



22 August 2014

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

Via email: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Dear Members

**Submission to the Standing Committee on Community Affairs  
regarding the Extent of Income Inequality in Australia**

As the peak national body representing Australians from culturally and linguistically diverse backgrounds, the Federation of Ethnic Communities' Councils of Australia (FECCA) welcomes the opportunity to make a submission to the Standing Committee on Community Affairs regarding the extent of income inequality in Australia.

FECCA highlights that, for many culturally and linguistically diverse Australians, income inequality is a direct result of limited opportunity to secure sustainable income, either through employment or other means. In the case of the former, this is often caused by barriers to employment, including limited recognition of an individual's prior working experience and skills, limited English literacy and language skills, as well as experiences of discrimination during the recruitment process and whilst employed.

Furthermore, FECCA highlights specific disadvantaged groups who are often more acutely affected by limited employment and income opportunities, such as women from culturally and linguistically diverse backgrounds, older people from culturally and linguistically diverse backgrounds, people with disability, individuals from new and emerging community backgrounds and culturally and linguistically diverse youth. The submission that follows provides a summary of the key issues impacting on these groups, and makes linkages between the restructuring of welfare and income support mechanisms and the need to facilitate fair and equal employment conditions for all Australians, regardless of their cultural and linguistic background.

**Federation of Ethnic  
Communities' Councils  
of Australia**

FECCA House  
Unit 1, 4 Phipps Close  
Deakin ACT 2600

PO Box 344  
Curtin ACT 2605

**p** 02 6282 5755  
**f** 02 6282 5734  
**e** [admin@fecca.org.au](mailto:admin@fecca.org.au)  
**w** [www.fecca.org.au](http://www.fecca.org.au)

## Extent of income inequality in Australia and the rate at which income inequality is increasing in our community

Australian Bureau of Statistics (ABS) data from the *2011 Census of Population and Housing* reveals that most males from English-speaking backgrounds in Australia earned \$600-\$799 weekly (\$31,200-\$41,599 annually), while most females from English-speaking backgrounds earned \$400-\$599 weekly (\$20,800-\$31,199 annually)<sup>1</sup>. In comparison, most males from non-English speaking backgrounds earned \$200-\$299 weekly (\$10,400-\$15,599 annually), while the majority of females from non-English speaking backgrounds earned nil income.

Examining this data further, the most common (21 per cent) weekly income range for Skilled stream migrants ranged between \$600-\$999 per week. Most Family stream migrants (22 per cent) had a negative or nil income, with a further fifth also in the lowest income group, earning between \$1-\$299 per week. For Humanitarian stream migrants, almost 42 per cent were in the lowest income group, receiving an income between \$1-\$299 per week, whilst 21 per cent earned between \$300-\$599 per week<sup>2</sup>.

These statistics correspond with broader findings regarding unemployment levels in Australia. The ABS report, *Perspectives on Migrants*, highlights, for instance, that the recent migrant population has a higher rate of unemployment (8.5 per cent) than the Australian-born population (4.6 per cent).

Considered collectively, the above data not only points to a vast disparity between the income earned by the English-speaking and Australian-born population in comparison to Australia's non-English speaking and migrant population, but also, highlights the connections between barriers to employment and the likely extent of income inequality that will result from limited access to sustainable employment opportunities.

In order to address such challenges and thereby mitigate the prevalence of income inequality with regard to employment issues, FECCA recommends the need for consideration of the following strategies:

- Further Government, community and business support for initiatives that bring employers and culturally and linguistically diverse job seekers together, including through the provision of adequate public expenditure to support programs that can facilitate this.

<sup>1</sup> Australian Bureau of Statistics. 2011. *Census of Population and Housing*.

<sup>2</sup> *Ibid*.

- Greater focus on facilitating direct connections between job service providers, employers, trainers and job-seekers to foster networking and information sharing with regard to the opportunities for employers in building a culturally diverse workforce, and to raise awareness around the barriers to employment that often confront job-seekers from culturally and linguistically diverse backgrounds.
- Encouragement and support for research and collaboration initiatives to spread best practice with regard to identifying employment barriers for culturally and linguistically diverse Australians, and strategies to address such barriers.

FECCA highlights the fundamental need for greater recognition of the specific challenges facing culturally and linguistically diverse Australians in securing sustainable employment, and the extent to which improved employment outcomes would assist to mitigate income inequalities for culturally and linguistically diverse Australians.

