

Poverty and its Causes

Introduction

This report updates ACOSS' Poverty Report, last published in October 2010. While the total measurement of poverty in Australia has not been brought up to date since 2006, many other statistics quoted in the October 2010 Poverty Report have here been updated. More information has been included regarding poverty of Aboriginal and Torres Strait Islanders, and the information about working poverty has been expanded.

What is poverty?

Poverty is a relative concept used to describe the people in a society that cannot afford the essentials that others take for granted. While many Australians juggle payments of bills, people living in poverty have to make difficult choices, such as skipping a meal to pay for a child's textbooks. People living in poverty not only have low levels of income; they also miss out on opportunities and resources that most take for granted, such as adequate health and dental care, housing, education, employment opportunities, food and recreation.

How is poverty measured?

Poverty is often measured using 'poverty lines'. Poverty lines measure 'income poverty'; the number of people living beneath an unacceptably low income level. The Henderson poverty line, established during the Henderson inquiry poverty in the 1970s, is still often quoted as the poverty line in Australia. However, other measures have been used, including, more recently, the Organisation for Economic Co-operation and Development (OECD) poverty line, set at 50% of the median disposable income for all Australian households; and the poverty line used by the European Union and the UK, set at less than 60% of median income.

Another method of measuring poverty is to look at what essential items people are missing out on, through a lack of sufficient income; or through having to spend a disproportionate amount of their income on certain costs above others. For example, housing and utilities instead of food. This is known as 'deprivation'.

Who lives in poverty?

Past research commissioned by ACOSS and conducted by the Social Policy Research Centre at the University of NSW in 2007 estimated that the number of Australians living in poverty has increased. Approximately 2.2 million people, or 11% of Australians lived in poverty in 2006 – the latest date for which statistics are available - compared with 10% in 2004 and 8% in 1994. These figures were determined using the OECD's measure of 50% of median income poverty line, a stringent one by international standards. Using the measure of poverty that is currently used by the European Union and the UK (less than 60% of median income), the number of Australians living in poverty would nearly double to 3.8 million, or 19% of the 2006 population. These poverty lines are shown in Table 3. By way of illustration, 50% of median income poverty for a single adult in 2006 was \$281 and 60% of median income poverty was \$337.

The Household, Income and Labour Dynamics in Australia (HILDA) Survey is a nationally representative panel study of Australian households that seeks to provide longitudinal data on the lives of Australian residents. It has been running since 2001, and data is available between 2001 and 2008. Based on this survey, 35% of the Australian population has been in poverty (50% of median income poverty line) at some stage during the period 2001-2008. Of these, 46% were in poverty for one year only, and a further 20% were in poverty for two of the eight years.¹

Child poverty is of particular concern. According to the Social Policy Research Centre, 12 per cent of Australian children - over 500,000 – in 2006 lived in households with equivalent income less than 50 per cent of the median.² UNICEF points out that countries which spend more on social security payments have lower child poverty rates.³ Yet Australia spends much less (4.3% in 2007) than the OECD average (6.4% in 2007) on income support as a proportion of GDP.⁴

Other groups of people in Australian society are also at high risk of income poverty. As can be seen in Table 1, the groups most experiencing income poverty are single people over the age of 65, 47% of whom were living under the poverty line in 2006; and unemployed people, 45% of whom were living under the poverty line in 2006 (using the 50% of median income poverty line). It is likely that poverty among age pensioners has declined since 2009, when the single rate of pension was increased by \$32 a week. However, payments for unemployed and sole parents were not increased at this time (see below).

¹ Melbourne Institute of Applied Economic and Social Research, University of Melbourne 2011: Families, Income and Jobs, Volume 6. A statistical Report on Waves 1 to 8 of the Household, Income and Labour Dynamics in Australia Survey. Melbourne.

