

9 February 2023

Committee Secretary
Senate Community Affairs References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: community.affairs.sen@aph.gov.au

Dear Committee Secretary

Inquiry into the extent and nature of poverty in Australia

This document represents a collective response to the inquiry into the extent and nature of poverty in Australia from organisations that are part of the Equity Project.

The Equity Project is committed to a Western Australia where everyone experiences fair, just and compassionate communities. The aims of the Project are to:

- achieve public policy and systemic change to increase fairness and economic justice in WA;
- strengthen public support, and enable citizen-led action, to increase fairness, economic justice and compassion;
- amplify the voices of people with lived experience of poverty;
- promote solutions and policies that work towards achieving a fair and economically just society.

The Equity Project was established in 2022 by a group of community service agencies in WA including WA Council of Social Services (WACOSS), Anglicare WA, Centrecare, Ruah, Wungening Aboriginal Corporation, Mission Australia and Communicare.

Together and individually, organisations linked to the Equity Project work with some of the most disadvantaged people across Western Australia. We offer support to families and individuals struggling with poverty and homelessness, and other forms of crisis and trauma, such as domestic violence and mental health challenges. This work gives us a deep understanding of both material and non-material aspects of poverty, and their impacts on everyday lives.

The comments included within this submission refer specifically to the following three terms of reference:

- the impact of poverty on individuals in relation to:
 - (i) employment outcomes,
 - (ii) housing security,
 - (iii) health outcomes,
 - (iv) education outcomes;
- the relationship between income support payments and poverty;
- mechanisms to address and reduce poverty.

In making our comments and recommendations, we draw particularly on the findings from the [100 Families WA project](#), which was an Australian-first collaborative study led by seven community service organisations, WACOSS, the University of Western Australia and a Community Advisory Group comprising people with lived experience. The project followed 400 families over three years, holding regular fortnightly interviews with 100 of them, and explored the experiences of people living in entrenched disadvantage in Perth. The resulting report¹ provides authentic, if at times raw, insights into life of poverty, and allows policy makers and organisations to better understand, from a systems point of view, what is working, what isn't and what could be done to help change people's lives forever.

We thank you for the opportunity to share our views. Any enquires regarding this submission may be directed to _____ Please note that the contributors to this submission might also make additional responses to the inquiry.

Your sincerely,

Mark Glasson
CEO Anglicare WA on behalf of The Equity Project

The impact of poverty on individuals

Housing security

Safe, secure, and affordable housing is not only a fundamental human right, but also plays a critical role in positive education and employment pathways, improved well-being and quality of life. Unfortunately, Australia is amid a housing crisis which is disproportionately hitting people on low incomes including those who are employed.

In Western Australia, the statistics are stark. According to the 2022 [Rental Affordability Snapshot](#)², the total number of available private rentals has almost halved since 2020. Of those that remain, at the time of the snapshot only 2% were available to a person on a minimum wage, and *none* were affordable for a single person on JobSeeker or Youth Allowance. Those who cannot afford a private rental find themselves seeking other options – including couch surfing, living in cars, and waiting an average of 113.5 weeks, alongside 18,936 other households, for social housing³. Housing stress in regional WA is at crisis point, with some regional towns having vacancy rates as low as 0.2%. The Western Australian experience is echoed across the country.

At present, 2 out of 3 requests for accommodation via homelessness services go unmet. Whilst this is difficult for anyone caught in such a situation, of particular concern are the fates of victim survivors of family and domestic violence, who make up 42% of people who seek homelessness services⁴. Given the lack of housing stock, and lack of affordable housing, this distressing statistic suggests thousands of vulnerable Australians have no choice but to stay put where they are and are forced to continue living with their abuser.

Low income earners are more likely to rent than own a home. As a rule, tenants are not able to make minor modifications that improve safety, liveability or running costs of a home, and many rental properties – especially those at the lower end of the scale – lack minimum standards in areas such as insulation, window coverings, heating, cooling or cooking appliances. Renters on low incomes are unable to choose alternative properties (especially given the current tight market) and bear the higher costs of utility bills. Over the past year, average debt levels among utility customers have reached record levels, and, ironically, for those who are already in debt it is difficult to switch to a cheaper utility provider.

