

KEY FINDINGS

The evidence before the committee is that **income inequality**—as gauged by various measures across a range of studies—**has increased** in Australia since the mid-1980s (*see chapter 2*).

The evidence shows that the likely **impact of the Budget measures** will be to **exacerbate income inequality and poverty** in Australia. The Henderson Poverty Line (HPL) and the 50 per cent median income poverty line indicate that far too many vulnerable Australians, individuals and families in receipt of income support, are currently living in poverty (*see chapters 2 and 5*).

The evidence provided to the committee showed that the level of **the Newstart payment is too low**. The income of a single, adult Newstart recipient is now more than \$100 per week below both the HPL and the 50 per cent of median income poverty line (*see chapters 5 and 6*).

The **minimum wage** remains an important mechanism for low income people to avoid poverty and participate in society. The evidence shows that the minimum wage makes a significant difference to income inequality and rates of poverty. It is important that the minimum wage is set at a level that reflects the rising cost of living in Australia.

There is a **socio-economic gradient** associated with a large range of **health outcomes**. Poorer health outcomes are recorded for those with lower incomes. A concerted focus on preventive health and improved access to primary healthcare—especially for lower income people—will assist in lifting a number of these outcomes (*see chapter 3*).

Aboriginal and Torres Strait Islander peoples, people with disability, people living with a mental illness, single parents and newly arrived migrants (particularly those without English) are **more vulnerable to poverty and disadvantage**.

Low transfer payments or a **low income often compounds the extent of the disadvantage** felt by people in these disadvantaged groups. Coupled with the disadvantage of a mental health condition, a physical disability or the demands of being a single parent, a low income makes it more difficult to access decent and stable housing, quality health and education services and the skills needed to break out of poverty. But people in these disadvantaged groups are those who most need these assets, services and skills. Where these service supports are not available, they become even more susceptible to ill health and exclusion from the labour market and society (*see chapter 4*).

There is a need to carefully consider how the income support system can assist the large and growing of people with **insecure work** (casual, short-term contracts). There is a cohort within the Australian labour market that moves in and out of short-term, low skilled work. It is very difficult for these people to develop the

financial and personal resilience to move out of poverty and find secure stable housing (*see chapters 3 and 4*).

The **mobility of labour** and **regional variations in labour market opportunities** are often factors that limit people's employment opportunities. People looking for work, particularly those in disadvantaged groups, may not be able to move due to financial constraints, family obligations or are often reluctant to move from their existing support networks in search of employment (*see chapter 4*).

Decent and stable housing is fundamental to the ability of people on income support and those on low incomes to remain in the labour force and participate in society. A shortage of affordable supply, and various factors fuelling demand for housing, has led to record high house prices and private rents. Those on a low income are typically excluded from buying a property and often find even renting difficult in the private market. There are long waiting lists to enter public and social housing. Studies show the importance of **Commonwealth Rent Assistance** in helping those on low incomes avoid housing stress. Moreover, a decent wage is the most effective remedy for lifting people out of housing stress.

An **individualised, one-on-one approach can achieve significant success** in reconnecting people with education, training and employment opportunities. There are a range of settings where the case management approach can work well. The evidence points to significant benefits from investing in programmes that:

- connect with **young people at risk of leaving school early**, through mentoring and hands-on training opportunities;
- encourage **young people** to remain in school and create **opportunities to meet with employers** and vocational education providers. The key is to show young people who are at risk of leaving school early that they have an employment future, and to show them what that future might look like;
- develop **tailored training opportunities for workers aged 50 and over**, particularly those facing retrenchment; and
- provide a **long-term unemployed person with a mentor** who can discuss the specific barriers to a person finding employment, liaise with local employers to discuss job opportunities and the capabilities of the unemployed person actively assist him or her in the application and interview process (*see chapter 6*).