



INCOME

CONTEXT

Poverty remains a continual feature of South Australian society, which in this period of strong economic growth is actually on the increase. Poverty is a ‘multi-dimensional’ phenomenon, meaning that people experience its damaging and harmful effects in different ways. Yet, despite the various ways that people experience poverty, they are all united in one of its main causes – the lack of a decent income. For people living on low incomes, the ability to enjoy a healthy life and participate fully in social life is extremely curtailed. Many people in low income households remain geographically isolated, live in poor quality housing, and struggle to pay the bills. Raising the income levels of the poorest South Australians should be a much higher priority, as it is the most important strategy to improve their living conditions and quality of life.

This chapter examines some key income and poverty issues and trends in South Australia, and also sets out a number of strategies which can help eradicate poverty in the State. It is important not to lose sight of the reality that behind the research and statistics is a picture of hardship and daily struggle for thousands of South Australians.

RESEARCH

Data from the 2001 census confirms that **nearly a quarter (23.8%) of all families in the State are living on low incomes.** The *Social Health Atlas of South Australia* confirms that people living on low incomes are not spread proportionately throughout the state: 23.8% of families living in metropolitan Adelaide are classified as low income, whereas this rises to 27.3% in country South Australia¹.

These patterns are also confirmed by the ABS ‘Index of Relative Socio-economic Disadvantage (IRSD)². The IRSD measures socio-economic disadvantage by

Figure 8 Index of relative socio-economic disadvantage – South Australia, 2001	
Area – Metropolitan Areas	IRSD score
Playford – West Central	762
Port Adelaide Enfield	799
Playford – Elizabeth	807
Salisbury Central	897
Onkaparinga – North Coast	903
Burnside – South West	1122
Adelaide Hills Ranges	1120
Area – Regional Areas	IRSD score
Riverland	967
Mid North	965
Northern and Far Western	926
Hills Mallee Southern	1005
<i>Source: Glover, J. et al Social Health Atlas of South Australia (2003), p.156-8</i>	

summarising data from a range of attributes including low income, high unemployment and educational attainment. Higher scores indicate least disadvantage, and lower scores show areas of highest disadvantage. In 2001, while South Australia received an IRSD score of 1000, Metropolitan Adelaide was graded as 1006, and country South Australia as 985. (A score below 1000 usually indicates disadvantage). However, these ‘headline’ scores tend to hide the disparities across and within areas. Figure 8 sets out some areas in South Australia to illustrate the range of disadvantage.

While this data provides a useful, if limited, indication of patterns of disadvantage, there is a need for a deeper analysis of income levels and poverty to capture the full picture. For example, across the State, economic growth and activity is being driven by the growth of mining and the removal of other natural resources. It is highly likely that in the future *overall* incomes are likely to rise in these key rural and regional areas, which will reflect the increase in the number of well-paid professionals based near such growth industries. However, **these headline income levels are likely to mask that the income levels of key disadvantaged groups (such as Aboriginal and Torres Strait Islander people) may not increase as a result of such activity.**

While the IRSD is a useful ‘snapshot’ indicator of disadvantage, there are a number of research and data sources that

highlight the scale of the issue for people living on low incomes in South Australia. As explored in the other chapters, South Australia, on a range of indicators, lags behind the rest of the nation in terms of socio-economic issues, including income levels.

Income analysis clearly shows that South Australian incomes tend to be less than almost all the other states and territories, except Tasmania, where on a number of scales they vie for lowest position³. Households are often divided into quintiles according to their gross income; each quintile represents 20%, or one fifth, of

all households. Despite recent years of economic growth across Australia, income levels for the lowest quintiles have remained relatively stable. The average disposable income levels for the lowest two quintiles in South Australia between 1997 and 2004 show that the poorest ten per cent of South Australians has just over \$50 disposable income a week; and that between 1997 and 2004 their overall disposable income decreased (whereas the cost of living did not).

Disposable income refers to the net household income available to a household once housing costs, taxes and utility bills have been accounted for. A more detailed definition is available from www.abs.gov.au. It is important to note that disposable income thus accounts for other essential items (for example food, clothes, school uniforms, transport) as well as money for leisure/other pursuits.

The ongoing concern is that the poorest households do not have enough disposable income to meet these essential needs. The section on financial stress indicators confirms these concerns are borne out, given the

high number of households who go without a proper meal on some days, or do not have any money on some days.

While these statistics can help portray the overall position for South Australians against the national average, it does not necessarily mean that we are able to see the full picture of people living on low incomes and in poverty. Figure 9 highlights two specific 'financial stress indicators': the percentage of people who could not raise \$2000 in an emergency, and the percentage of people who went without *any* money on at least one day in the past 12 months.

Levels of deprivation are much higher among Aboriginal and Torres Strait Islander South Australians, particularly in remote areas. It is estimated that 70% of remotely-based Aboriginal and Torres Strait Islander people would be unable to raise \$2000 in an emergency. Furthermore, the proportion of all South Australians who went without any money in the past 12 months is still high (just over 20% of all people – which equates to approximately 220,000 people).

While income inequality remains the focus of this section, it is also useful to highlight the overall *wealth* inequality in South Australia. A household's 'wealth' refers to all the financial assets that are owned. Wealth inequality in Australia is even greater than income inequality. The importance of emphasising wealth inequality is that it can highlight the capacity of a household to draw upon other assets as a safety net. This

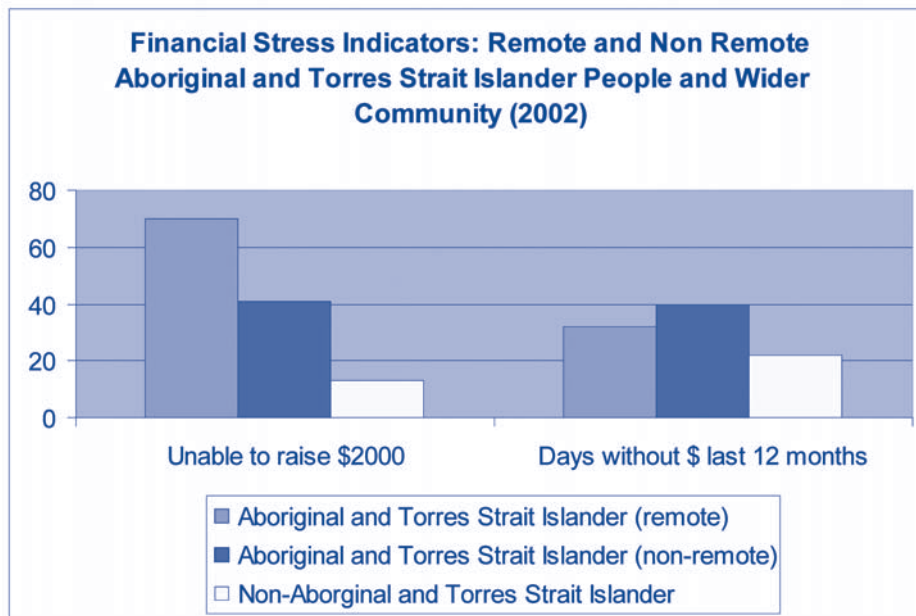


Figure 9

Source: ABS, *Australian Social Trends* cat no 4102.0

is particularly important in the emergence of the ageing society, as it is likely that there will be an increase in the amount of older people, who on reaching retirement age, will lack sufficient superannuation and financial resources. Figure 10 shows the stark difference between low, medium and high wealth households.

