while increasing social exclusion and isolation
- more unequal access to housing, education, nutritious food and health care
- low income groups are less able to afford to live in neighbourhoods that provide better conditions for mental and physical health and wellbeing
- access to secure, quality and flexible employment is disproportionately spread, with low income earners experiencing job insecurity, precarious employment arrangements, more part time or casual work and fewer conditions that provide essential protections (such as sick leave)
- access to quality, secure and affordable housing is unequal, with housing stress among low income earners growing.

Marmot (2007, 2010) has also shown that there is strong link between social status and health outcomes, and that this link is related to personal autonomy and social participation. Those with higher status and wealth have more autonomy and confidence to participate in society, whereas the stresses of coping with everyday realities of disadvantage for those on low incomes and/or unemployed impede the same sense of control and therefore fulfilment in life.

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 social gradient in health reflects material disadvantage and its effects on wellbeing, including insecurity, anxiety and lack of social integration. Living in poverty impacts on mental health, and those with pre-existing mental health issues are more likely to experience disadvantage, be on low incomes and live in poverty (Schoon et al, 2003).

Of particular concern is the gap in life expectancy and other health outcomes between Indigenous and non-Indigenous Australians. Aboriginal and Torres Strait Islander people experience alarming disparities in health, including a 10-17 year gap in life expectancy, as well as being twice as likely to report higher levels of psychological distress compared to non-Indigenous Australians (AIHW, 2009). The links between the social context (particularly the impact of colonisation) and poorer health outcomes for Aboriginal and Torres Strait Islander people are well established (Garvey, 2008).

Migrants, refugees and asylum seekers have also been found to have poorer health outcomes, with a recent report indicating that adults from non-English speaking backgrounds are at higher risk of experiencing poverty and disadvantage (ACOSS, 2012). Australian policies of deterrence, such as immigration detention and offshore processing, have been found to be particularly detrimental to the mental health and wellbeing of asylum seekers (APS, 2008), while the adverse public health and mental health consequences of racism and xenophobia, both for populations and for individuals, have been well established (Vichealth, 2012).

Gender inequity is both an explanatory factor in income inequality (women still earn less than men) and an outcome of inequality whereby greater inequality in income more generally leads to further gaps between men and women in wealth and income. These gaps are linked to inequality in unpaid work where women are still responsible for caring roles, and barriers to workplace equality and flexibility, particularly when a woman returns from maternity leave. Women are also more likely to be victims of family violence, which both contributes to and compounds their experience of inequality.

The APS is also concerned about the impact of growing inequality on those who are unemployed and underemployed. For instance, the minimum wage and unemployment benefits have failed to keep pace with the rise in average earnings, resulting in a divergence between low-income earners and the average employed Australian (Richardson & Denniss, 2014). This is particularly concerning given the most recent unemployment statistics which show that unemployment is now at a 12-year high of 6.4 per cent. Young

people are particularly hard-hit, with unemployment for 15-24-year-olds reaching 14.1 per cent and the jobless rate for 15-19-year-olds 20.4 per cent (ABS, 2014).

There is now widespread agreement that unemployment, as well as underemployment (or employment that does not have adequate conditions), is associated with individual distress and mental health problems including anxiety, depression, negative self-esteem, dissatisfaction with life, social dislocation, community dysfunction and population morbidity (Fryer, 2014). The experience of unemployment is inextricably tied to poverty and disadvantage and is complex to understand and address. It is important to distinguish between association and cause; while long term unemployment may be associated with poor health, it is likely that poverty and stigmatizing models of delivering unemployment benefits and services, along with the experience of not being employed, contribute to these poor outcomes. Furthermore, research shows the transition from unemployment to poor quality jobs is more detrimental to mental health than remaining unemployed (Butterworth et al, 2011).

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

There are numerous existing policies which we believe are positively addressing growing levels of income inequality. These include policies addressing health inequality, intervening in early childhood, and neighbourhood-level initiatives.

Addressing health inequality

An important part of addressing health inequity is improving access to health services and resources by disadvantaged groups and communities. Initiatives that have targeted improved access, particularly for mental health and wellbeing services, include Better Access (universal access to psychological services), and the Access to Allied Psychological Services (ATAPS) Program (which provides capacity to deliver services to hard to reach groups such as Indigenous Australians and those from low socioeconomic areas).

Already there is evidence that these initiatives are working to enable access to primary mental health care for a far greater number of Australians than ever before (Pirkis, Harris, Hall, & Ftanou, 2011), and have reduced reliance on prescription medication for high prevalence mental health problems such as depression and anxiety.

