

Chapter 4

The impact of income inequality on disadvantaged groups

Introduction

4.1 This chapter responds to the inquiry's fourth term of reference relating to the impact of income inequality on disadvantaged groups within the community. These groups include Aboriginal and Torres Strait Islander peoples, older job seekers, people living with a disability or mental illness, refugees, single parents and women. These groups are vulnerable to poverty for reasons that will be discussed. They are typically among the lowest income earners in society and disproportionately represented among social security recipients and public housing tenants.

4.2 This chapter focusses on the impact of low incomes on people within these disadvantaged groups. The committee has had the opportunity to gather evidence from various stakeholders on the underlying vulnerability of these groups to poverty. No or low income among these vulnerable groups often acts to entrench their disadvantage.

4.3 The chapter identifies the disadvantaged groups and the evidence of their disadvantage. It notes:

- the underlying disadvantage and discrimination that is faced by people in these groups;
- how this disadvantage contributes to their economic exclusion; and
- the impact of a low income or welfare dependency on a person's housing, health, education and labour market opportunities.

The chapter concludes by noting that there are other factors—such as geographic disadvantage and the nature of labour markets—that are often experienced by people in these groups which serve to compound their disadvantage.

Disadvantaged groups

4.4 Some groups in Australian society are more vulnerable to poverty and disadvantage than others. This includes Aboriginal and Torres Strait Islander peoples, people with disability, people living with a mental illness, single parents and newly arrived migrants (particularly those without English). For people in these groups, a low income is typically a symptom of more fundamental disadvantages that they face in everyday life. However, income is a key factor in determining the economic wellbeing of these groups. In the absence of an income or transfer payments to sustain a basic standard of living, a person's physical and mental health often deteriorates and

their capacity to enter or re-enter the workforce and engage in community activities is diminished.¹

4.5 There have been several research studies, over a considerable period of time, which highlight the over-representation of these groups among the poorest in society. They are over-represented among low income earners, welfare recipients, the unemployed, the poorly educated and those living in public housing. The combined effects of an established illness and a low income mean that the health outcomes of many members of these groups tend to worse than for the general population. As Dr Matt Fisher of the Southgate Institute for Health, Society and Equity at Flinders University told the committee:

People in the disadvantaged groups named in the terms of reference are among those most likely in Australia to undergo both negative material and psycho-social effects of low income, contributing to their disproportionately high levels of chronic illness and shorter lifespans. An established illness, of course, is also likely to impact on income by being a barrier to employment, or through the costs of medicines.²

4.6 It is also important to remember that many Australians fall within multiple disadvantaged groups. For example, in 2008, 41 per cent of young Aboriginal parents were single parents.³ Refugees will often suffer mental health issues due to pre- and post-migration experiences.⁴

Aboriginal and Torres Strait Islander peoples

4.7 Multiple studies over the past 40 years have highlighted the severe and endemic nature of Aboriginal disadvantage in Australia.⁵ They have found that an Aboriginal person is not only more likely than a non-Aboriginal and Torres Strait Islander Australians to have a lower income, but is also more likely to:

- have poorer health;
- a lower level of education;

1 See Ms Lin Hatfield Dodds, National Director, UnitingCare Australia, *Committee Hansard*, Canberra, 16 October 2014, p. 49.

2 Research Fellow, *Committee Hansard*, Elizabeth, 10 November 2014, p. 32.

3 Australian Bureau of Statistics, *Aboriginal and Torres Strait Islander Wellbeing: A focus on children and youth*, April 2011, Cat. 4725.0, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4725.0Chapter300Apr%202011> (accessed 17 November 2014).

4 Professor Graeme Hugo and the Department of Immigration and Citizenship, *A significant contribution: The economic, social and civic contributions of first and second generation humanitarian entrants*, 'Summary of findings', 2011, p. 23.

5 Sir Roland Wilson, *Bringing Them Home*, 1997; Australian Government, *Closing the Gap* reports, 2009–2014; Productivity Commission, *Overcoming Aboriginal and Torres Strait Islander peoples Disadvantage*, 2003, 2005, 2007, 2009, 2011 and 2014.

- be homeless;
- be incarcerated;
- commit suicide; and
- have a lower life expectancy.⁶

Income inequality and Aboriginal and Torres Strait Islander peoples

4.8 The majority of Aboriginal and Torres Strait Islander people have a low income. The 2011 Census found that:

- fifty-two per cent of Aboriginal and Torres Strait Islander people aged 15 years and over reported a personal income between \$1 and \$599 per week, compared with 32 per cent of the Australian population;⁷ and
- 13 per cent of Aboriginal and Torres Strait Islander people aged 15 years and over reported a gross personal income of \$1 000 or more per week compared with 33 per cent of the non-Aboriginal and Torres Strait Islander people population.⁸

4.9 The Productivity Commission's November 2014 *Key Indicators* report noted that:

The proportion of adults whose main income was from employment increased from 32 per cent in 2002 to 41 per cent in 2012–13, with a corresponding decrease in the proportion on income support. Increasing proportions of employed people were in full time and managerial positions.

After adjusting for inflation, median real equivalised gross weekly household (EGWH) income for Aboriginal and Torres Strait Islander Australians increased from \$385 in 2002 to \$492 in 2008, but did not change significantly between 2008 and 2012–13 (\$465). In 2011–12, non-Indigenous median EGWH income was \$869.⁹

6 Commonwealth of Australia, *Closing the Gap Report*, 2014

7 See; Close the Gap, *Submission 11*, p. 14; Oxfam, *Submission 22*, p. 6; Australian Bureau of Statistics, *Household Income and Income Distribution*, 2011–12, Cat. 6523.0, p. 27, [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/B0530ECF7A48B909CA257BC80016E4D3/\\$File/65230_2011-12.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/B0530ECF7A48B909CA257BC80016E4D3/$File/65230_2011-12.pdf) (accessed 1 October 2014).

8 Close the Gap, *Submission 11*, p. 14.

9 Productivity Commission, *Overcoming Aboriginal and Torres Strait Islander peoples Disadvantage, Key indicators report 2014*, pp 2 and 23, http://www.pc.gov.au/data/assets/pdf_file/0007/179260/key-indicators-2014-report.pdf (accessed 24 November 2014).

'Closing the Gap'

4.10 Income inequality is just one of a number of intersecting inequalities that have combined to create the severe poverty faced by Aboriginal Australians.¹⁰ The current focus of Australian Governments is to reduce the level of Aboriginal and Torres Strait Islander peoples disadvantage across a number of key indicators. The 2014 *Closing the Gap* report found that progress towards reaching targets on these indicators had been mixed. It noted that:

- in 2010–12, Aboriginal and Torres Strait Islander peoples life expectancy was 69.1 years for males and 73.7 for females. In 2014, the Australian Bureau of Statistics (ABS) reported that life expectancy for the Australian population was 80.5 for males and 84.6 for females.¹¹ The report commented that 'progress will need to accelerate considerably if the gap is to be closed by 2031';
- in 2012, 88 per cent of Aboriginal and Torres Strait Islander children in remote areas were enrolled in a pre-school programme. The benchmark is 95 per cent;
- in terms of reading, writing and numeracy, 'only two out of eight areas have shown a significant improvement since 2008'; and
- 'no progress has been made against the target to halve the employment gap within a decade' (by 2018).¹²

Employment, unemployment and exclusion from the labour force

4.11 Unemployment and exclusion from the labour force is clearly a significant factor in the relatively lower incomes received by Aboriginal and Torres Strait Islander peoples people. The 2011 Census found that only 46.2 per cent of Aboriginal and Torres Strait Islander people were employed, compared with 72.2 per cent of non-Aboriginal and Torres Strait Islander people. The Aboriginal and Torres Strait Islander people unemployment rate (9.6 per cent) was more than double the rate for non-Aboriginal and Torres Strait Islander people (4.2 per cent).¹³ The proportion of Aboriginal and Torres Strait Islander people not in the labour force (ie: neither

10 See: Ms Johanna Pride, Public Policy and Advocacy Manager, Oxfam Australia, *Committee Hansard*, 18 September 2014, p. 23; Oxfam, *Submission 22*, p. 6.

11 Australian Bureau of Statistics, 'Aussie men now expected to live past 80', *Media release*, 6 November 2014.

12 Closing the Gap Prime Minister's report, http://www.dpnc.gov.au/publications/docs/closing_the_gap_2014.pdf (accessed 10 November 2014)

13 Australian Bureau of Statistics, 'Aboriginal and Torres Strait Islander peoples' labour force outcomes', *Australian Social Trends*, November 2013, Cat. 4102.0, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4102.0Main+Features20Nov+2013> (accessed 1 October 2014).

employed nor unemployed) was 46.2 per cent compared with 23.6 per cent among the non-Aboriginal and Torres Strait Islander people population.¹⁴

4.12 The 2014 *Closing the Gap* report cited employment data from the Australian Aboriginal and Torres Strait Islander Health Survey (AATSIHS) suggesting the proportion of Aboriginal and Torres Strait Islander people employed fell from 53.8 per cent in 2008 to 47.8 per cent in 2012–13. The report did caution:

Some care is required in assessing progress on this target as the Australian Bureau of Statistics (ABS) counts participants in Community Development Employment Projects (CDEP) as being employed. The policy goal is to increase mainstream (non-CDEP) employment not the number of CDEP participants—CDEP is not intended to be a substitute for mainstream employment.

There has been a large fall in the number of CDEP participants from 2008 to 2012–13, which accounts for more than 60 per cent of the decline in the Aboriginal and Torres Strait Islander people employment rate over this period. The Aboriginal and Torres Strait Islander people mainstream (non-CDEP) employment rate also fell from 48.2 per cent in 2008 to 45.9 per cent in 2012–13. However, this fall was not statistically significant.¹⁵

4.13 The 2014 *Closing the Gap* report also noted AATSIHS data that only 30.2 per cent of Aboriginal and Torres Strait Islander adults aged 15–64 in very remote areas were employed in a mainstream job in 2012–13 compared to 51.4 per cent in inner regional areas.¹⁶

4.14 In the 2011 Census, Queensland recorded the highest unemployment rate among Aboriginal and Torres Strait Islander peoples of any Australian jurisdiction.¹⁷ The Aboriginal and Torres Strait Islander peoples unemployment rate in Queensland was 19.5 per cent compared with the State's non-Aboriginal and Torres Strait Islander peoples rate of 6.0 per cent. Ms Catherine Bartolo, Chief Executive of YFS Limited, told the committee that literacy and numeracy remain barriers to employment for Aboriginal and Torres Strait Islander peoples in Queensland. She also noted that the Queensland Government no longer provides programs to assist people to develop the social skills to obtain a job.¹⁸

14 Australian Bureau of Statistics, 'Aboriginal and Torres Strait Islander peoples' labour force outcomes', *Australian Social Trends*, November 2013, Cat. 4102.0.

15 Australian Government, *Closing the Gap Prime Minister's report*, 2014, p. 12

16 Australian Government, *Closing the Gap Prime Minister's report*, 2014, p. 12

17 Queensland Council of Social Service, *Indicators of Poverty and Disadvantage in Queensland*, October 2013.

18 *Committee Hansard*, Logan, 8 October 2014, p. 32.

Community Development Employment Projects

4.15 The CDEP was an Australian Government funded initiative for unemployed Aboriginal and Torres Strait Islander people living in particular locations. The CDEP offered paid (minimum wage) opportunities for Aboriginal and Torres Strait Islander participants to improve their work skills with the aim of securing long term employment.

4.16 Introduced in 1977, the CDEP has been reformed and tightened over the past decade with participant numbers currently less than a third of what they were a decade ago. The current government's focus is on paid work for Aboriginal and Torres Strait Islander people:

Our next priority is getting people into real jobs. Too often, employment and training programmes provide 'training for training's sake' without delivering the practical skills people need to get real jobs.

The Government has commissioned a review of employment and training programmes led by Mr Andrew Forrest. This review will provide recommendations to make Aboriginal and Torres Strait Islander peoples training and employment services better targeted and administered to connect unemployed Aboriginal and Torres Strait Islander people with real and sustainable jobs.¹⁹

4.17 On 1 July 2013, the CDEP was integrated into the Remote Jobs and Communities Programme (RJCP). As of 30 June 2014, the RJCP replaced the CDEP in remote regions of Australia. CDEP participants are being transitioned to mainstream employment services and CDEP wages have been replaced by income support payments.²⁰

4.18 The committee received evidence that the CDEP has not been evaluated on the basis of its original objectives of cultural preservation and community building. Associate Professor Michael Dockery of the Bankwest Curtin Economics Centre told the committee:

...the CDEP was put in place because of a recognition that people were living in remote areas where there was no labour market, so it was silly to talk about: 'We've got to get people into jobs.' The CDEP was brought in originally as an alternative to sit-down money. When you go back and look at the program—it came in with the Aboriginal employment development program following the Miller report in the 1980s—the objectives of the program were explicitly community capacity building, cultural preservation and all those nice words about building community and culture and capacity.

19 Australian Government, *Closing the Gap Prime Minister's report*, 2014, p. 2.

20 Department of Human Services, *Community Development Employment Projects Participant Supplement*, <http://www.humanservices.gov.au/customer/services/centrelink/community-development-employment-projects> (accessed 25 November 2014).