THE MULTI-DIMENSIONALITY OF POVERTY: HOUSEHOLD TYPES AND DIFFERENT SOCIAL GROUPS

The ‘headline’ data on levels of income and wealth give a useful overview of the extent of poverty in South Australia; South Australia lags behind the other states and territories in terms of income equality. However, too much focus on the headline data can mask the multi-dimensional character of poverty and the prevalence of particular population groups and household types living in poverty.

South Australians have lower incomes than the average Australian. One of the key factors for this is that certain *types* of households generally tend to be much poorer than other types, and South Australia has proportionately more of these household types. Most commonly, the poorest household type is a single person raising a family and this disproportionately affects women rather than men. As Figure 11 outlines, South Australia has disproportionately much higher levels of the poorest types of households than the Australian average and most other states

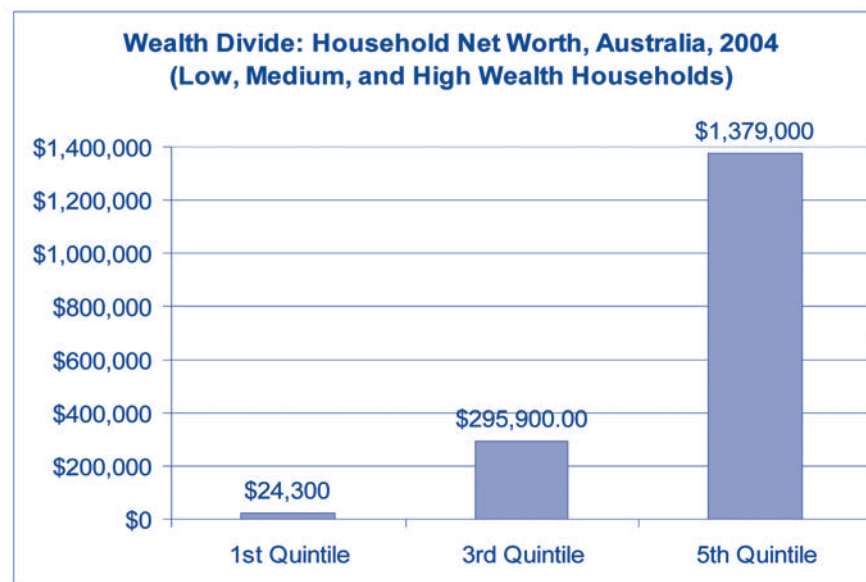


Figure 10

Source: ABS Household Wealth and Wealth Distribution, Australia, 2003–04 (cat. 6554.0).

Type of Households (%)	Aus	SA	NSW	Vic	Qld	WA	Tas	NT	ACT
Lone Person Households	24.6	27.6	23.1	24.1	24.8	26.8	29.3	25	26.4
Lone Mother Households with Children under 15 - of all families with children under 15	2.5	3	2.8	2.3	1.9	2.5	2.1	2.6	3.7
Proportion aged over 65 and older	12.8	14.9	13.3	13.2	11.9	11.4	14.2	4.2	9.1
Principal Source of Income Government Cash Payment	28.3	35.1	27.9	27.2	30.3	24.2	36.1	14.2	15.4

Source: ABS cat. no. 4102.0 (2004b, state summary tables, economic resources state summary) cited in Travers, P. (2005) in Spoehr, J. (ed) South Australia: Trends and Issues

and territories.

While certain types of household are more likely to live in poverty, there are people from particular population groups who are also much more likely to live in poverty. Some of the poorest groups include homeless persons, the unemployed, Aboriginal and Torres Strait Islander people, people with disabilities, refugees and new migrants, carers and women. This list is not exhaustive by any means, but it emphasises that poverty has a multi-faceted, multi-dimensional character, and that the needs of the poorest groups are not all the same.

The 'headline' data on poverty and income levels often overshadows the variety of different groups who live in poverty. It also needs to be added that there is a substantial diversity within these different social groups. For example, broad categories such as 'Aboriginal and Torres Strait Islander people' or 'young people' can obscure the heterogeneity of different backgrounds, circumstances, and barriers these groups face. While it is beyond the remit of the *Blueprint* to outline the extent of poverty all these groups face, the section on income inequality examines the plight of some of these groups in more detail. However two such areas are covered below: gender and ageing.

GENDER INEQUALITY

Women are disproportionately much more likely to be poorer than men. There are a wide range of reasons for this, and some of key factors are that women:

- a) tend to be concentrated in the poorest paying sectors of the labour market (such as childcare and retail)
- b) are much more likely to be in part-time or casual employment than men
- c) are more likely to live in single parent households than men – the household type most likely to live in poverty
- d) earn less than their male counterparts, even in comparable jobs and sectors
- e) face a 'glass ceiling' where systemic barriers can limit their employment and pay opportunities; for example, being penalised for trying to balance employment with childcare responsibilities; and
- f) are more likely to be primary carers.

There are a range of indicators that highlight the inequality between men and women. Figure 12 highlights the difference in average weekly earnings between men and women in South Australia over the past years. While total earnings have risen over this period, the gap between men and women remains entrenched. This is only one indicator, but throughout the *Blueprint* there is a gender 'impact'

on a wide range of issues where women are disproportionately affected compared with men.

In the context of the economic implications of the ageing society, there is growing concern that larger numbers of people will retire living in poverty, and this is more likely to affect women than men. The two main reasons for this are that women are much likely to live longer than men, and also that women tend to earn significantly less (and accumulate less superannuation) than men over the course of their working lives.

There is also evidence that despite the economic boom, women are losing out to men in the labour market⁴. **In 2007, the number of women out of work increased by 1.6%**. There is concern that the current

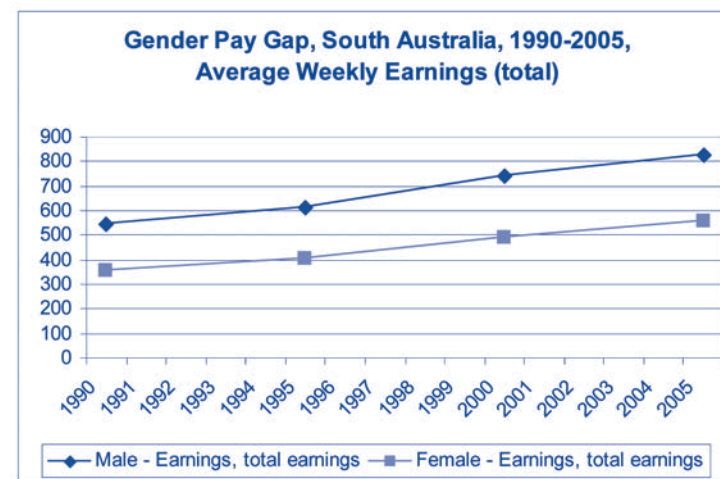


Figure 12

Source: ABS Cat. no. 6302.0 Average Weekly Earnings, Australia

economic growth is being driven by traditionally male-dominated sectors such as defence and mining.

While, broadly speaking, women are more likely to live in poverty and have lower incomes than men, for some issues there needs to be action targeted towards men. For example, it is striking that men in the 20-24 age-range, and also 45-54 range are significantly much more likely to be unemployed than women⁵. There are cultural factors behind some of these differences. For example, women are far more likely to take part-time or casual work in some low-paying sectors (such as childcare or cleaning) than men. Historically men living in traditional working class areas often entered into local manufacturing jobs but the decline of this sector and the growth of the service sector has altered the dynamics of poverty and labour force participation. There needs to be a set of targeted strategies to address these different issues.

