

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

20 August 2014

Dear Secretariat

Re: Senate Inquiry into Income Inequality

The Sydney Food Fairness Alliance welcomes the Senate Standing Committee on Community Affairs Inquiry into Income Inequality, and the opportunity it provides to examine this important issue.

The Sydney Food Fairness Alliance (SFFA) is a network of health and community workers, rights groups, primary producers, faith-based groups and advocates working to achieve food security for all within a socially, economically and environmentally sustainable food system. We believe that food insecurity provides a powerful lens through which to consider the impact of growing income inequality, and its relationship to growing inequality in health status, in educational and employment opportunity and in social participation, inclusion and contribution.

We believe that the recent Budget proposals to extract savings by diminishing the incomes of many of the poorest and most disadvantaged groups in Australia, are both unfair and unconscionable, and, moreover are likely to cause immense health and social problems resulting in costs to both individuals and the economy, undermining the very premise of the proposed action. In other words, it will end up costing the government substantially more in terms of losses to society and poor health outcomes.

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

- There is abundant evidence that income inequality is increasing in Australia. Not only have income supports such as Newstart Allowance not grown in real terms for many years, there have been **steep increases in many of the essentials of life such as housing and rental costs, energy and utility prices, transport and food costs**. This magnifies the inequality of income as the poorest households have little to no disposable income after covering these basic costs.
- **Between 1 and 2 Million people in Australia ‘run out of food and have no money to buy more’ in Australia each year.** Many surveys have shown that price is a key factor, along with transport and lack of healthy food outlets.
- **Healthier diets** are substantially less affordable for those who are on low incomes or unemployed and on welfare. Recent data from Australia indicates that **low income families would have to spend between 30%-45% of their household income to purchase healthy foods** (a Healthy Food Basket) whereas **high income households only need to spend 9-10%** (Landrigan & Pollard 2010; Barosh et al 2014; Ward et al 2013)
- Over the past decade the **price of healthy foods has increased more than unhealthy foods** (Lee et al 2011)
- An unhealthy diet is linked to overall poor health, including obesity, cardiovascular disease, and diabetes – all substantial burdens on the health care budget, and impacting on reduced

work capacity.

- **Food is often the first item to be sacrificed when money is scarce** – with households reducing or substituting meals in order to free up cash to pay utility bills, medical costs or meet other financial obligations.
- In the last two years, **emergency food relief providers** have reported a sharp increase in the number of people seeking assistance.

(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 ‘multiplying’ effect of income inequality results in **restrictions in access to many current services**, and opportunities to build a future that most Australians take for granted.
- Children and adolescents who are Food Insecure from a lack of income are more likely to:
 - miss days from school or activities
 - have borderline or atypical emotional symptoms
 - have behavioural difficulties

Developmental consequences of FI during childhood may result in serious adverse health and social implications (Russell et al 2011; Cook et al 2013).

- Food Insecurity (due to a lack of income) leads to stress. If this occurs during particular life-stages – *critical developmental periods* – such as *in utero*, infancy, peripubertal or during pregnancy, the body copes by laying down visceral fat, becoming insulin resistant, and resulting in obesity and chronic disease (Perez-Escamilla & De Toldeo Vianna 2012; Cook et al 2013; Laraia 2013).
- Adults who suffer from food insecurity report feeling lethargic and lacking in concentration, and are **not well placed to seek training or employment**. Food insecure adults report that the **stress** of worrying about feeding the family, and the irritability and anger caused by hunger, have an impact on family relations and are even worse to deal with than physical hunger. **Stress and anguish** from not having enough nutritious food to eat **leads to chronic disease and ill-health** through complex metabolic pathways further exacerbating the unlikelihood of employment.
- Food insecurity can cause **social isolation**, as people feel ashamed of not being able to provide for their families, and since so much social activity takes place in the context of sharing food. Adults who are isolated are less likely to engage in community activities, less likely to find out about opportunities for training, less likely to find pathways to employment.
- People who are **disadvantaged suffer poorer health**, as do those who are unemployed. This places more strain on public health services, at a **cost to the Australian economy** – which in turn reduces the money available to support people – resulting in a **downward spiral into increasingly poor population health**.
- The hidden cost of ‘saving’ money by reducing support for those who need it most is starting to be addressed by people across the political and business spectrum. In a recent speech Christine Lagarde, managing director of the International Monetary Fund, pointed out that *“opportunities are not equal...evidence also shows that social mobility is more stunted in less equal societies”*. She added that *“the principles of solidarity and reciprocity that bind societies together are more likely to erode in excessively unequal societies”*. She reported IMF research in 173 countries over 50 years which found that the **more unequal countries have lower and less durable economic growth**.