² ACOSS 2008: Poverty in Australia, update on those affected at www.acoss.org.au

³ UNICEF Innocenti Research Centre 2007: Child poverty in perspective: An overview of child well-being in rich countries. Report Card 7. Available: http://www.unicef-irc.org/publications/pdf/rc7_eng.pdf

⁴ OECD 2011: OECD.StatExtracts stats.oecd.org

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Table 1: Estimated percentage of each group living below poverty lines (2006)

Family type	50% of median income poverty line	60% of median income poverty line
Single person adult	25%	30%
Couple, no children	7%	11%
Single person, 64+	47%	66%
Couple, 64+	18%	44%
Couple with children	7%	12%
Lone parent families	16%	33%
Unemployed people	45%	65%
All	11%	19%

SOURCE: ACOSS 2008, Poverty in Australia, update on those affected. Available: www.acoss.org.au. For more detailed information see Saunders, Peter; Hill, Trish; and Bradbury, Bruce (2008): Poverty in Australia, Sensitivity Analysis and Recent Trends. SPRC Report 4/08, Social Policy Research Centre.

Most households living below poverty lines are jobless. In 2006:

- 74% of those below the 50% of median income poverty line were from jobless households and 40% of people in jobless households lived below this poverty line;
- 69% of those below the 60% of median income poverty line were from jobless households and 66% of people in jobless households lived below this poverty line.

Australia has an above average proportion of people of workforce age living in jobless households⁵.

Indigenous Australians

Indigenous Australians are especially vulnerable to poverty. Comparisons show that:

- Australia has a wider gap in life expectancy – 11.5 years for males and 9.7 years for females - between Indigenous and non-Indigenous population compared with New Zealand or Canada.
- This gap in life expectancy is larger than the national average in the Northern Territory – 14.2 years for males and 11.9 years for females - and Western Australia – 14.0 years for males and 12.5 years for females.
- The median income of Indigenous households in 2006 was 65% of non-indigenous households⁶.
- In 2008, 47% of Indigenous people over the age of 14 lived in a household where they would not be able to raise \$2,000 within a week in an emergency, compared with 13% of non-Indigenous households in 2006 (over the age of 18 only).⁷

⁵ OECD Factbook 2010: Economic, Environmental and Social OECD 2010

⁶ ABS 2008: Deaths, Australia, 2008. Cat no 3302.0. Available:

<http://www.abs.gov.au/ausstats/abs@.nsf/Products/EE25F26DFB274FCCCA2576780025B39B?opendocument>

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- In 2008, 64% of Indigenous people in remote areas lived in households unable to raise \$2,000 within a week in an emergency, compared with 40% of people living in major cities or 43% of people in regional areas.
- 28% of Indigenous people surveyed by the ABS in 2008 lived in households where members had run out of money for basic living expenses in the 12 months before the interview.
- The unemployment rate for Indigenous people in 2008 was 16.6%, while in the general population it was 5.0%.⁸
- The Indigenous employment participation rate is different in certain states and territories. In 2008, the highest rate was in the Australian Capital Territory (78%) and the lowest rates were in New South Wales and the Northern Territory (57% and 59% respectively).
- Indigenous people are over-represented clients of homelessness services; in 2009-10, Indigenous people represented 18% of homelessness clients.⁹

Working Poor

An increasing number of Australian households live in income poverty while at least one member of that household is in paid employment. This is known as 'working poor'. There were approximately 389,600 Australians living in these conditions in 2005-06, an increase of 9.4% since 2003. 59% of working poor households are couples with children. While some of these households had a member working full-time, most have only part-time employment.

ABS figures show that the proportion in the total workforce of part-time employees is now 37%; and the proportion of casual employees is 21%. 18% of these are casual part-time employees and 3% casual full-time employees.¹⁰ The Workplace Research Centre at the University of Sydney estimates that up to 40% of the entire workforce works either on a casual or a contract basis, or in some other insecure form of employment.