Over the years, when they were evaluated, those objectives were just completely ignored. I have never seen a single measure...of: 'Well, did we build community capacity? Did we promote cultural preservation, cultural strengthening?' The objectives of those programs were completely ignored. In the CDEP, there is a review every year; there are about 15 of them...

They more and more focus on, 'Did we get them into mainstream employment?' And this is in the middle of the desert, where there are no jobs...

The whole objective was ignored. It is now assumed that this was a failure, without a proper evaluation, in my view. One of the reports criticised CDEP because it found people were happy on CDEP. It said: 'We can't have people happy. They should be really unhappy and wanting to get into a mainstream job.'²¹

Homelessness among Aboriginal and Torres Strait Islander people

4.19 One-quarter of homeless Australians are Aboriginal. The 2011 Census found that there were 105 237 homeless people in Australia of which 26 744 were Aboriginal or Torres Strait Islander people.²² The November 2014 *Key Indicators* report stated:

Aboriginal and Torres Strait Islander people are overrepresented amongst those who received assistance from specialist homelessness agencies. Although only representing 3 per cent of the Australian population in 2011, Aboriginal and Torres Strait Islander people represented around one-fifth (22 per cent) of [specialist homelessness services] SHS clients (AIHW 2013). However, Aboriginal and Torres Strait Islander people and non-Indigenous people sought services for similar reasons.

In 2012-13, domestic/family violence was the second most common main reason both Aboriginal and Torres Strait Islander and non-Indigenous people sought SHS (24.0 per cent and 22.4 per cent respectively), after accommodation difficulties (30.6 per cent and 30.1 per cent respectively). For both Aboriginal and Torres Strait Islander and non-Indigenous SHS clients, the proportion for whom domestic/family violence was the main reason for seeking assistance increased as remoteness increased (17.0 per cent and 19.4 per cent respectively in major cities compared to 45.0 per cent and 55.3 per cent respectively in very remote areas).²³

21 Principal Research Fellow, *Committee Hansard*, Rockingham, 11 November 2014, p. 4.

22 Australian Bureau of Statistics, *Census of Population and Housing: Estimating homelessness*, 2011, Cat. No. 2049.0, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/2049.0Main%20Features22011?opendocument&tabname=Summary&prodno=2049.0&issue=2011&num=&view> (accessed 10 November 2014).

23 Productivity Commission, *Overcoming Aboriginal and Torres Strait Islander peoples Disadvantage, Key indicators report 2014*, pp 4.94–4.95.

4.20 The committee heard that Aboriginal people from remote areas can find it difficult to adapt to living in an urban environments. Professor Daphne Habibis of the University of Tasmania told the committee:

It is very well established that when Aboriginal people move from remote communities into larger population centres they are very vulnerable to homelessness. There is to some extent a culturally-sanctioned norm of living in open spaces, but that comes with very high health costs if they do that for any length of time. They are also exposed to environments of access to drugs and alcohol, which can be very damaging for them. They may not have the money to return home, so providing ways to support people who move to large population centres is very important but it is also providing avenues for them to return home if they are not living in an appropriate environment in the city centres.²⁴

Incarceration

4.21 At 30 June 2013, there were 8,430 prisoners who identified as Aboriginal and Torres Strait Islander. This represented just over one quarter (27 per cent) of the total prisoner population (30 775).²⁵ The age standardised imprisonment rate for Aboriginal and Torres Strait Islander prisoners at 30 June 2013 was 1,959 Aboriginal and Torres Strait Islander prisoners per 100 000 adult Aboriginal and Torres Strait Islander population. The equivalent rate for non-Aboriginal and Torres Strait Islander prisoners was 131 non-Aboriginal and Torres Strait Islander prisoners per 100 000 adult non-Aboriginal and Torres Strait Islander population.²⁶

Recidivism

4.22 The rates of recidivism among Aboriginal and Torres Strait Islander prisoners, both adult and juvenile, are significantly higher than those for non-Aboriginal and Torres Strait Islander prisoners. Figure 4.1 is drawn from the November 2014 *Key Indicators* report. With reference to the figure, the report observed:

Nationally, 77.0 per cent of Aboriginal and Torres Strait Islander prisoners on 30 June 2013 had a known prior imprisonment, with this proportion remaining relatively unchanged over the past 13 years. The proportion of non-Indigenous prisoners with known prior imprisonment was 50.9 per cent, also relatively unchanged over time...

Nationally, 77.9 per cent of Aboriginal and Torres Strait Islander male prisoners had experienced prior adult imprisonment, compared with 67.8 per cent of Aboriginal and Torres Strait Islander female prisoners. The proportion was higher for Aboriginal and Torres Strait Islander male

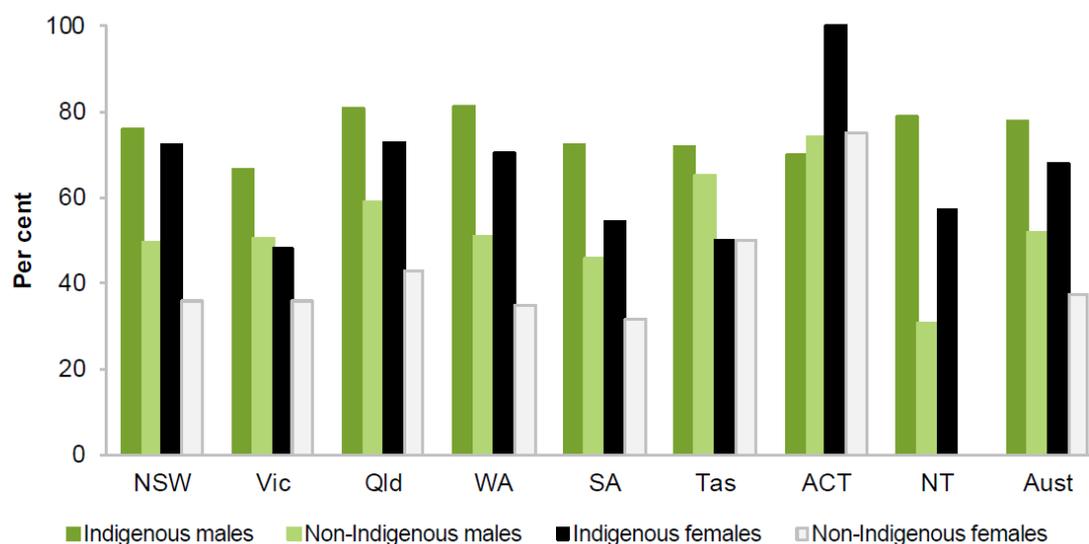
24 Director, Community and Housing Research Unit, *Committee Hansard*, Hobart, 19 September 2014, p. 16.

25 Australian Bureau of Statistics, *Cat 4517.0*, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4517.0> (accessed 15 November 2014).

26 Australian Bureau of Statistics, *Cat 4517.0*.

prisoners compared with non-Indigenous male prisoners (except in the ACT) and Aboriginal and Torres Strait Islander female prisoners compared with non-Indigenous female prisoners (except in Tasmania).

Figure 4.1: Proportion of prisoners with known prior adult imprisonment under sentence, by sex, 30 June 2013



^a In the NT, there were no non-Indigenous female prisoners with known prior adult imprisonment at 30 June 2013.

Source: ABS (2013) *Prisoners in Australia*, 2013, Cat. no. 4517.0; table 11A.4.2.

Aboriginal and Torres Strait Islander peoples education and training

4.23 Aboriginal and Torres Strait Islander people have lower levels of education compared to non-Aboriginal and Torres Strait Islander Australians. A recent Australian Institute of Health and Welfare report found that in 2011, 26 per cent of Aboriginal and Torres Strait Islander Australians aged 15 years and over completed a non-school qualification compared to 49 per cent of non-Aboriginal and Torres Strait Islander Australians.²⁷

4.24 School retention rates are also significantly lower for Aboriginal and Torres Strait Islander peoples people than for non-Aboriginal and Torres Strait Islander peoples Australians. The federal government has stated:

Getting children to school is the Australian Government's number one priority in Aboriginal and Torres Strait Islander peoples Affairs. Poor attendance means that Aboriginal and Torres Strait Islander children find it hard to perform at school. We must break the cycle of

²⁷ Australian Institute of Health and Welfare, *Australia's Health 2014*, p. 17.

non-attendance to ensure today's kids are educated and equipped to become future leaders in their communities.²⁸

4.25 In 2013, there were around 180 000 Aboriginal and Torres Strait Islander students attending school full-time. The majority of these students attended a public school. In 2013, the national apparent retention rate for Year 7/8 to Year 12 Aboriginal and Torres Strait Islander students was 55.1 per cent compared with 82.9 per cent for all other students. Nonetheless, the Aboriginal and Torres Strait Islander school retention rate has increased significantly, up from 39.1 per cent in 2003.²⁹

4.26 The committee did hear of positive outcomes in terms of both retention rates and Aboriginal education programs. Ms Anne Hampshire of The Smith Family highlighted the achievements of two such programs:

We are running a more intensive form of our scholarship program in Centralian Middle School in Alice Springs. It is initially focused on Aboriginal girls, but it is a mixed program because the Aboriginal community wanted it to be a mixed program. There is very little in the Aboriginal girls' space in terms of programs. There is a 12 per cent difference in attendance rates for Aboriginal girls on the program compared to Aboriginal girls in the school not on the program. It is more intensive, so our ratio is three coaches—we call them 'coaches' deliberately—for 25 students. There is a whole wraparound support, experiential trips, breakfast with a mentor, regular activities and regular touch points for the girl and their family in the context of a supportive school environment. We have a 12 per cent difference in the attendance rates...

Learning For Life is well established as well. We have been doing much more refined work around the outcomes. Our Aboriginal attendance rates on our Learning for Life scholarship are 86 per cent. So our average attendance rates are higher than national Aboriginal attendance rates generally. Our average primary attendance rates are 90.4. So these are very consistent good figures, but we are obviously working harder to increase them again.³⁰

4.27 At the public hearing in Hobart, the committee took evidence from the Youth Network of Tasmania. The Network's Chief Executive Officer, Ms Joanna Siejka, highlighted the success of a case-management approach:

Youth Connections is a really effective service working with young people who are either completely disengaged from schooling, from the workplace and from family right across the board—no connections whatsoever—or

28 Australian Government, *Closing the Gap Prime Minister's report*, 2014, p. 2.

29 Australian Bureau of Statistics, 'Aboriginal and Torres Strait Islander Students', Cat. 4221.0—Schools, Australia, <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/4221.0Main%20Features100062013?opendocument&tabname=Summary&prodno=4221.0&issue=2013&num=&view=> (accessed 10 November 2014).

30 Head, Research and Advocacy, *Committee Hansard*, Canberra, 16 October 2014, pp 40–41.

have some connections. It provides case management support to assist them to work out what their pathway will be and to support them to maintain that. They are very, very high risk clients. It has a very high rate of success with young people of Aboriginal and Torres Strait background.³¹

4.28 At the public hearing in Rockingham, Mr Craig Comrie of the Youth Affairs Council of Western Australia, drew the committee's attention to some significant initiatives in the State to equip and support Aboriginal and Torres Strait Islander peoples young people to enter the workforce or education. As he told the committee:

I want to mention in particular the ICEA Foundation, run by Lachie Cooke, and the Australian Aboriginal and Torres Strait Islander peoples Mentoring Experience—AIME—where young people are trying to tackle issues in local communities for Aboriginal people. It is actually young people who are taking the leadership role and saying, 'We want something better in our communities. We want something better for young people.' The main thing that those two programs are doing that I think is having great success is focusing on providing young people with mentors and role models that they can actually have in their lives who are potentially successful in their area of expertise. Providing them with someone that they can aspire to be is something that I think we need to be looking more at. The energy of these organisations is unmatched by many others. Seeing young people driving the agenda is something we need to be encouraging more.³²

4.29 At the same hearing, Mr Sameh Gowegati, the Chief Executive Officer of the South Metropolitan Youth Link Inc. (SMYL), noted the progress that had been made in Western Australia on Aboriginal and Torres Strait Islander peoples school retention rates. He told the committee:

When we started our Aboriginal schools program in 1997, 18 per cent of Aboriginal kids in WA got to year 12. That was a disgrace. It was not such a huge problem in 1997 because you could get a job with a year 10 qualification. By the time we got to 2000, you could not get into TAFE with a year 10 qualification and the jobs were shrinking, so we had to come up with a solution. The schools program basically got those kids into employment and training with a host employer for a day a week, and they were staying at school and doing a day at TAFE. We played around with it and tried to create a pathway for Aboriginal kids. That program was successful. By 2008 we had in WA achieved a completion rate of year 12 for Aboriginal kids of 52 per cent based primarily on that program. So we had raised the retention rate of Aboriginal kids to year 12 from 18 per cent to 52 per cent by 2008. Commensurate with that, we have provided about 3,000 Aboriginal kids with apprenticeships, traineeships and jobs. These were kids who otherwise would not have participated and so that, probably more than anything else in this region, had a fundamentally huge

31 *Committee Hansard*, Melbourne, 19 September 2014, p. 6.