AGEING

Despite the recent years of general economic prosperity, inequality in South Australia for a number of groups has actually *increased*. The *Social Health Atlas of South Australia*⁶ reports that “...the extent of inequality more than doubled for both people with a poor proficiency in English, and poor people receiving unemployment benefit”⁷.

Forecasting into the future is fraught with

COMMUNITY CASE STUDY — FINANCIAL COUNSELLING SERVICE

For a number of years, the Legal Services Commission (LSC) in SA ran a successful financial counselling service based at its metropolitan offices. Many of their clients have legal issues associated with debt and financial insecurity, and needed financial advice as well as legal assistance. Counsellors were provided by Uniting Care Wesley out-posted to the LSC offices and offered free counselling services for the clients. However, the service was discontinued in 2007 when funding constraints on both organisations brought an end to this popular service. Although clients are given referrals to (off-site) financial counsellors, there are large waiting lists, and often clients are unable to get advice in time to assist with their legal situation.

Further Information: www.lsc.sa.gov.au

difficulty, but there are reasons to be concerned that in the future inequality may increase across Australia. A key social trend is the emergence of the ageing society:

“One quarter of Australians will be aged 65 years or more by 2044-45, roughly double the present population....

....People aged over 55 years have significantly lower labour force participation rates than younger people. As more people move into older age groups, overall participation rates are projected to drop from around 63.5 per cent in 2003 to 56.3 per cent by 2044-45”⁸

The *Productivity Commission* speculates that, “although education and some welfare payments are projected to increase more slowly than GDP, government spending on health, aged care and pensions will grow at a faster rate”⁹. A likely scenario is that (as seen in South Australia) where there has been an increase in casual, part-time and contracted labour it will lead to increased income inequality. Without preventative action, increasing numbers of older people will retire without sufficient superannuation, and may face their retirement living in poverty. This scenario is made more likely with government policies that – beyond providing a very minimal ‘safety net’ – reinforce the **‘privatisation of responsibility’** where individuals, rather

than the state, are required to ensure they have an adequate income in later life. The ageing society poses serious challenges for policy makers across Australia, particularly for the community sector. The economic implications of the ageing society raise important policy questions, particularly in areas like caring. For example, it is estimated that currently the 'replacement costs' of informal caring (the resources that would need to be diverted each year from the formal economy to replace the work done by carers if their services were no longer available) would be \$30.5bn, which is approximately 62.2% of formal health care spending¹⁰. There is serious concern about the capacity of the community sector to provide such services in the long term future.

THE IMPORTANCE OF A DECENT INCOME

The data above highlights the *scale* of some people living on low incomes in South Australia, however this only shows part of the overall picture of disadvantage. More qualitative focus group research with a number of low income Australians gives voice to their issues and concerns directly¹¹. This research underscores the importance of having a decent living income. The issue of money was the most prominent issue for disadvantaged Australians:

“Everything comes down to money – everything costs”

“We barely survive week to week at the moment, let alone having anything left over”

“It’s very hard to go out and meet new friends, it’s close to impossible ‘cause you just can’t afford to do things”.

For all respondents in the research, living with limited financial means had a detrimental impact on almost all parts of their lives and aspirations. One of the main concerns for many of the participants was the difficulty in securing a *reliable* source of income. This is a particular difficulty for the many low income people who oscillate precariously between casual, short term work and government income support. The rigidity and inflexibility of the welfare system was seen as a barrier to ensuring that they had a reliable and secure income.

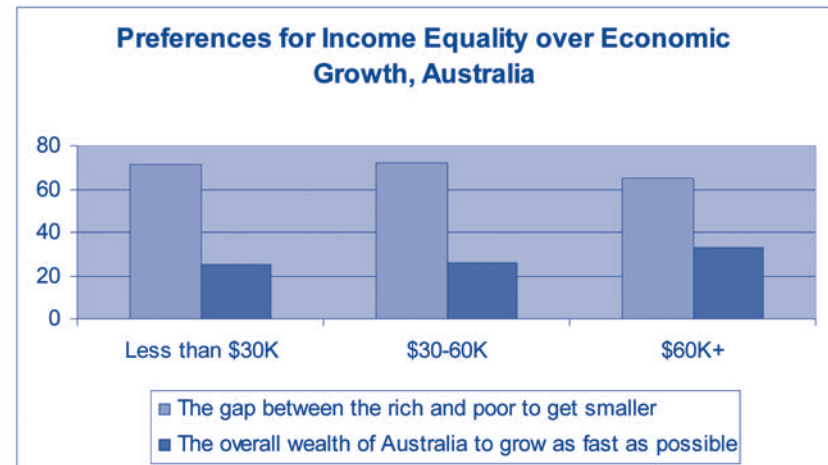
Much higher numbers of South Australians live on low incomes compared with their national counterparts. Wealth and income inequality is an acute problem which demands active social policy to improve the life-chances and difficult conditions faced by thousands of disadvantaged people. Broadly speaking there is popular support for tackling income inequality in Australia.

National surveys reveal that¹²:

- 91% of Australians believe that ‘a fair go for all’ is an important Australian value
- 77% believe that the gap between the rich and poor is widening
- 45% believe that Australia is not becoming a fairer place.

A Newspoll survey asked respondents to indicate which option they supported – either reducing the gap between the richest and the poorest or increasing the overall wealth of the nation. Overwhelmingly, there was much greater support for reducing the gap between

Figure 13
Preferences for either greater economic equality or wealth creation (by income group) Australia, 2000



Source: www.newspoll.com.au (2000)

the richest and the poorest. Even more interestingly, these proportions remained relatively consistent across different income groups (Figure 13).

Research that examines the relationship between 'life satisfaction' and income and wealth raises some interesting findings. Recent research suggests that in some respects life satisfaction actually drops as incomes rise, as "*it seems that the relentless emphasis on growth and higher incomes will in fact generate more dissatisfaction*"¹³. One of the findings from this research is that even among the growing group of Australian millionaires, only one in twenty regarded themselves as prosperous. This is an important finding because it means that if very affluent groups do not feel well-off, then it makes it harder to highlight the issues

facing the most disadvantaged Australians. The poverty and daily struggle faced by many low income Australians are held out of view from mainstream society. Therefore, the urgent task of public and social policy is to make the needs of the most disadvantaged a much higher priority for government and wider action. While many relatively affluent Australians may not feel wholly happy about their life situation, this masks the more stark and dire position of the poorest groups in society.

Academic research also shows that a person's own happiness can be undermined if the economic position of their neighbours is much higher¹⁴. The clear message is that stark wealth and income inequalities break down the overall cohesion and fabric of a society.

SACOSS believes that tackling the issues facing South Australians living on low-incomes requires a range of activities and strategies, and needs to be given a much higher profile by both Federal and State government. This chapter explores these issues in more detail under the following two headings:

- **Income Inequality**
- **Work Force Participation**

Under each of these headings we highlight some of the key research, make links with relevant government (and other) strategies, and highlight targets and strategies that, if adopted, can make a meaningful difference to eradicating poverty in South Australia.

COMMUNITY CASE STUDY — THE SA WORKING WOMEN'S CENTRE

The Working Women's Centre of South Australia provides information, support, referral advice and advocacy to women on work related issues. The Centre has been run since 1979. The Centre deals with such issues as pregnancy and sex discrimination, discrimination on the basis of caring responsibilities, marital status and a range of other issues. The Centre employs three Industrial Officers managing a case load of around 80 cases. From July 2005 – June 2006, the Centre answered 1542 calls for specialised assistance. The Centre has helped numerous South Australian women, particularly from disadvantaged groups, win cases and important concessions from employers.

