



# The Extent and Nature of Poverty In Australia

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February 2023

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## Our commitment to inclusion

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The Salvation Army Australia acknowledges the Traditional Owners of the land on which we meet and work and pay our respect to Elders, past, present and future.

We value and include people of all cultures, languages, abilities, sexual orientations, gender identities, gender expressions and intersex status. We are committed to providing programs that are fully inclusive. We are committed to the safety and wellbeing of people of all ages, particularly children.

Our values are:

- Integrity
- Compassion
- Respect
- Diversity
- Collaboration

Learn more about our commitment to inclusion:  
[salvationarmy.org.au/about-us](https://salvationarmy.org.au/about-us)

The Salvation Army is an international movement and our mission is to preach the gospel of Jesus Christ and to meet human needs in his name without discrimination.





## Executive Summary

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The Salvation Army believes that poverty is not to be defined as an income level, but as a broader situation where a person is not having their basic needs met because of financial constraints. These basic needs are things like shelter, health and the ability to participate.

The advice commonly given to reduce expenses, such as buy in bulk, ignore the 'poor tax' phenomenon, which sees people without certain foundational assets forced to pay more over time.

The fact is that poverty is experienced by so many people through Australia, and the implications of poverty on a person's entire life are stark. The lifelong, inescapable and intergenerational nature of poverty is devastating to the development, education, wellbeing and employment of children who are born into situations of poverty.

What this means in practice is that

**Poverty costs.**

**It costs individuals.**

**It costs our community.**

**It costs Australia.**

For as long as we have individuals trapped in poverty in Australia, the Australian economy will be robbed of their economic participation and economic potential. Although no clear number has been calculated in the Australian context, research from comparable countries would suggest that poverty takes billions from the Australian GDP, and that the return on investment from policies that address poverty is positive and significant.

The experience of poverty is different between each individual, but there are similarities.

The three broad categories of poverty The Salvation Army focuses upon in this submission are:

**Shelter**, which includes housing and homelessness (the most visible form of poverty) but also shelter from violence, and the implications of poverty on family and domestic violence.

**Health**, which covers the social determinants of health and their impact on physical health, food insecurity, substance use disorders, as well as the way in which physical and mental ill-health can be the cause, result and amplifier of economic disadvantage and poverty.

**Participation**, both social and economic. The impact of poor economic participation (unemployment, underemployment and job insecurity) is well-understood, yet the lack of, or exclusion from, social participation can have long and deep implications.





The Salvation Army rejects the notion that some cohorts are more 'vulnerable' to poverty. There are cohorts which experience poverty in greater numbers and in more pronounced ways, but this is due to the systemic failure of Australian social security systems, not due to the individual's 'vulnerability'.

Among the cohorts our system is failing are:

**Women**, who experience discrimination, difficulty finding flexible employment and cultural pressures hindering employment. This culminates in economic insecurity in their later lives.

**Aboriginal and Torres Strait Islander People**, who are often forced to live distant to Country, have higher rates of unemployment, discrimination and inadequate housing, and are often excluded from decision making which affects them.

**People from Culturally and Linguistically Diverse Backgrounds**, whose access to employment and income support are both hampered by structural barriers.

**Young People**, who, because of factors outside of their control, are often unable to break the cycle of disadvantage to achieve their full potential.

**Rural and Remote Communities**, who experience poor access to services and affordable accommodation, and for whom the increasing impacts of climate change are most acute.

**People with Disability**, who face additional barriers to gaining and maintaining employment, accessing government assistance, and participating in their community.

