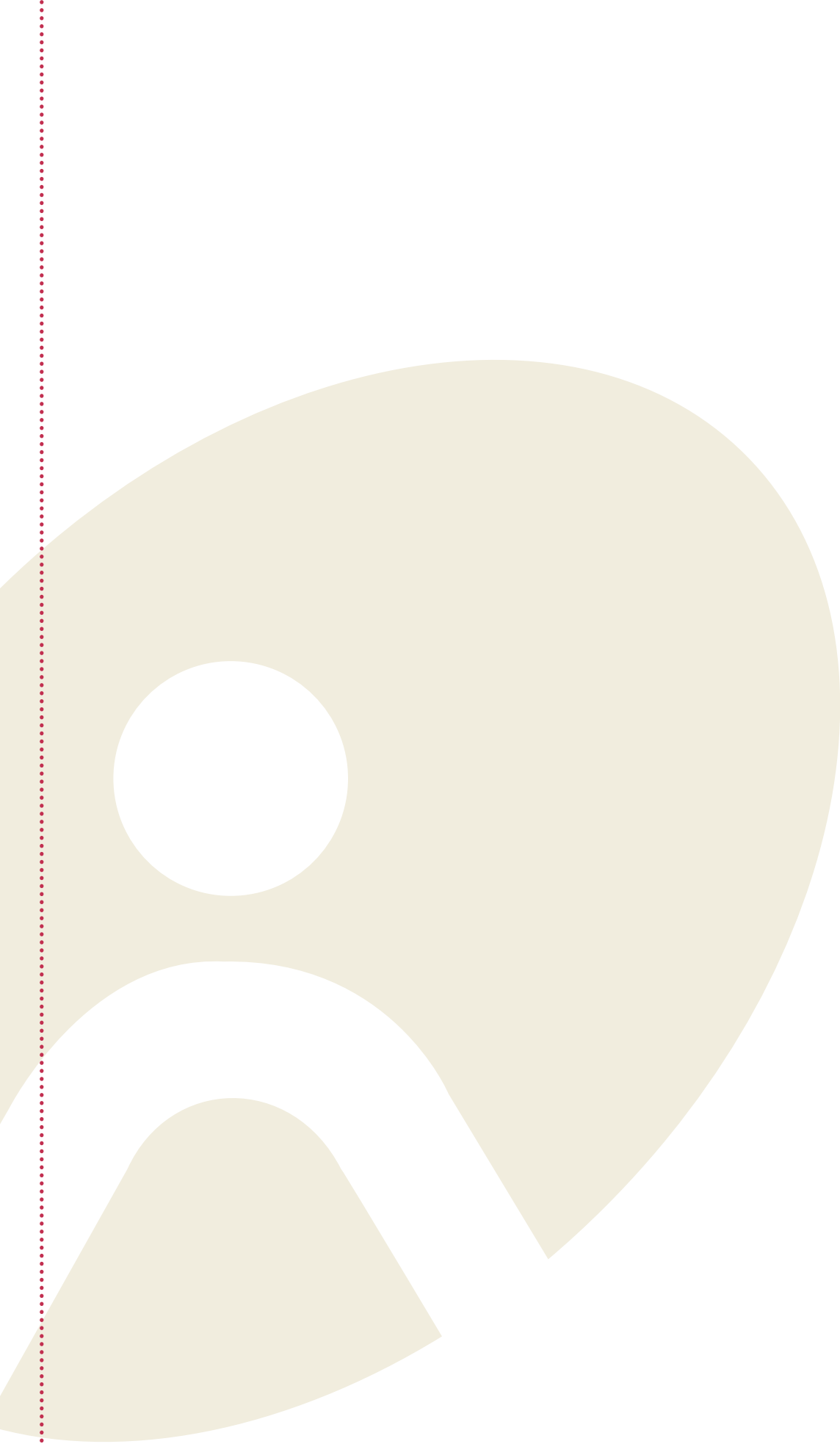


# SACOSS ANTI-POVERTY WEEK STATEMENT

# 2013





# SACOSS ANTI-POVERTY WEEK 2013 STATEMENT

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The South Australian Council of Social Service does not accept poverty, inequity or injustice.