(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:

- Groups which are very disadvantaged can frequently fly under the radar, through social isolation and marginalisation.
- Food insecurity (FI) is substantially higher among all of the listed population groups in Australia. For example, data from the National Nutrition Survey showed that, compared to an average prevalence of 5.2% among the overall adult population, prevalence of FI was 12.8% among low income earners; 16.5% for 16-24 year olds on low income; and 15.8% among rental households.

Additional Australian data indicates a very high prevalence of Food Insecurity:

- Approx. **20-23% of Aboriginal & Torres Strait Islander** people are FI (Shannon 2002; Marwick et al 2014)
- **21% of households in 3 low socio-economic (SES)** areas of Sydney (Nolan et al 2006)
- **19.7% of single parent families** in VIC (compared to 3.5% among couple parent families; VicHealth 2006)
- **24-25% in low SES** urban Brisbane (Gallegos et al 2008)
- **71% among recently landed refugees** in low SES urban Brisbane (Gallegos et al 2008)
- **>80% among some refugee communities** – worst affected were newly emerging communities with few established support systems and limited community resources (Fairfield LGA)
- **Students are vulnerable to FI in Australia** – 3 recent studies report rates of FI among students at Deakin, Brisbane and across Australia as between **12.7% and 46.5%** depending on study and method of analysis. **Rates are highest among those not living a home, those renting and those on government assistance** (Micevski et al 2013; Gallegos et al 2013; Hughes et al 2011)
- **Levels of FI increase as income decreases** among older Australians (Temple 2008). 94% of those aged 55+ years with severe FI report suffering from at least one long-term health condition.
- In the **Blue Mountains Eye Study** adults aged **49+** were **more likely to be FI** if they are **older people in poor health, living alone, not owning their own home, gender and age**. Prevalence of FI was **13%** using a tool indicating **high levels of anxiety around acquiring food and achieving a nutritious diet**, as well as **not being able to afford healthy food and going without food** (Russell et al 2014)
- **Food insufficiency** is particularly problematic in people with diabetes – **food insecure adults with type 2 diabetes** are twice as likely to report poor health status and also more likely to visit the GP. They are also **more likely to suffer from hypoglycemic episodes**, which lead to the increased need for health care services.
- The research which shows that inequality is a health risk in itself: societies such as Scandinavia with more equal incomes have a longer life expectancy than those where there is a marked difference in incomes.
- All of the groups listed are vulnerable in the current policy environment. Some are even more unequal than others.

(d) The likely impact of Government policies on current and future rates of inequality particularly the changes proposed in the 2014-15 Budget:

- Modelling by ACOSS and others has made clear how drastically the incomes of some of the poorest members of the community will drop under proposed changes in the 2014-15 Budget. This is against a backdrop of already unacceptable disparities in income, opportunity and choices.
- Many Australians take pride in our 'egalitarian' country but would be shocked to learn that the

most disadvantaged men between the ages of 15 and 64 years die prematurely at approximately twice the rate of those in the highest socioeconomic group.

- This gap will be exacerbated by many of the budget measures, which will lead to poorer health access and worse social equity.
- The apparent disregard for the importance of preventative health signaled by the GP co-payment and abolition of the National Preventative Health Agency is a backward step; support for disadvantaged groups and ameliorating environments to prevent chronic disease are important tools to reduce inequality in the community.
- Measures in the budget that impact on the social determinants of health; including employment, income, access to health services, education, welfare, housing and transport; will fall disproportionately on those of low socioeconomic status. For example, the Medicare co-payment, cuts to public transport, fuel cost increases impacting on low income families in the outer suburbs of Sydney with long commutes to work; deregulation of university fees and the proposed paid parental leave scheme will all increase the gap between low and high income groups.
- Proposed cuts to Aboriginal programs will risk reversing some of the recent gains in Aboriginal health and social outcomes and lead to a widening, rather than 'closing' of the gap.
- Deregulation of university fees will reduce opportunities for the less well off to go to university, thus reducing equity of opportunity.

(e) The principles that should underpin the provision of social security payments in Australia

- Income support should be indexed to average wages, and not to the CPI.
- Income support should be sufficient to cover basic essentials of life, including affordability and access to a healthy diet.
- Payments should be targeted to those who need them most, and there should be tighter eligibility rules for those who are better off.
- Young people must be assisted to enter training and employment, and not punished for being unemployed.
- Social security payments should aim to distribute income more equitably, which will contribute to better outcomes in mental health, crime and child welfare, which can result from food insecurity.

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

- Reform of the tax system would assist with funding more generous payments to those in need
- The Newstart Allowance should be raised by \$50 per week as recommended by The Henry tax review, a rise that has been supported by many welfare organisations such as ACOSS.
- SFFA supports the ACOSS call for single income support payment according to meet basic essential living costs – with supplements for additional requirements

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