Recommendations need to address both the individual experience and the structural elements that are causing those experiences. Many of our recommendations come down to the need for a rethink of the welfare system, and for a much-needed increase to the base rate of the JobSeeker Payment and Youth Allowance. As JobSeeker is the base line of social security in Australia, it follows that increasing JobSeeker is the single biggest action that can, and must, be taken to address poverty in Australia, and allow people in Australia to live with dignity

This inquiry, and the government's response, must benefit from the work of the Senate Community Affairs Reference Committee inquiry into poverty and financial hardship conducted in 2002-04. The recommendations, and research of the previous Committee and the effectiveness of the government's response, must be borne front of mind throughout the inquiry, both to avoid reinventing the wheel, and to ensure that the next 20 years sees valid recommendations implemented. The Commonwealth Government must take action to address poverty, and to put in place clear accountability for the success or failure of steps to end poverty.

The Salvation Army believes that we can achieve an Australia without poverty. The solutions are in addressing structures, and the holes in the safety net. Where gender, age, disability, geographic location and ethnicity amplify the experience of poverty, we must do better.



## Summary of Recommendations

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The Salvation Army recommends that the Senate Community Affairs References Committee:

1. Recommend the Commonwealth Government demonstrate its commitment to ending poverty in Australia by establishing a clear body or Cabinet position with accountability for progress toward ending poverty.
2. Recommend the Commonwealth Government immediately and meaningfully increase the rate of the JobSeeker Payment and Youth Allowance to ensure that recipients are able to live with dignity.
3. Recommend the Commonwealth Government instruct the Productivity Commission to report on the economic cost of poverty and the likely benefits that would accrue in Australia if disadvantage and financial hardship were addressed.
4. Recommend the Commonwealth Government continue its commitment to a national housing and homelessness plan with a particular focus on addressing the extreme shortfall of affordable and social housing.
5. Recommend the Commonwealth Government focus on prevention, early intervention and community education, including education around financial literacy and financial abuse to empower victims, particularly those within vulnerable cohorts, to seek help.
6. Recommend the Commonwealth Government increase income support payments to give more financial options to women and children with experience of family and domestic violence.
7. Recommend the Commonwealth Government adopt the recommendations outlined by Dr Anne Summers in her report 'The Choice: Violence or Poverty'.
8. Recommend the Commonwealth Government develop a long-term, whole-of government strategy to underpin the efforts of the public, private and non-profit sectors in addressing food security in Australia.
9. Recommend the Commonwealth Government work to address the shortage of General Practitioners, with attention to rural and remote communities.
10. Recommend the Commonwealth Government acknowledge the specific relationship between climate impacts, health equity and poverty.
11. Recommend the Commonwealth Government, in consultation with people with lived experience, introduce a new category of income support aimed at providing recovery-oriented support in accordance with current best practice.
12. Recommend the Commonwealth Government increase access to affordable healthcare and alcohol and other drug treatment.



13. Recommend the Commonwealth Government commit to full employment and addressing underemployment as a long-term economic goal, and establish this as a central pillar of fiscal policy.
14. Recommend the Commonwealth Government ensure casual workers and those employed in the gig and on-demand economy enjoy equal protection under labour laws as permanent employees.
15. Recommend the Commonwealth Government work with community groups and service providers to develop a public awareness campaign highlighting the prevalence of social isolation and loneliness, and to publicise the existence and accessibility of loneliness reduction and intervention services.
16. Recommend the Commonwealth Government proactively create safe and effective ways to co-design policies and programs and to collaborate with people who have experienced discrimination.
17. In drafting its recommendations, make a conscious decision to use language that humanises and empowers people experiencing poverty and financial hardship and furthers the discussion of poverty as an issue of systemic failure.
18. Recommend the Commonwealth Government work with the Fair Work Commission and the sector to increase pay rates in the significantly female-dominated health care and social assistance, and education and training sectors.
19. Recommend the Commonwealth Government commit to adequate funding levels in the National Partnership Agreement on housing and homelessness that account for increases in wage costs in line with the Equal Remuneration Order 2012.
20. Recommend the Commonwealth Government increase the age of the youngest child at which a single parent moves from the Parenting Payment to the JobSeeker Payment in recognition of the significant unpaid work associated with sole parenting and the difficulty of securing family friendly employment.
21. Recommend the Commonwealth Government partner with state and territory governments and organisations to deliver the next National Financial Capability Strategy to increase public awareness of existing resources and support for women to 'engage with their finances'.
22. Recommend the Commonwealth Government work with state and territory governments to increase the stock of affordable and accessible housing for women who are renting in retirement and women on the Age Pension.
23. Recommend the Commonwealth Government increase the rate of the Age Pension.
24. Recommend the Commonwealth Government work with First Nations people to ensure the passage of a referendum to enshrine a Voice to Parliament in the Constitution.
25. Recommend the Commonwealth Government work with state and territory governments to ensure that affordable housing stock is also boosted in rural and remote communities, allowing First Nations people to remain physically and spiritually connected to Country.