We will be a powerful and representative voice that leads and supports our community to take actions that achieve our vision.

We will hold to account governments, business, and communities for actions that disadvantage vulnerable South Australians.

We have a vision that all South Australians can live a life free from poverty, in a genuinely inclusive society where there is equality of opportunity and equity of outcomes for all.

Every person should have somewhere safe to live, reasonable food and clothing, access to basic utilities, employment, justice, education and health services. Poverty excludes and SACOSS believes that South Australia must develop a specific anti-poverty focus to provide justice, opportunity and shared wealth for all in our community.

While cost of living pressures are felt across the board, they impact most on those with low incomes who have fewest options and who spend disproportionately more of their income on the basic necessities of life.

Anti-Poverty Week is an opportunity to talk about solutions, fairness and a decent standard of living for all South Australians. Anti-Poverty Week focuses on poverty around the world including Australia, and includes the UN's International Anti-Poverty Day, 17 October. The main aims are to strengthen public understanding of the causes and consequences of poverty and hardship, and encourage research, discussion and action to address these problems.

Poverty has many faces, and for many people it represents the ongoing and daily struggle to navigate through everyday life. A successful society is one that enables all its members to enjoy its benefits, not just some.

Poverty exists in South Australia and is more prevalent than many of us realise. However, it does not need to exist and we should never consider it an inevitable part of life, nor should we assume that those who experience poverty are to blame. We all have a responsibility to work to eradicate poverty.

2013

## Poverty is not just about money

Poverty has more elements to it than just money, although having enough to afford the basic necessities is crucial. But poverty is multidimensional, that is, its effects flow on and impact many aspects of people's lives. Material and social poverty go hand in hand: access to adequate housing, education, maintaining health and wellbeing, and inclusion in the wider social community are all aspects of poverty in that they effect material wellbeing and limit a person's life chances. As such, any successful attempt at eradicating poverty must be holistic in its approach.

## Walking 'the line'

A well-known poverty indicator in Australia is the 'Henderson Poverty Line'. It estimates how much money individuals need to cover essential living costs, and represents a basic living standard.

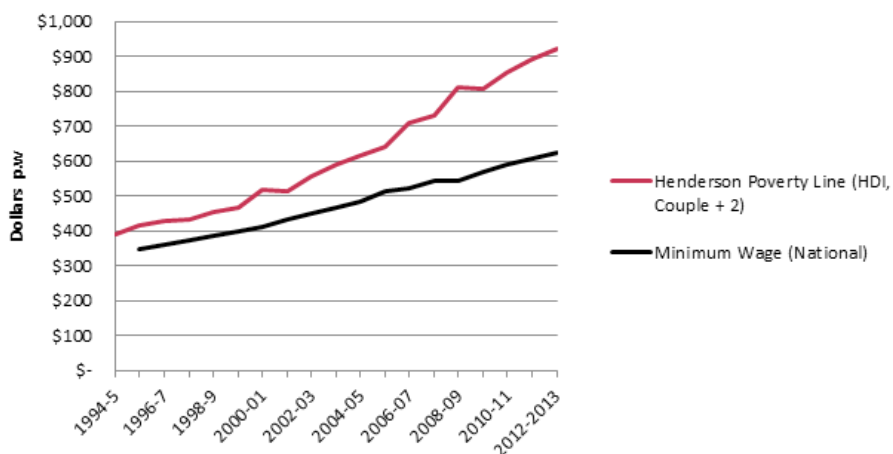
In the March Quarter 2013, the national Henderson poverty lines for different household configurations were:

- > Unemployed lone person: \$396.70 per week
- > Employed couple: \$654.45 per week
- > Couple (head employed) with two children: \$918.92 per week
- > Unemployed single parent with two children: \$667.69 per week<sup>1</sup>

To put this into perspective, the basic Newstart Allowance plus maximum Rent Assistance for a single person with no children was only \$310 per week.<sup>2</sup> That is still \$86 below the poverty line.