Further Information: www.wwc.org.au

INCOME INEQUALITY

There is an urgent need to tackle income inequality in South Australia, which in many respects is the most unequal state in the nation. Certain household types and social groups are significantly poorer than other population groups. This section examines income levels for the groups listed below, and explores some of the wider issues.

1. Aboriginal and Torres Strait Islander People
2. Young People
3. People with Disabilities
4. Carers

These groups are just a selection of the range of groups that experience income inequality.

1. INCOME INEQUALITY FOR ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE

Aboriginal and Torres Strait Islander people are significantly more likely to be poorer and receive a lower income than the wider population. The 2001 census shows that the mean household weekly income for Aboriginal and Torres Strait Islander persons was \$364 compared with an average of \$585 for the wider population. Furthermore, the census shows that the mean household weekly income of South Australian Aboriginal and Torres Strait Islander people is 4% lower (\$351) than the national average for all Aboriginal and Torres Strait Islander people (\$364)¹⁵. As the *Social Health Atlas* reports,

“as 15.1% of Aboriginal people did not state their income at the census compared with 9.1% of the non-Indigenous population, the data probably understates the differences in their income distribution”¹⁶.

Figure 14 outlines the income gap between Aboriginal and Torres Strait Islander people and the wider population. The data shows that far more Aboriginal and Torres Strait Islander people (74.7%) are concentrated in the two poorest quintiles than the wider population.

There are a range of factors that underline why Aboriginal and Torres Strait Islander people are significantly much more likely to receive lower incomes than the wider population. Figure 15 outlines a number

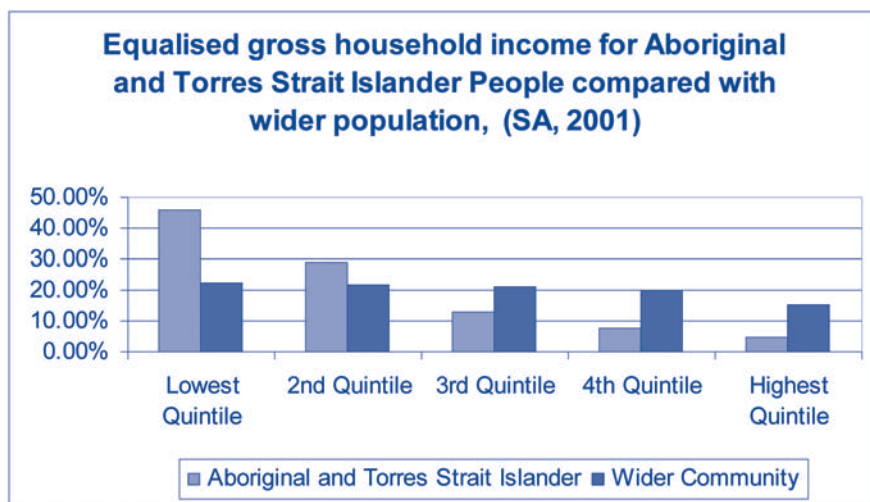


Figure 14

Source: ABS 2001 Census, (Cited in *Social Health Atlas*, 3rd Edn, p.32)

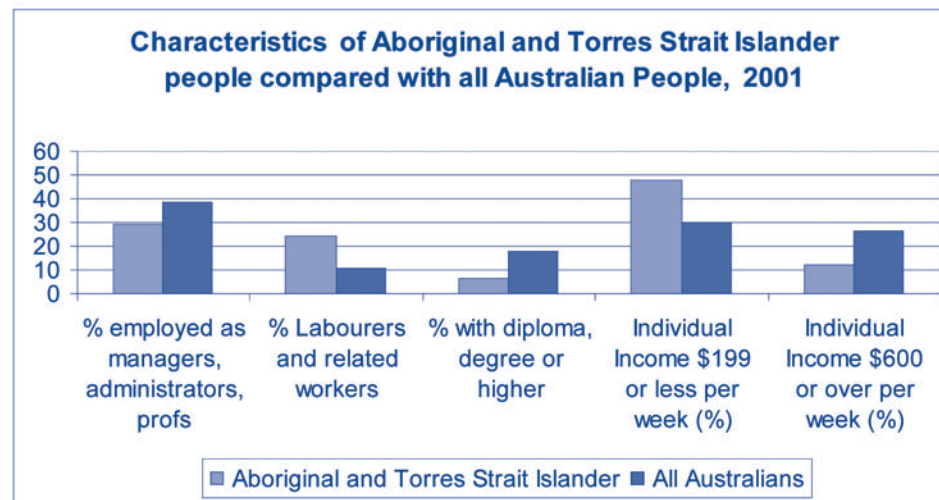


Figure 15

Source ABS 2001 Census

of different characteristics for Aboriginal and Torres Strait Islander people, and their income levels relate directly to their employment and education chances. These issues are explored in greater detail in Chapter Three — Employment, Education and Training.

As Figure 15 shows, there are significant differences in education attainment outcomes between Aboriginal and Torres Strait Islander people and the wider population. Aboriginal and Torres Strait Islander people are far less likely to be in higher education. The labour force participation rate for Aboriginal and Torres Strait Islander people is significantly lower than that of the wider population. Moreover, Aboriginal and Torres Strait Islander people are much more likely to be employed in unskilled and generally lower paid positions, and significantly less likely to be employed in more ‘white collar’ roles. These differences in educational attainment, labour force participation and labour force location all reinforce and fuel the differences in income levels. Nearly a half of all Aboriginal and Torres Strait Islander people receive an income of less than \$199 a week compared with 30% of the wider population.

2. INCOME AND YOUNG PEOPLE

Young people are particularly vulnerable to living in poverty, and are much more likely to be living on lower incomes than other population groups.

“As a result of high levels of youth unemployment and diminished income support payments, young people living in low income households are at a greater risk of poverty than middle-aged and older people”¹⁷

One key indicator for youth poverty is the number of unemployed young people. Data from the 2001 census confirms that South Australian young people are also more likely to be unemployed than their national counterparts. In 2001, for those aged 15-24 years, the youth unemployment rate in South Australia was 14.8% compared with 13.8% for Australia. This is also comparable with the overall unemployment rate (7.4%) which is significantly lower than the overall levels of youth unemployment.

In 2001, the highest youth unemployment rates in Adelaide were recorded in the Statistical Local Areas of:

- Playford - Elizabeth (34.4%),
- Playford - West Central (33.4%),
- Port Adel. Enfield - Port (26.1%)
- Onkaparinga - North Coast (23.4%).

Outside Adelaide, the highest youth unemployment rates were recorded in

- Coober Pedy (25.8%)
- Peterborough (25.0%).
- Riverland (50.0%)
- Whyalla (37.5%),
- Off-Shore Areas & Migratory (38.7%) (although these proportions are based on small populations)¹⁸.

There are a range of factors that account for the low incomes of young people. For example, recent research has highlighted the issue of ‘breaching’, punitive action introduced by the Federal welfare to work scheme that targets people who do not participate in ‘mutual obligation’ arrangements in the social security system. There is evidence that young people are being disproportionately targeted for such measures¹⁹.