26. Recommend the Commonwealth Government work to increase access to culturally and linguistically appropriate healthcare to maximise the utilisation and effectiveness of medical care for First Nations people.
27. The Commonwealth Government broaden eligibility for the Status Resolution Support Services Program to all people seeking asylum, and bring the payment in line with the JobSeeker Payment to help people seeking asylum to live with dignity.
28. Recommend the Commonwealth Government work with providers in the sector to provide employment and emergency relief support for new migrants engaging with the Australian labour market.
29. The Commonwealth Government increase the rate of Youth Allowance to be equal with the JobSeeker Payment, recognising the cost of living is the same irrespective of age and ensure that recipients are able to live with dignity.
30. The Commonwealth Government includes the development of a Youth Housing Strategy under the National Housing and Homelessness Plan that includes an appropriate allocation of social housing and homelessness service models appropriate to the needs of young people.
31. The Commonwealth Government recognise that mainstream employment support is not adequate for disengaged young people who have experienced generational poverty and disadvantage. The Commonwealth can invest in the attributes and success of many employment and pre-employment programs provided by organisations like The Salvation Army, and support the expansion of these programs to reach more disengaged young people.
32. The Commonwealth Government ensure the National Youth Engagement Strategy Directs sufficient resources towards early intervention and prevention responses for at risk children and families to achieve a significant and sustained reduction in rates of child abuse and neglect, and interaction with the child protection system.
33. Recommend the Commonwealth Government increase funding for services operating in rural and remote communities and invest in incentives to attract suitable and qualified staff to these areas.
34. Recommend the Commonwealth Government transition from universal funding and service agreements to funding and service agreements with 'built in' recognition of the time and distance for rural and regional Australia, within the service delivery context.
35. Recommend the Commonwealth Government address bottlenecks in crisis accommodation and transitional housing due to the lack of exit points in rural and remote areas, including into social housing.
36. Recommend the Commonwealth Government increase stock of transitional housing and crisis accommodation – particularly in regions where there are no or limited crisis options.
37. Recommend the Commonwealth Government develop housing system intelligence to inform disaster preparedness and recovery planning.
38. Recommend the Commonwealth Government develop pro-forma documentation to assist medical professionals assess the eligibility of Disability Support Pension applicants.



39. Recommend the Commonwealth Government extend the Financial Information Service (or establish a similar service) to guide people through the application process for the DSP.
40. Recommend the Commonwealth Government ensure that wraparound services and support play a key role in Commonwealth Government-funded services for people with disability and other conditions.



# Conceptualising Poverty

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## Defining Poverty

A great deal of effort by very credible organisations has gone into attempting to define 'poverty'.<sup>1</sup> In practice, The Salvation Army has not found that a strict definition of poverty is either necessary or helpful in assisting people who experience it. Certainly for our services, poverty is not a binary concept where a person earning below a certain income is 'poor' and a person earning more is not. As a working definition, we consider that a person is experiencing poverty if they do not have basic needs met because of financial constraints. How this state is experienced, and what constitutes a basic need, varies between individuals and communities, and over the life of an individual.