But people on government income support payments aren't the only Australians in poverty. Those on the minimum wage or part-time incomes are also struggling. As the graph here shows, from the mid-1990s when the minimum wage was set around the level of the poverty line, the minimum wage has fallen behind in recent years. The national poverty line for a couple (head in workforce) with two children in the March quarter 2013 was \$918.92 per week, while the South Australian minimum wage for an adult was set at \$617.40 increasing to \$633.50 per week on 1 July. It was significantly less for workers under 20 years old).<sup>3</sup> Some of this gap for the would probably be made up with government income support payments such as Family Tax Benefits, but these figures suggest both the existence of a "working poor" and also the importance of income support payments for those households.

Poverty Lines and Minimum Wages - Australia



## Poverty in South Australia

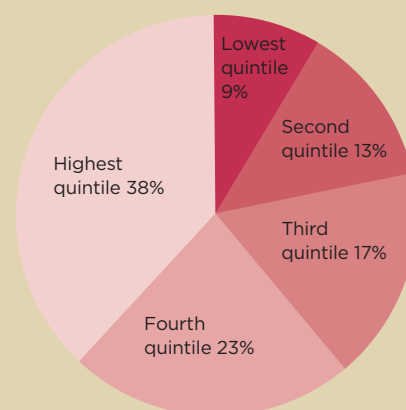
Figures released by UnitingCare this week show that 11.8% of South Australians were living below the national poverty line – measured by the more generic poverty line measure of 50% of Median Income.<sup>4</sup> That equates to approximately 200,000 people. Given that South Australia has a lower median income than the national average, this probably inflates the number of people below the 50% of Median Income poverty line for South Australia, but there is no doubt that poverty is evident in a number of ways in this state. Figures from the last ABS Household Expenditure Survey<sup>5</sup> show that in South Australia:

- > 28% of households could not afford a holiday for one week in the year
- > 14% could not pay a gas, electricity or telephone bill on time and 2.3% could not afford to heat their homes
- > 3.5% went without meals because of financial stress
- > 19.1% of households suffered 4 or more episodes of financial stress, with this figure jumping to 37.4% of lowest income households (lowest quintile).
- > Nearly 10% of low income households sought assistance from welfare and community agencies.

## The Gap

This poverty exists alongside high incomes and wealth. The pie chart here shows us that the richest 20% of South Australians enjoy nearly 40% of the state's income, while the poorest 20% share only about 8% of income between them.<sup>6</sup> Although these figures are a slight improvement on the previous survey two years earlier, they still show a great disparity of income shares in our state. Policy changes need to be made to decrease these disparities.

Distribution of Income



## Rising cost of living

The key findings of the quarterly SACOSS Cost of Living Updates show that the rising costs of housing, utilities, health and transport are compounding to put pressure on low and fixed income households. It is the cost of these basic necessities that shapes the ability or inability of individuals, families and households to participate fully in society.

Large price rises for electricity, gas and water are a particular problem for many low income South Australians. While everyone suffers from rising prices and the shock of opening an unexpectedly large energy or water bill, lower income households spend a much greater proportion of their income on these utilities than other people, even when the government concessions are taken into account.

Similarly, while for many households health expenditure is minimal, but for those living with chronic illness, the rapidly rising costs are a real problem – particularly when

those illnesses may also mean that they are unable to maintain full-time jobs, or in some cases any employment.

The table below shows price increases in a range of basic expenditures and indicates how the generalised “CPI All Groups” index (the general inflation measure) masks the real rises in these essential expenses.

### Price rises in Adelaide 2012-13<sup>7</sup>

CPI – Adelaide All Groups	2.1%
Transport	-1.0%
Health Services	7.8%
Education	6.6%
Rent	2.6%
Food	0.3%
Utilities	12.8%

## Employment

Employment and education are two of the most important pathways out of poverty. South Australia has a marked 'social gradient' in both labour force participation and educational attainment. In other words, the poorest populations have much worse outcomes than the wealthiest.

The workforce participation rate in South Australia is currently 62.1%, which is 2.8 percentage points below the national average. The unemployment rate in September 2013 was 6.0%. This was above the national average (5.6%), and equates to approximately 51,400 working-aged South Australians seeking employment<sup>8</sup>. However, as we saw in relation to the minimum wages, some of these 'employed' citizens may still be living below the poverty line. The same may also be true for the 71,000 South Australians facing underemployment.<sup>9</sup> Although technically in the workforce, underemployed workers do not have the desired amount of paid work, and are therefore likely to have low incomes.