But improving access to health services is only part of addressing inequality. Addressing the factors which lead to health inequality in the first place is essential to achieving health equality and 'closing the health gap'. Mental health is about more than providing mental ill-health services.

Intervening in early childhood

Previous and current Australian Governments have adopted a strong focus on early childhood, recognising its significance for later mental health and wellbeing. Evidence-supported models for delivering interventions for children include Communities for Children (Yuksel & Turner, 2008) and KidsMatter (Slee et al, (2012). These demonstrably effective programs use a whole of community approach, build on the skills and strengths of local communities and the people within them, and rely on voluntary participation; they are not linked to income support payments or any other sanctions. Such approaches also require investment in education and quality childcare, as well as employment policies that enable workplace flexibility for optimal parenting to occur.

Neighborhood level intervention

Increasingly there is a focus on how disadvantage is experienced at a neighbourhood or community level. This shift in focus recognises the important role of place or community in creating, sustaining or disrupting disadvantage. There is mounting evidence that social and economic disadvantage is not evenly distributed, but concentrated in particular places (Byron, 2010). The futility of continually intervening at the individual or family level, particularly in disadvantaged communities, is highlighted by such research. For example, while assisting an individual recipient of an employment program to obtain employment may help that person/family's situation, it does nothing for the next unemployed person from the same community if opportunities for employment do not increase (Fryer, 1999).

One of the key concepts underpinning current social policy is the importance of local communities and/or place-based factors in determining the life chances of individuals, families and communities (Turner, 2008). Place-based interventions, such as neighbourhood or community renewal, are an attempt to ensure scarce resources are targeted to communities most in need.

Acknowledging the specific qualities of a neighbourhood recognises that overcoming disadvantage relies on a complex mix of interdependent influences such as family, school, neighbourhood and community contexts (Earls & Carlson, 2001). People who feel part of a vibrant, healthy community are themselves more likely to see that they can contribute something worthwhile to that community. This then is "the beginning of a cycle of positive support and enhanced community life where individuals and the wider social group reap the rewards" (Yuksel & Turner, 2008, p.8).

Part of addressing local area disadvantage is collaborating with and building strong locally controlled organisations and social support networks. Strong, community-based organisations play an important role in responding to entrenched disadvantage and also to emerging issues and needs, particularly in rural, multicultural and Indigenous communities. Building the capacity of local networks and community-led agencies takes a long-term approach to

disadvantage and increases the likelihood of sustainable employment outcomes.

It is important however that those local level responses are not seen as replacements for more structural level changes, and do not position communities to fill in gaps that are the role and responsibility of government.

Other recent initiatives which show promise based on the above principles to addressing health inequity in Australia include:

- The Closing the Gap initiative – in recognising and addressing the 10-17 year life expectancy gap between Indigenous and other Australians, and targeting resources and services to the most disadvantaged groups in Australia
- The National Disability Insurance Scheme – a significant reform aimed at providing social protection for one of society's most vulnerable groups who experience significant health inequity
- The development and implementation of the National Anti-Racism Strategy – to address the impact of racism and discrimination on the health and wellbeing of migrant, refugee and Indigenous communities
- The National Housing Affordability Agreement and policy of 'No Wrong Doors' - in recognition of the importance of affordable, secure and accessible housing to the health and wellbeing of all Australians, as well as an example of a policy that extends across government programs.

Impact of recent 2014-15 Budget

The Government's recent 2014-15 Budget and associated policies risk undermining these positive steps, and the APS is concerned that some of these measures threaten to widen rather than reducing the inequality gap.

The cuts to education funding will mean higher fees for students, with the reduction of government support to universities estimated to significantly raise the average student contribution (Hannan, 2014). Rural and regional students may be especially affected, given the additional costs of relocation to study, with a subsequent effect on the supply of psychologists and other health professionals in these areas.

We are concerned that the proposed welfare changes, along with the budget announcements that young adults will not be able to access unemployment benefits for 6 months, disproportionately impact on young people. There is a presumption that young people have someone to support them and that this is appropriate and expected developmentally. Yet young people who have left school and do not live at home have less family support and are particularly at risk. Cutting off access to income support for these young people who are already disadvantaged will clearly add to their burden.

Examination by headspace (Rickwood et al., 2014) of its own data collection has found vocational support the most difficult to include in its youth mental

health service model because of a variety of barriers: lack of services, barriers to accessing services that really work against young people, and working in an early intervention manner - that is, having to have a recognised disability before being able to access employment support services. The report identifies a very high level of unmet need for vocational assistance for young people with mental health problems.