The minimum wage, along with Family Tax Benefits, plays a vital role in protecting low-paid workers from poverty. In October 2011, this was just \$589.30 a week for a full time worker.¹¹ Low-paid workers tend to come from certain service industries. In 2006, workers who were low-paid included: 57% of workers in the hospitality industry; 56% of retail workers; 45% of workers in cultural and recreational services; and 35% of workers in health and community services.¹²

⁷ ABS 2008: National Aboriginal and Torres Strait Islander Social Survey, 2008. Available: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4714.0Main%20Features112008?opendocument&tabname=Summary&prodno=4714.0&issue=2008&num=&view=>

⁸ *Ibid*

⁹ Shelter NSW 2011: Housing Australia Factsheet: A quick guide to housing facts and figures. National Shelter.

¹⁰ Australian Bureau of Statistics 2010: Employee Earnings and Hours, cat no 6306.0. Available: [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/B3494FC716887B12CA257823001546DC/\\$File/63060_may%202010.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/B3494FC716887B12CA257823001546DC/$File/63060_may%202010.pdf)

¹¹ Fair Work Australia website: <http://www.fwa.gov.au>

¹² Buchanan, John 2006: Low-paid Employment: A Brief Statistical Profile. Workplace Research Centre, University of Sydney.

Deprivation

Poverty means more than simply a lack of sufficient income. Other measures reveal different groups of people living in poverty. One of these measures is deprivation, where people are asked whether they can afford items which most people regard as essentials of life. In 2006 the Social Policy Research Centre (SPRC) described as ‘multiple deprivation’ the lack of at least three out of 20 essential items. The SPRC surveyed people on what they regarded as essential items, asked them whether they had these items, and, if not, whether it was because they could not afford them. Twenty items were regarded as essential by over 50% of survey respondents, including:

- a decent and secure home;
- a substantial meal at least once a day;
- up to \$500 in emergency savings;
- dental treatment; and
- heating in at least one room of the house.

Using this measure, 19% of the survey group were considered to be experiencing multiple deprivation.

Table 2: Estimated percentage of each group living with multiple deprivation (2006)

Family Type	% Deprived
Single person adult	29%
Couple, no children	11%
Single person, 64+	19%
Couple, 64+	8%
Couple with children	18%
Lone parent families	49%
Unemployed people	54%
All	19%

SOURCE: Davidson, Peter (2008): Who is missing out? Hardship among low income Australians. ACOSS Info paper. Data drawn from Peter Saunders, Yuvisthi Naidoo and Megan Griffiths (2007) Towards New Indicators of Disadvantage: Deprivation and Social Exclusion in Australia.

Multiple disadvantage and income poverty affect different population groups in markedly different ways. For instance, while the rate of income poverty among single people over 64 is approximately 47%, multiple deprivation among single people over 64 is only 19%. One of the main reasons for this difference between income poverty and multiple deprivation is housing costs. For example, 86% of couples over the age of 64 own their house outright, as do 69% of single people over 64, so they do not have to spend a large portion of their income on housing costs. The rate of multiple deprivation for those over the age of 64 was 19% for singles and 8% for couples. This increased to 39% for those in rented housing. Other

reasons for different rates of income poverty and multiple deprivation include asset holdings, such as superannuation, and support from other family members.

The biggest difference between the rates of income poverty and of multiple deprivation are for lone parent families. Under the 50% median income poverty line, 16.4% of lone parent families in 2006 were living in income poverty. However, in the same period, 49% of lone parent families experienced multiple deprivation. This, once again, is partly due to the high costs of housing, as the majority of sole parent families rent their accommodation. Unemployed households have high rates of both poverty and deprivation.

Underemployment

Recent figures show that, between August 2008 and August 2011, the number of Australians working full-time increased by 2.7%, from 7.827 million to 8.041 million. However, during the same period, the number of part-time jobs increased from 3.083 million to 3.399 million, an increase of 9.3%, as employers cut working hours or replaced full-time employees with part-time employees.¹³

The official unemployment rate rose from 4.3% in August 2008 to 5.8% in September 2009, and then decreased to 5.1% by August 2011. The main reason for this was the modest impact of the GFC in Australia, which owed much to the Government's well timed stimulus measures. However another reason for the modest rise in the unemployment rate was that, for the purpose of data collection, people were considered employed if they work just one hour per week.