Basic needs are those that are required to live life with dignity. For the purposes of this submission, we are focused on how a person needs the following to be able to live with dignity:

- Shelter – meaning a safe, stable and appropriate place to live.
- Health – meaning access to nutritious food, medical help and medication as needed, as well as access to a living environment that supports physical and mental health.
- Social and economic participation – meaning access to employment if desired, as well as social and spiritual belonging if desired.

The Salvation Army advises against a definition of poverty that focusses solely on income levels as a determinant. The reason for this caution is twofold:

- Firstly, the variation of experiences mentioned above cannot be adequately taken into account in setting a single, or even adjusted, level of income. Individual differences (such as the medical costs of a person with a chronic health condition compared to a person in robust health) and community differences (such as the comparative costs of housing between different locations) makes setting a single income level fraught.
- Secondly, and perhaps more importantly, that kind of definition only considers one half of the equation. Focusing on an individual's income exclusively instead of considering the impact of systems and structures in society misses a critical part of the experience of poverty. For example, a person needs sufficient income to be able to secure housing but there also needs to be an appropriate supply of housing. Solutions need to consider both sides of this equation.



*All I could think was 'this guy is earning more than I am but is so much worse off'.*



– A Salvation Army emergency relief worker

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<sup>1</sup> The Melbourne Institute: Applied Economic & Social Research. (2021). *Poverty Lines: Australia*. The University of Melbourne. [https://melbourneinstitute.unimelb.edu.au/\\_\\_data/assets/pdf\\_file/0007/3889393/Poverty-Lines-Australia-March-2021.pdf](https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0007/3889393/Poverty-Lines-Australia-March-2021.pdf).



## Previous Inquiries

In 2002, the Senate Community Affairs References Committee (the Committee) conducted an inquiry into poverty and financial hardship in Australia.<sup>2</sup> The report of the Committee was extensive and made 95 recommendations focused on addressing and alleviating the prevalence and impact of poverty and hardship in Australia.

The recommendations of that Committee extended to targeted social and economic measures and structural changes to reduce poverty. In particular, the Committee in its report discussed and recommended:

- (i) a national strategy and approach to poverty alleviation;
- (ii) an agreed national poverty benchmark measure;
- (iii) national poverty reduction targets; and
- (iv) the establishment of an anti-poverty body.

Most of the analysis and recommendations of that Committee, despite the passage of 20 years, remain pertinent and helpful in 2023.

Importantly, that Committee found that ‘piecemeal and inconsistent responses to poverty are inadequate and ineffective as long term approaches’ and it made a suite of recommendations to support and underpin the development of a national approach to addressing and alleviating poverty.<sup>3</sup> Despite the wisdom of that Senate Committee, subsequent governments have not heeded their advice. We believe a key reason for that is the failure of government to adopt one of the key recommendations – the establishment of an anti-poverty body, or even a specific Cabinet level responsibility for the eradication of poverty. This therefore is our first recommendation.

### **Recommendation - That the Committee recommend:**

- The Commonwealth Government demonstrate its commitment to ending poverty in Australia by establishing a clear body or Cabinet position with accountability for progress toward ending poverty.

## Financial Hardship, Poverty and Income Support

Financial hardship is about not having sufficient funds to procure the goods or services necessary to your basic needs. As mentioned above, a purely financial lens does not capture the full extent of

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<sup>2</sup> Senate Community Affairs References Committee. (2004). *Report on poverty and financial hardship—A hand up not a hand out: Renewing the fight against poverty.*

[https://www.aph.gov.au/parliamentary\\_business/committees/senate/community\\_affairs/completed\\_inquiries/2002-04/poverty/index](https://www.aph.gov.au/parliamentary_business/committees/senate/community_affairs/completed_inquiries/2002-04/poverty/index).

<sup>3</sup> Ibid, xxiv.



poverty, however it is one useful way to consider some of the drivers of poverty and therefore some of the solutions.