32 Chief Executive Officer, *Committee Hansard*, Rockingham, 11 November 2014, pp 28–29.

impact on addressing that huge gap between Aboriginal poverty, equality and everything else.³³

4.30 However, Mr Gowegati expressed regret that retention levels had since fallen in the state, in part because of a lack of commitment and structure to funding programs. In terms of the SMYL program, he explained that:

The federal government pulled its funding out. The state government decided that it would focus on excellence, not equity, and so it basically damned the program. As a trainer, we kept it alive. We kept funding it ourselves, but the numbers dropped. So instead of having 400 to 500 Aboriginal kids every year staying at school and completing year 12, the numbers dropped down to about 180 that we could fund ourselves.³⁴

4.31 The committee was interested in SMYL's role of identifying Aboriginal children at risk of falling out of the mainstream education system and giving them training on a wage. Mr Gowegati told the committee that schools approach SMYL with details of children who are not attending school, are at risk of falling out or who have been suspended. SMYL then matches the young person with an employer. As Mr Gowegati put it:

...they are taking them on, because we are paying the wages for them and managing the process, and, all things being equal, they will employ them at the end of the program. It puts enormous pressure on the charity to meet the wages of 500 or 600 kids every year—between Aboriginal kids and non-Aboriginal kids—which we have to do. Having said that, it is about the only thing we can point to that actually gets these kids, who are completely disengaged, into the world of education and employment with a 70 per cent success rate. So it does work. As I keep saying, it is not a stick to punish them; it is the fact that they are guaranteed income. They are being paid to go to work. That is what gets them in.³⁵

4.32 The committee considers the issue of funding youth and Aboriginal and Torres Strait Islander employment programs in chapter 6 of this report.

Aboriginal and Torres Strait Islander peoples' health

4.33 Poor health outcomes among the Aboriginal and Torres Strait Islander population remain an area of acute and ongoing concern. *Australia's Health 2014*, released by the Australian Institute of Health and Welfare, found that Aboriginal and Torres Strait Islander Australians have a burden of disease two to three times greater

33 *Committee Hansard*, Rockingham, 11 November 2014, p. 35.

34 *Committee Hansard*, Rockingham, 11 November 2014, p. 35.

35 *Committee Hansard*, Rockingham, 11 November 2014, p. 41.

than the general Australian population and are more likely to die at younger ages, experience disability and report their health as fair or poor.³⁶

4.34 The Productivity Commission's 2014 *Key Indicators* report found that the health of Aboriginal and Torres Strait Islander peoples continues to lag well behind that of the general population. Some of the report's findings included:

- in 2012–13, 39.3 per cent of Aboriginal and Torres Strait Islander Australians aged 15 years and over reported their health status as excellent or very good. This was a decrease from 43.7 per cent in 2008;
- in 2012–13, around one in seven (13.6 per cent) of Aboriginal and Torres Strait Islander Australians aged 18 years and over had not consulted a GP/specialist in the previous 12 months—a decrease from 20.6 per cent in 2004–05 and 19.4 per cent in 2001;³⁷
- the hospitalisation rate for chronic conditions for Aboriginal and Torres Strait Islander Australians was more than four times the rate for non-Indigenous Australians;
- the hospitalisation rate for potentially preventable acute conditions for Aboriginal and Torres Strait Islander Australians was more than twice the rate for non-Indigenous Australians;³⁸
- between 2001 and 2012–13, the crude daily smoking rate for Aboriginal and Torres Strait Islander adults declined from 50.7 to 44.4 per cent. A similar decline in non-Indigenous smoking rates meant that the gap in (age adjusted) daily smoking rates remained relatively constant at around 26 percentage points between 2001 and 2011–13;³⁹
- in 2012–13, 69.2 per cent of Aboriginal and Torres Strait Islander adults were categorised as clinically obese (39.8 per cent) or overweight (29.4 per cent). Only 27.7 per cent were considered to be of normal weight;⁴⁰
- in 2012–13, almost one-third of Aboriginal and Torres Strait Islander adults (30.1 per cent) reported experiencing high/very high levels of psychological distress, an increase from 27.2 per cent in 2004–05; and

36 Australian Institute of Health and Welfare, *Australia's Health 2014*, p. 81, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129548150> (accessed 1 November 2014).

37 Productivity Commission, *Overcoming Aboriginal and Torres Strait Islander peoples Disadvantage, Key indicators report 2014*, p. 8.3.

38 Productivity Commission, *Overcoming Aboriginal and Torres Strait Islander peoples Disadvantage, Key indicators report 2014*, p. 8.11.

39 Productivity Commission, *Overcoming Aboriginal and Torres Strait Islander peoples Disadvantage, Key indicators report 2014*, p. 8.20.

40 Productivity Commission, *Overcoming Aboriginal and Torres Strait Islander peoples Disadvantage, Key indicators report 2014*, p. 8.25.

- the proportion of Aboriginal and Torres Strait Islander adults experiencing high/very high psychological distress in 2012–13 was 2.7 times the proportion for non-Indigenous Australians in 2011–12.⁴¹

4.35 In its submission to this inquiry, the Social Determinants of Health Alliance said that '[T]here is a clear relationship between the social disadvantages experienced by Aboriginal and Torres Strait Islander people and their current health status (Carson et al. 2007)'.⁴² Ms Yvonne Luxford of the Public Health Association of Australia told the committee that Aboriginal disadvantage in health can, and must, be rectified:

Social, economic, political and cultural deprivation have directly contributed to much lower life expectancy and a high burden of disease across diverse areas such as cardiovascular disease, accidents and injuries, respiratory disease, renal disease and diabetes—such a high burden of preventable disease that, as a society, we should simply be ashamed. We should be ashamed because we can change it...⁴³

4.36 Oxfam recommended in its submission that the new funding formula for Aboriginal health services should be developed in collaboration with Aboriginal Community Controlled Health Services and peak organisations.⁴⁴ The committee agrees with this approach.

Culture and Aboriginal and Torres Strait Islander peoples' disadvantage

4.37 Any effort to address Aboriginal and Torres Strait Islander peoples disadvantage in Australia must identify and overcome the underlying reasons for these poor outcomes. The committee has not focussed on these matters in any detail during this inquiry. However, the committee does highlight the following evidence from Associate Professor Dockery:

Throughout the history of discussion about what policies should do in Australia to address Indigenous disadvantage, there has been a constant assumption that Aboriginal and Torres Strait Islander peoples culture is a barrier to achievement. It is basically a story between two camps—the self-determination people, who think Aboriginal and Torres Strait Islander people should have the right to choose what they want of our culture and our ways, and the assimilationist camp, who say, 'We've just got to get them out of their culture and into our culture and then they'll have better outcomes.' This has been the dialogue and both sides assume the

41 Productivity Commission, *Overcoming Aboriginal and Torres Strait Islander peoples Disadvantage, Key indicators report 2014*, p. 8.35.

42 *Submission 43*, p. 7. Also see: Carson, B., Dunbar, T., Chenhall, RD., Bailie, R. Eds (2007). *Social determinants of Aboriginal and Torres Strait Islander peoples health*. Crows Nest, NSW: Allen and Unwin.

43 Board Member, *Committee Hansard*, Canberra, 16 October 2014, p. 52.

44 *Submission 22*, p. 10.

culture is a barrier. Even the people who believe in self-determination say it is a barrier, that there is a trade-off but it is a choice they have to make.

There is hardly any empirical evidence on this, and I think I am one of the only people who has looked at Australian empirical evidence. The empirical evidence suggests exactly the opposite. People who have stronger identification and engagement with their traditional culture have better outcomes. These are not just wellbeing outcomes; these are mainstream outcomes—employment, education, being less likely to abuse substances, less likely to end up in jail.

Whatever the solutions are, they have to, for a long time to come, incorporate Aboriginal and Torres Strait Islander peoples aspirations relating to important things for them—attachment to country, engagement in culture, kinship networks. Those things are very important. If you are going to go down the path of, 'No, you've just got to have employment; you've just got to increase your income,' it just will not work. In my view, you will add to 200 years of policy failure.⁴⁵

People with disability

4.38 People with disability in Australia have—on average—lower incomes than people without disability:

- A 2011 report commissioned by the Australian Network on Disability found that the average weekly income for a working-age person with a disability is \$344, nearly half that of a person without a disability (\$671).⁴⁶
- Less than 10 per cent of people on the DSP earn an income and close to half of those that do have earnings receive less than \$250 per week. The average duration on income support for people receiving the DSP is around 10 years.⁴⁷
- The 2012 ABS Survey of Disability Ageing and Carers found that people with disability aged 15 years and over are more likely to live in a household in the lowest two equivalised gross household income quintiles than those without disability (48 per cent compared with 22 per cent).⁴⁸

45 *Committee Hansard*, Rockingham, 11 November 2014, p. 3.

46 Deloitte Access Economics, *The economic benefits of increasing employment for people with disability*, Commissioned by the Australian Network on Disability, August 2011, p. 13, http://www.and.org.au/data/Conference/DAE_Report_8May.pdf (accessed 17 November 2014).

47 Deloitte Access Economics, *The economic benefits of increasing employment for people with disability*, Commissioned by the Australian Network on Disability, August 2011, p. 15.

48 Australian Bureau of Statistics, *Disability, Ageing and Carers, Australia: Summary of findings 2012*, Cat. 4430.0, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/A813E50F4C45A338CA257C21000E4F36?opendocument> (accessed 17 November 2014).

4.39 People with disability are under-represented in the Australian labour market and workforce:

- The labour force participation rate for those aged 15–64 years with disability in 2009 was 54 per cent (compared with 83 per cent for those without a disability).⁴⁹
- In terms of employment, 50 per cent of people aged 15 to 64 with disability and 28 per cent of people with severe or profound core activity limitation were employed compared with 79 per cent of people without disability.⁵⁰
- A lower proportion of people with disability were in employment after receiving employment assistance than the proportion without a disability. Thirty-six per cent of people with disability who used Job Services Australia streams 1–4 were employed post-assistance, compared with 49 per cent of all job seekers who used the program.⁵¹
- People with disability are more likely to be working part-time than people without disability.⁵²
- Forty-five per cent of people with disability in Australia live in or near poverty⁵³ compared with the OECD average of only 22 per cent.⁵⁴

4.40 People with disability in Australia also face poorer health outcomes than the rest of the population. Some of these outcomes include conditions that are unrelated to the specific health condition associated with the disability. People with multiple chronic health conditions have reported spending several thousand dollars a year on out of pocket health costs.⁵⁵

The Disability Support Pension, the cost of living and employment

4.41 In its submission to this inquiry, People with Disability Australia (PWD) emphasised that while having a disability means that everyday life is more expensive, the Disability Support Pension (DSP) is inadequate to cover for this additional cost. Further, while the reforms to the DSP since 2010 have led to a decrease in the number of people on the pension:

49 *Submission 44*, p. 8. Australian Institute of Health and Welfare, *Australia's welfare 2013*, p. 73.

50 Australian Institute of Health and Welfare, *Australia's welfare 2013*, p. 73.

51 Australian Institute of Health and Welfare, *Australia's welfare 2013*, p. 228.

52 Deloitte Access Economics, *The economic benefits of increasing employment for people with disability*, August 2011, http://www.and.org.au/data/Conference/DAE_Report_8May.pdf (accessed 3 December 2014).

53 *Submission 44*, p. 4.

54 *Submission 44*, p. 7.

55 Senate Community Affairs References Committee, *Out of pocket costs in Australian healthcare*, August 2014, p. 34.

...they have not led to an increase in workforce participation for people with disability. The perverse outcome of these measures is that more people with disability are now struggling to survive on less income, deepening the inequality in our communities.⁵⁶

4.42 PwD was also strongly critical of the 2014 federal budget's proposals to reassess DSP recipients against new Impairment Tables and introduce increased job-seeking requirements for people with disability (see chapters 5 and 6). It argued the need for government to address the barriers to employment through a jobs plan, rather than simply tighten the eligibility requirements for the DSP.⁵⁷

Housing for people with disability

4.43 The availability of appropriate and affordable housing is a crucial issue for people with disability. PwD noted that housing issues are a common concern raised with its individual advocates. It said that:

- only 28 per cent of people who receive the DSP own their own home;⁵⁸
- 36 per cent of households affected by a disability and renting paid more than 30 per cent of their gross income for housing (compared with 26 per cent of households with no disability); and
- the majority of existing homes in Australia are not accessible for people with disability.⁵⁹

4.44 People with disability rely heavily on social housing options. In 2011–12, 34 per cent of all public housing tenants relied on the DSP as their primary source of income.⁶⁰ At the hearing in Logan, the Director-General of the Queensland Department of Housing and Public Works told the committee:

Because of demand there is an increasing need to target high-subsidy social-housing assistance to those most in need while still ensuring that other low- to moderate-income earners can access assistance to stay in or move to the private rental market. In other words, 20 or 30 years ago social housing was provided to families; today it is provided to high—and very high needs people. In around 55 per cent of social-housing dwellings there is at least one tenant who has a disability and around 25 per cent of all tenants in a social house have a profound disability.⁶¹

56 *Submission 44*, p. 7.

57 *Submission 44*, p. 8.

58 *Submission 44*, p. 5. The reference given was to the Department of Social Services, *Characteristics of Disability Support Pension Recipients*, 2013, p. 19.

59 *Submission 44*, p. 5.