## Conclusions and Recommendations

Economic growth does not automatically lead to a reduction in poverty. There needs to be holistic, concerted action and intervention to tackle the key underlying factors that cause and maintain poverty and disadvantage.

Governments cannot legislate to eradicate poverty, but they do have control over many of the conditions that affect our vulnerability to poverty. There is international evidence that when governments adopt anti-poverty plans, they can make meaningful steps to reduce overall levels of poverty.

## Endnotes

- 1 Melbourne Institute of Applied Economic and Social Research, *Poverty Lines: Australia*, March Quarter 2013. <http://melbourneinstitute.com/downloads/publications/Poverty%20Lines/Poverty-lines-Australia-March-2013.pdf>
- 2 Centrelink, *A Guide to Australian Government Payments*, March 2013. Australian Government, Canberra
- 3 Safework SA, *Rate Sheet for Minimum Wages* at [http://www.safework.sa.gov.au/uploaded\\_files/Minimum%20Wage%20Rate%20Sheet\\_July\\_2013.pdf](http://www.safework.sa.gov.au/uploaded_files/Minimum%20Wage%20Rate%20Sheet_July_2013.pdf)
- 4 NATSEM (2013), *Poverty, Social Exclusion and Disadvantage in Australia*, Report prepared by the National Centre for Social and Economic Modelling for Uniting Care, Canberra.
- 5 ABS (2011), 65300DO001 *Household Expenditure Survey, Australia: Summary of Results*, South Australia, Australian Bureau of Statistics, Canberra.
- 6 ABS (2013), 6523.0 *Household Income and Income Distribution*, Australian Bureau of Statistics, Canberra.
- 7 ABS (2013), 6401.0 *Consumer Price Index, Australia*, June 2013. Australian Bureau of Statistics, Canberra
- 8 ABS (2013) 6202.0 *Labour Force, Australia*, September 2013. Australian Bureau of Statistics, Canberra.
- 9 ABS (2013) 6202.0 *Labour Force, Australia*, September 2013. Australian Bureau of Statistics, Canberra. Table 23.

# 2013 SACOSS Anti-Poverty Week Survey Results

In support of Anti-Poverty Week SACOSS has historically undertaken community surveys asking local South Australians what poverty means to them. In 2013 SACOSS initiated its first on-line Anti-Poverty Week survey asking people a series of questions about poverty, its causes and the extent to which they believed poverty and deprivation are features of life in Australia. The survey was advertised through SACOSS networks and some of the email networks of the Local Council Association. In total, 129 participated in the online survey.

Below is a more detailed overview of the responses to the survey questions

## The meaning of poverty is often debated. What do you think poverty means?

Survey respondents were asked to define poverty. While there were diverse answers to this question, there were several themes that emerged in the responses. Income, specifically low or inadequate income was often drawn on as a way of defining poverty. However the idea of deprivation and failing to achieve an (austere) community living standard was also drawn on by many respondents in defining poverty. In defining poverty in terms of deprivation and failing to meet basic community standards, one respondent even identified the way that community living standards can change over time and that items that might not have been considered necessities – such as access to technology – can become necessary to maintain basic standards. A less frequent theme, though still relevant, was the idea that fundamental to the idea of poverty is a lack of choice.

‘Not having enough money for essentials.’

‘Not being able to afford basic goods or services to fully participate in society’

‘Lack of basic needs, food and shelter. But in this modern time it could also mean a lack of understanding of technology which enables the community to keep informed and connected, have access to Centrelink online and other services that are conducted online.’

‘Little or no choice in: accommodation location & standards or homelessness; nutrition; adequate healthcare; education levels &/or aspirations. Family & Society dysfunction & breakdown. Unable to plan a future. Feelings of helplessness & hopelessness, anger, indifferent to others’ suffering, bitterness towards those better off. I could go on.’

The three key findings from the survey were:

- > Almost all respondents recognised that there is poverty in Australia, with many understanding the complexities of poverty and deprivation;
- > The majority did not believe that existing levels of the Newstart payment are adequate to keep people out of poverty and the majority increased when those who were unsure were presented with the level of the payments; and
- > Few people identified people in poverty as solely responsible for their situation, with most seeing poverty as everyone’s responsibility – with a role for government, the community, community sector organisations, business, and individuals themselves.