The Salvation Army provides extensive emergency relief for people experiencing financial hardship as well as financial counselling in every state and territory in Australia. People we work with experience financial hardship for a range of reasons. In addition to inadequate income, some of the other key drivers of financial hardship include insecure and unstable work (and therefore income), harm caused by predatory lending practices or poor financial literacy, and family violence (especially coercive control). Each of these factors are discussed elsewhere in this submission.

Inadequate income is most acute for those who rely on welfare payments. Around 88 per cent of visits seeking emergency relief from The Salvation Army are people reliant on government payments. We recently surveyed community members who sought emergency relief from The Salvation Army during the 6-month period from March 2022 to September 2022 and found:

- More than four in five (83 per cent) respondents reported that the increased cost of living expenses will significantly and negatively impact their household;
- More than three in four (77 per cent) worried about affording enough food to eat;
- 83 per cent indicated that the rising cost of living will significantly and negatively impact them;
- More than half (55 per cent) were worried about affording household utilities;
- More than half (51 per cent) would experience challenges affording petrol, fuel or public transport;
- Nearly four in ten (39 per cent) were worried about paying the rent or mortgage;
- Approximately one-quarter (27 per cent) reported they were worried about managing or paying back debts;
- Paying for health and medical bills was also a concern for one in four (25 per cent) respondents; and
- Three in four respondents (75 per cent) said that managing financial stress and difficulties was one of their greatest challenges in the past 12 months.<sup>4</sup>

The Salvation Army's service delivery experience leads us to conclude that increasing welfare payments, including the JobSeeker Payment and Youth Allowance, remains the single most effective way to address poverty in Australia. Research conducted by the St Vincent de Paul Society and the ANU Centre for Social Research and Methods shows the significant impact of policy

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<sup>4</sup> The Salvation Army. (2022). *Fallen on Hard Times this Christmas: Christmas Research Report December 2022*. [https://www.salvationarmy.org.au/subscribe/sites/auosalvos/files/Christmas\\_Research\\_Report\\_2022\\_V3.pdf](https://www.salvationarmy.org.au/subscribe/sites/auosalvos/files/Christmas_Research_Report_2022_V3.pdf).





proposals to increase JobSeeker and other welfare payments upon the rate and severity of poverty in Australia.<sup>5</sup>

Research by The Salvation Army suggests that people on the JobSeeker Payment are left with \$22 a day after housing expenses and over half are in extreme housing stress (spending more than 50 per cent of their income on housing).<sup>6</sup> Our frontline experience suggests that the proportion of people in extreme housing stress has grown even in the few months since this research was conducted. It is grossly inefficient, and a government failure for emergency relief from The Salvation Army and others to be used to ‘top up’ the unreasonably low level of JobSeeker. The charity sector, between a shortage of staff and a shortage of funds, cannot be considered the back stop for overcoming the entrenched shortfalls of welfare system. Despite our best efforts, the issue of poverty in Australia, and our collective desire for everyone in Australia to be able to live with dignity, cannot be solved by emergency relief.

The extreme low level of the JobSeeker Payment acts to trap people in poverty and is itself a barrier to gaining employment. The Salvation Army has presented extensive evidence on this point in the past, including to a previous Senate inquiry into the Newstart Allowance.<sup>7</sup> Throughout this submission we have highlighted where the impact of low levels of income support is entrenching other aspects of poverty and disadvantage.

#### **Recommendation - That the Committee recommend:**

- The Commonwealth Government immediately and meaningfully increase the rate of the JobSeeker Payment and Youth Allowance to ensure that recipients are able to live with dignity.

#### **\*Pam’s Story**

Pam\* lost her job during the COVID-19 pandemic. She lives alone and as a result of her reduced income, she was forced to move to a smaller rental property further from town. Even then, her rent still amounted to 82 per cent of her JobSeeker Payment.