Given the diverse range of circumstances and factors that account for the number of young South Australians living on low incomes, there needs to be a holistic and sophisticated social policy approach to tackling youth poverty. For example, it is striking that 6.6% of *all* family carers are young people aged 18 or below. SACOSS has identified a key target is to ensure that the wage levels and apprentice wages for young South Australians are set at a decent level, and that this will help reduce the overall number of young people living in poverty. One of the driving factors behind the low rates of wages for young people is a *false* set of assumptions that young people are neither as skilled or productive

as older workers. As noted by the Youth Affairs Council of South Australia (YACSA) such assumptions when translated into policy “greatly impact on young people’s ability to earn a living wage, despite the fact that young people pay the same prices for everyday goods and services...”²⁰.

3. PEOPLE WITH DISABILITIES AND POVERTY

Recent research shows people with disabilities are much more likely to live in poverty than households without a person with a disability²¹. A recent Senate report identified disability “...as a close companion of poverty”²². Data from the *Household Expenditure Survey* shows that while a person with a disability is a common occurrence across all household

types, people with disabilities are much more likely to live in household types most commonly associated with poverty: single people, aged couples, and sole parents²³. **It is striking that the median equivalent weekly income for all households is \$444, whilst for people with a disability it is \$298**²⁴. The poverty rate among those with a disability exceeds those without a disability more than six-fold. In most household types, there is increased incidence of poverty where at least one person has a disability (see Figure 16).

There is a wide range in the types of disabilities that people live with, and the differential impact that living with a disability can have on a person’s life should not be underestimated. It is widely

accepted that living with a disability incurs additional costs. The link between disability and poverty has become stronger as a result of increasing costs of living, income support rates declining and real wages falling at the bottom end of an increasingly deregulated labour market. Saunders (2006) describes results from the Senate Community Affairs References Committee (CARC) report (2004), which identified

the strong relationship between increasing costs of living and reduced incomes for people with disability as a contributor to experiences of poverty. Thus the CARC describe disability as a ‘close companion’ of poverty.

In addition, Saunders argues that “There is clear evidence of an ‘income penalty’ associated with the presence of disability within the household, this penalty amounting to a one-third (32.9%) reduction in overall median income”²⁵.

4. INCOME INEQUALITY AND CARERS

Carers, and particularly primary carers, are much more likely to live on low incomes and in poverty than other social groups. Carers are a key social group who perform an invaluable role in wider society, and yet receive little recognition for their efforts. Australia’s primary carers of a workforce age have much greater representation in the lowest and second lowest income quintile at 22.2 per cent and 23 per cent respectively²⁶. This also disproportionately affects women, who comprise 71% of all primary carers. A key factor to account for the low incomes of carers is that 47% of primary carers rely on a government benefit as their main source of income compared with 16.3% of non-carers.

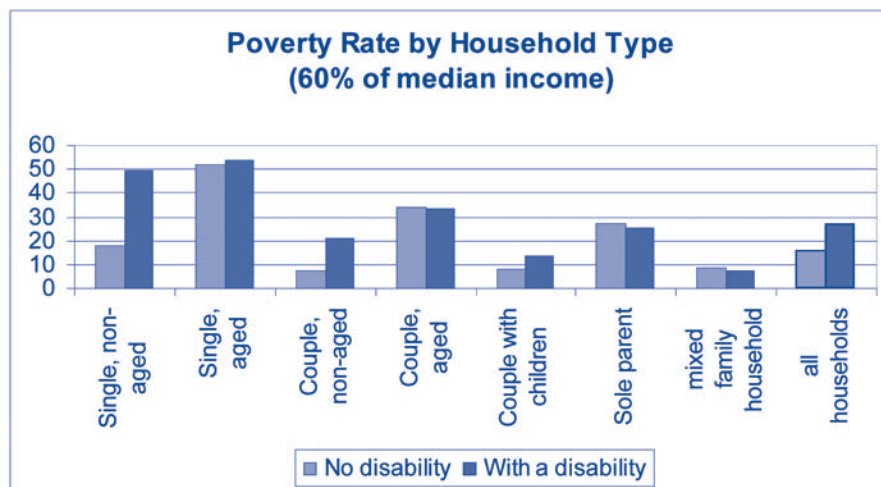


Figure 16

Source: 1998-99 Household Expenditure Survey, Cited in Saunders, P. (2006) *The costs of disability and the incidence of poverty* Social Policy Research Centre, UNSW, p.10

DISPOSABLE INCOME, HOUSEHOLD EXPENDITURE, & HOUSING COSTS

As noted above, South Australians are far more likely to have lower incomes than the national average. While the focus on overall income rates is important, it is also necessary to highlight the amount of disposable income that South Australians have. ABS data shows the gap between the average amount of weekly disposable income of the 2nd and 3rd Deciles of the population (see Figure 17). While there has been a slight increase in income levels since 1997, it is clear that the income inequality gap between the poorest and the average has not decreased.

The issues of income inequality are even starker when household expenditure is compared. The poorest groups in society

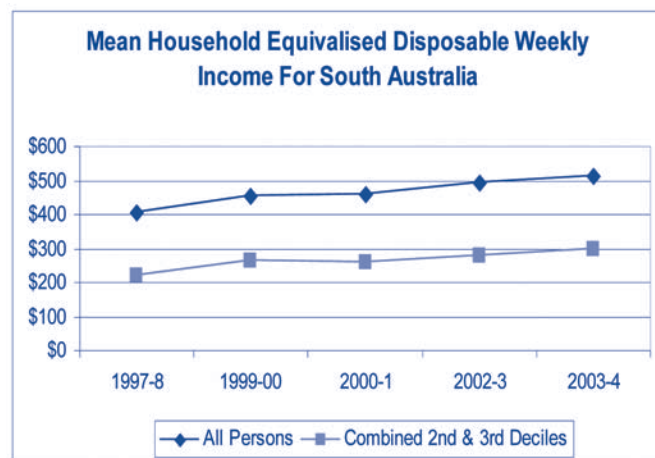


Figure 17

Source: SASP Progress Report 2006 – page 83

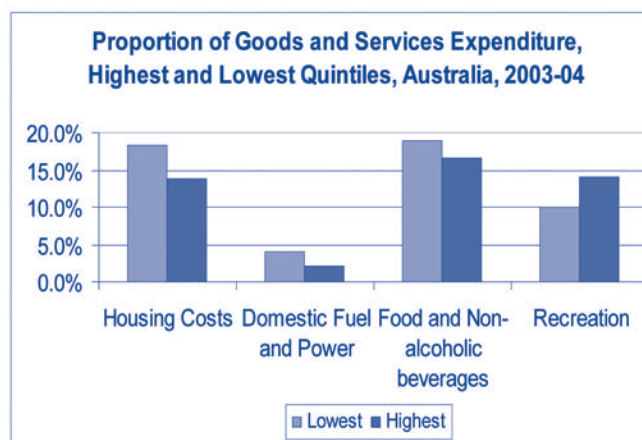


Figure 18

Source: ABS, Household Expenditure Survey, 2003-04, Cat:6530.0

spend substantially more of their income on household essentials than the wealthiest groups. For example, the ABS reports that in 2004, “...housing costs comprised 23% of total expenditure on goods and services for households in the lowest net worth quintile but only 11% for households in the highest quintile”²⁷

Figure 18 outlines the differences between the lowest and highest quintiles on a range of household expenditure items.

The poorest groups spend proportionately more of their incomes on basic goods and services than the wealthiest groups. This has important consequences as the amount of financial ‘stress’ for the lowest-income South Australians is much more acute. Research has shown that a significant percentage of Australians – up

to 30% – have experienced problems paying electricity bills (which usually account for 70% of all utility bills)²⁸.