60 Australian Institute of Health and Welfare, *Australia's welfare 2013*, p. 123.

61 Mr Neil Castles, *Committee Hansard*, Logan, 8 October 2014, p. 1.

4.45 The committee shares PwD's concern that appropriate housing is provided for people with disability. PwD has noted that the National Rental Affordability Scheme (NRAS) is to be phased out, adding:

With no alternative to the NRAS, and no dedicated investment at a federal or state level to improve appropriate housing availability, people with disability will still have their housing choices constrained. For some people this may mean that they are trapped in institutional type settings because there are no alternatives for them to move to.⁶²

4.46 The committee highlights the following observations of the Parliamentary Joint Committee (PJC) on the National Disability Insurance Scheme in its June 2014 report into the progress of the NDIS trial sites:

[T]he availability of suitable housing for people with disability was a significant theme in evidence from the trial sites. Witnesses expressed a wide range of housing concerns including young people living in residential aged care homes and the deinstitutionalisation of state-run large residential centres. It is important to note that suitable housing for people with disability is a significant issue that pre-dates the introduction of the NDIS. The introduction of the Scheme is an opportunity for this issue to be addressed. These matters, and the broader problem of the limited stock of housing for people with disability, require policy leadership at the national level and should be the focus of the Council of Australian Governments Disability Reform Council.⁶³

4.47 This committee shares the PJC's view that the NDIS presents important opportunities for governments to address the issue of housing for people with disability. Further, it agrees with PwD that:

The implementation of the NDIS, on time and fully funded, will play an important part in addressing the barriers to social inclusion that many people with disability face in Australia.⁶⁴

If dedicated resources are not provided to guarantee provision and accessibility of mainstream services for all people with disability (such as housing, education, healthcare, transport), the opportunities provided through the NDIS will not be realized and the inequality of the majority of people with disability will persist.⁶⁵

62 *Submission 44*, p. 6.

63 Joint Parliamentary Committee on the National Disability Insurance Scheme, *Progress report on the implementation and administration of the National Disability Insurance Scheme*, July 2014, p. xvi, http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/National_Disability_Insurance_Scheme/~media/Committees/ndis_ctte/progress_report/report.pdf (accessed 1 November 2014).

64 *Submission 44*, p. 9.

65 *Submission 44*, p. 10.

People with mental illness

4.48 Mental illnesses can have a debilitating effect on the sufferer and his or her carer(s). Apart from the psychological and physical distresses of the illness, the sufferer may have reduced productivity, experience discrimination in the workplace, have periods of unemployment or be permanently excluded from the workforce. It is clear that having a mental illness can lead a person to being financially disadvantaged. What is not clear is whether a person's financial situation could trigger a mental illness.⁶⁶

4.49 The most common mental disorders are depression, anxiety and substance use disorders. Less common, and often more severe disorders include schizophrenia, schizoaffective disorder and bipolar disorder.⁶⁷ The National Mental Health Report 2013 estimated that:

- two to three per cent of Australians—around 600 000 people—have severe disorders (as judged by diagnosis, intensity and duration of symptoms, and degree of disability);
- another four to six per cent of Australians—about 1 million people—have moderate disorders; and
- a further nine to twelve per cent—about 2 million people—have mild disorders.⁶⁸

Access to health, housing and employment

4.50 Mental Health Australia's (MHA) submission states that 'people with lived experience of mental illness and mental health carers are over-represented amongst people on the lowest incomes'.⁶⁹ It noted that having a low income can affect a mentally ill person's ability to access health services, housing and employment. In terms of accessing health services, MHA argued:

[I]ncome inequality constrains the choices that people can make regarding their health and wellbeing. Gap payments and other 'out of pocket' expenses can make accessing services such as General Practice, psychology and psychiatry cost-prohibitive for people on low to moderate incomes.⁷⁰

4.51 Mr Josh Fear of MHA told the committee that people with mental illness face significant costs in addition to the basic cost of living and 'these costs rise the more

66 Mr Josh Fear, Director, Policy and Projects, Mental Health Australia, *Committee Hansard*, Canberra, 16 October 2014, p. 56.

67 Australian Institute of Health and Welfare, *Australia's Health 2014*, p. 131.

68 Australian Institute of Health and Welfare, *Australia's Health 2014*, p. 131.

69 *Submission 16*, p. 4.

70 *Submission 16*, p. 5.

health services you need to access'.⁷¹ He expressed particular concern with the impact of the proposed co-payment on the capacity of people to seek help with a mental health issue. As Mr Fear told the committee:

GPs are often the first port of call for someone with a mental health issue, both someone who has never experienced those symptoms before and is worrying about what they mean and also people who have an enduring mental illness that they need to cope with over time. In fact 1½ million GP services are provided every year for a mental health issue.

It is Mental Health Australia's position that a co-payment will actually discourage help-seeking... We have as many government initiatives at state and Commonwealth level which have tried to encourage help-seeking, yet we hear from our members and from the broader mental health sector that a GP co-payment will do precisely the opposite and discourage people from getting help early.⁷²

4.52 In terms of housing, MHA emphasised the vulnerability of mentally ill people to poorer housing options, but also the benefit that stable housing can provide to their recovery. It noted:

There is a strong correlation between homelessness and poorer health and wellbeing especially in relation to mental health outcomes. According to the ABS survey of mental health and wellbeing, for the 484,400 people who reported ever being homeless, more than half (54%) had a 12-month mental disorder, which is almost three times the prevalence of people who reported they had never been homeless (19%). In addition, specialist homelessness services supported more than 41,000 people who identified as having mental health concerns in 2012–13. Conversely stable housing has been shown to improve chances of recovery from mental illness and having a place to call home is widely acknowledged as a critical foundation upon which to build a place in community and social life.⁷³

4.53 In terms of gaining and retaining employment, MHA noted that 70 per cent of Australians with a mental illness are employed. Still:

...rates of labour force participation are lower for people with mental illness than average, suggesting that more needs to be done to address the specific barriers people with mental illness face in relation to paid employment.⁷⁴

4.54 In evidence to the committee, Mr Fear elaborated:

We know that only 38 per cent of people with mental illness work full time, compared to 55 per cent of the rest of the population. When we look at people with serious mental illness, the rate of unemployment amongst

71 *Committee Hansard*, Canberra, 16 October 2014, p. 59.

72 *Committee Hansard*, Canberra, 16 October 2014, p. 57.

73 *Submission 16*, p. 6.

74 *Submission 16*, p. 6.

people with psychosis is 67 per cent, rather than five per cent. We know that around 260,000 people on the DSP have a psychiatric disability. We also know that around 200,000 people on Newstart have an identified mental illness. I would strongly suggest that many more people on Newstart have a mental illness that they have not disclosed to Centrelink. Part of that is to do with the way that Centrelink deals with its customers and part is to do with the stigma associated with having a mental illness.⁷⁵

4.55 MHA emphasised the economic and social benefits of ensuring that people with mental illness maintain their employment and productively participate in the workplace. It proposes a number of measures to increase employment participation by people with mental illness, including wage subsidies for employers who employ people with mental illness. These proposals were also put to the McClure Review on Welfare Reform.⁷⁶

Mental illness and the NDIS

4.56 The committee is aware there is currently work being conducted into the eligibility of people with psychiatric disabilities for a 'Tier 3' package of supports under the National Disability Insurance Scheme (NDIS). Some people with more severe psychiatric illnesses will have financial support to cover the cost of private psychiatric appointments (among other major expenses). MHA suggested that the NDIS will provide an individualised support package to 'around one in four or one in five people with psychosocial disability'.⁷⁷

4.57 The committee notes MHA's concern that carers of people with mental illness are not currently able to access any kind of financial assistance from the Commonwealth. This is not the case for carers of people with other disabilities. Mr Fear suggested that this implied the government was 'picking favourites' among disabilities. He suggested that there needs to be a review of the way that assessments for financial support for carers are carried out.⁷⁸

Refugees

4.58 Refugees are another group that face particular challenges in the Australian labour market by dint of their (often short to medium-term) personal circumstances.

75 *Committee Hansard*, Canberra, 16 October 2014, p. 56.

76 See: https://www.dss.gov.au/sites/default/files/documents/08_2014/133_-_national_mental_health_consumer_carer_forum_mental_health_council_of_australia.pdf (accessed 3 December 2014).

77 Mr Josh Fear, *Committee Hansard*, p. 59. The 2011 Productivity Commission report estimated that 57 000 people will be eligible for an individualised package. Productivity Commission, *Disability Care and Support*, Vol. 1, No. 54, 31 July 2011, page 27 and page 190. Mental Health Australia estimated that there are around 20 000 to 300 000 people in Australia with a psychosocial disability.

78 *Committee Hansard*, Canberra, 16 October 2014, p. 59.

In 2012–13, the Australian Government granted a total of 20 019 visas under the Humanitarian Programme.⁷⁹ The highest number of visas granted in 2012–13 (under the offshore component) was in the Middle East region (55.7 per cent), followed by the Asia region (34.1 per cent) and the Africa region (9.9 per cent).⁸⁰

The income of humanitarian entrants

4.59 The renowned Australian demographer, Professor Graeme Hugo, has found that humanitarian entrants to Australia have the lowest income of migrant groups.⁸¹ Commenting on his findings, a 2011 Department of Immigration and Citizenship report stated that over half of humanitarian entrants have weekly incomes under \$250, compared with just under 30 per cent for the other migration categories:

[H]umanitarian entrants have the lowest proportion of nil or negative incomes, which Professor Hugo identified as partly the result of humanitarian entrants having immediate access to unemployment benefits. The lower levels of income have other consequences, such as a lesser ability to buy a house. The research showed that the more recent waves of humanitarian entrants were slower to enter the housing market and were more likely to be renting. The older waves and the second generation were, however, more likely to be on a par with those born in Australia with respect to owning a home.⁸²

Barriers for humanitarian entrants in gaining employment

4.60 The Refugee Council of Australia (RCOA) identified the following potential barriers to employment by refugee and humanitarian entrants:

- limited English proficiency;
- lack of Australian work experience and limited knowledge of Australian workplace culture and systems;
- limited access to transport and affordable housing close to employment;
- pressures of juggling employment and domestic responsibilities (a particularly significant issue for women);
- lack of appropriate services to support employment transitions;

79 This included 7504 grants under the onshore component and 12 515 grants under the offshore component. In the offshore component, 12 012 (95.9 per cent) grants were Refugee visas and 503 (4.0 per cent) were SHP visas.

80 Department of Immigration and Border Protection, Information Paper, Appendix A, December 2013, <http://www.immi.gov.au/media/publications/refugee/ref-hum-issues/pdf/humanitarian-program-information-paper-14-15.pdf> (accessed 17 November 2014).

81 Based on a 2006 figure for migrants aged over 15 years of age.

82 Professor Graeme Hugo and the Department of Immigration and Citizenship, *A significant contribution: The economic, social and civic contributions of first and second generation humanitarian entrants*, 'Summary of findings', 2011, p. 23.

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- the impacts of past trauma on health and wellbeing;
 - downward mobility and the pressure to accept insecure employment, which can result in underutilisation of skills and hamper longer-term career advancement;
 - lack of qualifications or difficulties with recognition of qualifications, skills and experience;
 - discrimination and negative attitudes; and
 - visa restrictions (in the case of asylum seekers and temporary humanitarian visa holders).⁸³

4.61 Professor Hugo interviewed humanitarian entrants to gauge—among other things—the barriers that they have faced in gaining employment in Australia. Prior to migration these factors included exposure to violence, instability and persecution, lack of education, lack of knowledge about the Australian labour market, lack of documentation prior to migration and misinformation about employment opportunities. Post-migration, the identified barriers included: mental health issues; illiteracy and low English proficiency; lack of opportunities or finances to have skills recognised; lack of knowledge about the skills recognition processes; lack of established networks in Australia; and experiences of racism and discrimination.⁸⁴

4.62 Professor Hugo also found that 69.7 per cent of those surveyed had at some time sent money to their homeland. It was not unusual for recent African migrants to send 10 to 20 per cent of their weekly income to their families in the homeland or in a refugee camp.⁸⁵

4.63 The RCOA's submission to this inquiry focussed on the capacity of refugee and humanitarian entrants to access income support payments. It noted that these people tend to be younger than the general Australian population: between 2009–10 and 2013–14, 87 per cent of the 70 000 people who were granted humanitarian visas were under the age of 35 when they arrived in Australia. The RCOA argued that given their age profile, and the fact they often rely on income support payments during their early years of settlement, refugees are 'likely to be disproportionately affected' by the 2014 budget measures.

4.64 The RCOA emphasised that refugee and humanitarian entrants are often 'desperate to find stable employment'. Accordingly, it argued:

83 *Submission 24*, pp 2–3.

84 Professor Graeme Hugo and the Department of Immigration and Citizenship, *A significant contribution: The economic, social and civic contributions of first and second generation humanitarian entrants*, 'Summary of findings', 2011, p. 23.

85 Professor Graeme Hugo and the Department of Immigration and Citizenship, *A significant contribution: The economic, social and civic contributions of first and second generation humanitarian entrants*, 'Summary of findings', 2011, p. 40.