Furthermore, the transition of young people on the Disability Support Pension to Newstart or Youth Allowance has been estimated to result in a loss of at least \$166 per week. Young Australians with a disability are already marginalised in our community, and are likely to face increased hardship while confronting rising costs in health care and medication, discrimination in gaining employment, and psychological issues often connected to their life situations (Hannan, 2014).

The APS believes that the income support system should be based on need, not on age.

Building the strengths and capacity of young people who may be at risk of unemployment involves a range of responses such as promoting mental health and addressing housing security, as well as appropriate education and training. Implementing income management for young people, as proposed recently by the Government's Reference Group on Welfare Reform, including single parents, as a way of 'intervening early' significantly risks entrenching poverty, disadvantage and stigma among an already vulnerable group, rather than supporting them financially and otherwise to become genuinely ready to participate both in employment and in society more generally. We are once again concerned that having government 'manage' young people's only income will lead to individuals feeling they are responsible for their own unemployment and significantly impede their future engagement. It also means that young people do not learn the skill of managing their own income, entrenching their juvenile dependence, rather than facilitating learning of important adult skills.

The recently introduced cuts to single parents' social security payments target some of the most marginalised and impoverished members of Australian society. This change disproportionately affects women, who make up the majority of single parent benefit recipients, with many living in poverty and facing deeper financial hardship as a result of this policy change.

The health and wellbeing of older Australians will likely also be impacted by Budget measures. Linking the age pension to the CPI rather than to changes in wages is estimated to result in a loss of around \$80 a week in a decade's time. The introduction of a co-payment for seeing a general practitioner has been predicted by the Australian Medical Association and others to discourage appropriate and timely consultation. The financial impact of the Budget is likely to add to the concerns and fears already experienced by many older Australians.

As discussed above, we are aware of the gap in life expectancy and other health outcomes between Indigenous and non-Indigenous Australians, and are therefore deeply concerned at the \$165 million cut from the Indigenous health budget. It is not known which programs will be cut, but the effect will be a reduction in the services available to some of our most vulnerable Australians.

In addition to the disadvantage experienced by each of these groups in our community, we must take note of the concern expressed by the Australian Council of Social Service, that the increased burden placed upon the more disadvantaged will lead to a more entrenched division between those with decent incomes, housing and health care and those without these basic requirements.

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

The APS recommends that fundamental guiding principles for the provision of welfare should begin with clearly articulating the responsibility of government to provide an adequate safety net for those most vulnerable - to decrease the level of income inequality and poverty, and to increase the wellbeing of all people.

Key to this principle is the human right of income support or financial security – as stated in Article 25 of the Universal Declaration of Human Rights *"...Everyone has the right to a standard of living adequate for the health and wellbeing of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."*

Another principle should be to support important life transitions for people, rather than cutting off or reducing support, in recognition that these times are already difficult for most people. These transitional situations may include the initial period of finding employment, for example when a parent's youngest child reaches 8 years of age, when a person with a disability is moving closer to finding employment, or when someone has ceased caring for a family member with a chronic illness.

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

The APS endorses the recommendations of the report by Douglas et al. (2014) regarding measures that could be implemented by Government to address inequality:

- Inclusive job creation policies (as discussed above)

- Long term investment in human capital through improving early childhood development and education and training
- Education and health funding need to be distributed more fairly, particularly to disadvantaged children.
- Reducing tax breaks for superannuation, capital gains and negative gearing of residential property (all of which disproportionately favour the wealthy).
- Reforming transfer payments through pension, benefits and expenditure reforms, trade policy, and taking steps to avoid 'political capture' by powerful interest groups or companies (p.8).

Key to addressing income inequality should be recognition that income support payments for unemployed people, students and many sole parents are inadequate and any changes should bring these in line with pensions (rather than reduce pensions). It is widely acknowledged for example, that the rate of Newstart does not allow a person to live at an acceptable standard in the long term, and is linked to poverty and disadvantage. The underlying principle here is a system based on financial need, not deservingness (ACOSS, 2014).

Alternatively, policies of mutual obligation and income management have the effect of individualizing what is a broader social and economic issue (unemployment), and shift responsibility from government and community to those most vulnerable. Proposals to expand these mutual obligation and income management approaches and related programs are not evidence-based, and risk undermining the autonomy and decision-making ability of individuals, which, as well as being a fundamental human right, is essential to psychological health and wellbeing (Borland & Tseng, 2011).

The WHO social determinants framework offers a unique opportunity for the development of a whole of government approach to income inequality, health and wellbeing. This involves recognising the importance of individual health behaviours as risk factors for chronic disease, and improving service access for those who are disadvantaged but importantly, also addressing the wider socioeconomic factors that drive behaviours, and thus also disease outcomes, in populations (Baum & Fisher, 2011).

