



# The Extent and Nature of Poverty in Australia

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## Contacts

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### About UnitingCare Australia

UnitingCare Australia is the national body for the Uniting Church's community services network and is an agency of the Assembly of the Uniting Church in Australia.

We give voice to the Uniting Church's commitment to social justice through advocacy and by strengthening community service provision.

We are the largest network of social service providers in Australia, supporting 1.4 million people every year across urban, rural, and remote communities.

We focus on articulating and meeting the needs of people at all stages of life and those that are most vulnerable.

## Introduction

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UnitingCare Australia welcomes the opportunity to submit to the Committee for Community Affairs inquiry into The Extent and Nature of Poverty in Australia and commends the Committee for undertaking this vital inquiry.

The persistence of poverty in Australia, and other economically advanced countries, calls for considered and specific policy responses with two measures outlined in our submission. As a national agency of the Uniting Church in Australia we are also aware of ethical and religious dimensions to an effective response to poverty. It would be all too easy to adopt an approach which responds with the complacency of business-as-usual without a serious and renewed commitment by all members of the Australian Parliament to achieve the eradication of poverty.

At the inauguration of the Uniting Church in 1977, church leaders issued a "Statement to the Nation" given the ways in which the three churches uniting had contributed to community services and the life of the nation. Expressing a "concern for the whole human race" the Statement has guided Uniting Church social teaching since then. The first members of the new Uniting Church pledged to *"seek the correction of injustices wherever they occur. We will work for the eradication of poverty and racism within our society and beyond."*

UnitingCare Australia represents nineteen providers of community services, the UnitingCare Network. This network strives to platform the voices of their consumers, clients, and care recipients. In doing so, we advance the voices of those that are too often excluded from policy discussion in this country.

Today, Australia is indisputably among the wealthiest nations in the history of the world. A clear message from our consumers, clients, and care recipients is that far too many have been left behind with far too little.

Australians that cannot afford essentials cannot afford to live lives of dignity much less aspire to wellbeing. Millions of Australians are unable able to afford basic costs like food, rent, medicine, power, and education.

Poverty is rampant causing acute harm to those that endure it and chronic harm to the broader community. There are two simple and cost-effective policy solutions to alleviate poverty that we are morally and economically obligated to undertake:

- 1. Increase income support, and**
- 2. Increase the amount and reliability of funding to poverty related services.**

## Poverty is Rampant

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UnitingCare Australia and the Australian National University Centre for Social Research and Methods have released new research that provides a more comprehensive measure of financial wellbeing in Australian households.<sup>1</sup> The measure includes data on a household's income, wealth, age, housing costs, family type, disability status, gender, education level and region. These factors are combined into one index based on how they impact household financial stress with select findings outlined below in *Who is financially stressed*. 3.1 million, or one in three, Australian households are under financial stress.<sup>2</sup>

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<sup>1</sup> UnitingCare Australia and ANU, 2022. *Household Financial Stress and Financial Wellbeing in Australia*.

<sup>2</sup> UnitingCare Australia and ANU, 2022. *Household Financial Stress and Financial Wellbeing in Australia*

## Who is financially stressed?

- 40% of those under 35.
- 50% of renters.
- 80% of those relying on working age government allowances or payments.
- 45% of households living with a disability or long-term health condition.

Joint research by ACOSS and UNSW shows 2,558,000 adults and 761,000 children are living in poverty in Australia. The same research showed the poverty gap increased steadily from \$168 a week in 1999 to \$323 in March 2020.<sup>3</sup>

The Curtin Economics Centre has identified a million Australians living in severe poverty. The same research shows that poverty is not exclusively the experience of the unemployed, noting nearly 1 in 5 Australians living in poverty are working. Almost 1 in 10 Australians living in poverty are working full time.<sup>4</sup>

## Living in Poverty is Harmful

The impacts of poverty cut across all aspects of the person. Poverty undermines education, diminishes health, destroys development, and creates suffering.

An enormous body of research shows children raised in poverty suffer mental, physical, emotional, and spiritual detriment.<sup>5</sup> Young people in low wealth families report significantly lower levels of teacher support and life satisfaction. Bullying also increases with child deprivation, while teacher support, school satisfaction and life satisfaction all decrease.<sup>6</sup>

Australians living in the lowest socioeconomic areas were 2.2 times as likely to die from potentially avoidable causes in 2020.<sup>7</sup>

6 in 10 Australian adults surveyed in Foodbank's Hunger Report stated they go a day without eating at least once a week.<sup>8</sup>

Partnering with Swinburne University of Technology, Uniting Vic.Tas surveyed consumers on financial stresses across fifteen of their emergency relief sites in August 2022. Surveys were also distributed at two housing and tenancy programs, one alcohol and other

There are some days that I can't go out in the car due to the cost. We can't afford to have the heater on at night. We use blankets and our house has damp. We can't afford to use the electricity at night. We use torches instead of turning the lights on. The kids can't have baths anymore.

Emergency Relief Recipient

We are increasingly supporting people that have no experience of needing to reach out to services like ours. Parents who are struggling to feed their family because of food costs. Unwell people who can't meet the costs of their own care. Homeowners who are couch surfing between friends so they can Air B&B their homes to stay afloat.

