

## Submission: The extent and nature of poverty in Australia

The Centre for Excellence in Child and Family Welfare (the Centre) welcomes the opportunity to provide a submission to the Senate Standing Committee on Community Affairs on *The Extent and Nature of Poverty in Australia*. Much has been said and written in recent years about the prevalence, manifestation and impacts of poverty more broadly and on specific cohorts of people living in Australia. In this submission we focus mainly on poverty in relation to children.

### The Centre for Excellence in Child and Family Welfare

The Centre is the peak body for child and family services in Victoria. For over 100 years we have advocated for the rights of children and young people to be heard, to be safe, to access education and to remain connected to family, community and culture. We represent over 150 community service organisations, students and individuals throughout Victoria working across the continuum of child and family services, from prevention and early intervention to the provision of out-of-home care. Many of our member organisations work closely with children, young people and their families who are either experiencing, have experienced, or at risk of experiencing poverty.

The Centre co-chairs the Treating Families Fairly Alliance with Family Care, a regional service provider in Victoria, working together with a number of other peaks, academics and community service organisations. This alliance was established in 2017 to address the issue of poverty in Australia, particularly in relation to its effects on children and their families, advocate for a child rights lens to be placed on all policy decisions, support the building of a robust evidence base to guide development and implementation of welfare programs and raise awareness about the experiences of individuals participating in these programs.

### Understanding the dimensions of poverty

*The disadvantage created by poverty is more than simply people being poor – it is a compounding factor for every other issue families face and has a lifelong impact on families.*<sup>1</sup>

The Multidimensional Poverty Index (MPI) measures poverty across three dimensions: health, education and standard of living, which in turn covers the following indicators: nutrition, child mortality, years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing and assets.<sup>2</sup>

The global pandemic of the past three years has exacerbated living conditions not only for many of the poorest families in Australian but for individuals and families who may not previously have needed to access welfare or service provision to support everyday needs. At the same time, the

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<sup>1</sup> Respondent, Survey on Poverty 2022, Centre for Excellence in Child and Family Welfare, unpublished paper.

<sup>2</sup> Oxford Poverty and Human Development Initiative, 2018, Global Multidimensional Poverty Index 2018: The most detailed picture to date of the world's poorest people, University of Oxford, UK.

rising cost of living has sent many more individuals and families into a vortex of struggle and despair, trying desperately to make ends meet from week to week.

To the extent that poverty can be exacerbated or reduced through government strategies and programs, the eradication of poverty is a policy choice. The Australian Council for Social Service (ACOSS) makes explicit this connection between policy and effect. ACOSS notes that changes to the social security system since the Great Financial Crisis *have had a direct impact on the increase of child poverty. This is especially true for sole parent families. Parenting Payment, upon which many sole parent families are reliant, was excluded from an increase to pensions in 2009. This was exacerbated by the transfer of 80,000 sole parents from Parenting Payment to the lower Newstart Allowance (now JobSeeker) in 2013, and the freezing of Family Tax Benefits (after accounting for inflation).*<sup>3</sup>

Similarly, the fear and distress generated by the former Morrison government's policy decision to systematically pursue alleged Centrelink debtors, identified through the unlawful 'income averaging' of Robodebt, and the accompanying ministerial threats to hunt down these so-called debtors, feeds into the narrative of shame and stigma experienced by so many who rely on income support to survive day to day. One witness appearing at the Royal Commission into the Robodebt Scheme described the profound impact this policy of public pursuit and enforcement had on his wellbeing, including depression and thoughts of self-harm: *Every cent of income I had was going out, just to be able to live, survive ... [I] didn't feel like eating much, didn't want to socialise, [I] just didn't want contact with nobody ... It was probably one of the worst times of my life.*<sup>4</sup>

Rather than tackling the structural drivers of poverty, successive federal governments have tinkered around the edges. However, if poverty is to be eradicated or even reduced, bold action needs to be taken by all levels of government but particularly by the federal government which has the key policy levers to transform the country's welfare system.