Finally, the way people talk about inequalities, or the public discourse, greatly influences subsequent beliefs and consequent action or inaction. Opening up a national conversation is another practical measure that could be employed to address inequality. Douglas et al (2014) believe this would go some way to restoring "egalitarianism and equality of opportunity to Australian values" (p.28), put inequality on the agenda, and make change politically palatable. Starting local conversations about health inequalities with the public can also serve to raise awareness of all parties involved about the different perspectives and beliefs about the causes of inequalities, and the associated solutions. After all, "if a community is going to successfully participate in action to tackle health inequalities, then we need to understand the subjective perceptions of the lay community about these issues" (Public Health England, 2014, p.4).

Conclusion

Poverty harms the poor most—but it is everyone’s problem (e.g., through the taxes we pay, the demands on public healthcare systems, etc.) and requires that all of us attend to its solutions (Psychologists for Social Responsibility, 2010). Furthermore, the development of society, rich or poor, can be judged by the quality of its population's health and wellbeing, how fairly health is distributed across the social spectrum, and the degree of protection provided from disadvantage due to ill-health (Marmot, 2007).

The Social Determinants of Health approach offers a unique, overarching framework to address growing inequality now and into the future, and its implications for community mental health are only beginning to be understood (May, Carey, & Curry, 2013). Moreover, the role of health professionals themselves in addressing these social determinants in their work has yet to be fully articulated (Allen, Allen, Hogarth & Marmot, 2013).

Growing income inequality and its associated impacts is one of the most significant issues facing Australia. Asking ourselves what sort of society we want to be is an important question for everyone, but particularly for governments and decision makers. While individual, family and community level interventions are important in understanding and addressing disadvantage, political, legal, economic and social solutions are essential in combating future and further disadvantage and inequality.

About the APS

The Australian Psychological Society (APS) is the national professional organisation for psychologists, with over 21,000 members across Australia. Psychologists are experts in human behaviour and bring experience in understanding crucial components necessary to support people to optimise their wellbeing and their function in the community.

A key goal of the APS is to actively contribute psychological knowledge for the promotion and enhancement of community wellbeing. A range of Interest Groups within the APS reflect the Society’s commitment to investigating the concerns of, and promoting equity for, particular groups such as Indigenous Australians, people with intellectual disabilities, minority cultures, older people, children, adolescents and families. Public Interest is the section of the APS dedicated to the communication and application of psychological knowledge to enhance community wellbeing and promote equitable and just treatment of all segments of society.

Acknowledgements

This APS submission was prepared with expert input from Dr David Morawetz, MAPS.

References

- Albee, G.W. (1986). Toward a just society: Lessons from observations on the primary prevention of psychopathology. *The American Psychologist*, 41: 891-897.
- Allen, M., Allen J., Hogarth, S. & Marmot, M. (2013). *Working for health equity: The role of health professionals*, UCL Institute for Health Equity. <http://www.instituteofhealthequity.org>
- Australian Bureau of Statistics (2014). 6202.0 - Labour Force, Australia, Jul 2014. <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>
- Australian Council of Social Services. (2012). Poverty in Australia: The first in a series of 'Poverty and Inequality in Australia'. NSW: Author.
- Australian Council of Social Services. (2014). *Payment reform must reduce poverty, complexity, and exclusion from employment*. <http://www.acoss.org.au>
- Australian Institute of Health and Welfare. (2014). *Australia's health 2014*. Canberra: Australian Institute of Health and Welfare.
- Australian Institute of Health and Welfare. (2009). Measuring the social and emotional wellbeing of Aboriginal and Torres Strait Islander peoples. Cat. no. IHW 24. Canberra: AIHW.
- Australian Psychological Society. (2008). Psychological Wellbeing of Refugees Resettling in Australia: A Literature Review. Melbourne: Author. See also: <http://www.psychology.org.au/publications/statements/refugee/>
- Borland, J., Tseng, Y-P. (2011). Does 'Work for the Dole'work?: an Australian perspective on work experience programmes. *Applied Economics*, 43: 4353-4368.
- Brown, L. & Nepal, B. (2010). Health Lies in Wealth: Health Inequalities in Australians of Working Age. Canberra: NATSEM, University of Canberra.
- Butterworth, P., Leach, L.S., Strazdins, L. Olesen, S. C., Rodgers, B. & Broom, D. H. (2011). The psychosocial quality of work determines whether employment has benefits for mental health: Results from a longitudinal national household panel survey. *Occupational and Environmental Medicine*. doi:10.1136/oem.2010.059030.
- Byron, I. (2010). Placed-based approaches to addressing disadvantage: Linking science and policy. *Family Matters No. 84*, 20-27.