The official unemployment rate neglects two groups: the unemployed and underemployed people, hidden unemployed people who would be in the labour force if there was full employment. These people have become discouraged in their search for work and have dropped out of the labour market, or would be looking for work if they considered their chances of gaining employment were realistic. Underemployed people are those who are counted as employed, but would prefer to work more hours. In August 2011, there were 620,300 people who wanted to work but were not employed. At the same time, there were 843,500 workers – 7.0% of the workforce – who were underemployed.¹⁴

Financial Stress

The recently released ABS Household Expenditure Survey 2009-10 provided an analysis of financial stress experienced by households within the last year, divided into households dependent upon government pensions and allowances and those which are not. The survey found that 48.3% of households dependent upon government pensions and allowances as their main source of income had experienced three or more indicators of financial stress within the past 12 months. This compared with 10.5% of households who were not receiving government pensions and allowances; and 23.9% of total households.

¹³ Australian Bureau of Statistics 2011: Labour Force, Australia, Aug 2011, cat no: 6202.0. Available: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6202.0Aug%202011?OpenDocument>

¹⁴ *Ibid*

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Reproduced below is the table from the Household Expenditure Survey which outlines the financial stress indicators. These findings reinforce the message from other deprivation research and community agencies that unemployed and sole parent households on income support are hugely disadvantaged. For example, 79% and 77% respectively had three or more financial stress indicators, compared with 48% of all social security recipients – that is, 50% more likely to have three or more than three financial stress indicators.

Table 3: Financial Stress Indicators, main source of income social security, 2009-10

	Payment type					Total
	Age pensions	Disability & carer	Unemployment & study	Family support	Other	
Number of indicators of financial stress experienced by households in the last 12 months						
None	53.6	23.7	9.2*	8.8	39.3	31.5
One	16.2	11.7	6.5*	6.7	18.4	12.2
Two	8.8	7.6	5.5*	7.4	9.6*	8.0
Three or more	21.4	57.0	78.7	77.0	32.7	48.3
Proportion of persons in household that experienced indicator in the last 12 months						
Unable to raise \$2000 in a week for something important	13.7	45.0	56.8	57.0	19.8	34.5
Spent more money than received	10.3	20.3	36.7	31.2	19.5	21.6
Could not pay electricity, gas or telephone bills on time	5.5	24.9	40.0	43.4	12.9	23.6
Could not pay car registration or insurance on time	2.1*	7.8	15.0	15.8	6.8*	8.6
Pawned or sold something	0.6*	7.4	12.3*	13.9	1.5*	6.8
Went without meals	0.9*	7.4	13.0*	12.4	2.1*	7.4
Unable to heat home	1.8*	8.4	10.0*	8.8	6.3**	5.6
Sought assistance from welfare/community organisations	0.4*	9.0	14.1	16.9	4.0*	8.8
Sought financial help from friends or family	2.9*	16.9	27.0	30.0	7.9*	15.6
Could not afford holiday for at least one week a year	28.0	56.2	75.3	74.2	39.4	49.8
Could not afford a night out once a fortnight	25.3	48.0	63.2	58.3	32.5	40.8
Could not afford friends/family over for a meal once a month	9.7	19.8	34.7	28.2	9.5	19.3
Could not afford a special meal once a week	17.1	33.0	41.6	43.7	21.4	29.6
Could only afford second hand clothes most of the time	11.2	33.0	46.1	45.7	15.2	27.8
Could not afford leisure or hobby activities	12.9	37.0	51.7	48.1	18.3	29.3
* estimate has a relative standard error of 25% to 50% and should be used with caution						
** estimate has a relative standard error greater than 50% and is considered too unreliable for general use						

SOURCE: ABS 2011: Household Expenditure Survey, Australia: Feature Article: Government Pension and Allowance Recipients. Cat no: 6530.0. Available: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/6530.0Feature%20Article12009-10?opendocument&tabname=Summary&prodno=6530.0&issue=2009-10&num=&view=>

Five causes of poverty

Poverty is not just caused by individual circumstances but by major inequalities built into the structure of Australian society. Some of the main causes of this inequality and poverty are access to work and income, education, housing, health and services.