### **Impact of income inequality on access to health, housing, education and work in Australia, and on the quality of the outcomes achieved**

Through the feedback received via its consultations with culturally and linguistically diverse communities around Australia, FECCA acknowledges that limited access to adequate health care, housing, education and work in Australia are not unique to culturally and linguistically diverse Australians. Such issues do, however, acutely impact diverse communities and their members as a result of intersectional disadvantage that is experienced at a broader level. For instance, when coupled with limited employment opportunities, lack of networks and systems knowledge, and often limited access to services and support mechanisms, such issues are vastly compounded.

Regarding the specific impact of inequality in relation to accessing adequate healthcare, FECCA highlights the relationship between wealth and health, and specifically, the ability of higher income earners to enjoy better health outcomes. FECCA observes that, whilst general health outcomes have been improving in broad terms for Australians, income inequality adversely impacts on the quality of health care that people from culturally and linguistically diverse backgrounds are able to access.

Indeed, the 2013 *Household, Income Labour Dynamics in Australia Survey* revealed that health outcomes for recent-immigrant women aged 45 to 64 were relatively poor in comparison to their Australian-born counterparts<sup>3</sup>. The survey found that nearly 41 per cent of recent-

<sup>3</sup> Household, Income and Labour Dynamics in Australia (HILDA) Survey. 2013. Available at: <http://www.melbourneinstitute.com/hilda/>

immigrant women in this age group were in poor general health, and the same proportion was in poor mental health. Among native-born women, 29.0 per cent were in poor general health and only 17.9 per cent were in poor mental health. This finding was also consistent with regard to recently-arrived immigrant males, who were also found to have relatively high proportion with poor mental health: 23.7 per cent compared to 15.7 per cent for native-born men<sup>4</sup>.

In the context of the above findings, FECCA highlights the relationship between income inequality and the likelihood of poorer health outcomes. Specifically FECCA emphasises the need for greater recognition of the connections between equal employment opportunities and the likely positive impact on health outcomes for people from culturally and linguistically diverse backgrounds.

### **Specific impacts of inequality on disadvantaged groups within the community**

FECCA highlights that some groups, in particular, experience more acute disadvantage with regard to their employment and/or income status. These groups include refugee and humanitarian entrants who, particularly during the initial years of settlement in Australia, are often vulnerable to insecure employment conditions, and may lack awareness of, or the ability to access, supports and services available to the broader community.

Women from culturally and linguistically diverse backgrounds are also overrepresented in insecure employment fields, including industries such as manufacturing, accommodation, food services, cleaning and labouring. Factors contributing to this disadvantage include limited English language skills, lack of qualifications or qualifications recognised in Australia and/or in the case of culturally and linguistically diverse women, cultural and religious attitudes towards women's roles and responsibilities and engagement in employment in non-traditional fields.

In addition, older people from culturally and linguistically diverse backgrounds are often exposed to the adverse impacts of income inequality. ABS data from the *2011-12 Household Income and Income Distribution Survey*, for instance, reveals that people living in households where the reference person was aged 65 and over had the lowest mean incomes, with lone persons' incomes at \$526 per week.

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<sup>4</sup> Household, Income and Labour Dynamics in Australia (HILDA) Survey. 2013. Available at: <http://www.melbourneinstitute.com/hilda/>

## **Likely impact of Government policies on current and future rates of inequality particularly the changes proposed in the 2014-15 Budget**

FECCA highlights the need for consideration of the extent to which cuts to programs and services geared towards the improvement of outcomes for all Australians currently supported by Government would result in future costs related to reintroducing such services again on the basis of popular demand.

FECCA emphasises that focus must be placed upon the improvement of services to support groups most likely to be impacted by inequalities, such as people from culturally and linguistically diverse communities, and highlights the efficiencies enabled by continuous and sustained service provision.

## **Principles that should underpin the provision of social security payments in Australia**

FECCA emphasises the need to reflect on the theoretical underpinnings of Australia's income support system, and to factor these fundamental considerations into the debate on welfare reform. This involves highlighting the foundational underpinnings of the welfare model, identified by FECCA with regard to the following:

- Income support should make provisions to guarantee individuals and their families basic income and entitlements that will support them, irrespective of the market value of their work or property; and
- Income support should be premised on the need to reduce insecurity by providing individuals and their families with basic contingencies to militate against individual or family crises, particularly for those who may be otherwise disadvantaged—for example, as a result of their cultural or linguistic background, health status, age, gender, and so on).
- The welfare system should be highly distributive, to the extent that there is greater distribution from wealthy to poorer households, as opposed to distribution predominately between middle and high-income households.

FECCA emphasises the need for the above considerations to fundamentally underpin any approach to welfare reform that is adopted, based on the view that welfare should be considered with regard to the collective provision of public goods and services.