The lack of affordable housing, combined with high energy bills and spiralling costs of living, means that thousands of disadvantaged families regularly face making decisions between paying rent, paying other bills – or paying for food. Homelessness is a significant contributor to the severity and incidence of food insecurity. People sleeping rough, or living in cars, tents and caravans have limited access to store, cook and prepare food, while those who are couch surfing or living in overcrowded

households often report that those who buy the food are not necessarily the ones who end up eating it. The poorest families who do manage to keep a roof over their heads are often left with a mere \$21.50 per day for food and other necessities once housing costs have been paid⁵ – a clearly unsustainable amount, given that something as basic as a box of cereal is likely to eat into a quarter of this.

Health outcomes

Many studies, including 100 Families WA, have shown the link between poverty and poor health. Among the cohort of disadvantaged families taking part in this study:

- 84.3% of family members experienced at least one chronic health condition, with 68.7% experiencing two or more;
- Two-thirds (63.9%) of family members reported that they had been diagnosed by a medical practitioner with at least one mental health condition;
- 56.0% of family members had scores on the WHO-5 Wellbeing Index that were indicative of depression;
- 65.2% reported that they had experienced an inability to sleep as a result of debt;
- 60.3% had experienced stress-related illness; and
- 43.2% had experienced relationship breakdown attributable to their debt.

The already mentioned food insecurity is one of the biggest symptoms of poverty, and this, in turn, affects a wide range of physical, mental and social health outcomes. Observations from frontline staff working in organisations which contributed to this submission show that families affected by poverty often resort to diverse survival strategies, which include, but are not limited to skipping meals or reducing food portions; substituting fresh and/or nutritionally dense food for cheap, highly processed and inferior quality food; mixing baby formula to less than required strength in order to make it go further; and limiting the consumption of protein rich, but relatively costly, products such as meat and cheese. There is also evidence of some people substituting culturally appropriate (eg. Halal) food with cheaper, less culturally appropriate options.

The many nutrient deficiencies and imbalances that are an outcome of food insecurity contribute to metabolic changes, dental problems, weight loss or, paradoxically, overweight and obesity⁶. These issues are further exacerbated across a lifespan, with those stuck in the cycle of poverty often citing health issues as a barrier to accessing formal supports, and/or forgoing medical and dental treatments in order to buy food or pay other bills. In fact, accessibility and cost of medical care (including mental health care) is one of the most common concerns among families doing it tough.

Of particular note is the impact of poverty on children. Limited financial resources affect a family's ability to provide the material goods and services required for healthy child development. However, poverty also exposes children to the detrimental effects of environmental stressors. Parents in economic hardship may, as an example, experience psychological distress and increased conflict within the home, which can contribute to harsh, inconsistent or detached parenting. These non-material impacts of poverty, which might include social isolation or social exclusion, inadequate education and low self-confidence, are often compounded to shape and deepen children's experiences of deprivation.

The combined effects of material limitations across all years of child and adolescent development, along with the burden of familial stress and trauma associated with financial hardship, contribute to chronic physical and mental health issues and lower social and economic participation, thus exacerbating existing inequalities and perpetuating the cycle of entrenched disadvantage.

Education

Early childhood education

The lack of material resources, combined with the non-material stressors of poverty, can make it significantly more difficult for parents to provide a quality play-based learning environment at home. This is not due to a deficit in parenting skills but, rather, because the challenges to provide are often greater and the opportunities scarcer. As noted above, these greater challenges and inequities raise the risks of limiting psychosocial development in the present and intergenerational poverty in the long term.

Research consistently shows that early childhood education and care (ECEC) greatly reduces these risks, and improves development, school readiness and future success into adulthood. However, access to ECEC is not fairly distributed across Australia. The 2020 [Early Learning Disadvantage Index](#)⁷ shows that 37% of children living in the most disadvantaged areas do not access the recommended 15 hours of preschool each week in the year before school, compared to only 3.5% of children in the most advantaged areas. In turn, 1 in 2 children living in the most disadvantaged areas are developmentally vulnerable on 2 or more domains, compared to the national average of 11.4%.