1. Work, income and wealth

Despite unemployment rates declining officially, there are large numbers of people who are out of work or only have a few hours of work per week. They must rely mainly on social security payments for their income.

Statistics from the Department of Education, Employment and Workplace Relations show that, in August 2011:

- 547,029 people were receiving the Newstart Allowance;
- of these, 337,649 had been receiving income support payments for 12 months or more (long-term unemployed), an increase of 18% since August 2009; and
- 79,940 unemployed people were receiving the Youth Allowance.¹⁵

Further statistics from DEEWR reveal that, in June 2010, there were:

- 333,512 sole parents receiving Parenting Payment (single); and
- 124,910 people receiving Parenting Payment (partnered)¹⁶.

According to the Department of Families, Housing and Indigenous Affairs, in the 2009-10 financial year, there were:

- 792,581 people received the Disability Support Pension; and
- the maximum rate of Family Tax Benefit Part A went to 613,000 low income families (including single parent families, those on social security payments, and those in low paid jobs).¹⁷

Statistics show that unemployment is more concentrated in some suburbs and regions of Australia. While, employment levels were similar across suburbs and regions in 1976, levels of employment are now vastly different around the country. In 2009, for instance, while ABS figures showed that the lowest unemployment rate, at 3%, was in Sydney's lower north shore, far north Queensland had an unemployment rate of 12%.

Low levels of income from social security payments are a major factor in increasing poverty. Currently, an unemployed single person on the Newstart Allowance may receive as little as \$243 a week in payments,

¹⁵ Department of Education, Employment and Workplace Relations (2011): Labour Market and Related Payments: A monthly profile. August 2011. Available: http://www.deewr.gov.au/Employment/LMI/Documents/LMRP/LMRPAugust_2011.pdf

¹⁶ Department of Families, Housing, Community Services and Indigenous Affairs (2010): Annual Report 2009-10. Available: http://www.fahcsia.gov.au/about/publicationsarticles/corp/Documents/2010_Annual_Report/docs/AnnualReport2010.pdf

¹⁷ Department of Employment, Education and Workplace Relations (2010): Annual Report 2009-2010. Available: <http://www.annualreport2010.deewr.gov.au/2010/part2/Pages/outcomes.aspx>

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while young people on the Youth Allowance may receive even less – a minimum of \$194 a week for those living away from home.¹⁸ The Newstart Allowance is the lowest unemployment payment in the OECD for a single person on an average wage who has just become unemployed. A person living on the Newstart Allowance renting a one-bedroom home in the cheapest area of Sydney would have only \$16.50 a day left after rent, to pay for groceries, utilities, clothing, transport and other bills.¹⁹

The table below compares the 50% and 60% of median income poverty lines with the then maximum rates of social security payments in 2006, when the latest poverty data were available.

Table 3: Income support payments compared with poverty lines, 2006 (\$ per week)

Family type, payment type	Income support payment	50% of median poverty line	Difference	60% of median poverty line	Difference
Single, Newstart allowance	\$202	\$281	-\$79	\$337	-\$135
Single, pension	\$244	\$281	-\$37	\$337	-\$93
Couple, Newstart allowance	\$365	\$421	-\$56	\$506	-\$141
Couple, pension	\$408	\$421	-\$13	\$506	-\$98
Sole parent with 2 children (on Parenting Payment)	\$423	\$449	-\$26	\$539	-\$116
Couple, 2 children (job seeker, on Allowances)	\$528	\$590	-\$62	\$708	-\$180

SOURCE: Saunders, Peter; Hill, Trish; and Bradbury, Bruce (2008): Poverty in Australia, Sensitivity Analysis and Recent Trends. SPRC Report 4/08.