- Community Affairs References Committee. (2013). Australia's domestic response to the World Health Organization's (WHO) Commission on Social Determinants of Health report "Closing the gap within a generation". Canberra: Commonwealth of Australia.
- Douglas, B., Friel, S., Denniss, R. & Morawetz, D. (2014). *Advance Australia Fair? What to do about growing inequality in Australia: Report following a roundtable held at Parliament House Canberra in January 2014*. Weston, ACT: Australia21.
- Earls, F. & Carlson, M. (2001). The Social Ecology of Child Health and Well-Being. *Annual Review of Public Health, 22*, 143-166.
- Friel, S. (2014). Climate change will widen the social and health gap. <http://theconversation.com/climate-change-will-widen-the-social-and-health-gap-30105>
- Fryer, D. (1999). For better and for worse: Interventions and mental health consequences of unemployment. *International Archives of Occupational and Environmental Health, 72*(Suppl.), 34–37.
- Garvey, D. (2008). A review of the social and emotional wellbeing of Indigenous Australian peoples-considerations, challenges and opportunities: http://healthinfonet.ecu.edu.au/sewb_review
- Hannan, T. (2014). The impact of inequality on health and wellbeing. *Inpsych, Volume 36*(3), 5.
- Marmot, M. (2007). Achieving health equity: from root causes to fair outcomes. *The Lancet, 370* (9593), 1153 – 1163.
- Marmot, M. et al. (2010). *Fair society, healthy lives: Strategic Review of Health Inequalities in England Post-2010*. London: UK Department of Health <http://www.instituteofhealthequity.org>
- May, J., Carey, T.A., & Curry, R. (2013). Social determinants of health: Whose responsibility? *Australian Journal of Rural Health, 21*, 139-140.
- National Center for Social and Economic Modelling, (2010). *Health Lies in Wealth*. Canberra: University of Canberra.
- National Center for Social and Economic Modelling, (2012). *The cost of inaction on the social determinants of health*. Canberra: University of Canberra.
- Psychologists for Social Responsibility (2010). *A Commitment to Address Poverty and Inequality*. http://www.psyr.org/materials/PsySR_Statement_on_Poverty_and_Inequality.pdf

- Public Health England. (2014). Health inequalities: starting the conversation – a toolkit to support local conversations aimed at understanding and reducing health inequalities. London: PHE. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/322401/Designed_Toolkit_PHE_Health_Inequalities_ISSUE_D.pdf.
- Richardson, D. & Denniss, R. (2014). *Income and wealth inequality in Australia*. Policy Brief No. 64. Canberra: The Australia Institute.
- Rickwood, D.J., Telford, N. R., Parker, A.G, Tanti, C. & McGorry, P. (2014) *headspace* – Australia’s innovation in youth mental health: who are the clients and why are they presenting? *Medical Journal of Australia*, 200: 108-111.
- Schoon, I., Sacker, A. & Bartley, M. (2003). Socio-economic adversity and psychosocial adjustment: a developmental-contextual perspective. *Social Science & Medicine*, 57 (6): 1001-1015.
- Slee, P. T., Murray-Harvey, R., Dix, K. L., Skrzypiec, G., Askeell-Williams, H., Lawson, M., & Krieg, S. (2012). *KidsMatter Early Childhood Evaluation Report*. Adelaide: Shannon Research Press.
- Turner, C. (2008). Editorial: Introduction to the special issue on place based research and intervention. *The Australian Community Psychologist*, 20(1): 5-7.
- VicHealth (2012). Mental health impacts of racial discrimination in Victorian culturally and linguistically diverse communities. Experiences of Racism survey: a summary, Victorian Health Promotion Foundation, Carlton.
- Vinson, T. (2007). *Dropping Off the Edge: The Distribution of Disadvantage in Australia*. Richmond, Vic: Jesuit Social Services; Curtin, ACT: Catholic Social Services Australia.
- Wilkinson, R. & Pickett, K. (2012). *The Spirit Level: Why Equality is Better for Everyone*. (2nd ed.). London: Penguin.
- World Health Organization, Commission on Social Determinants of Health, (2008). *Closing the gap in a generation: Health equity through action on the social determinants of health*. Geneva: World Health Organization.
- Yuksel, C., & Turner, C. (2008). Building community connectedness in Broadmeadows. *The Australian Community Psychologist*, 20(1), 8-22. [http://www.groups.psychology.org.au/Assets/Files/20\(1\)-08-Yuksel-Turner.pdf](http://www.groups.psychology.org.au/Assets/Files/20(1)-08-Yuksel-Turner.pdf).