...the application of punitive financial “incentives” to refugee and humanitarian entrants would represent a serious misdiagnosis of the reasons for their (initially) lower participation in the workforce and cause significant financial hardship without enhancing employment outcomes.⁸⁶

4.65 The committee considers that a longitudinal analysis on how humanitarian visa holders have fared in the Australian labour market over the first 10 years of their settlement would be very useful. It would be particularly worthwhile for this study to combine quantitative data on humanitarian entrants' income levels over time with qualitative surveys—of the type conducted by Professor Hugo—which identify the barriers and the keys to obtaining and retaining employment.

Older workers and those at risk of poverty in retirement

4.66 The terms of reference for this inquiry direct the committee to consider the impact of income inequality on older workers and workers at risk of poverty in retirement. Within this demographic, there are varying degrees of actual and potential hardship and disadvantage. There are:

- older unemployed people;
- pensioners living in poverty;
- those older workers on a low income with no assets or retirement savings;
- parent carers; and
- those on relatively good incomes who have suffered investment losses and the prospect of insufficient savings to self-fund their retirement.

Older unemployed people

4.67 Older unemployed people can face particular difficulties regaining employment. A substantial number of older Australians of working age are not employed. Department of Social Services data show that in September 2014, there were nearly 400 000 job seekers receiving the Newstart Allowance. Of these, 79 163 were aged over 50, nearly 20 per cent of all Newstart recipients.⁸⁷

4.68 The Department of Social Services has noted that between 2010 and 2013, there was a 41.2 per cent increase in people in their 50s and 60s receiving the Newstart unemployment benefit, much higher than the overall growth across all

86 *Submission 24*, p. 3.

87 Department of Social Services, *Labour market and related payments: a monthly profile*, September 2014, p. 9, https://www.dss.gov.au/sites/default/files/documents/11_2014/labour_market_and_related_payments_september_2014_updated_13nov14.pdf (accessed 17 November 2014).

demographics.⁸⁸ Older people are more likely to be unemployed long-term than any other group.⁸⁹

4.69 At the Logan hearing, Ms Bartolo told the committee that some of YFS Limited's clients are older men in their late 50s who have lost their jobs and cannot meet their commitments.⁹⁰ Ms Mary D'Elia of Baptcare emphasised that unemployed older Australians living on the Newstart Allowance have an income level 'generally acknowledged as inadequate'. She argued that the pension age should not be raised to 70 years without a simultaneous increase in the level of the Newstart Allowance.⁹¹

4.70 The committee recognises and supports government initiatives to assist older unemployed Australians to gain work and encourage older workers to remain in the workforce. The number of Australians aged over 55 (both male and female) participating in the workforce has increased since the early 1990s. The ABS has found:

In 2009–10, there were around 5.5 million Australians aged 55 years and over, making up one quarter of the population. Around one third of them (or 1.9 million) were participating in the labour force. People aged 55 years and over made up 16% of the total labour force, up from around 10% three decades earlier. The participation rate of Australians aged 55 and over has increased from 25% to 34% over the past 30 years, with most of the increase occurring in the past decade.⁹²

Pensioners living in poverty

4.71 In its submission to this inquiry, the COTA Australia (COTA) stated that older people are consistently over-represented in poverty statistics. It noted that incidences of poverty are high for single older women and single older men, as well as older couples.⁹³

88 2013–14 Additional Estimates Hearings, Senate Community Affairs Committee, Social Services Portfolio, Question 583, response to Senator Siewert.

89 See also Dr Marcia Keegan, Associate Professor Rebecca Cassels and Dr Riyana Miranti, 'Unemployment, income support and job search activity among baby boomers in Australia', Conference paper presented to 42nd Australian Conference of Economists, Murdoch University, 7–10 July 2013, <http://www.murdoch.edu.au/School-of-Management-and-Governance/document/Australian-Conference-of-Economists/Unemployment-income-support-and-job-search-activity-among-baby-boomers-in-Australia.pdf> (accessed 2 December 2014).

90 *Committee Hansard*, Logan, 8 October 2014, p. 29.

91 State Operations Manager, Tasmania, *Committee Hansard*, Hobart, 19 September 2014, p. 3.

92 Australian Bureau of Statistics, *Australian Social Trends September 2010: Older people and the labour market*, Cat. 4102.0, p. 1, [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/LookupAttach/4102.0Publication29.09.104/\\$File/41020_OlderWorkers.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/LookupAttach/4102.0Publication29.09.104/$File/41020_OlderWorkers.pdf) (accessed 1 November 2014).

93 *Submission 38*, p. 4.

4.72 COTA did recognise that changes to pension arrangements in 2009 alleviated the levels of poverty. As part of these changes, the aged pension increased and indexation arrangements were introduced that fixed the age pension to a proportion of Male Total Weekly Average Earnings (MTAWE) and set the biannual indexation at the best of the Pensioner And Beneficiary Living Cost Index, the Consumer Price Index (CPI) or MTAWE.⁹⁴

4.73 Welfare agencies told the committee that increasingly, older homeless people are presenting to them in need of assistance. Ms Cheryl Fairclough of Baptcare in Tasmania told the committee:

More and more agencies are seeing older people homeless for the first time in their lives at retirement, particularly older single women. Studies by the University of Melbourne looked at the fact that, even in the buoyant years of 2001 to 2007, one in 12 older people suffered severe disadvantage and poverty. Certainly, for single pensioners, one-third, generally, are suffering financial and housing stress.⁹⁵

4.74 Ms Fairclough's colleague, Ms D'Elia, told the committee of the particular relevance of seniors living in poverty in Tasmania. She noted:

By June 2013 more than 17 per cent of Tasmanians were aged 65 and over—the highest percentage of any Australian state or territory. As an aged-care agency, Baptcare is particularly concerned with the growing poverty and housing insecurity amongst seniors. Indeed, around 40 per cent of the aged-care residents at our Baptcare Karingal community facility in Devonport are financially and socially disadvantaged. We also have a target of 30 per cent of our home care packages being provided to disadvantaged aged clients.

4.75 Baptcare and COTA both expressed strong concern at the plans to shift the indexation for aged pensions from a percentage of the average male weekly earnings to the lower baseline of average weekly earnings and then indexing pensions to CPI instead of wages growth. In terms of the impact of this measure, Baptcare identified a particularly vulnerable group as grandparents on the aged pension or on Newstart with responsibility for caring for their grandchildren.⁹⁶

Older workers on a low income with no assets

4.76 Of great concern for the committee is the cohort of older Australians who have lived for many years on a low income and who face a retirement without assets. The committee is aware that the Household Income and Labour Dynamics in Australia (HILDA) Survey contains data on Australians' asset holdings by age group.

94 *Submission 38*, p. 4.

95 Social Policy Officer, *Committee Hansard*, Hobart, 19 September 2014, p. 9.

96 *Committee Hansard*, Hobart, 19 September 2014, p. 4.

The eighth statistical report contained the following table (Table 4.1). The report noted:

...in all age groups, there has been a decline in home ownership between 2001 and 2010, but the largest declines have been for people aged 35 to 54 years. One way of viewing these changes by age group is to take a ‘birth cohort’ perspective. Thus, the homeownership rate when aged 35 to 44 years was 4.5 percentage points lower for the cohort born between 1966 and 1975 than for the cohort born between 1956 and 1965; and the home-ownership rate when aged 45 to 54 years was 5.5 percentage points lower for the cohort born between 1956 and 1965 than for the cohort born between 1946 and 1955.⁹⁷

Table 4.1: Rates of home ownership by age group (%)

	Mean rate over 2001 to 2010	Change in rate 2001 to 2010
18–24	10.4	–0.3
25–33	43.1	–1.8
35–44	67.8	–4.5
45–54	77.9	–5.5
55–64	83.3	–1.1
65 and over	82.7	–1.1

Source: Melbourne Institute of Applied Economic and Social Research, *Families, Incomes and Jobs, Volume 8*, 2013, p. 93.

4.77 In additional information provided to the committee, the Queensland Council of Social Service (QCOSS) noted:

One of the significant challenges older people who live a life-time of low income is their inability to purchase a home. Without a home of their own many of these older people rely on the private rental market to meet their housing needs and face a significant struggle meeting the high cost of renting which can absorb a large proportion of income.⁹⁸

4.78 This issue will be returned to in chapter 6 of this report in the context of how negative gearing limits the stock of owner-occupier housing, forcing low-income renters to accept market rental rates.

4.79 The Western Australian Council of Social Service (WACOSS) told the committee at the Rockingham hearing that early intervention is needed to ensure that older workers facing retrenchment are provided with retraining opportunities while they are still employed. As Mr Chris Twomey, WACOSS's Director of Social Policy, told the committee:

97 Melbourne Institute of Applied Economic and Social Research, *Families, Incomes and Jobs, Volume 8*, 2013, p. 93, https://www.melbourneinstitute.com/downloads/hilda/Stat_Report/statreport-v8-2013.pdf (accessed 25 November 2014).

98 *Additional information*, 8 October 2014, p. 13.

...there is some interesting work that the commissioner for age discrimination is currently doing that is looking at the opportunities to do a scan of older employed people in their mid-50s who are in the industries, as in South Australia, that are at risk of winding up and that the best opportunity to intervene and retrain is while these people are still at work. As soon as they are unemployed, they have all of those additional barriers to finding more work. That is a promising area to respond to.⁹⁹

4.80 In September 2014, the Hon. Susan Ryan AO, the Age Discrimination Commissioner, told the National Press Club in Canberra:

...we don't want to see a repeat of the South Australian car manufacturing industry collapse, where middle-aged skilled workers were laid off and left—initially at least—with no advice and no direction as to how they might find new jobs.

What workers in this situation need – and virtually every individual does at some point in their working life – is a structured process by which they can review where they are and plan for their ongoing participation in employment.

That is why I am calling today for a National Jobs Checkpoint Plan. I am urging a high profile, widely supported, and nationally coordinated approach to helping all people at midlife to check where they are and change direction if they need to. This national approach can be developed by governments, industry and vocational education providers working together. I see TAFE right at the center of this Plan. TAFE colleges have the required training skills and links with local employers and government programs, but these links need to be strengthened and supported for vocational education everywhere throughout Australia.

...Initially under this Plan, anyone approaching 50 could attend a local TAFE to get a skills analysis, and basic advice about which sectors are growing and need workers, where the jobs are located in that region, and what skills and credentials are required to secure one. A well-targeted checkup and redirection at 50 could set a person up for another 20 years work, age pension age rules notwithstanding.

This is not a crisis management plan, it is a preventative approach that would have older people recharging and moving smoothly into their next stage of employment.¹⁰⁰

4.81 The committee believes that the focus on well-coordinated, preventative approach based on vocational education and training is sound. It will require an appropriate level of investment from the Commonwealth and State Governments and

99 *Committee Hansard*, Rockingham, 11 November 2014, pp 10–11.

100 The Hon. Susan Ryan AO, Age Discrimination Commissioner, *The Longevity Revolution—Crisis or Opportunity?*, Address to the National Press Club, September 2014, <https://www.humanrights.gov.au/news/speeches/longevity-revolution-crisis-or-opportunity> (accessed 17 November 2014).

a framework whereby older workers in declining sectors can be effectively case managed. Chapter 6 returns to this issue.

Parent carers

4.82 Another cohort of older person at risk of financial hardship is parent carers. The long-term sacrifices that these parents make in caring for their child often leaves them without an income, a career or any assets. The committee heard from Ms Sarah Walbank of Carers' Queensland that:

The lack of appropriately skilled and affordable locally based care services leaves them [parent carers] with no alternative except to leave the full-time workforce and become full-time carers—a loss to the economy that is rarely acknowledged in the public domain. This scenario is very aptly illustrated by a quote from a carer to our annual quality of life report. She says: 'My daughter is 24 years old but has funding for only 42 hours per week. This means that we are together for no less than 110 hours per week. As a consequence, I have no time to socialise, no assets and no way back into the workforce.' The consequence of a parent carer's decision to leave the workforce and accept more marginalised work is not merely a budgetary inconvenience; it is a significant decision that has the potential to negatively impact the family's financial capacity not only in their working years but also longer term in their retirement years. As one carer said: 'The future security is a subject that keeps me up at night and it constricts my chest. I have very little superannuation left and I have no career. I have been a carer now for 14 years, and there is no end in sight. What will be my fate when I am aged and impoverished.'¹⁰¹

The challenge of self-funding retirement

4.83 About eighty per cent of Australians of retirement age draw a full or part pension.¹⁰² Despite the significant political emphasis and national investment in superannuation, only a minority of Australians are self-funded retirees.

4.84 The aftermath of the Global Financial Crisis (GFC) brought with it public commentary in Australia (and internationally) about the impact of the GFC on older workers' superannuation nest eggs. Would they still be able to self-fund their retirement and if so, for how much longer would they have to work? Journalist George Megalogenis wrote in October 2011:

In the three years before the GFC, when Australia was running out of workers, men in their late 50s were the only grouping to reduce their labour force participation. The lure of former Liberal treasurer Peter Costello's tax-free super payouts, promised in the 2006 budget, seemed to be driving people into early retirement.

101 Policy and Research Officer, *Committee Hansard*, Logan, 8 October 2014, p. 13.

102 National Commission of Audit, *7.1, The Age Pension*, 2014.

But the income shock of the GFC has reversed the trend. In the three years since the GFC, men in their late 50s have been responsible for the second-sharpest jump in labour force participation across the economy. Only women aged 60-64 years entered the workforce at a faster rate. The new research by *The Weekend Australian* confirms the role the GFC has played in the greying of the workforce.