## Views of Centre members working in child and family services

In November 2022, the Centre conducted a survey of our member organisations to determine the extent and impact of poverty on the children and families they work with across Victoria. We received 137 responses across a wide range of different community service organisations in metropolitan and regional/rural Victoria, primarily from practitioners working with children and families (54 per cent) and in family violence (23 per cent). Other responses came from practitioners working with children and families in mental health, AOD, justice, disability, homelessness, early years and community health services. Almost half (48 per cent) of respondents were working directly with families as case workers and around one third (39 per cent) were working closely with practitioners as managers or team leaders.

<sup>3</sup> ACOSS website, <https://povertyandinequality.acoss.org.au/poverty/#poverty-definition>, retrieved 26 January 2023.

<sup>4</sup> McHugh, F 2023, Pensioner tells of 'sheer terror' she felt over false \$65,000 Robodebt, SBS News, 23 January 2023.

## Survey findings

Respondents were asked to estimate roughly what proportion of the children and families they work with are either currently living in poverty or at significant risk of being so. Around 94 per cent indicated that either a large proportion (69 per cent) or moderate proportion (25 per cent) of the families they provide services for are living in poverty or at risk of doing so. Ninety per cent of respondents reported the families they work with have been 'significantly' affected by the rising cost of living in Australia, with a further 9 per cent having been 'moderately' affected. The families our members work with are already vulnerable across one or more domains, often with multiple, complex and co-existing challenges, of which poverty is a key driver and contributor.

### **Nature of supports and services needed**

Around 71 per cent of respondents' organisations have provided increased numbers of families with brokerage funds for emergency items (food, medicine, educational costs, household items). Nearly 80 per cent of respondents reported supporting these families with referrals to other agencies which provide emergency items, financial counselling, mental health referrals, short term provision of respite/personal care assistance and crisis emergency accommodation. A high proportion (75 per cent) of respondents indicated they also provide 'emotional support' for these families with one practitioner suggesting: *It is as simple some time as treating people with respect when they often feel like the social security system is designed to humiliate.*

### **Prevalence of poverty**

Our members made the point that poverty is widespread among the families they work with and is not always visible. Those living from pay to pay for example are often not considered to be living in poverty, but the rising costs of living make it increasingly difficult for them to meet basic needs. Poverty now affects all but the top tier of income earners, with working families now among the most common groups struggling financially. Even families once considered to be on average incomes are finding it difficult to meet the rising costs of essentials.

Other groups singled out by our members for particular comment relating to escalating poverty are those women and mothers with a history of family violence experience. For these women, many of whom have endured limited access to finances while living with the perpetrator, often face continued financial abuse by the perpetrator following separation, which means they are significantly financially disadvantaged when looking to re-establish their lives after leaving the perpetrator.

One respondent noted that *Every single community member we work with is experiencing severe poverty, even the ones working full time due to disgustingly low wages ... The situation is extremely distressing for the families and workers trying together to keep families' heads above water.*

Amongst the cohort of children, young people and families our mainstream services work with, the most likely to be either living in poverty or at significant risk of doing so in Victoria, were identified by members as being asylum seekers, single mother/single parent families, people with disability, domestic and international students, LGBTIQ young people and young parents, young people leaving the care system, and those with long-term health issues.

## Profound impact of living in poverty

The impact reported by our members in the survey makes for sobering reading. These impacts are profound, affect all aspects of these families' lives – with particular ramifications for children – and have flow-on effects in regard to self-esteem and confidence in parenting. The rise in the cost of living has, as expressed by one respondent, *made it more challenging for everyday people ... to access and participate in activities to enjoy with family and friends.*

The most commonly reported impacts of poverty included the following:

- Skipping meals, going without food, having poor nutrition/diet with consequent health implications
- Delayed development for young children; delayed assessments for cognitive functioning, neurodiversity, sensory profiles
- Inability to pay rent or energy bills which contributes to insecure housing and hardship
- Inability to meet basic educational costs for children, exclusion from school activities, school bullying for being poor/different
- Inability to access specialist health clinicians for mental or physical health needs
- Difficulty regulating emotions and related behaviour due to living in constant stressful and neglectful environment; increase in family violence; deterioration in mental health
- Fear that child protection would become involved if a parent was struggling to provide stable housing or to maintain good nutrition and hygiene in their children.
- Staying in violent households because there is nowhere else to go and no independent income to survive
- Disengagement from education and learning
- Lack of social connection, isolation, disengagement from peers
- Inability to participate in sporting, recreational or personal development activities.