# 2013

# 2013 SACOSS Anti-Poverty Week Survey Results

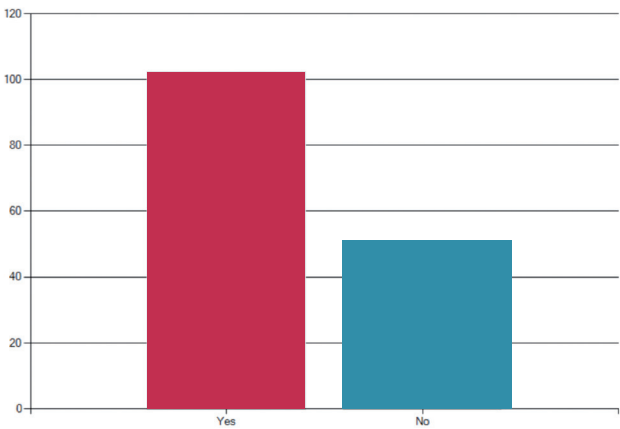
## Do you think that poverty exists in Australia?

Almost all respondents (127 out of 129) indicated that they believed that poverty exists in Australia.

## Do you think that income – the amount of money a person or family receives – is important in defining and understanding poverty?

In literature on poverty there is sometimes a debate regarding how poverty should be measured and, by extension, how it should be defined. More precisely, there is a debate between using income as a measure of poverty (which is common practice but does not tell us anything about expenditures), and using a deprivation index to determine how many people go without specific items that are considered, at a community level, to be necessities. Survey responses indicated that participants considered both income levels and deprivation indicators to be relevant to understanding poverty. 80% of survey respondents believed that income levels were important in defining poverty.

### Do you think that income – the amount of money a person or family receives – is important in defining and understanding poverty?



## Do you think that there are people in Australia whose incomes are so low that they count as poor?

When poverty is conceptualised in terms of income levels, there was strong agreement from the survey respondents (96%) that there are people in Australia who experience poverty.

## What level of weekly income do you think is necessary to prevent a person from poverty in Australia?

Respondents were given 5 options from which to answer this question. Nearly one-third of respondents (31.5%) chose \$550 per week as the income level necessary to keep people out of poverty - which was the second highest income level option offered.

Over 80% of respondents thought that \$450 per week or more was needed to keep people out of poverty, although a number of responses included comments that the figure would necessarily vary depending on the state or geographic region in which individuals live and the associated housing and other living costs, and whether the individual is coupled or single. This showed a clear understanding of the relational nature of poverty - that the level of poverty (and the income needed to keep people out of poverty) is determined in part by social factors and expectations.