In September 2009, the single age pension was increased to 66% of the couple age pension, a real increase of around \$32 a week. This was the largest increase in the pension since the 1970s, and was welcomed by ACOSS. But there was no corresponding rise in income support payments such as Parenting Payment, Newstart Allowance or Youth Allowance – the groups with the highest rates of deprivation. In 2008, NATSEM released a paper modelling the effects of an increase in the single age pension along these lines on the rates of income poverty of single people over the age of 64. Based on the 50% median income poverty line, an increase in the single age pension to 66% of the couple age pension would reduce the percentage of this group living in income poverty by 10%. NATSEM estimates that 39% of single age pensioners would still be in income poverty. Nonetheless, this would see a substantial reduction in poverty, demonstrating the impact that social security policies can have.²⁰

¹⁸ Centrelink 2011: A guide to Australian Government payments, 20 September - 31 December 2011. Available: [http://www.centrelink.gov.au/internet/internet.nsf/filestores/co029_1109/\\$file/co029_1109en.pdf](http://www.centrelink.gov.au/internet/internet.nsf/filestores/co029_1109/$file/co029_1109en.pdf)

¹⁹ Whiteford, Peter 2011: Tax Forum: Make the social security system fair. Available: <http://theconversation.edu.au>

²⁰ Tanton, Robert; Vidyattama, Yogi; McNamara, Justine, Ngu Vu, Quoc and Harding, Anne (2008): Old, Single and Poor: Using Microsimulation and Microdata to Analyse Poverty and the Impact of Policy Change Among Older Australians. NATSEM, National Centre for Social and Economic Modelling, University of Canberra. NOTE: This poverty estimate does not take account of housing costs, so may be on the high side.

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The gap between single adult rates of Newstart and pension payments is currently \$131 a week. This gross every year because while pensions are indexed to average wages, Newstart Allowance is only indexed to the Consumer Price Index (CPI). There has not been a 'real' increase (apart from inflation) in Newstart Allowance since 1995.

The table below shows the differences in payment rates between those on the age pension and those on working age payments, as at September 2011:

Table 4: Anomalies in levels of income support payments (September 2011)

Payments	Target groups	Singles		Couples (combined rates)	
		Maximum rates including pension supplement (\$pw)	Gap between payment and pension rate (\$pw)	Maximum rates including supplements (\$pw)	Gap between payment and pension rate (\$pw)
Pensions (other than for sole parents)	Retirees, people with disabilities, carers, some widows and partners of pensioners	\$374	0	\$610	0
Parenting Payment Single	Sole parents of children under 8 years	\$321	\$53	n.a.	n.a.
Newstart Allowance	Unemployed people, including many people with disabilities, carers and sole parents	\$243 (\$263 for sole parents)	\$131 (\$111 for sole parents)	\$439	\$171
Austudy Payment/ Youth Allowance	Students 18-65 yrs living independently, unemployed young people	\$194	\$212	\$389	\$221

SOURCE: Davidson, Peter (2010): Out of the Maze: A better social security system for people of working age. ACOSS Paper 163
 Note: Income support payments for adults only, does not include family Tax Benefits or Rent Assistance. Updated September 2011 using figures from Centrelink 2011: A Guide to Australian Government Payments, 20 September – 31 December 2011.