Part of the problem is availability. According to a 2022 [Mitchell Institute study](#)⁸, access to childcare is not equitably distributed across Australia. Thirty-five percent (35%) of the population lives in neighbourhoods which classify as 'childcare deserts', where there are more than three children per childcare place – and areas of lower socioeconomic status are the ones which have less access to childcare. Indeed, in many rural and regional areas, there are no childcare services at all.

However, physical accessibility, is only part of the problem. Australia's out-of-pocket childcare costs are high by international standards and largely borne upfront at the point of service. The Grattan Institute's 2020 report [Cheaper Childcare](#)⁹ shows that even with subsidies that means most parents have out-of-pocket costs of approximately \$5 an hour per child for centre-based care. For low-income households this is a significant cost equating to \$250 a week or \$13,000 a year for each child in full-time care. These costs deter parents, particularly mothers, from using childcare services, and, conversely, from working and improving their financial situation.

Lifelong education and training

[Educational Opportunity in Australia](#) 2020¹⁰, one of the most comprehensive data studies of Australia's education system, shows a clear and persistent link between socioeconomic status and educational opportunities and outcomes. Children living in poverty have lower school completion rates and lower scores on national literacy and numeracy tests. Notably, the study shows that gaps between the 'haves' and 'the have nots' are not only limited to academic achievement: up to one half of children and young people from disadvantaged backgrounds are not gaining the skills and knowledge needed to be successful lifelong learners, or creative, confident, active and informed citizens.

The report recommends universal access to early learning (already discussed above), appropriate funding for schools with higher levels of socio-economic disadvantage, as well as addressing the underlying drivers of poverty and inequality. Importantly, it also calls for more tailored support for disadvantaged students as they transition from school into work, training, and further education.

Lack of qualifications excludes individuals from all but entry level jobs, and therefore limits the opportunities associated with higher socioeconomic wellbeing. However, people from low income households, young people living independently, and those who live in remote areas, face significant barriers to education and acquiring the skills they need to access employment opportunities.

For example, while most domestic students can take an income-contingent loan from the Federal Government to undertake bachelor degree courses, the same has not always applied for students seeking lower level TAFE and private vocational colleges. When such loans are available, they usually apply for diploma level courses or above. We applaud recent State and Federal investments into TAFE, and opening up thousands of fee free courses, although it is worth noting that the fee exemptions are only interim measures, and often do not apply to those enrolled in courses offered by private providers.

Those who start at the lower qualification rungs, who perhaps experienced trauma, who might have struggled with literacy issues, or who might have lacked the family and social supports that allowed them to engage in school in their earlier years, face unfair financial obstacles to gain qualifications and climb out of disadvantage. Recent announcements by the Federal and State Governments to extend free TAFE courses will go some way to addressing this imbalance.

Disadvantage is further amplified when viewed through the lens of digital poverty. Australia is experiencing an accelerating digital transformation in most aspects of education, economic and social life. More often than not, course registration, participation and completion of qualifications is dependent on reliable access to digital technologies – as is being able to search for job vacancies, print resumes, write cover letters, email applications, or simply 'fit in' and connect to social and professional networks. And yet, according to Australian Communications Consumer Action Network¹¹, around 900,000 households do not have internet at home, with 57% of Australians on lower incomes experiencing difficulty in paying for broadband services. Addressing the digital divide would remove – or at least, significantly lower – many of the lifelong learning, educational and employment challenges faced by those living in poverty.