But the bigger picture is just as interesting. The baby boomers have known for some years that the compulsory super system wouldn't deliver its promise of a self-funded retirement in their lifetime. The super system only reached the 9 per cent contribution benchmark in 2002—when employers had to kick in 9 per cent of a worker's wage into a super fund.¹⁰³

4.85 The revenue collected from the previous federal government's mining super profits tax was earmarked to increase the Superannuation Guarantee Charge (SGC) from 9 per cent to 12 per cent. The repeal of the mining tax in this Parliament has meant that this increase will now not occur until at least 1 July 2021.¹⁰⁴

4.86 The Assistant Secretary of the Australian Council of Trade Unions (ACTU), Mr Tim Lyons, told the committee that the freeze of the superannuation guarantee charge will have a regressive impact. As he explained:

The delay in increases to the superannuation guarantee charge will certainly result in lower retirement incomes from super being available to middle-income earners in particular but also low-income earners. Every year that is delayed will result in a smaller pool of retirement income savings for those people. The delay in the SG probably will not affect high-income earners in the same way as much of the money that is pumped into the system is from additional voluntary contributions that people make in order to access and take advantage of the tax concessions.¹⁰⁵

4.87 The committee has strong concerns about the SGC freeze. It not only fears the regressive impact of this policy but highlights the contradiction of the government seeking to boost retirement incomes and reduce reliance on the aged pension while capping personal and employer contributions to superannuation.

Gender and inequality

4.88 There has been important recent research into the gender pay gap in Australia. In November 2014, Curtin University academics Associate Professor Siobhan Austen, Associate Professor Rachel Ong, Dr Sherry Bawa and Associate Professor Therese Jefferson published research findings which showed that Australia's gender wealth

103 'Generation GFC forced back to work', *The Weekend Australian*, 22 October 2011, <http://www.theaustralian.com.au/business/economics/generation-gfc-forced-back-to-work/story-e6frg926-1226173518461> (accessed 1 November 2014).

104 Explanatory Memorandum, Minerals Resource Rent Tax Repeal and Other Measures 2013, p. 27.

105 *Committee Hansard*, Melbourne, 18 September 2014, p. 4.

gap has widened sharply over the past decade. Across all age groups, the disparity in average wealth between single men and single women grew from \$18 300 to \$47 000 between 2002 and 2010. The study found that single young women had a little over half the average assets of their male counterparts. The main reason for this differential was the growth in the value of housing assets owned by single men.¹⁰⁶

4.89 In terms of earnings, Associate Professor Austen and her colleagues found that the differential between the average full-time male worker and the average full-time female worker was 18.2 per cent in August 2014. This was the largest differential since 1994. Associate Professor Austen noted that these trends seemed at odds with the trends of greater female participation in the workforce and the higher number of women in tertiary education than men.¹⁰⁷

4.90 In evidence to the committee, Associate Professor Austen also commented on research she has conducted into gender income inequality with Professor Gerard Redmond of Flinders University. The central finding of this research was that as more women have entered the Australian workforce since the 1980s, family income inequality was 'generally been pushed downwards'.¹⁰⁸ She explained this research to the committee in the following terms:

...we looked at the increasing trend in male earnings inequality as well as female earnings inequality, which increased by a lesser amount in the decades 1980s and 1990s through to 2007, but from a higher base. The trend towards inequality in both earnings distributions was upwards.

In terms of family income inequality, we found the growth in women's earnings within Australian households had a mixed effect on family income inequality. In a period 1982 to 1995-96, women's earnings' growth had what we call a disequalising effect on family income inequality. This happened because, increasingly, the growth in earnings by women was happening in households that were characterised by high male earnings.

From 1995 through to 2008 an opposite pattern emerged, where we saw the growth in women's earnings occurring more substantially in households where male earnings were relatively less. In that period, as women's earnings increased, we saw it having a positive or equalising effect on family-income inequality. These changes in trends were associated with big changes in women's employment over those decades.¹⁰⁹

106 Exploring recent increases in the gender wealth gap among Australia's single households, *The Economic and Labour Relations Review*, published 17 October 2014, <http://elr.sagepub.com/content/early/2014/08/18/1035304614556040.full.pdf+html> (accessed 17 November 2014).

107 *Committee Hansard*, Elizabeth, 10 November 2014, p. 34.

108 Her caveat to this finding was that women may have had to have worked longer hours in order to offset the effects of growing male-earnings inequality.

109 *Committee Hansard*, Elizabeth, 10 November 2014, p. 34.

4.91 Associate Professor Austen also drew the committee's attention to her research on women's share of total income. She noted that this share 'still sits somewhere below 40 per cent, at around 38 per cent' and portrayed the broader picture in the following terms:

Women remain overrepresented in low-income groups...and underrepresented in high-income groups within our community. We have not seen much progress in women's share of income despite...the rapid rise in employment and the rapid rise in education. There are several reasons for this. Women's employment rates are relatively low. When they do work they tend to work part-time hours, much more than men, and their wages when they are in paid work tend to be relatively low as well.¹¹⁰

4.92 Mr Tim Cowgill from the ACTU told the committee:

...the gender pay gap is not only large but it has risen quite substantially since the mid 2000s and it is now at its highest since the 1980s. That is a concern in and of itself, regardless of the subsequent effects on wealth inequality and other things. But, of course, if women on average are earning less, they are likely to have less retirement savings and that compounds over time.¹¹¹

4.93 Welfare agencies corroborated the financial hardship faced by women. Mr Llewellyn Reynders of the Victorian Council of Social Service (VCOSS) spoke of 'the feminisation of poverty in Australia' and stated that 'the gender pay gap is now at its worst level in 20 years'. He told the committee that VCOSS has noted a growing number of incidents of women experiencing homelessness, including older women, as well as a rise in Victoria in the number of family violence notifications.¹¹²

Single parents

4.94 Single parents—the majority of whom are single mothers—are another group that is highly susceptible to poverty and exclusion from the workforce. Twenty years ago, the Australian academic Dr Michael Jones wrote:

Single parents—the major cause of the 'feminisation of poverty'—are regarded as a recent and serious social problem in most western countries... Poverty surveys repeatedly show single parents to be the most vulnerable poverty group. Unlike most of the aged, single parents have not accumulated the assets, especially a dwelling. Many have low skills and low earning potential; inadequate low-cost childcare is a major impediment to employment and self-sufficiency...Many single parents are young,

110 *Committee Hansard*, Elizabeth, 10 November 2014, p. 34.

111 Assistant Secretary, *Committee Hansard*, Melbourne, 18 September 2014, p. 5.

112 Policy and Programs Manager, *Committee Hansard*, Melbourne, 18 September 2014, p. 14.

so they can face many years of dependency. This is damaging to their future, as well as being costly to the state.¹¹³

4.95 Recent data show that in terms of both workforce participation and income, single parents fare less well than couples with dependent children. In its 2013 report, the Australian Institute of Health and Welfare provided the following data (as of June 2011):

- lone mothers headed 86 per cent of single parent families with children aged under 15 years;
- single parent families with a child under 15 were much more likely to be jobless (39 per cent) than couple families (5 per cent);
- fifty-four per cent of single mothers with a child under 15 were in employment in June 2011, compared with sixty-seven per cent of single fathers with a child under 15; and
- a higher proportion of single mothers were in part-time work (30 per cent) than in full-time work (24 per cent). Conversely, a higher proportion of working single fathers had full-time work (53 per cent) than part-time work (14 per cent);¹¹⁴
- in 2009–2010, the median weekly income of a single parent with dependent children was \$478 compared with a median income of \$738 for a couple with dependent children;
- 38.9 per cent of single parents with dependent children were in the lowest income quintile compared with 16.9 per cent of couples with dependent children;
- only 3.6 per cent of single parents with dependent children were in the top quintile of income earners; and
- the highest childcare attendance rates were for children in one-parent families with an employed parent (82 per cent).¹¹⁵

4.96 Several witnesses drew the committee's attention to the vulnerability of single parents to poverty. Ms Terese Edwards of the National Council of Single Mothers and their Children (NCSMC) noted:

...in March 2013, the latest longitudinal study, HILDA, found that child poverty in sole-parent families jumped 15 per cent in the last decade. This occurred throughout our prosperous years. One in four children residing in a sole-parent family will be impacted by poverty.¹¹⁶

113 Michael Jones, *The Australian welfare state: evaluating social policy*, Allen & Unwin, Fourth edition, 1996, pp 91 and 93.

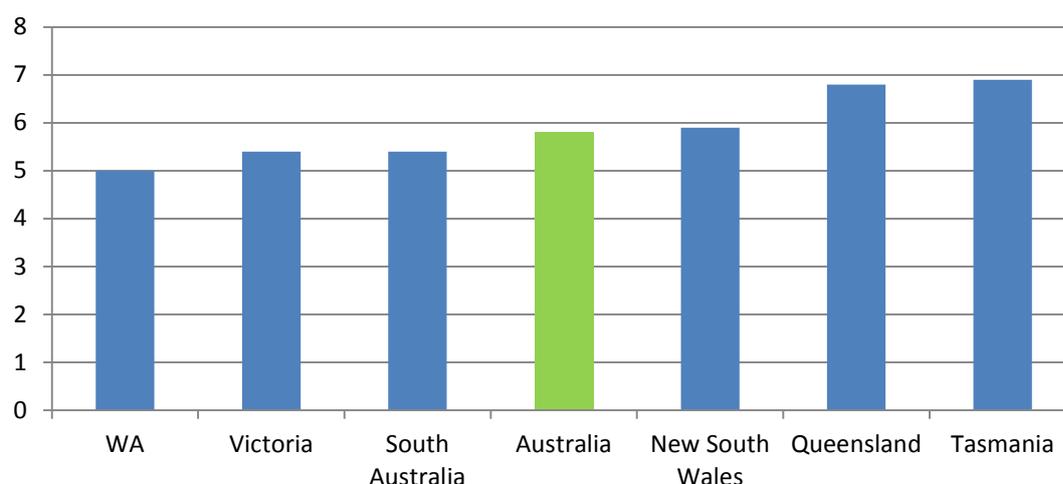
114 Australian Institute of Health and Welfare, *Australia's welfare 2013*, pp 71–72.

115 Australian Institute of Health and Welfare, *Australia's welfare 2013*, p. 77.

116 Chief Executive Officer, *Committee Hansard*, Melbourne, 18 September 2014, p. 17.

4.97 The Victorian Council of Social Service told the committee that single parents are 'three times as likely to live in poverty as couple families with children—25 per cent versus nine per cent'.¹¹⁷ QCOSS noted the 'very high proportion' of households that are one parent households in Queensland, relative to the other States. It provided the committee with the following figure by way of illustration. Figure 4.2 shows that Tasmania and Queensland are the States with the highest percentage of one parent households with dependent children.

Figure 4.2: Proportion (per cent) of households that are one parent households with dependent children, Australia States 2011–12



Source: Queensland Council of Social Service, *Additional information provided at public hearing on 8 October 2014*. Source of data is the Australian Bureau of Statistics, Cat. 6523.0 – Household Income and Income Distribution

4.98 QCOSS also noted the high proportion people receiving a single parent benefit who reside in Queensland. In March 2014, there were almost 63 000 parenting payment single recipients in Queensland—just over 24 per cent of recipients nationally. A single parent with two dependents receiving the Parenting Payment Single and working part-time on the minimum wage would earn \$22 per week less than 'a very basic standard of living in September 2013'.¹¹⁸

4.99 Chapter 5 of this report notes that the likely impact of the proposed budget measures on a single-parent, single-income family will be substantial. On one estimate, the reduction in income for this cohort would be, on average, 10.8 per cent.¹¹⁹

117 Ms Emma King, Chief Executive Officer, Victorian Council of Social Service, *Committee Hansard*, Melbourne, 18 September 2014, p. 14.

118 Additional information provided at public hearing on 8 October 2014, p. 13.

119 Mr Ben Phillips, Principal Research Fellow, NATSEM, *Committee Hansard*, Canberra, 16 October 2014, p. 23.

Changing perceptions and investing in single mothers

4.100 NCSMC representative, Ms Edwards, told the committee:

One of the things that we believe has happened with sole parents is that there is greater awareness from the community, and also from the media, commentators and members of parliament, that there is a group who are really doing it hard and have been doing it too hard for way too long, and they are not to blame. The myth of a single mother with three children, who had no aspirations for herself or her family, who did not want to study or was not in the workforce, has been well and truly smashed.¹²⁰

4.101 NCSMC emphasised the need to recognise the value and economic contribution of unpaid care and understand that this in itself can be a barrier to employment.¹²¹ Ms Edwards told the committee:

When I think of these sole parents, the struggling mums raising, loving and nurturing their children into adulthood, I imagine an obstacle course. I imagine the first, harsh obstacle is our inability in Australia to measure or respect the contribution of unpaid care. When that is our take on it, it means that these mums are particularly vulnerable and the assistance they receive is not viewed as an investment; it is viewed more as somewhere we may be able to find more savings. She may be able to get over that hurdle but then, bang, her little one turns eight and she moves across to Newstart. Those families—and I noticed there was some discussion before about housing stress et cetera—lose up to \$140 per week. They are in severe housing stress. They will not be able to recoup that. We then have the child support conundrum....