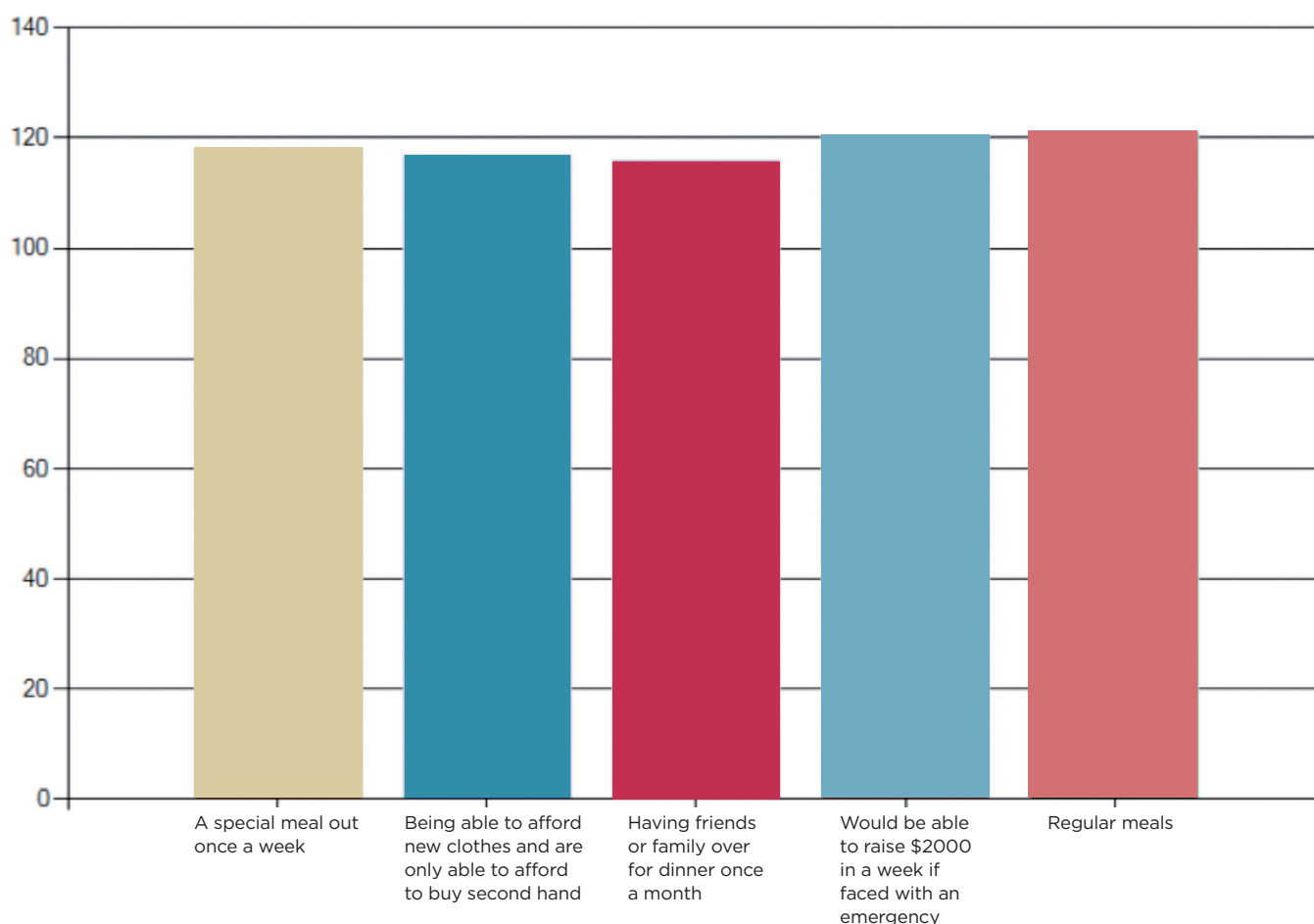




## Deprivation

Survey respondents were asked questions designed to indicate whether they felt that there were people in Australia who missed out on some fundamental items. A very high majority of respondents (over 90%) reported that they believed that people missed out on basic items listed.

Do you think that there are people in Australia who miss out on any of the following:

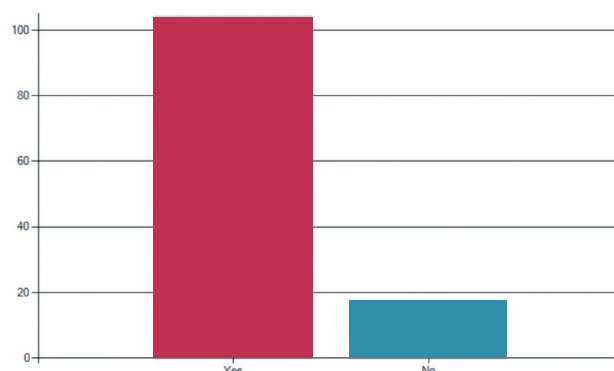


# 2013 SACOSS Anti-Poverty Week Survey Results

If you said yes to any of the examples given in Question 7, do you think that people missing out on those sorts of things is relevant to defining and understanding poverty?

With 86% of respondents agreeing that missing out on basic necessities or resources, the respondents clearly indicated that deprivation is closely connected to the understanding of poverty.

