

CHAPTER 1

INTRODUCTION

Terms of reference

1.1 On 21 October 2002, the Senate, on the motion of the Committee Chair, Senator Steve Hutchins, referred the issue of poverty and financial hardship in Australia to the Committee for inquiry and report. The full terms of reference were to inquire into and report on the following matters:

1. (a) the extent, nature and financial cost of:
 - (i) poverty and inequality in Australia,
 - (ii) poverty amongst working Australians,
 - (iii) child poverty in Australia, and
 - (iv) poverty in Australian communities and regions;
 - (b) the social and economic impact of changes in the distribution of work, the level of remuneration from work and the impact of under-employment and unemployment;
 - (c) the effectiveness of income-support payments in protecting individuals and households from poverty; and
 - (d) the effectiveness of other programs and supports in reducing cost pressures on individual and household budgets, and building their capacity to be financially self-sufficient.
2. That, in undertaking its inquiry, the committee also examine:
 - (a) the impact of changing industrial conditions on the availability, quality and reward for work; and
 - (b) current efforts and new ideas, in both Australia and other countries, to identify and address poverty amongst working and non-working individuals and households.

Conduct of the inquiry

1.2 The inquiry was advertised regularly through the Senate's fortnightly column in The Australian and through the Internet. Invitations were also sent to the Commonwealth and State Governments and other interested organisations and individuals. The Committee received 259 public submissions and 15 confidential submissions. The Committee also received a large volume of additional information both at and after the public hearings. A list of the individuals and organisations who made a public submission to the inquiry and the additional information authorised for publication by the Committee is at Appendix 1.

1.3 The Committee heard evidence on 17 days between April and August 2003 in all State and Territory capital cities. The Committee also held hearings in regional centres in Queensland, New South Wales and Victoria. In addition, Committee members visited a number of community centres to observe first hand the services provided at these facilities. 340 witnesses gave evidence at the hearings representing a wide range of organisations and perspectives in relation to the inquiry. Members of the Committee were especially moved to hear the personal testimonies of many individuals of the impact of living in poverty. The list of witnesses who gave evidence at the Committee's public hearings and the inspections undertaken by the Committee is provided in Appendix 2. The transcripts of the public hearings can be accessed through the Internet at: <http://www.aph.gov.au/hansard>.

1.4 The Committee has received much assistance through this inquiry and would like to express its deep appreciation and thanks to a number of people:

- To all those people who made submissions, provided additional material and information, or gave evidence to the inquiry. In particular the Committee would like to thank the representatives from the many St Vincent de Paul Conferences and all the other individuals who appeared and shared their personal stories;
- To the community groups that opened their facilities for the Committee to visit and who shared their valuable time in meeting and discussing issues with the Committee members that provided them with a range of valuable insights into the practical issues associated with poverty;
- To Therese Postma, Newcastle City Council, Peter Prants, Holroyd City Council and the Community Council on Palm Island for assisting with arrangements for the inspections undertaken in their areas; and
- To officers of the Parliamentary Library for their assistance with research and the provision of statistical and other information.

Structure of the Report

1.5 The Committee's terms of reference are extensive, reflecting that poverty is a very broad concept. By necessity this has been a wide ranging and complex inquiry. In reflecting this, the report has been divided into three main sections.

1.6 Firstly, chapters 2 and 3 deal with defining and measuring poverty and the nature and extent of poverty in Australia. The second section, chapters 4 to 9, examines key issues or indicators central to poverty – unemployment, income support, housing, education and training, health and other issues of access to utilities, consumer credit, and problem gambling. Groups within society that are at particular risk of poverty are covered in the third section, chapters 10 to 16. They are women and sole parents, children and families, youth and students, Indigenous Australians, rural and regional communities, older people, migrants and refugees, and people with a disability. Finally the Committee discusses the role played by and the impact that poverty has

had upon a range of service providers including community and welfare agencies, local government and Centrelink, and concludes with an outline for future directions and the need for a national approach to poverty alleviation.

The Committee's approach to poverty

1.7 The discussion in chapter 2 notes that poverty as a concept is difficult to define and many conflicting views were put to the Committee as to what constitutes poverty and how best to measure it.

1.8 Poverty is broadly defined in absolute and relative terms. Absolute poverty refers to people who lack the most basic of life's requirements: food, housing or clothing. With the exception of some remote Indigenous communities and homeless people who sleep rough and have no material possessions, it is generally argued that the meaning of poverty in Australia differs to that of absolute deprivation or subsistence existence.

1.9 Relative poverty is defined not in terms of a lack of sufficient resources to meet basic needs, but rather as lacking the resources required to participate in the lifestyle and consumption patterns enjoyed by others in society. The Smith Family emphasised this point by titling its submission 'Barriers to Participation'. Poverty in Australia is regarded as fundamentally about a lack of access to the opportunities most people take for granted – food, shelter, income, jobs, education, health services, childcare, transport and safe places for living and recreation.¹ However, poverty is a multidimensional concept that goes beyond just material deprivation; it also includes exclusion from social networks and isolation from community life.

1.10 The Committee agrees with these views, so that when it refers to poverty in this report it is referring to a concept of deprivation, of lack of opportunity to participate fully in society, of social isolation and exclusion.

1.11 The Committee has viewed poverty as an overarching concept, underneath which are the range of many key issues or indicators of poverty – unemployment, housing, health, education – that have often been treated as separate issues and addressed individually in a number of inquiries and reports. The Committee has tried to demonstrate the interconnectedness of these individual components – by focussing from two angles: that of the key issues central to poverty and the groups at major risk of poverty – and how these components link and impact upon each other under the overarching banner that is poverty in Australia.

1 National Statement on Poverty by 13 major community service organisations, dated 31 January 2002.