**Federation of Ethnic  
Communities' Councils  
of Australia**

FECCA House  
Unit 1, 4 Phipps Close  
Deakin ACT 2600

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**w** www.fecca.org.au



## **Practical measures that could be implemented by Governments to address inequality, particularly appropriate and adequate income support payments.**

Despite continuous economic growth in Australia, disadvantage and exclusion remain, and continue to impact on vulnerable groups in society, including Australians from culturally and linguistically diverse backgrounds. The importance of positively reforming the income support system to respond to this is subsequently welcomed. FECCA also supports the view that individuals should not be moved from higher to lower payments when their financial needs are the same, and believes that the system should be reformed to prevent this from occurring. FECCA believes that providing adequate support for children and young people from culturally and linguistically diverse backgrounds is imperative to facilitate their settlement and ensure their positive engagement with society.

FECCA highlights that young people from culturally and linguistically diverse backgrounds, may, in some instance, require access to income support in their own right, in situations where their families may be unable to provide the requisite support to facilitate their settlement needs. In addition, many migrant youth face additional barriers in accessing and making use of services and may require targeted assistance as a result of this.

As has been consistently asserted throughout this submission, FECCA advocates that employment plays a foundational role in the successful settlement of immigrants, and people from new and emerging communities, in particular, and contributes to fostering social cohesion, independence, individual self-esteem and wellbeing.

However, in addition to the challenges already presented by a competitive Australian job market, people from culturally and linguistically diverse backgrounds and new and emerging community groups in particular, often face additional barriers in their efforts to secure employment. These relate to their varying levels of language proficiency and literacy, educational attainment, pre-migration trauma, lack of local experience, lack of referees and often limited knowledge of the Australian workforce systems and cultures. In addition, they often face the challenge of having no established networks to use in seeking out employment, and the potential to face discrimination, both through recruitment and on-the-job, on the basis of their cultural, religious or linguistic background<sup>5</sup>.

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<sup>5</sup> FECCA. 2014. *Better Beginnings. Better Futures. Factsheet 3: Youth Employment in New and Emerging Communities*. Available at: [http://www.fecca.org.au/images/NEC\\_factsheets/factsheet3\\_youth%20employment%20in%20new%20and%20emerging%20communities.pdf](http://www.fecca.org.au/images/NEC_factsheets/factsheet3_youth%20employment%20in%20new%20and%20emerging%20communities.pdf)

These barriers are often exacerbated by structural gaps in employment service provision, lack of, or delays associated with recognition of overseas qualifications, limited mentoring programs and adequate career pathways, as well as limited availability of government funding targeted at specifically improving employment outcomes.

In this context, FECCA highlights that reframing income support to place the transition to employment at the heart of most individuals' interactions with the welfare system, may inadvertently create further disadvantage for some individuals, including those from culturally and linguistically diverse backgrounds, who often already experience significant challenges in accessing the system and securing employment.

FECCA subsequently emphasises the need for welfare reform to involve adapting to individual needs and circumstances that will impact upon the likely benefits derived from the available services and/or payments. FECCA notes that the present structure of the welfare system, albeit complex, does earmark specific support payments relevant to an individual's particular area of need, and designates appropriate welfare options on this basis.

## **Conclusion**

FECCA asserts that higher income is not necessarily the best solution to mitigating income inequality. Free health services and education for poorer and disadvantaged families, affordable, low-cost and public housing and low-cost care services can all reduce pressure on the need for higher income. However, the availability of these services to low-income households as a result of accessibility issues and program cuts, is reducing.

The result is that low income and disadvantaged families are often faced with inter-generational inequality, most explicitly reflected through unequal employment opportunities. As has been highlighted with regard to culturally and linguistically diverse Australians, poor employment opportunities link directly to low income and inequality is perpetuated through this cycle.

Despite the issues identified however, FECCA advocates that measures can be adopted to address income inequality, specifically with regard to improving employment opportunities. For people from culturally and linguistically diverse backgrounds, FECCA advocates the need to support initiatives that bring employers and culturally and linguistically diverse job seekers together, including through the provision of adequate public expenditure to support programs that can facilitate this. FECCA also promoted that view that Government must continue and advance its

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support for services, programs and benefits offered to culturally and linguistically diverse Australians, to prevent a decline in social inclusion and the provision of core services to disadvantaged communities and individuals.

FECCA hopes that the perspectives offered above will prompt consideration of particular issues impacting on culturally and linguistically diverse Australians with regard to income inequality in Australia.

FECCA is grateful for the opportunity to make a contribution to the consultation process, and invites the Committee Secretariat to contact the FECCA Office on (02) 6282 5755 or at [admin@fecca.org.au](mailto:admin@fecca.org.au) for further information.

Yours sincerely

**Joseph A. Caputo OAM JP**  
**FECCA Chair**

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