To make ends meet she had begun to eat cat food and two-minute noodles and her mental and physical health was starting to suffer. She was also concerned about telling her landlord that the hot water system had broken down because she thought she might be “blamed” for the repair costs. She was not sure she would be able to afford the gas bills even if it was fixed.

<sup>5</sup> Phillips, B. Webster, R. (April 2022). *A Fairer Tax and Welfare System for Australia*. ANU Centre for Social Research and Methods, St Vincent De Paul Society National Council of Australia.

[https://www.vinnies.org.au/icms\\_docs/331748\\_A\\_fairer\\_tax\\_and\\_welfare\\_system.pdf](https://www.vinnies.org.au/icms_docs/331748_A_fairer_tax_and_welfare_system.pdf) .

<sup>6</sup> The Salvation Army. (2022). *Fallen on Hard Times this Christmas: Christmas Research Report December 2022*.

[https://www.salvationarmy.org.au/subscribe/sites/avesalvos/files/Christmas\\_Research\\_Report\\_2022\\_V3.pdf](https://www.salvationarmy.org.au/subscribe/sites/avesalvos/files/Christmas_Research_Report_2022_V3.pdf).

<sup>7</sup> The Salvation Army. (2019). *Welfare - Putting a Price on Dignity*. Prepared as a submission to the Senate Standing Committee on Community Affairs Inquiry into the Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/Newstartrelatedpayments/Submissions](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Newstartrelatedpayments/Submissions).





Her distance from employment opportunities, health and inability to afford new clothing made it harder and harder for her to find work.

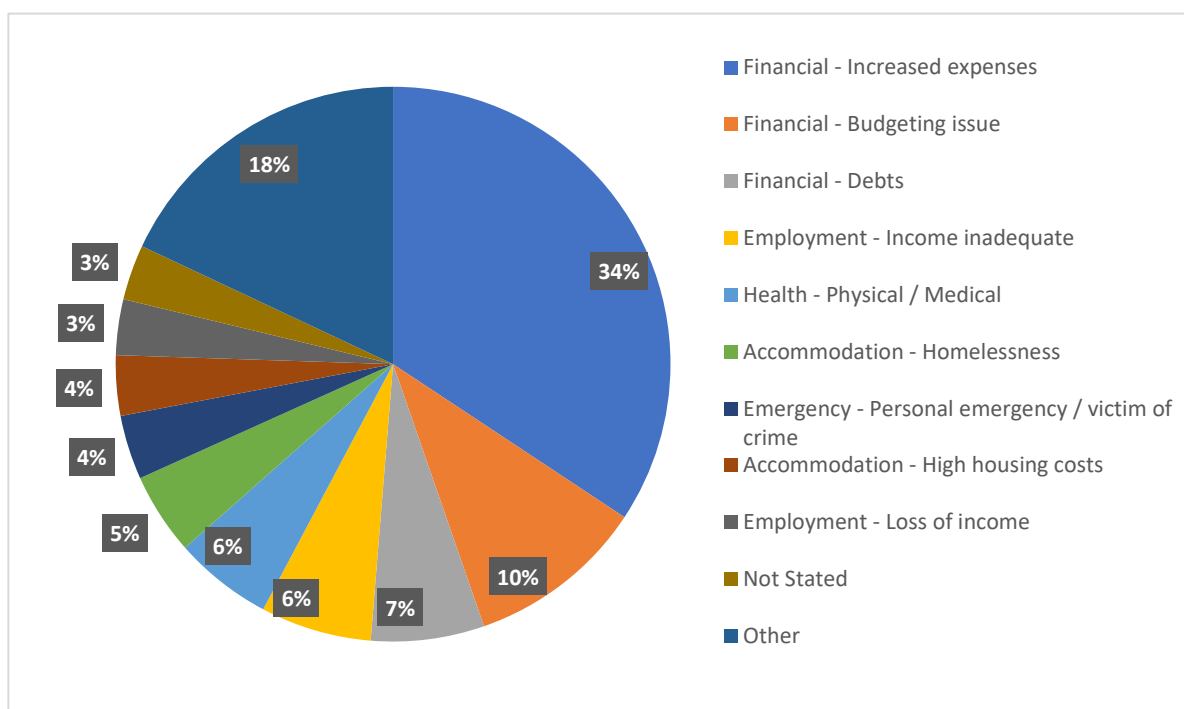
Pam was referred to The Salvation Army’s homelessness services and, through support and advocacy, was fortunate to get into suitable accommodation. She is now linked into appropriate services, including a GP and mental health services, and her diet has significantly improved. She is now in a much better position to find and maintain employment.