Employment outcomes

While suitable, stable and well paid employment offers an escape route from poverty, poverty in itself has a deep impact on individuals' capacity to seek, secure and maintain employment. As illustrated in the 100 Families WA study, those living with disadvantage often demonstrate a willingness to work and recognise that employment would result in greater stability and security for their families. Many of the family members interviewed were using their capabilities and agency to survive without 'formal' employment and grow as people: from creating and selling art and jewellery, refurbishing and selling furniture to growing fruits and vegetables, engaging in training, and attempting recovery (be it mental health, substance use, spiritual, or trauma-related). However, they drew poignant and explicit links between financial hardship and practical barriers to employment (such as unreliable transport), social barriers (such as lack of confidence and experiencing fear or anxiety) and wellbeing barriers (such as food insecurity and hunger impacting one's ability to concentrate).

The Australian social security system assumes that every working-age person will be able to find full-time work, but the reality is that, despite the overall low unemployment rate enjoyed by many, job opportunities for those with limited skills or experience are relatively limited. For example, the 2022 [Anglicare Australia Job Availability Snapshot](#)¹² indicates that there are 38 jobseekers competing for each entry-level job. This lack of suitable job availability means that many people end up unemployed, or underemployed for a long time. Together with those who are

impacted by illness, disabilities or caring roles which may limit their capacity to work, this cohort relies on JobSeeker payments and other income supplements.

Those income supplements, however, are not adequate. They have failed to keep up with inflation and housing costs, and while 'better than nothing', their low levels push recipients deeper and deeper into poverty. This has been demonstrated by numerous studies and reports, such as the 2022 ACOSS [How JobSeeker and other income support payments are falling behind the cost of living](#). While recent increases in JobSeeker and other social security payments are welcome, they still leave thousands of recipients below the poverty line – and ultimately, it is hard to seek and maintain employment from that position, when you don't have enough food on the table, can't afford to deal with a tooth ache, or don't have access to a reliable car to drive to work.

The relationship between income support payments and poverty

For a detailed overview of the link between poverty and income support, outside of what is already discussed in this submission, we strongly recommend that the Committee considers:

- the findings from the 100 Families WA research, contained in Bulletin 2, [The life experiences and hardship faced by those on Newstart and related payments](#);
- the more recent ACOSS analysis mentioned above, [How JobSeeker and other income support payments are falling behind the cost of living](#);
- the 2020 Community Affairs References Committee inquiry report on the [adequacy of Newstart and related payments to determine the level of income support payments in Australia](#). This comprehensive report remains highly relevant; since the time of this inquiry, although unemployment fell inflation has climbed, resulting in even lower purchasing power today for those reliant on income support payments.

The Senate report includes a recommendation for setting an agreed national definition of poverty and establishing an independent body to set the rate of payments makes an excellent starting point for structural reform to reduce and prevent poverty. Having such a definition would enable the setting of meaningful measurements and targets, enable the broader establishment of 'wellbeing' budgets and associated indicators, and the setting of outcome-focused policies.

Mechanisms to address and reduce poverty

A holistic response to eliminating poverty requires a cohesive set of policies that address both the material aspects of poverty, such as ensuring that families have adequate access to income, and those that focus on alleviating the symptoms of living in poverty.

The latter requires adequate and reliable funding of programs that offer health services, education, digital inclusion, food relief, financial or other counselling supports, accommodation assistance, or which implement other strategies that help to reduce the stressors of financial hardship. Access to public services does as much to reduce inequality as do social benefits. Social benefits lift the share of national household income going to the poorest 20% of households from 4.1% to 4.7%. Benefits lift it to 8.1%, but once we include public services, it is raised to 12%¹³.

We must recognise that it is difficult for those short of money to save money; in short, it is expensive to be poor. Hardship traps households into financially inefficient, short-term thinking and spending cycles. Low income earners are more likely to buy a cheap appliance over an energy efficient one, and they may be forced to pay it off – as well as the relatively higher electricity bill – in penalty-incurring instalments rather than as a one-off transaction. Cash flow, storage or transport issues mean they are less able take advantage of bulk buys, or to have the flexibility of moving purchases to a time when items are on sale. When stuck for money, they may have little choice but turn to pay day lenders and plunge deeper into debt. It is essential that government considers the impacts of this so called 'poverty premium', and explore mechanisms to reduce or prevent this, for example through subsidies, fee structures or other means.