The gap in income inequality is also reflected in the amount spent on ‘recreation’ activities, with the lowest quintile spending proportionately far less. As will be explored in Chapter 6 — Social Participation, recreation should not be seen as a luxury, but the prohibitive costs of many ‘social’ expenses mean that many of the poorest are unable to participate fully in society.

Certain household types are far more likely to be in poverty than other groups. Figure 19 compares the average weekly expenditure on goods and services (\$883 for all households). It is apparent that certain groups such as lone persons, and those

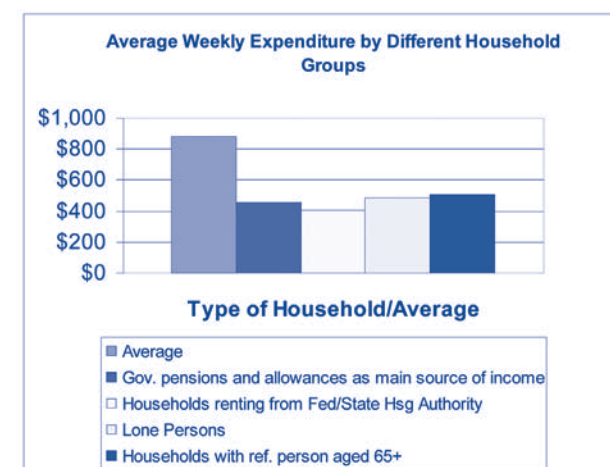


Figure 19

Source: ABS, Household Expenditure Survey, 2003-04, Cat:6530.0

whose main source of income is government allowances, have significantly less weekly expenditure than the national average.

As explored in more detail in Chapter Five — Housing, it is important to take into account housing costs when analysing income and poverty levels. In South Australia there is strong evidence that potentially higher levels of poverty have been constrained by the lower housing costs of South Australia compared with other states. However, there are grounds for concern that housing costs in South Australia are increasing, and as a result the number of people living in poverty is also rising²⁹.

BLUEPRINT TARGETS: INCOME INEQUALITY

SACOSS believes that only with the public, private and community sectors working on the anti-poverty agenda will meaningful progress be made to eradicate poverty. To help prioritise action on this ambitious agenda, SACOSS has developed a set of targets for tackling income inequality in South Australia. SACOSS believes that if these targets are adopted, and acted upon by all key stakeholders across the state, poverty would be significantly reduced. These targets are set for ten years, and are designed to focus anti-poverty action from 2005 – 2015.

SACOSS has also developed a set of underpinning measurement indicators to highlight progress in meeting these ambitious targets. The indicators are outlined in full in Chapter 7 — Measurements and Indicators.

Blueprint Targets: Income Inequality

- 1 Increase the median income of Aboriginal and Torres Strait Islander South Australians to that of the wider South Australian population**
- 2 Ensure that all working age South Australians earn a decent living wage; and that youth wage and trainee/apprentice wage levels are decent, equitable, and fair.**
- 3 Increase the SA net household disposable income per capita to at least 100% of the Australian average.**

LINKS TO GOVERNMENT STRATEGIES

The *Blueprint* agenda to eradicate poverty in South Australia involves concerted action by all key stakeholders. In each section of the *Blueprint* a number of relevant government strategies and initiatives are identified to show how they relate to, or indirectly support the SACOSS *Blueprint* agenda.

While there are a number of State Government strategies that address issues

such as educational attainment and health outcomes (and many of these are specifically targeted at the most disadvantaged South Australians); it is striking that there is no over-arching government strategy to directly reduce income inequality. As outlined above, stark income and wealth inequalities can undermine the cohesion of a society. Reducing income inequality should therefore be a much higher priority, and this requires a sophisticated set of social policy responses which should be targeted at both the highest and lowest income population groups.

South Australia's Strategic Plan (SASP) sets out the government's over-arching visions and priorities until 2014. While *SASP* contains a number of targets which, if met, may raise the income levels of some of the most disadvantaged South Australians, there is no over-arching target for reducing income inequality. The *SASP* target most relevant to reducing income inequality is the target on 'economic disadvantage':

- *T6.5 Economic Disadvantage*
Reduce the percentage of South Australians receiving government benefits (excluding age pensions) as their major income source to below the Australian average by 2014.

This target was formulated in 2007, and there are a range of underpinning government strategies, such as the SA Skills Strategy and 'SA Works', which are targeted at increasing the skills sets and

employment opportunities for some of the more disadvantaged communities in South Australia. The 2007 *SASP* target on economic disadvantage is a potentially useful, if limited, first step towards tackling the rising level of poverty in the state. This *SASP* target gives the State government an opportunity to evaluate the effectiveness of a range of their employment-related strategies, extend and expand the most successful of these, and devise new programs and initiatives where there are gaps in reaching out to the poorest groups.

Given the overall importance of this *SASP* target to the *Blueprint* agenda, SACOSS will be closely scrutinising the progress made in meeting it. However, we remain concerned that the 'headline' *SASP* targets are not sufficiently calibrated and differentiated to specifically address the needs of low income and disadvantaged South Australians.



Figure 20

Source: ABS Data cited in Spoehr, J. & Barret, S. 'Employment and Workforce' in South Australia - Trends and Issues (2005), p. 138

LABOUR FORCE PARTICIPATION

Securing stable employment with a decent and reliable income is arguably one of the best ways to lift a person out of poverty. This section focuses on a number of specific issues related to labour force participation as a key strategy for tackling poverty.

ABS data confirms that over many years, the labour force participation rate in South Australia has consistently lagged behind the rest of the nation. Figure 20 compares recent data for participation, and is disaggregated by gender.

As other research shows, the labour market conditions in South Australia compare unfavourably with the other states and territories; for example, employment growth has been slower (especially the rate of recovery following the economic slowdown in late 1980s)³⁰.

While South Australia compared with the rest of Australia has relatively lower levels of labour force participation, the state also has more people whose main source of income is government benefits (see Figure 21).

It is striking that Adelaide has by far the largest proportion of people living in a capital city whose main source of income is government benefits.

Recipients of government benefits are often subject to highly politicised debate and scrutiny (particularly for people such as the long-term unemployed or single parents). 'Welfare benefits' are used as a key tactic to scapegoat people living in poverty as 'undeserving' or 'irresponsible'³¹. This narrow 'debate' obscures the multiple range of factors that mean access to the labour force can be much harder for certain population groups. To tackle these structural barriers, there needs to be a cultural shift in government thinking and policy away from the limited debate about 'benefits' and 'minimum safety nets' to one that seeks to recognise the wide range of

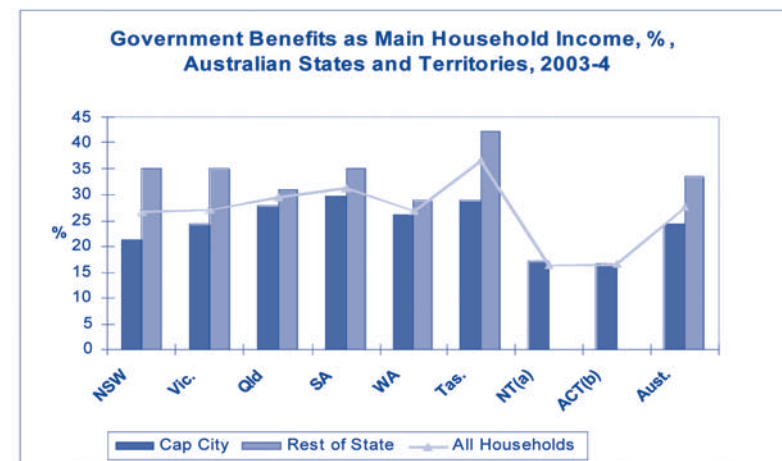


Figure 21

Source: ABS, 2003-04 Cat 6530.0

contributions that all people can make to society, and build effective pathways that support people to move out of poverty.