Inequality in the distribution of wealth also contributes to poverty in Australia. Recent data from the ABS shows that the wealthiest 20%, or quintile, of households in Australia increased their average net worth by 15% between 2005-06 and 2009-10, compared with an increase of only 4% by the poorest 20% or quintile. Those in the lowest quintile had an average net worth of only \$32,000, which equates to only 1% of total household wealth in Australia. This contrasted strongly with the wealthiest quintile, which had an average net worth of \$2.2 million, or 62% of total household wealth in Australia.²¹

2. Education

Low education levels are linked to unemployment and, subsequently, the risk of living in poverty. Families with low levels of education often cannot afford to better educate their children and so give them increased chances of employment. ABS figures from 2009 show that:

- people who had not completed high school had a workforce participation rate of 66%, compared with the rate of 84% for those who had completed year 12, and 87% of people with a bachelor degree; and
- in 2009, people with a Year 10 qualification received a median weekly wage of \$907, compared with over \$1350 for those with a bachelor degree.²²

3. Housing

Only a minority of people on low incomes own their homes outright and rent is increasingly unaffordable in Australia's major cities. Housing impacts on a person's ability to find work, education and training. Regions and cities with jobs often have high housing prices and rental rates. Poor housing can also negatively affect a person's health and wellbeing.

Over the past two decades, house prices have risen by 40%, while incomes have risen by only 120%. The problem is exacerbated for low income Australians by the undersupply of affordable and appropriate housing, and an increased demand for housing assistance. Between 1996 and 2006, there was a reduction of 8% in the number of public housing dwellings in Australia. In the same period, Australia's population increased by 13%. In 2010, there were 383,316 social housing (public housing, community housing, government-owned and managed Indigenous housing) dwellings in Australia, and 248,410 applicants on the waitlist for social housing.²³

Many low income households are experiencing "housing stress", which occurs when over 30% of income is spent on either rent or mortgage payments. In 2007, 1,104,480 households, or 10%, were in housing stress. In 2007-08, the following households in the bottom 40% of the income distribution experienced housing stress:

²¹ Australian Bureau of Statistics (2011): Household Wealth and Wealth Distribution, Australia, 2009-10. Cat no: 6554.0. Available: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6554.02009-10?OpenDocument>

²² Australian Bureau of Statistics (2009): Education and Training Experience. Cat no 6278.0. Available: [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/4EF49EB9552322F4CA2576F500120083/\\$File/62780_2009.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/4EF49EB9552322F4CA2576F500120083/$File/62780_2009.pdf)

²³ Shelter NSW 2011: *Op Cit*

- 445,000 private renters;
- 117,000 private renters wholly dependent on government income support payments; and
- 27,000 mortgagees wholly dependent on government income support payments.²⁴

Almost one third of lone parent families suffered from housing stress²⁵.

A lack of affordable housing options has contributed to a rise in homelessness with 105,000 people homeless in 2006, according to the Census. In 2009-10, one person in every 100 (219,900 people) accessed homelessness services.²⁶

4. Health

People living in poverty commonly suffer greater levels of physical and mental illness. The high stress associated with living in poverty can also contribute to behaviour which leads to health risks such as smoking and poor diet. Increasing costs for patients in the health care system makes it harder for people to afford health care. People with disabilities often have higher costs of medication, equipment or aids, appropriate housing, transport and personal care and other services.

There is evidence that health inequalities have increased in Australia, according to NATSEM figures.

- Australians who are most disadvantaged socio-economically are twice as likely as those who are least disadvantaged to have a long term health condition.
- Approximately 50% of the people who live in the poorest 20% of households, or who are members of jobless households, or who live in public rental accommodation, report their health as being poor.
- 45% to 67% of persons living in public rental accommodation have long-term health problems, compared with only 15% to 35% of home-owners.²⁷

5. Services

Access to affordable community services is an important poverty prevention strategy by helping disadvantaged people to fully participate in social and economic life. These same services are often under strain, as the ACOSS *Australian Community Sector Survey 2011* found.

- There was a 12% increase in services provided by respondent organisations from 2008-09 to 2009-10.
- There was a large increase in instances of service from financial support services (50%), services specifically targeting those from Aboriginal and Torres Strait Islander

²⁴ National Housing Supply Council 2010: 2nd State of Supply Report. Available:

http://www.fahcsia.gov.au/sa/housing/pubs/housing/national_housing_supply/Documents/StateofSupplyReport_2010.pdf.