Aside from this, the single most effective response the Government can do to combat poverty is to ensure that every person has the security of a basic living wage and/or income support.

A living wage¹⁴ is the minimum income that a worker needs to achieve a socially acceptable quality of life for themselves and their family, such as food, shelter, education and health care. It is different to a minimum wage, which is set independently from any measure of living standards, is slow to respond to changing economic conditions, and which doesn't take into account the differences in family responsibilities or individual needs.

We strongly encourage the Government to raise incomes by:

- **Replacing the national minimum wage with a living wage, and linking future increases to the Consumer Price Index.**

- **Increasing the income test threshold for JobSeeker, Youth Allowance and other income support recipients to allow people to earn more before losing access to benefits, similar to recent changes to the Age Pension.**
- **Permanently increasing the rate of JobSeeker and other working age income support payments to above the poverty line and indexing them to the Wage Price Index.**
- **Establish a single parent supplement for JobSeeker that recognises the additional cost for single parents.**

The potential impact of increased household income has already been explicitly and dramatically demonstrated during the early stages of the pandemic, when the Federal Government introduced a raft of crisis support payments to help people through the COVID-19 lockdowns. As shown in the ACOSS/UNSW [COVID, Inequality and Poverty](#) report¹⁵:

- Between 2019 and the middle of 2020, the percentage of people in poverty fell from 11.8% to 9.9% despite the recession.
- Among people in households on the JobSeeker Payment, poverty fell by four-fifths, from 76% in 2019 to just 15% in June 2020.
- Among sole parent families (both adults and children) poverty was reduced by almost half, from 34% to 19%.
- By April 2021 when the supplement was removed completely, the new rate of JobSeeker payment fell to approximately 30% below the poverty line.

In addition to these impacts, it is notable that the increase in COVID-related welfare supplements resulted in a drop in demand for financial counselling and emergency relief services – a fact which demonstrates that when income is insufficient, the cost of social security merely shifts to social services while increasing distress. While the COVID supplements were short-lived, they provide a glimpse into how an increase in income has a deep and meaningful impact on families' financial security, as well as their broader physical, social and emotional wellbeing. As a nation, we have witnessed that poverty can be reduced when Governments commit to making it a priority and take action to increase rates of income support above the poverty line.

Given the current housing affordability crisis, and the tremendous impact that homelessness – or the threat of homelessness – has on wellbeing and workforce participation of we strongly urge the Government to:

- Increase the Commonwealth Rent Assistance to alleviate housing stress, and index it to local market prices rather than to CPI.
- Invest in affordable and social housing.

100 Families WA research tells us that those living in poverty often experience a sense of disillusionment, disempowerment and indignity associated with navigating the available support systems. We therefore strongly urge that the calls to action articulated by those who live in entrenched disadvantage are embedded into government policy and practice. These calls include:

- **Building and strengthening local community networks and supports**
- **Challenging stigma**
- **Making it easy as possible for people to access support when they need it**
- **Recognising the value of caring roles and other contributions to society**
- **Elevating the role and amplifying the voice of people experiencing disadvantage**

With reference to the last point, given the prevalence of poverty in Indigenous communities and families, we stress the importance of self-determination and lived experience co-design in poverty prevention programs, including constitutional recognition and the voice to parliament that would empower Aboriginal and Torres Strait Islander people to have a say on policies and programs that affect them.

Finally, we also urge the Government to take particular note of the impacts and solutions to poverty through the lens of children and youth, and to seek strategies to end hardship before it amplifies across the lifespan. Money does not solve all the issues related to child disadvantage, but it does make a significant difference. We once again stress the importance of ensuring an adequate income support for families, as well as taking steps that mitigate the effects of poverty:

- **Ensuring universal access to high quality play-based early childhood education and care**
- **Investing in targeted early intervention supports**
- **Prioritising the rights of children and their development, health and wellbeing.**