The last part is that, once she has survived all of that, we then try and blame her. We then question her motives and suggest that perhaps she is not doing enough for her children. How can we make it even harder and force this mother to do more?¹²²

4.102 The committee considers that more should be done to assist single parents through a case based system which includes income support payments and training and employment opportunities. Given the important role that single parents perform in raising children, these payments and opportunities should be seen for what they are—an investment in the future. Adequate payments need to be a platform to allow single parents to take advantage of training and employment opportunities. Chapter 6 develops these arguments in more detail.

120 *Committee Hansard*, Melbourne, 18 September 2014, p. 19.

121 *Submission 15*, p. 4.

122 *Committee Hansard*, Melbourne, 18 September 2014, p. 18.

'Other factors'

4.103 This chapter has noted the disadvantage experienced by several groups in Australian society. While for each of these groups a low income is a symptom of a deeper disadvantage, a low income generally compounds this disadvantage. It limits a person's ability to spend on even the most basic of necessities—such as food, housing and utility expenses—which will often worsen a person's physical and mental wellbeing. People in these groups are highly susceptible to long-term poverty.

4.104 In addition to these multiple reinforcing disadvantages, and overlap in the membership of these disadvantaged groups, there are other factors that compound the impact of income inequality on these groups. The committee highlights two in particular:

- the regional nature of disadvantage; and
- the vulnerability of disadvantaged groups in the labour market.

Geography and disadvantage

4.105 An often-noted aspect of income inequality in Australia, as in other countries, is the regional nature of economic and social disadvantage.¹²³ As the Bankwest Curtin Economics Centre put it:

...individuals who possess particular attributes can have higher propensities of poverty. However, possessing these attributes together with living in a particular area can exacerbate and prolong poverty and disadvantage.¹²⁴

4.106 The committee had the opportunity to visit three areas with particular economic and social disadvantages: Logan in south-west Brisbane, Elizabeth in the north of Adelaide and Rockingham, 40 kilometres south of Perth. There are a number of distinctive demographic trends common to these areas:

- above average unemployment and youth unemployment (see Figure 4.3);
- a range of associated social problems including family breakdown, homelessness, crime and substance abuse;¹²⁵
- single parent families account for a high proportion of all families in these areas (11 per cent in Logan and Rockingham and 17 per cent in Elizabeth);¹²⁶

123 See for example, Wayne Swan, *Postcode: the splintering of a nation*, Pluto Press, North Melbourne, 2005.

124 *Falling through the cracks: Poverty and disadvantage in Australia*, Focus on the States Report Series No. 1, October 2014, p. 60.

125 See *Committee Hansard*, 8 October 2014 (Logan), 10 November 2014 (Elizabeth) and 11 November 2014 (Rockingham).

126 For Elizabeth, see: <http://profile.id.com.au/playford/households-with-children>
 For Rockingham, see: <http://profile.id.com.au/rockingham/households-with-children>
 For Logan, see: <http://profile.id.com.au/logan/households-with-children>

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- a low proportion of educated professionals and a high proportion of vulnerable occupations in the 'old-economy' (manual labour, manufacturing);¹²⁷
 - a relatively lowly rank on the socio-economic index for areas (SEIFA) with incomes below the State average;¹²⁸
 - a high proportion of residents did not complete Year 12 (31 per cent in Elizabeth, 39 per cent in Rockingham, 43 per cent in Logan);¹²⁹ and
 - public housing accounts for a large share of tenure.¹³⁰

127 For Elizabeth, see: <http://profile.id.com.au/playford/occupations?BMID=50>
For Rockingham, see: <http://profile.id.com.au/rockingham/occupations>
For Logan, see: <http://profile.id.com.au/logan/occupations>

128 For Elizabeth, see: <http://economy.id.com.au/playford/income>
<http://profile.id.com.au/playford/seifa-disadvantage>
For Rockingham, see: <http://economy.id.com.au/rockingham/income>
<http://profile.id.com.au/rockingham/seifa-disadvantage>
For Logan, see: <http://economy.id.com.au/rockingham/income>
<http://profile.id.com.au/rockingham/seifa-disadvantage>

129 For Elizabeth, see: <http://profile.id.com.au/playford/schooling>
For Rockingham, see: <http://profile.id.com.au/rockingham/schooling>
For Logan, see: <http://profile.id.com.au/logan/schooling>

130 See *Committee Hansard*, 8 October, 10 November and 11 November 2014.

Elizabeth

The committee heard that the suburb of Elizabeth, created 60 years ago, faces particular hardships. In December 2013, the Chief Executive of Holden Australia, Mr Mike Devereux, announced that 'Holden will cease manufacturing in Australia by the end of 2017 and that this factory will no longer operate beyond that'.

Reverend Peter Sandeman the Chief Executive Officer of AnglicareSA and a Board Member of the Automotive Transformation Taskforce, has said that the 'closure of Ford in 2016 followed by Toyota and Holden in 2017 will lead to the total collapse of the automotive sector in Australia.' This will result in the direct loss of 1760 jobs in the Holden Elizabeth factory and the indirect loss of over 13 000 jobs.

South Australia is embarking on a period of significant transformation. The short- and long-term economic and social costs as a result of the loss of the automotive industry will have major impacts in South Australia in terms of businesses and workers in the automotive supply chain and in specific regions. The closure of an entire industry of this scale, complexity and importance is without precedent.

Reverend Sandeman discussed the challenges facing the Elizabeth community.

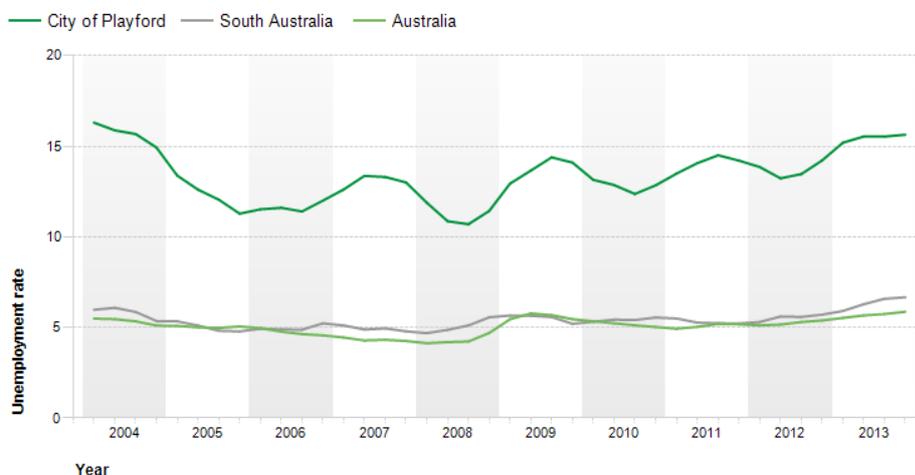
There has been a process of stripping away the industrial base of the northern suburbs over the last 20 years....The difficulty now is that the local jobs are disappearing. Unless we are able to entice in the new Playford era significant investment into the northern suburbs and Edinburgh Parks and reuse the Holden site, even greater social and economic dislocation will result...This dislocation is much larger and, dare I suggest, much more difficult to resolve.

In evidence to the committee, Mr Joe Gannon, Manager of Homelessness Services with UnitingCare Wesley Port Adelaide spoke about the likely social implications of these challenges.

We are working with two or three decade's worth of issues here. What we are really talking about in particular with places like Holden closing down is that we will feel the effect in homelessness services. There are no two ways about it.

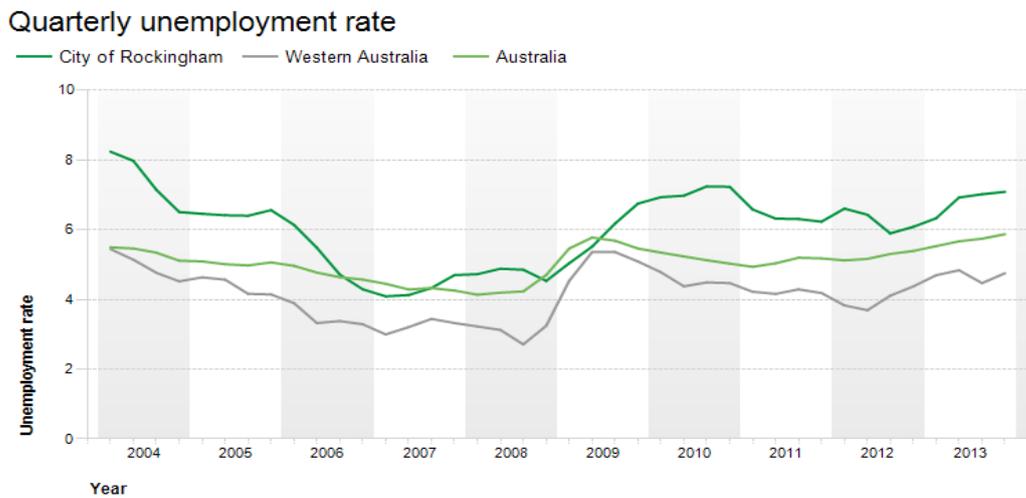
Figure 4.3: Unemployment rate for city of Playford, 2004-2013

Quarterly unemployment rate



Source: Australian Bureau of Statistics, Labour force survey, catalogue number 6202.0, and DEEWR, Small Area Labour Markets Australia. Compiled and presented in economy.id by .id The population experts.

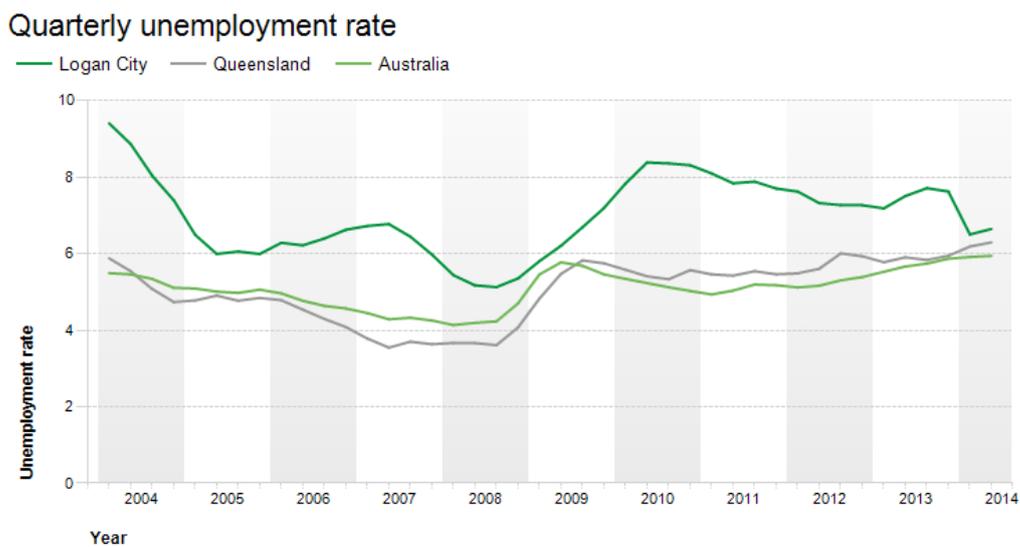
Figure 4.4: Unemployment rate for city of Rockingham, 2004-2013



Source: Australian Bureau of Statistics, Labour force survey, catalogue number 6202.0, and DEEWR, Small Area Labour Markets Australia. Compiled and presented in economy.id by .id The population experts.

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the population experts

Figure 4.5: Unemployment rate for city of Logan, 2004-2014



Source: Australian Bureau of Statistics, Labour force survey, catalogue number 6202.0, and DEEWR, Small Area Labour Markets Australia. Compiled and presented in economy.id by .id The population experts.

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Disadvantaged groups in the Australian labour market

4.107 The nature of the Australian labour market is such that people in the disadvantaged groups identified in this chapter tend to be particularly vulnerable to economic exclusion. They may have had discouraging experiences in the labour market including having parents that have never, or seldom, worked. The work that they do is often part-time and/or on a contractual basis.

The challenge of job readiness

4.108 One of the themes of this inquiry has been that people in disadvantaged groups sometimes lack the basic employability skills to participate in the labour market. These skills include being presentable, punctual and able to relate well to colleagues. For many, these attributes may seem easy to acquire but for a person with very little money, substance abuse issues, an unstable and even threatening home environment, and a long history of exclusion from the workforce, they are significant barriers.

4.109 Dr Ian Goodwin-Smith of Flinders University in Adelaide drew the committee's attention to the work of Dr Anthony Mann, the Director of Policy and Research at the Education and Employers Taskforce in the United Kingdom. Dr Mann's work emphasises the importance of students having a positive interaction with employers. His research shows that there is a positive connection between employer engagement with students at school and the employability and earning power of a young adult who could recall that same interaction.¹³¹

4.110 In referencing Dr Mann's work, Dr Goodwin-Smith told the committee that, by interacting with employers, young people:

...get a more complex array of social and cultural capital—they get that life experience which you do not get, necessarily, in an intergenerationally unemployed family...