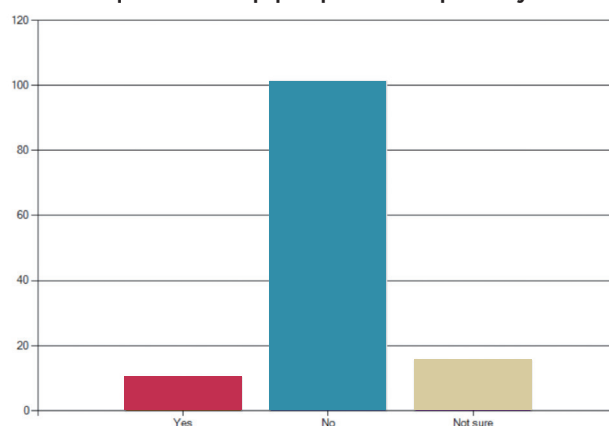
If you said yes to any of the examples given in Question 7, do you think that people missing out on those sorts of things is relevant to defining and understanding poverty?



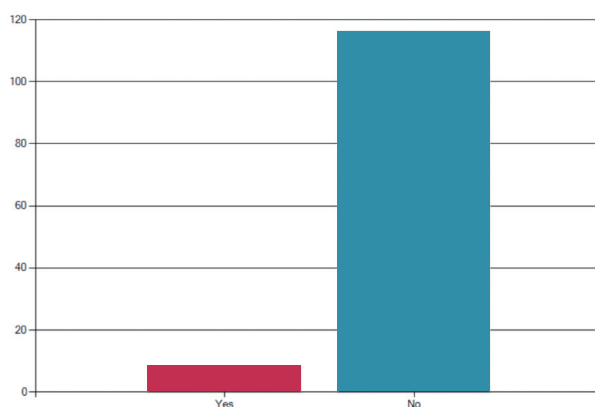
Are welfare payments for individuals seeking work (Newstart) and for young people studying or looking for work (Youth Allowance) are adequate to keep people out of poverty?

This question effectively appeared twice in the survey. Where it first appeared the rates of payment for Youth Allowance and Newstart were not specified (as per above). In response, 80.2% of survey respondents indicated that they did not think that Youth Allowance and Newstart were adequate to keep people out of poverty. Just under 12% were not sure. When the question appeared a second time, with the base rate of Newstart allowance specified, 93.5% of respondents stated that they did not think that this was adequate to keep people out of poverty. This suggests both that there is a broad general awareness of the inadequacy of benefits, but it is also significant that all of those who weren't sure in the first place agreed that the payments were inadequate to keep people out of poverty when they found out the actual levels.

Do you think that welfare payments for individuals seeking work (Newstart) and for young people studying or looking for work (Youth Allowance) are adequate to keep people out of poverty?



Newstart allowance is the name of the payment paid to an unemployed person who is actively seeking work. The base rate of Newstart for a single person is \$35.50 a day. Do you think that this income is adequate to keep people out of poverty?



## What do you think contributes to, or causes, poverty?

The responses to this question reflected the long-standing debate that is had in the media, in policy circles, and in the research community, as to whether poverty is caused by individual's poor choices – that is, an individualised explanation of poverty – or whether it is caused by structures of society – a structural explanation of poverty. The majority of respondents tended to identify a mix of factors, some which were structural in nature, and others individual such as addiction and substance abuse.

'Lack of housing for those with low income. High private rental'

'Low education, catastrophic personal events, relationship breakdown, where you live, access to services, race, gender, employment generational circumstance - eg were parents employed'

'Low income, poor income management skills, poor mental health and general wellbeing, lack of affordable housing, high cost of utilities, high cost of living in rural areas'

## Who do you think is responsible for ending, or responding to poverty?

Though the responses to the causes of poverty were largely split between individual and structural accounts, the answers to the question of who is responsible for ending or responding to poverty were more consistent. A majority of respondents identified the government as responsible, with 'the community' and 'everyone' also frequently given as answers. Individuals were also identified as having a responsibility.

'The individual along with whole of society including all levels of government.'

'Government, agencies, community, individuals'

'Everyone! To look outside our own 4 walls and seek ways we can give to others, in word, deed and/or finances.'

'A collective responsibility - individuals, families, government, not for profits, corporate'.

'We all are - but federal and state governments should take a strong leadership role - ending poverty should be a major goal of government and should be a very public concern. Most of our governments seem to prefer to pretend that poverty is not a problem in Australia, when in fact the incidence of poverty is increasing.'

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