-
- ¹ Phillips S., Seivwright A., Young S., Fisher C., Harries M., Callis Z., Flatau P. (2021). *Insights into hardship and disadvantage in Perth, Western Australia: the 100 Families WA report*. [The 100 Families project](#) (Anglicare, Centrecare, Jacaranda Community Centre, Mercycare, Ruah Community Services, Uniting WA, Wanslea, WACOSS, The University of Western Australia (Centre for Social Impact and the School of Population and Global Health)), Perth, Western Australia. <https://apo.org.au/node/313315>
- ² Anglicare WA. (2022). *2022 Rental Affordability Snapshot*. <https://www.anglicarewa.org.au/docs/default-source/advocacy/anglicare-wa-rental-affordability-snapshot-2022>
- ³ Shelter WA <https://www.shelterwa.org.au/knowledge-hub/information-fact-sheets/>
- ⁴ Australian Institute of Health and Welfare. (2022). *Family, domestic and sexual violence data in Australia*. <https://www.aihw.gov.au/reports/domestic-violence/family-domestic-sexual-violence-data/contents/about>
- ⁵ Duncan, A. Bankwest Curtin Economics Centre. [Behind the line: poverty and disadvantage in Australia](#) 2022.
- ⁶ McKenzie H., McKay F.H. Food as a discretionary item: The impact of welfare payment changes on low-income single mother's food choices and strategies. *J. Poverty Soc. Justice*. 2017;25:35–48.
doi: [10.1332/175982716X14822521840954](https://doi.org/10.1332/175982716X14822521840954).
- ⁷ Cassells R., Dockery M., Duncan A., Kiely D., Kirkness, M., Twomey C., Nguyen T., and Seymour, R. (2020). *The early years: Investing in our future*. Focus on Western Australia Report Series, No. 13, August 2020. <https://bcec.edu.au/assets/2020/08/BCEC-The-Early-Years-Investing-in-Our-Future-Report-2020-270820.pdf>
- ⁸ Mitchell Institute. (2022). *Deserts and oases: How accessible is childcare in Australia?* <https://www.vu.edu.au/sites/default/files/how-accessible-is-childcare-report.pdf>
- ⁹ Wood, D., Griffiths, K., and Emslie, O. (2020). *Cheaper childcare: A practical plan to boost female workforce participation*. <https://grattan.edu.au/report/cheaper-childcare/>
- ¹⁰ Lamb, S., Huo, S., Walstab, A., Wade, A., Maire, Q., Doecke, E., Jackson, J. & Endekov, Z (2020), *Educational opportunity in Australia 2020: who succeeds and who misses out*, Centre for International Research on Education Systems, Victoria University, for the Mitchell Institute, Melbourne: Mitchell Institute. <https://www.vu.edu.au/sites/default/files/educational-opportunity-in-australia-2020.pdf>
- ¹¹ ACCAN. (2021). *Addressing Telecommunications Affordability: Evaluating Support for Low Income Consumers*. <https://accan.org.au/accans-work/research/1924-telco-affordability>
- ¹² Anglicare Australia. (2022). *Jobs Availability Snapshot 2022*. Anglicare Australia. Canberra. <https://www.anglicare.asn.au/publications/jobs-availability-snapshot-2022/>
- ¹³ Jericho, G. (2022). *The pandemic showed us that poverty is a policy choice – we must do better*. The Guardian. 15 Dec 2022. <https://www.theguardian.com/business/grogonomics/2022/dec/14/the-pandemic-showed-us-that-poverty-is-a-policy-choice-we-must-do-better>
- ¹⁴ Healy, J. and Pekarek, A. (n.d.). *Explainer: what exactly is the living wage?*. University of Melbourne. <https://fbc.unimelb.edu.au/newsroom/explainer-what-exactly-is-a-living-wage>
- ¹⁵ Davidson, P., (2022) *A tale of two pandemics: COVID, inequality and poverty in 2020 and 2021* ACOSS/UNSW Sydney Poverty and Inequality Partnership, Build Back Fairer Series, Report No. 3, Sydney https://povertyandinequality.acoss.org.au/wp-content/uploads/2022/03/Build-back-fairer-report-3_FINAL.pdf