*\*Name changed*

## Debt and the Rising Cost of Living

Inflation and a rising cost of living affects all Australians but not equally. Our experience has been that people who were already experiencing hardship are being faced with impossible decisions. Since November 2022 ‘increased expenses’ as a result of the rising cost of living has been the most prevalent issue identified by community members seeking emergency relief in every state and territory. One in three people seeking assistance are now identifying cost of living as the reason they are seeking help.

**Graph 1: The Salvation Army Doorways Emergency Relief – Main Reason for Seeking Assistance in 2022-January 2023**



The Salvation Army’s Moneycare financial counselling services are identifying a similar trend. As part of this submission we examined the aggregate data of thousands of community members and compared the average income over time, as well as the average expenditure on essential items (housing, utilities, groceries). This analysis, illustrated in Table 1 below, shows that:



- Average income has grown by only \$9,688.11 in nominal terms over twelve years, yet average expenses have grown by \$10,506.19; and
- Expenditure on essential items exceeds income at a rate that is growing over time.

Critically, what the budgets of people who come for assistance show is that it is impossible to meet basic needs on the income levels that are actually being achieved. Our analysis does not include expenditure that would support a healthy life but would not be 'basic' – it does not include educational expenses, even minimal entertainment, or medication. As explained below, missing out on these categories of expenditure can have a detrimental effect on mental and physical health.

The actual shortfall for individuals is generally considerably higher, which raises problems of how those shortfalls are being met. Our services report that while some of the shortfall is met by family support and charitable intervention, community members are falling behind on utilities and bills that have a long lead time and turning to short term credit products.

**Table 1: Salvation Army Moneycare – Community Member Income Shortfall**

Financial Year	Average Annual Client Income	Average Annual Client Expenditure (Necessities)	Income Shortfall	Income Shortfall as Percentage
2010-11	\$31,039.23	\$32,231.91	\$1,192.68	3.8%
2022-23*	\$40,727.34	\$42,738.10	\$2,010.76	4.9%

\* 2022-23 July to December data collected already exceeds data collected in 2010-11.

## The Poor Tax

A cruel paradox that most people experiencing financial hardship will recognise is that the less money you have the more expensive everything is. This is sometimes colloquially called a 'poor tax' or 'boots theory'. The way it works is many goods and services cost less if you can buy them in bulk or upfront but to access those savings you need a level of funds that someone in financial hardship simply does not have.

Examples that our community members raise regularly include things like purchasing toilet paper or instant ramen – these are things a person knows they will use and where the per unit cost is significantly lower if you buy in bulk but it is impossible for a person to stretch the budget to allow the purchases upfront.

Other examples involve how a person needs access to facilities to be able to access cheaper options. The most pertinent example of this involves food – buying ingredients and cooking a meal is undeniably cheaper than buying ready-made meals however it requires access to a functioning kitchen – something many of our community members do not have. Likewise tips around buying frozen rather than fresh vegetables presume access to a freezer – again something that someone who is homeless does not have. We see this also in situations where a person is at risk of sliding into poverty, such as sudden unemployment, a larger spend is necessary early on to prevent a



prolonged, deeper experience of poverty. This however presupposes a pool of savings. Where this is not present, people may access emergency relief, or other services, but a lack of early, targeted action cannot rectify a slide into poverty.