Financial Counsellor

<sup>3</sup> ACOSS and UNSW, 2020. *Poverty in Australia*

<sup>4</sup> Curtin Economics Centre, 2022. *Behind the Line: Poverty and Disadvantage in Australia*

<sup>5</sup> Cf. Ryan, Fauth & Brooks-Gunn, 2006. *Childhood Poverty: Implications for School Readiness and Early Childhood Education*; and Duncan and Brooks-Gunn, 2000. *Family poverty, welfare reform, and child development*

<sup>6</sup> Gerry Redmond et al, 2022. *Who excludes? Young People's Experience of Social Exclusion*

<sup>7</sup> Australia Institute of Health and Wellbeing, 2022. *Health Across Socioeconomic Groups*

<sup>8</sup> Foodbank Australia, 2022. *Foodbank Hunger Report*

drugs program, and two meals programs. The responses present a clear image of human suffering and indefensible trade-offs outlined in *How is poverty impacting lives* below.<sup>9</sup>

### How is poverty impacting lives?

- 92% of respondents were cutting back on food and groceries due to costs.
- 70% were unable to eat well.
- Parents, carers, and people with a disability were skipping meals even if cooking for others.
- Two thirds reported pressure from the rising cost of energy bills.
- Half of respondents were cutting back on heating.
- One in two were experiencing mental health impacts resulting from cost-of-living increases.
- Half of respondents reported impacts on their housing situation.
- Women were more frequently experiencing cost pressures and were more negatively impacted across life areas than men.
- 11% felt more at risk of family violence because of rising costs of living.

### Poverty is Harmful to the Everyone

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A key lesson of macroeconomic analysis over the past two decades is that economies with greater inequality and poverty perform more poorly and grow more slowly, especially over the long run.<sup>10</sup> More specifically, a bigger gap between low-income households and the rest of the population has a bigger negative impact on economic growth.<sup>11</sup> Negative impacts on youth development, as discussed above, should be of enormous concern to anyone reliant on Australia's productive capacity in the future. Harsh limits on spending for low-income households reduces demand for business and stops people from making worthwhile investments in their own future, such as education. The economy is not a zero-sum game. Even those in the top 10 per cent are being hurt because the country's overall growth is being hurt.

### Simple, Cost-Effective Policy Solutions

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#### Increase income support.

Changes to income support through the pandemic showed the ability of the Government to decimate poverty rates using this policy alone.<sup>12</sup> Current rates of JobSeeker, related payments and allowances, and Commonwealth Rent Assistance leave some Australians with an income of around \$380 per week. Even if people in this situation can find incredibly inexpensive accommodation, they are still budgeting on around \$130 per week after housing. That \$18.50 a day.

Several government payments are so low that they do not adequately fulfil their function of providing a minimum, adequate income. In 2020 this Committee recommended the Australian Government immediately undertake a review of the income support system to ensure that all eligible income support recipients do not live in poverty. There are a variety of poverty measures in use today and JobSeeker is below them all.<sup>13</sup>

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<sup>9</sup> Uniting Vic.Tas and Swinburne University, 2022. *Can't Afford to Live*

<sup>10</sup> Cf. Federico Cingano, 2014. *Trends in Income Inequality and its Impact on Economic Growth*

<sup>11</sup> Cf. Jonathan Ostry et al, 2014. *Redistribution, Inequality, and Growth. IMF Staff Discussion Note*

<sup>12</sup> Curtin Economics Centre, 2022. *Behind the Line: Poverty and Disadvantage in Australia*

<sup>13</sup> Ben Phillips, 2021. *There are lots of poverty lines, and JobSeeker isn't above any of them*

Increase the amount and reliability of funding to poverty related services.

The community sector and governments provide emergency and essential relief to millions of Australians every year in the form of goods and services. But there is drastic undersupply of programs and funding to meet large and growing demand. In 2021, only 1 in 17 community service providers reported they were always able to meet demand. In 2022, just 1 in 33 services indicated the same.<sup>14</sup>

Additional funding and in-kind support are required to provide:

- Additional emergency relief while reducing restrictions around frequency of access;
- Well-designed employment and training support;
- Additional housing support; and
- Additional health, including mental-health, support.

Programs are implemented, renewed, and closed without sufficient notice for effective management. Over 60 per cent of community service providers received less than six weeks' notice of their most recent government contract renewal. Of those, almost 40 per cent received less than 4 weeks' notice, over 20 per cent received less than 2 weeks' notice, and over 12 per cent received no notice.<sup>15</sup> Funding needs to increase in amount and reliability.

## Conclusion

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UnitingCare Australia believes that the eradication of poverty and economic exclusion are fundamental to wellbeing. This is also essential for Australia to hold itself against the Sustainable Development Goals to which Australia a signatory.

Poverty is a wicked problem in Australia today. Alongside the policy recommendations made in this paper is the need for a longer term sustained investment in chronically disadvantaged communities. This includes investment in physical, social, and economic infrastructure begin to address these issues across urban, suburban, regional, and remote Australia. This investment would be implemented most effectively by community led solutions.

We are committed to the eradication of poverty in this country and welcome the opportunity to work with the Government and anyone else who shares this commitment.

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<sup>14</sup> ACOSS, 2022. *Helping People in Need During a Cost-of-Living Crisis*

<sup>15</sup> ACOSS, 2022. *Australian Community Sector Survey 2022*