One respondent summed up the multiple, significant and far-reaching impacts on children in this way:

*They are often dealing with insecure housing, and the family's inability to travel to visit extended family. They hide their hopes for gifts or a birthday party or to go on a camp or have a new pair of sandals/sneakers. This evidence of children taking on some of the emotional strain of poverty is distressing, as are reports of them being teased at school and excluded from social and sports activities.*

Survey responses also mentioned the adverse impacts of federal social welfare policies on already vulnerable families, with mutual obligations being identified as 'a very strong part of government-induced poverty' and 'a pernicious system draining sole parents of initiative, spirit and hope'.

Another theme was the impact on mothers' confidence in parenting, particularly evident for those on ParentsNext or JobActive. One practitioner described the impact on mothers as making them *feel*

*driven by government and providers to be better, do better, and take on any paid work regardless of their circumstances. Their lack of confidence in parenting leads to self-reported stress in their parenting and stress in their children.* Addressing poverty for families requires welfare policies that support growth in confidence and capability not diminution of this.

### **Impacts of increased poverty on service responses**

It is not only clients who are affected by rising costs and poverty. The Centre's survey also asked members to identify the impact on their workers and organisation as a result of their clients' experience of poverty. The most commonly expressed impact was on the inability of the service provider, despite their best efforts, to meet demand. A second key theme reported was a shift in practice focus from psycho-social support to more of a crisis and emergency-focused practice. There has been pressure on agencies to continually source funds and goods and to connect families into other agencies. Much time has been spent trying to link families into other services such as food banks and emergency relief, financial counselling and housing, with less time available to be spent on providing parenting support. Some respondents noted an increased demand for free legal assistance in a broad range of areas, including family violence, family law, tenancy/housing, debts, fines and criminal law.

Many respondents identified the need for their organisations to be more actively engaged in advocacy work, lobbying state and federal governments for greater funding to help meet the growing demand for material and other aid.

### **Criminalisation of poverty**

Our members highlighted some of the issues associated with the criminalisation of poverty, reporting a focus on punitive criminal law responses for low-level offending *which is linked to underlying issues of poverty, disadvantage, income stress and substance dependence. Contact with the criminal legal system can lead to cycles of imprisonment with devastating impacts on the individual concerned, their children, families and community.*

### **Solutions to poverty**

As mentioned previously in this submission, the federal government has many levers at its disposal to raise wages and welfare payments for low income families, reduce living costs and create a more equitable society in Australia.

Our members identified a range of systemic, policy and programmatic responses that could reduce poverty and address its insidious effects, including:

- Overhauling the social security system, at the very least increasing unemployment benefits to a level where people can participate in society, including being able to effectively look for work, but also increasing the aged care and disability support pensions and Rent Assist payment.
- Overhauling the tax system to implement policies and laws that are enforced to ensure that people do not evade or minimise their tax. Tax minimisation schemes need to be re-considered especially for the very wealthy, but also more ordinary schemes starting with



'negative gearing' as it contributes significantly to high rents and generations of young people being unable to enter the home-buying market.