The issues facing Aboriginal and Torres Strait Islander people in terms of labour force participation are explored in more detail in Chapter Three — Employment, Education and Training. However, it is worth re-emphasising that Aboriginal and Torres Strait Islander people are significantly less likely to be represented in the labour force than the wider population. In 2004, the labour force participation rate for Aboriginal and Torres Strait Islander people in Australia was just 54%³², which compared with an overall rate of 63.6%.

BLUEPRINT TARGETS: LABOUR FORCE PARTICIPATION

The following targets were developed by SACOSS to increase the labour force participation in South Australia, particularly from low income and disadvantaged population groups. SACOSS believes that without sustained action by all key stakeholders to meet *specific* anti-poverty targets for low income and disadvantaged groups, then systemic barriers will remain in place for these population groups to access all areas of the labour market.

Blueprint Targets: Labour Force Participation

- 4 **Raise the income levels of the poorest groups (principally households whose main source of income are government benefits) above the national average**
- 5 **Increase the labour force participation rate for Aboriginal and Torres Strait Islander people to equal that of the wider population**
- 6 **Increase the labour force participation rate to equal or better the national rate**

LINKS TO GOVERNMENT STRATEGIES

The *Blueprint* agenda to eradicate poverty in South Australia involves concerted action by all key stakeholders. In each chapter of the *Blueprint* a number of relevant government strategies and initiatives are identified to show how they relate to, or indirectly support the SACOSS *Blueprint* agenda. A number of government programs have been introduced to try and tackle some of the issues outlined in this section. In some respects it is too early to say how effective they are, but the case for concerted and ongoing social investment is clear. *South Australia's Strategic Plan (SASP)* outlines the headline targets that the state government is aiming to achieve in its 10 year vision for the state. A number of these targets focus on issues related to labour force participation. The key SASP targets are:

- *T6.5 Economic Disadvantage*
Reduce the percentage of South Australians receiving government benefits (excluding age pensions) as their major income source to below the Australian average by 2014
- *T1.10 Jobs*
Better the Australian average employment growth rate by 2014
- *T1.11 Unemployment*
Maintain or better the national average by 2014
- *T1.12 Employment Participation*
Increase the employment to population ratio, standardised for age differences, to

the Australian average

- *T1.26 Aboriginal unemployment*
Reduce the gap between Aboriginal and Non-Aboriginal unemployment rates each year
- *T6.22 & 24 Public Sector*
Increase numbers of people with disabilities and Aboriginal employees within the public sector

Many of the revised *SASP* targets indirectly support the SACOSS *Blueprint* agenda for eradicating poverty in the State. However, SACOSS is concerned that while *SASP* has a number of potentially laudable aims, there is a risk that *SASP* targets are too generalised to reduce the entrenched levels of poverty in the state. The generalised *SASP* targets need a greater degree of calibration and differentiation if they are to support the anti-poverty agenda. It is striking for example, that in recent years the economic boom has generally decreased overall unemployment, but the proportion of long-term unemployed has not matched this decrease. SACOSS will actively monitor the *SASP* targets that have most relevance for the anti-poverty agenda, and assist in ensuring that the needs of the most disadvantaged in the state are being met.

STRATEGIES

The SACOSS *Blueprint* sets out the key targets which, if met, could make a significant contribution to the eradication of poverty in South Australia. To help build on this work, SACOSS has developed a series of underpinning strategies which are pathways for meeting this challenge and if implemented, will make a valuable contribution in tackling poverty and inequality in South Australia.

The strategies on the following pages seek to suggest practical pathways for dealing with the range of issues outlined in this chapter but they are only part of a wider set of policy initiatives and social investment needed to tackle income inequality in the state.

INCOME STRATEGIES

- 1 DEVELOP A COMPREHENSIVE WHOLE-OF-STATE ANTI-POVERTY PLAN

This strategy calls on the State government, along with key stakeholders to develop a comprehensive anti-poverty plan, along with a dedicated budget. Currently, there is a good deal of government activity targeted at key disadvantaged groups, for example a number of *SASP* targets can contribute to eradicating poverty in the state. However, much of the anti-poverty work is ad hoc and lacks a strategic focus. While some agencies, for example the Social Inclusion Unit, have played an important part in highlighting some of the key issues, a whole-of-state anti-poverty plan is needed to ensure a sustained and strategic approach to raising the income levels of the poorest groups in the state, and removing the barriers which reinforce social and economic disadvantage.
- 2 INCREASE TRAINING AND EMPLOYMENT PLACES FOR ABORIGINAL AND TORRES STRAIT ISLANDER YOUTH (50 PLACES IN GOVERNMENT YOUTH TRAINEESHIP PROGRAM: INCREASE BY 50% PER ANNUM PLACES IN ABORIGINAL APPRENTICESHIP PROGRAM).

The public sector is the largest employer in South Australia and has a key leadership role in improving income-related outcomes for Aboriginal and Torres Strait Islander people. This strategy seeks to expand the number of Aboriginal and Torres Strait Islander youth traineeship and apprenticeship places.
- 3 CONDUCT AN INQUIRY INTO MINIMUM TRAINEE WAGE RATES AND INDEXATION

It is widely accepted that income directly impacts the health and wellbeing of individuals, families and communities. Generally it is congruent that the higher the level of income, the better the experience of general health and wellbeing. This inquiry would examine trainee wage rates for young people, apprentices and trainees. The remit of the inquiry would include examining mechanisms that would enable better access for key groups seeking traineeships, and also identify strategies for ensuring that wage levels are above the poverty line and offer a decent standard of living.
- 4 INCREASE RETENTION OF ABORIGINAL AND TORRES STRAIT ISLANDER STUDENTS IN VET SECTOR TO 75%

Historically there has been a marked disparity in the attraction and retention of Aboriginal and Torres Strait Islander students in the vocational education system. This strategy is based on improving educational attainment levels for Aboriginal and Torres Strait Islander students, as a key pathway for better employment opportunities.
- 5 ESTABLISH AN ABORIGINAL AND TORRES STRAIT ISLANDER ENTERPRISE CLEARING HOUSE

The disparity in wages, income and labour force participation rates for Aboriginal and Torres Strait Islanders are well known. There are a range of opportunities for new businesses that are developed, owned and operated by Aboriginal and Torres Strait Islander communities. Each viable business generated will contribute to meeting state economic growth goals as well as skills and employment goals. An 'enterprise clearing house' would give Aboriginal and Torres Strait Islander small business owners and those who wish to develop a business idea the nurturing and direction necessary to run a small business in South Australia.

