UnitingCare Australia

Supplementary Material – follow up to Committee questions

to the Select Committee on Intergenerational Welfare Dependence Inquiry

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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 particularly those that experience disadvantage.

The UnitingCare network:

50,000 staff

30,000 volunteers

1,600 sites

1.4m people supported across Australia

Senator Sharkey: question about the poverty line being set at 50% of median earnings

1. Current median earnings

In 2018 In 2018, the median weekly earnings of all Australians were $10661. This means that half of all Australians earned less than $1066 per week.[1] This is lower than average earnings because of the influence of very high earnings at the top of the distribution.

Half of median earnings is the accepted OECD poverty line – it does not take into account housing costs.

The ACOSS/UNSW report Poverty in Australia 2018[2] uses as its poverty line 50% of median household disposable (ie after taxes and transfers) income. It is calculated on data from the most recent ABS Survey on Income and Housing, conducted – 2015-16.

It estimated half the median equivalised[3] disposable[4] income **before housing costs** at $433 a week for a single adult living alone, and $909 a week for a couple with two children. The corresponding poverty thresholds **after housing** were $353 for singles and $742 for couples with two children.

2. Adequacy

As indicated in the report we commissioned from NATSEM – Child Social Exclusion, Poverty and Disadvantage[5], income poverty as determined by the 50% of median threshold, does not capture all elements of social exclusion and disadvantage. Individuals may have savings, or the ability to meet some of their own needs – for example by producing their own food, doing their own cooking and cleaning, travelling by low cost transport, such as bicycle or energy efficient vehicles, or producing solar power from their own roof top. They may have well-functioning networks of relatives or friends or have access to community service providers that offer effective support. They may live in neighbourhoods that offer greater amenities including educational institutions, job opportunities, walkability, bulk buying or other sharing cooperatives. They may enjoy good physical and mental health that enables them to face significant challenges. Or they may live in remote or regional neighbourhoods with few personal or community amenities or supports and bear a high burden of accumulated stress, trauma and disadvantage that renders them vulnerable to further stress.

Deprivation indexes have been developed to cover differences in non-income related disadvantage. The ABS has developed financial stress indicators, covering community derived standards.

> Households in financial stress tended to be lone person households (28%) or couple families with dependent children (26%). They were more likely to be renting (57%) compared with those who did not report experiencing financial stress (21%). The majority of households in

[1] From Characteristics of Employment, Australia, August 2018. ABS 6333.0
[2] Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018), Poverty in Australia, 2018. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS.
[3] Adjusted for the size and composition of the household members.
[4] After taxes and transfers.
[5]

financial stress relied on either employee income (45%) or government pensions and allowances as their main source of income (48%). In comparison, 17% of households who did not experience financial stress derived their main source of income from government pensions and allowances. Households in financial stress also tended to be younger than those who did not experience financial stress, and than the national average (51 years). The average age of the household reference person was 49 years for households in financial stress, compared with 53 years for those not in financial stress.[6]

The Hon. Kevin Andrews MP:

1. Raised the issue of the effect of disadvantage/neglect on early brain development

FMRI now allows us to visualise and measure the development of the brain and to compare growth trajectories by child family attributes such as SES. See picture below for example, showing divergence in frontal grey matter growth trajectories for children by SES.[7]

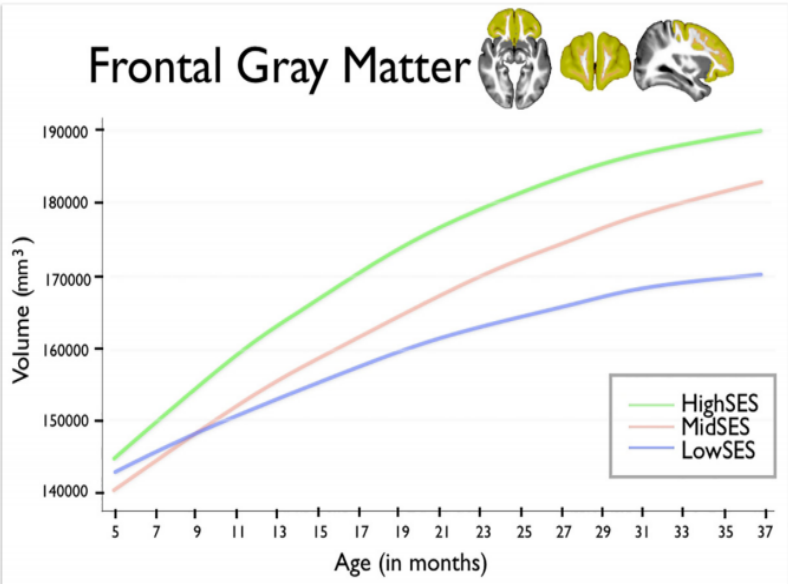

Fig 3. This figure shows frontal lobe gray matter volumes for group by age. Age in months is shown on the horizontal axis, spanning from 5 to 37 months. Total gray matter volume is shown on the vertical axis. The blue line shows children from Low SES households; children from Mid SES households are shown in red. The green line shows children from High SES households.

[6] Financial Stress and Spending, 6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2015-16

[7] Hanson JL,et al (2015) Correction: Family Poverty Affects the Rate of Human Infant Brain Growth. PLoS ONE 10(12). This corrected an error in the units of volume published in the original paper Hanson J et al (2013) Family Poverty Affects the Rate of Human Infant Brain Growth. PLoS ONE 8(12)

2. The New Zealand investment approach

It is worth noting that New Zealand has changed its focus from reducing welfare expenditure to what it terms 'Investing for Social Wellbeing':

> "In the past the focus has been too narrow, concentrated on reducing costs to government. An approach premised on fiscal restraint and reducing future liabilities provides a limited insight into what are often complex and enduring social challenges, and the range of solutions that might be found.
>
> … Investing for social wellbeing means supporting and resourcing people to improve theirs and others' wellbeing which, in turn, will contribute to broader positive social outcomes. This approach is centred on an attempt to understand, and the need to appreciate, the complexities in people's lives as well as their ability to build resilience and fulfil their potential in different ways." – Cabinet Paper: Towards Investing for Social Wellbeing (March 2018)[8]

[8] Cited in Employment and Social Outcomes Investment Strategy 2018–2021, Ministry of Social Development. October 2018