- Increasing wages, including for the most poorly paid professions that care for children, people with disability, the sick and the aged.
- Reducing the cost of food, petrol, utilities and transport, items, which would make a huge difference in people's lives.
- Ensuring that perpetrators of family violence pay appropriate levels of child support, particularly those who under-report their income, and are held to account when they do not.
- Investing in nationwide affordable housing options, increasing the stock of available housing for low-income families and families at risk, increasing the stock of crisis and emergency accommodation for those fleeing dire circumstances or who are homeless, thinking creatively and innovatively about potential housing possibilities, supporting tiny-home options, encouraging whole-of-community responses to local need, refurbishing buildings which might be empty or no longer fit for purpose, and exploring alternative living options such as fitted shipping containers.
- Developing policies that encourage employers to generate more permanent work opportunities and less casualised work; GIG economy insecurity is stressful and makes it difficult to predict income and apply for welfare when the work is not available.
- Establishing food banks (as interim emergency measures) with good quality produce and schemes that encourage large corporate donations of food to those in need.
- Developing policies that actively discourage or ban pay-day lenders so people do not spiral into debt.
- Developing policies that actively encourage no-interest or no/low-interest loans, micro loans, innovation regarding inexpensive health care, and superannuation that counters the effects of casual work or a stop-start pattern of paid work.
- Making sure that carer allowances for kinship and foster carers are commensurate with children's needs.
- Making financial counselling more readily available to assist people to make best use of their limited resources, making sure monetary institutions are accountable with much stricter lending guidelines.
- Ensuing timely access to free health, education and social services that people need, including general practitioner, dental, mental health, education and training and material aid support.
- Ensuring quick access to cash payments for vulnerable clients to have some choice and independence over what services and goods they access.

- Processing the huge backlog of asylum seeker and refugee applications and allowing them access to an income that enables them to meet their children's needs, including the right to work.
- Making all government schooling genuinely free for people earning less than \$100,000 and providing free breakfast and lunch programs for all students in government primary schools.
- Factoring in the costs of climate change and a likely increase in frequency and intensity of disasters to enable timely and effective response and recovery activities for local communities.

## Recommendations

The Centre recommends that the federal government:

1. Reform the social security payment system to make sure all payments provide recipients with an income that enables them to participate fully in society, look for work, and support themselves and their families to enable material and other needs to be met.
2. Reform the tax system to strengthen enforcement for people who do not pay tax or who pay minimal tax, reduce taxes on essential items for low income families, strengthen compliance measures for perpetrators and others who evade their responsibilities for childcare support, enable asylum seekers to work to support their families, and re-examine existing policies of tax minimisation and negative gearing.
3. Continue to raise wages, particularly for those involved in low-paid care sectors caring for the elderly, for children, and for those with disability, but at a faster rate than is currently the case.
4. Establish a national housing strategy which encourages low-cost, innovative solutions to the housing emergency, particularly for people experiencing homelessness, women and children fleeing family violence situations, families at risk of child protection involvement, and young people who have left care or who are young parents.
5. Examine what has worked in other jurisdictions to address the drivers of poverty and fund policies, initiatives and strategies that seek to eradicate poverty.

## Conclusion

Poverty is not a choice that individual and families make. They do not purposely seek out handouts and voluntarily put themselves through distress and hunger and homelessness. The new Federal Government has an opportunity to be bold in its shakeup of existing policies and systems.

Our members have highlighted the profound impact poverty has on children, young people and families but also on the service providers seeking to support them in the face of significantly growing demand. The survey responses show how poverty can affect every aspect of a person's life from their ability to pay bills, retain a roof over their heads, put food on the table, keep their children safe and engaged in learning, through to the effects on morale, self-confidence, personal development,

children's acceptance at school, and the deterioration in mental and physical health often associated with the stigmatisation and criminalisation of poverty.

Respondents reported that families often find themselves living from crisis to crisis, unable to break out of the cycle because as soon as a crisis is over, the supports disappear: *The system encourages a person to live on the brink of crisis constantly, falling back into service again and again. If they can't independently afford food, housing, healthcare, mental healthcare, any disability supports, anything else that supports resilience, they are fighting an uphill battle toward independence.*

In addition to reflecting our concerns about the long-term impact of poverty on children in particular, the Centre's submission also offers a range of member-inspired systemic and policy solutions which, if implemented, could help end poverty and create a more equitable society in Australia.