- 6 BUILD CONCRETE PATHWAYS BETWEEN TRAINING AND EMPLOYMENT FOR ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE – PROVIDE JOB AT COMPLETION OF PROGRAM
This is a pilot project designed to build more concrete pathways between training and employment for Aboriginal and Torres Strait Islander people. This involves a support and assistance package that would provide a job at the completion of training.
- 7 INCREASE IN INCOME SUPPORT LEVELS
There is a significant number of South Australians whose main source of income is government benefits. SACOSS strongly advocates for an increase in income support and other key government payments to raise the income levels of the key disadvantaged groups across the state.
- 8 SET UP A ‘CONCESSIONS’ REVIEW
This proposal is to establish an independent ‘Concessions Review’ to examine the scope, targeting and possibility for an extended and cohesive concessions system.
- 9 CHILDCARE BENEFIT LINKED TO THE COST OF CHILDCARE
SACOSS endorses the key childcare strategy formulated by ACOSS in the recommendations for the 2007-08 Federal Budget. The Federal government should make childcare more affordable and accessible by abolishing the 30% Childcare Tax Rebate and linking the value of Childcare Benefit to the actual cost of providing childcare services. In addition, a Federal/State funding pool should be established to meet operational and capital costs to expand the support for inclusion of children with disabilities in childcare.
- 10 STATE GOVERNMENT TO SET A GENDER PAY GAP TARGET
A clear omission in *South Australia’s Strategic Plan (SASP)* is a gender pay target. As outlined in the *Blueprint* and widely documented elsewhere, women are significantly more likely to have lower incomes than men. Women are more likely to work part-time, and tend to work in the poorest paying sectors. There is an inherent risk that with the current government focus on expanding the defence and mining/natural resource sectors (which are traditionally male dominated), the gender pay gap is likely to increase; or at the very least remain at current levels. To address this issue we are calling for a specific gender pay gap target in *SASP*, and dedicated resources to fund specific programs and activities to reduce the pay gap between men and women.
- 11 INCREASE IN STATE GOVERNMENT R&D FUNDING TO ESTABLISH CLEARER PATHWAYS FOR DISADVANTAGED GROUPS INTO KEY GROWTH INDUSTRIES
Employment is one of the clearest pathways out of poverty for many disadvantaged groups. There should be a significant increase in Research and Development funding to identify improved pathways for disadvantaged groups into the key growth industries.
- 12 DEVELOP NEW ‘ECONOMIC COLLABORATIONS’ BETWEEN PRIVATE, PUBLIC AND COMMUNITY SECTORS TO IMPROVE EMPLOYMENT PATHWAYS FOR DISADVANTAGED GROUPS
This target seeks to create a set of economic partnerships that aim to pool resources, research, and build links to improve employment strategies for key disadvantaged groups. The partnerships will look at key issues such as childcare, working practices, and skills pathways, removing barriers for key disadvantaged groups who are seeking well-paid and permanent employment.

Further details on any of these strategies can be obtained by contacting SACOSS.

ENDNOTES

- 1 ABS: 2001 Census Data. Cited in Glover, J. et al (2006) *A Social Health Atlas of South Australia* (3rd Edition) March 2006. Public Health Information Unit (South Australian Department of Health).
- 2 *The Index of Relative Socio-Economic Disadvantage* (IRSD) is one of four *Socio-Economic Indexes for Areas* (SEIFA) compiled by the ABS following each Census of Population and Housing. The IRSD summarises attributes such as low income, low educational attainment, high unemployment and jobs in relatively unskilled occupations. Further information on the IRSD is available from Chapter 6 of *National Health Survey: Users' Guide - Electronic Publication, 2004-05, Australia* (cat. no. 4363.0.55.001) accessible at www.abs.gov.au/ausstats/abs@.nsf/productsbytitle/28B8BA76C02E4FE3CA2570B3007D5EA0?OpenDocument
- 3 Travers, P. (2005) Chapter 3 in Spoehr, J. (ed.) *South Australia: Trends & Issues*, Don Dunstan Foundation.
- 4 David Uren 'Women missing out on jobs boom' *The Australian*, 19 October 2007.
- 6 ABS Data Labour Force, August 2006, Australia, Cat. 6202.
- 6 Glover, J. et al (2006) *A Social Health Atlas of South Australia* (3rd Edition) March 2006. Public Health Information Unit (South Australian Department of Health).
- 7 Ibid. p.viii
- 8 Productivity Commission (2005) *Economic Implications of an Ageing Society Research Report*, Canberra. Available from www.pc.gov.au/study/ageing/finalreport/keypoints.html
- 9 Ibid.
- 10 Carers Australia *Annual Report* (2005-06).
- 11 Saunders, P. et al (2006) *Experiencing Poverty: The voices of low income Australians* (Social Policy Research Centre).
- 12 ACOSS (2007) *Australia Fair: Update on those missing out. The numbers and stories of those missing out* accessed at www.australiafair.org.au
- 13 Hamilton, C. & Barbato, C. (2005) *Why Australians will never be prosperous* Australia Institute Webpaper www.apo.org.au/linkboard/results.shtml?filename_num=13759
- 14 Luttmer, E. (2005) *Neighbours as Negatives: Relative Earnings and Well-being* <http://ideas.repec.org/p/nbr/nberwo/10667.html>
- 15 ABS. *Census 2001*, Cat 1301.0 accessed at www.abs.gov.au/AUSSTATS/abs@.nsf/featurearticlesbyCatalogue/98EC13FE4AD24C3CCA256DEA00053A67?OpenDocument
- 16 Glover, J. et al (2006) *A Social Health Atlas of South Australia* (3rd Edition) March 2006. Public Health Information Unit (South Australian Department of Health) p.32
- 17 Youth Affairs Council of South Australia (YACSA) Policy Platform. Available from www.yacsa.com.au/onlinedocs/Policy_Platform.pdf
- 18 *Census of Population and Housing: Selected Education and Labour Force Characteristics for Statistical Local Areas (2017.4)*, South Australia, 2001.
- 19 Foundation for Young Australians (2004) *Profile of Young Australians: Facts, figures and issues* Sydney Ch 4 p. 17
- 20 Youth Affairs Council of South Australia (YACSA) Policy Platform. Available from www.yacsa.com.au/onlinedocs/Policy_Platform.pdf
- 21 Saunders, P. (2006) *The Costs of Disability and the Incidence of Poverty* Social Policy Research Centre, Discussion Paper No.147 UNSW, Sydney. www.sprc.unsw.edu.au.
- 22 Community Affairs References Committee (2004) *Inquiry into Poverty and Financial Hardship*.

- 23 Saunders, P. (2006) *The Costs of Disability and the Incidence of Poverty* Social Policy Research Centre, Discussion Paper No.147 UNSW, Sydney. www.sprc.unsw.edu.au.
- 24 Ibid.
- 25 Ibid.
- 26 Carers Australia (2003) *Fact Sheet – Disability, Ageing and Carers*. Accessed 10 September 2007 at www.carersaustralia.com.au/index.php?option=com_content&task=view&id=31&Itemid=107
- 27 ABS (2005) *Household Expenditure Survey 2003-04 – Summary of results* Canberra. (Cat No. 6530.0) [www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6530.02003-04%20\(Reissue\)?OpenDocument](http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6530.02003-04%20(Reissue)?OpenDocument)
- 28 Lawrence, J. (2002) *Electricity – It’s Just Essential*. Low Income Electricity Consumers Project (SACOSS/COTA)
- 29 Carson, E. & Martin, S. (2004) *Social Disadvantage in South Australia* Social Policy Research Group (UniSA & SACOSS) p.22.
- 30 Spoehr, J. & Barret, S. (2005) ‘Employment and Workforce’ in *South Australia - Trends and Issues*
- 31 For example, see ‘Chronic jobless must earn dole’ *The Advertiser*, June 18 2007.
- 32 ABS (2004) *Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians: Experimental Estimates from the Labour Force Survey, 2002 to 2004* www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6287.02006?OpenDocument