There needs to be a lot of work done, with people who have been unemployed throughout the generations, to overcome that kind of cultural and social exclusion. There also needs to be a commitment to carrying that work through to post-employment support. That is what a lot of our research showed us as well. Worker acculturation and post-employment support using a case-management approach are really important.¹³²

4.111 The committee draws attention to the difficulty for people suffering significant instability and turmoil in their private lives to function and perform at work. As Dr Goodwin-Smith explained:

The other kinds of things that are really important, taking this life-first approach, are overcoming impediments that exist across the range of life domains. Homelessness and drug-and-alcohol and mental-health problems are disproportionately represented amongst the cohort of people I am talking about. It is hard to get to work and put your mind to that if you are wondering where you are going to sleep tonight, and it is hard to have all of the necessary accoutrements of work that you need under your belt—such as an ironed shirt et cetera—by nine o'clock in the morning. We are talking about a range of problems the solution to which is out of scope for a lot of

131 See <http://www.darwin2014.com.au/dr-anthony-mann/> (accessed 3 December 2014).

132 Director, Australian Centre for Community Services Research, *Committee Hansard*, Elizabeth, 10 November 2014, p. 41.

people who are severely workforce excluded. To focus on those types of barriers across life domains is also important.¹³³

4.112 Ms Lin Hatfield-Dodds, the National Director of UnitingCare Australia, told the committee of the hopelessness that some of her clients feel in trying to engage with the labour market. As she explained:

There are people growing up in areas of locational disadvantage, the poverty postcodes, where no-one in a community has ever had a job. There are hard issues and what are often called soft issues. Those are actually the most intractable. The hard issues are things like skilling people up for labour market attachment and thinking around the health, transport, dental and housing issues that we all know about. Then those really intractable issues at the core are about people's expectations and hopes for themselves and their communities. My chair, who has lived and worked his whole life in Port Adelaide, talks about loss of hope and fear of failure being the two least tractable and most difficult things that we work with people around. When you are working with people who are very deprived and very excluded, they do not even dare to hope things can go right because right from the minute they were born into a disadvantaged family in a disadvantaged area they have been excelling at failing on almost any social or economic dimension.¹³⁴

Casual and contract-based work

4.113 When a disadvantaged person is able to obtain employment, this will often be of a casual, part-time or contractual nature. This work is not conducive to supporting households, buying a property, renting in the private market or preparing for retirement. Professor Alan Duncan, the Director of the Bankwest Curtin Economics Centre, told the committee:

It also has to be the right type of employment. One of the caveats, or just a note of warning, relates to what I see to be an increasing prevalence of casual contracts. Those casual contracts, even though in employment, do not necessarily deliver that long-term support for households in such positions. There is an insecurity of employment associated with casual contracts. There is a problem with the lack of accumulation of resources for a time and through superannuation accumulation. So, whilst employment in and of itself is a good target, one should also deal with genuine and substantial attachments to the labour market.¹³⁵

4.114 Other witnesses also identified the importance of quality employment opportunities and positive experiences in the workforce. Contrary to some of the political rhetoric of the past 20 years, Dr Goodwin-Smith told the committee:

133 *Committee Hansard*, Elizabeth, 10 November 2014, p. 41.

134 *Committee Hansard*, Canberra, 16 October 2014, p. 49.

135 *Committee Hansard*, Rockingham, 11 November 2014, p. 9.

There is no evidence to suggest that 'a job is a job' is a good thing. A job can be a very bad thing. People who are marginalised and used to the experience of marginalisation—who are, in other words, quite vulnerable—are really open to those sorts of negative experiences. I do not see any basis, other than wishful thinking, to assume that a job is inherently a good thing. Unemployed people need good jobs and quality jobs or their ability to keep jobs is compromised. Our research demonstrates that.¹³⁶

4.115 Associate Professor Austen agreed:

I think what has been co-opted is an argument, and a good argument, about the enormous damages of unemployment and the importance of work to people's wellbeing, but a lot of the inequality in our community exists between people who are in paid work. We know that the damages of low-paid work and low-quality jobs are particularly large. That type of argument, just getting people into work—paying strong attention to the supports that many people need to achieve good employment and good employment outcomes for themselves and their families is what is most important.¹³⁷

4.116 Indeed, the committee heard that casual employment arrangements are often those that are first to go during an economic downturn. Further, where disadvantaged people lose work, they often do not return to the labour market for a significant period. As Ms Edwards told the committee:

With insecure work we know that when the economy hits a bump or a huge bump—and it happened in the global financial crisis—it is the casual people who fall off the tree and do not come back, and that includes a lot of sole parents.¹³⁸

4.117 In this context of insecure employment, WACOSS highlighted the importance of people's financial and personal resilience. Mr Twomey told the committee that with insecure work on a low income, people may face ongoing poverty. Further, they may have limited access to the income support system because of the assets test. As he explained:

...one of the biggest single problems that we have is simply the adequacy of people's incomes, and then, beyond that, when they are coming in and out of the income support system, whether that is helping and supporting them to build up a bit of financial resilience. At the moment it is undermined because of our asset tests and so on.

...The issue there is that, if you go into short-term insecure employment, you earn a certain amount of money. You then have to spend all of that money before you are then eligible to go back onto income support. Where is the benefit that has come from that work that you have done?

136 *Committee Hansard*, Elizabeth, 10 November 2014, p. 41.

137 *Committee Hansard*, Elizabeth, 10 November 2014, p. 42.

138 *Committee Hansard*, Melbourne, 18 September 2014, p. 21.

What are you doing that is about the financial resilience that puts you in a position when you get the next job to have the money that you need to get along to interviews, get work clothes or simply bridge that transition where, 'My income support has stopped, but I haven't got my first pay cheque'.¹³⁹

4.118 In addition, the housing opportunities for those in insecure employment are limited. A person with low pay and short-term work contracts will experience difficulty accessing the private rental market—both securing a rental agreement and paying rent—or obtaining a mortgage. Mr Mark Glasson of Anglicare WA, told the committee of the situation in the Western Australian housing market:

The state affordable housing strategy and the target of 20,000 new premises is really good, and that is getting people into more affordable housing through shared equity and things like that. But there is still a sizeable body of the population for whom home ownership is not a realistic option. They are the people...who are in insecure employment and short-term contracts and things like that. Home ownership is not an option for most of those people. And if you look at the history of the construction of public housing over the last 50 years what you will see is that we have stopped doing it. So we have a reliance on a private rental market that cannot meet the demand, but it is not affordable for the people who need it anyway.¹⁴⁰

Worker (im)mobility

4.119 The committee inquired as to why those facing redundancy or those at the end of their employment contract could not move to seek employment opportunities elsewhere. Reverend Sandeman identified the following factors that constrain worker mobility:

First is information and understanding about the labour market and what is available elsewhere. We do not have authoritative information which can guide individuals in their decision making. Second, it depends on your family life cycle. If you have a family that is closely connected into a community, where the kids are playing sport for the local team et cetera, it is terribly difficult to move them. If you are trapped in a mortgage on a property that is of declining value, that is a major issue as well.¹⁴¹

4.120 There are also personal reasons as to why a person may be unable to relocate for work. Mr Craig Comrie, the Chief Executive Officer of the Youth Affairs Council of Western Australia, explained that a lot of young people with high or complex needs need to be around their support networks. He told the committee that these young people need to:

139 *Committee Hansard*, Elizabeth, 10 November 2014, p. 16.

140 Executive General Manager, Service Operations, *Committee Hansard*, Rockingham, 11 November 2014, p. 21.

141 *Committee Hansard*, Elizabeth, 10 November 2014, p. 8.

...have the support of their family, friends, peers, youth workers, social workers, whoever in order for them not just to find employment but to ensure that their mental health is sound, that their health is fine and, if they have children, that they are looking after their children. If they have to move down to the south-west [of Western Australia], it is quite a complex thing. They potentially need to pay rent up here if they have a house up here or need to say, 'Okay, I'm going away for six months; I'm going to give up that property that I have.' They potentially need to pay something for housing in the environment they are going to. They actually really need to shift their entire lives, and I think that taking a young person who is probably experiencing some mental health issues and putting them down in the south-west at a fruit picking farm where there are not appropriate services or support for those young people is not going to have the outcome that we need, which is that those young people feel that they have been given skills, that they have been supported and that they actually can move on to another job.¹⁴²

4.121 Witnesses also noted that efforts to relocate for work were often not attempted and where they were, they occasionally did not end well. Mr Brendan Churchill noted the Tasmanian context:

If you are somebody who lives on the north-west coast, if you are going to move to your next-nearest population centre, which might be Launceston, it is difficult, because there are no guarantees you are going to find a job. One in three between 18 and 30 in Burnie are currently unemployed, I think it is one in four in the greater Launceston area who are unemployed and it is one in five almost...

I know Victoria and South Australia are also experiencing similar levels of youth unemployment, so even if they do make the jump to the mainland there is no guarantee that this issue is resolved.¹⁴³

4.122 Similarly, Mr Twomey of WACOSS told the committee:

If you look at the WA Treasury figures, there has been very little interstate migration. The projections going forward have interstate migration dropping off or even going backwards, while international migration still continues. That is mostly around the fit of the jobs and the skills—jobs that are available and the skills that are needed versus people coming. Certainly, our emergency relief agencies have had stories of people who packed up everything into their car, drove across the Nullarbor and got here because they were told that is what they needed to do to get a job. They have ended up in crisis because that has not come together for them. So there are big risks and there are certainly big risks when people move away from where they have support networks and they know people.¹⁴⁴

142 *Committee Hansard*, Rockingham, 11 November 2014, p. 25.

143 Lecturer in Sociology, School of Social Sciences, University of Tasmania, *Committee Hansard*, Hobart, 19 September 2014, p. 15.

144 *Committee Hansard*, Rockingham, 11 November 2014, p. 14.

4.123 As noted earlier, for Aboriginal and Torres Strait Islander peoples, there are cultural issues as to why moving to an urban centre might cause dislocation and hardship.¹⁴⁵

Concluding comment and committee view

4.124 It is clear that income is a key factor in determining the economic wellbeing of most Australians. A low income or low transfer payments will often exacerbate the disadvantage suffered by a person and their dependants. Take the case of a retrenched worker who may be forced to live on savings or the *Newstart* allowance for a period of time. This may mean foregoing health services with out of pocket expenses, refinancing a mortgage or ending childcare or private school tuition for their children. A more prolonged period of unemployment may lead to despondency, mental health problems, marital breakdown and homelessness. The committee is very mindful that a low income resulting from retrenchment or marital breakdown can have a significant flow-on impact on individuals and families.¹⁴⁶ Breaking this cycle can be extremely difficult.

4.125 This chapter has dealt with disadvantage of a more endemic nature. Its focus has been on groups in Australian society that suffer from significant personal hardship, cultural deprivation, discrimination and injustice. For people in these groups, a low income is a symptom of these underlying circumstances. Nonetheless, low transfer payments or a low income often compounds the extent of the disadvantage felt by people in these groups. Coupled with the disadvantage of a mental health condition, a physical disability or the demands of being a single mother, a low income makes it more difficult to access decent and stable housing, quality health and education services and the skills needed to break out of poverty. And yet it is these assets, services and skills that are most needed by people in these disadvantaged groups. Where they cannot be found, they become even more susceptible to ill health and exclusion from the labour market and society.

4.126 The committee considers that it is important to ask the question: what would be the economic and the social gain to the individual and to the Australian economy of providing adequate transfer payments and access and incentives to work for people in these disadvantaged groups? In other words, if the gaps could be closed, what would be the benefits? There have been some significant responses to this question in recent years. In separately commissioned work, Deloitte Access Economics has calculated that:

- a further three per cent increase in workforce participation amongst workers aged 55 and over would contribute an extra \$33 billion to Gross Domestic

145 See the comments of Associate Professor Daphne Habibis, University of Tasmania, *Committee Hansard*, Hobart, 19 September 2014, p. 16.

146 See the discussion at *Committee Hansard*, Elizabeth, 10 November 2014, p. 16.

Product or around 1.6 per cent of national income, while an additional five per cent would contribute a further \$48 billion;¹⁴⁷

- closing the gap between labour market participation rates and unemployment rates for people with and without disabilities by one-third would result in a cumulative \$43 billion increase in Australia's GDP over the next decade in real dollar terms. The modelling also suggests that GDP will be around 0.85 per cent higher over the longer term, which is equivalent to an increase in GDP in 2011 of \$12 billion;¹⁴⁸ and
- if the gaps in Aboriginal and Torres Strait Islander peoples life-expectancy, employment and productivity could be closed to match those of the Australian population, by 2031, the Australian economy would be more than 1.15 per cent larger in real terms than would otherwise be the case. This is an additional \$24 billion (in 2012–13 dollars).

4.127 Chapter 6 of this report returns to these issues in the context of New Zealand's forward liability model.¹⁴⁹

147 Deloitte Access Economics, *Increasing economic participation among older workers: the grey army advances*, September 2012, p. 12, <https://www.humanrights.gov.au/increasing-participation-among-older-workers-grey-army-advances2012> (accessed 17 November 2014).

148 Deloitte Access Economics, *The economic benefits of increasing employment for people with disability*, Commissioned by the Australian Network on Disability, August 2011, p. ii.

149 This is the 'investment approach' and the 'forward liability model'.