²⁵ Yates, Judith; Kendig, Hal; Phillips, Ben (2008): Sustaining fair shares: the Australian housing system and intergenerational sustainability. National Research Venture 3: Housing affordability for lower-income Australians. Research Paper No. 11. Australian Housing and Urban Research Institute

²⁶ Shelter NSW 2011: *Op Cit*

²⁷ Brown, Laurie; Nepal, Binod (2010): Health lies in wealth: Health inequalities in Australians of Working Age. Report no 1/2010. Natsem and Catholic Health Australia

backgrounds (24%), emergency relief (22%), and housing and homelessness services (21%).

- 55% of organisations indicated that they were unable to meet demand for their services.
- In 2009-10, clients were denied services on approximately 345,000 occasions, equating to more than 1 in 20 eligible people seeking social services being turned away. This represents a 19% increase on the 298,000 people turned away in 2008-09.
- There were nearly 50,000 instances in which people were turned away from homelessness and housing services. This equates to a total of 135 people being turned away from these services on any given day in 2009-10.
- Other services turning away substantial numbers of people included mental health services (33,444); emergency relief (30,333); youth services (21,862); and Aboriginal and Torres Strait Islander support services (20,516).

How can poverty be reduced?

ACOSS recommends the following strategies to reduce poverty and address its causes:

- A National Anti-Poverty Plan coordinating action across all levels of government to meet targets which reduce poverty and alleviate the causes of poverty.
- An increase in the rates of the lowest social security payments (mainly those for unemployed people, students and lone parents) with new supplements for costs of disability and caring for children alone, beginning with the implementation of the Henry Report proposal to increase Newstart Allowance and related allowances for single people by \$50 a week, so they receive the same increase pensioners have obtained since 2009.
- Additional employment assistance for long-term unemployed people to help them become ready for work (at present their employment service provider receives only \$1,000 in funding to help them deal with barriers to work such as poor skills).
- An adequate minimum wage to reduce poverty among working households.
- Increased access to affordable housing including by an expansion of investment in social housing, improvements in private Rent Assistance, and expansion of the National Rental Affordability Scheme (NRAS).
- Improved affordability of essential health and community services such as dental care, child care, and respite care.

Useful Sources

Australian Bureau of Statistics (ABS). www.abs.gov.au

This site provides a range of data on poverty in Australia.

Australian Council of Social Service (ACOSS). www.acoss.org.au

ACOSS is the peak council of the community services and welfare sector. This website provides access to a range of materials (papers, reports, submissions, fact sheets) dealing with the issue of poverty in Australia, including, for example:

- Australian Bureau of Statistics (ABS), Department of Employment and Workforce Relations, Australian Council of Social Service (ACOSS) (2003) *The Bare Necessities – Poverty and Deprivation in Australia Today*
- Peter Davidson (2008) *Who is Missing Out? Hardship Among Low Income Australians* ACOSS
- Peter Davidson (2010): *Out of the Maze: A better social security system for people of working age.* ACOSS Paper 163. ACOSS
- Peter Saunders, Trish Hill and Bruce Bradbury (2008) *Poverty in Australia: Sensitivity Analysis and Recent Trends*, Social Policy Research Centre, University of New South Wales
- Peter Saunders and Yuvisthi Naidoo (2008) *Poverty, Deprivation and Consistent Poverty*, Social Policy Research Centre, University of New South Wales
- Peter Saunders, Yuvisthi Naidoo and Megan Griffiths (2007) *Towards New Indicators of Disadvantage: Deprivation and Social Exclusion in Australia*
- Robert Tanton, Yogi Vidyattama, Justine McNamara, Quoc Ngu Vu and Anne Harding (2008): *Old, Single and Poor: Using Microsimulation and Microdata to Analyse Poverty and the Impact of Policy Change Among Older Australians.* NATSEM, National Centre for Social and Economic Modelling, University of Canberra.

The National Centre for Social and Economic Modelling (Natsem), University of Canberra

<http://www.canberra.edu.au/centres/natsem/home>

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