An added complication is that most people who are financially poor are also ‘time poor’. A person reliant on public transport or who has moved to cheaper accommodation far away from work and social networks will expend far more time commuting than someone with access to a car or closer accommodation. Often there is a trade-off between time and expense (such as meal planning and cooking, researching the best deal or travelling to multiple stores to get the best deal). For people who are both financially and time poor there is no correct answer.

Faced with no option to make even further sacrifices, many of the community members we work with enter into debt – be it falling behind in utility payments, credit cards, or sourcing other, poorly regulated forms of credit like a ‘pay day’ or Buy Now Pay Later (BNPL) loan. These then put not only financial strain, but mental burden upon people who are already struggling to make ends meet, as debts grow and payments become unmanageable.

The Salvation Army’s Moneycare financial counselling service sees how comparatively low amounts of debt can spiral into significant and unmanageable debt. We have seen community members in need enticed to enter consumer leases and rent-to-buy schemes for necessary purchases. Yet ultimately, clients end up paying three to four times the normal retail price over the life of the lease. The current under regulation of credit instruments, particularly BNPL loans, is a growing cause of indebtedness. These instruments are inappropriate for many people with limited incomes, and a continued lack of oversight of the sector risks people taking out a large number of expensive BNPL loans rather than safer, regulated forms of finance, such as No Interest Loans (NILs).

### \*John’s Story

John\* was seeking emergency relief and had inadvertently been directed to The Salvation Army’s Swinger Hill site in Canberra when it was shut over Christmas. Case managers figured out the confusion and offered for John to attend the Braddon site to collect a voucher.

John explained that he didn’t have enough petrol to make it to Braddon– just 18 kilometres away. For the sake of around \$2.40 of petrol (or around \$4 at a minimum service pump) John would have had his \$160 voucher delayed. In this case, volunteers were able to find a workaround but that is not usually possible.

*\*Name changed*

## Poverty is widespread

More work needs to be done to quantify the number of people experiencing poverty using our preferred working definition of poverty. Other organisations have been measuring the number of





people living below a poverty line as a way to provide evidence on the scale of poverty in Australia.<sup>8</sup> To that evidence, we can contribute the scale of demand for poverty alleviation services from The Salvation Army.

In 2022 The Salvation Army conducted research with people who accessed our emergency relief services around their experiences of financial hardship. The results paint a stark picture of the current struggles that people who have come to our services experience:

- 92 per cent of respondents listed government income support benefits as their main source of income, plainly showing that the government income support currently used is not sufficient.
- Over four in five (82 per cent) said that they had found it difficult to meet necessary living expenses, such as housing, utilities, food, and health care, in the past 12 months, and 89 per cent struggled to pay one or more of their essential bills over the 2022 Christmas period.
- 77 per cent of respondents worried they would be unable to afford enough food in the 2022 Christmas season.
  - This represents a rise of 6 percentage points from results the same period in 2021.
- Three in four respondents (75 per cent) said that managing financial stress and difficulties was one of their greatest challenges in the past 12 months.
- More than half (55 per cent) of respondents will struggle to pay one of their essential utilities, and 39 per cent reported that paying rent or their mortgage was a cause of significant stress.
- Four in five (83 per cent) indicated that the rising cost of living would significantly and negatively impact them over Christmas 2022.
- Half (50 per cent) were worried about their mental health at Christmas and a further one in three (34 per cent) were worried about their physical health or illness at Christmas.<sup>9</sup>

“

*“I wouldn’t be able to eat if it weren’t for the Salvos”*  
– A Salvation Army survey respondent

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<sup>8</sup> The Melbourne Institute: Applied Economic & Social Research. (2021). Poverty Lines: Australia. The University of Melbourne. [https://melbourneinstitute.unimelb.edu.au/\\_\\_data/assets/pdf\\_file/0007/3889393/Poverty-Lines-Australia-March-2021.pdf](https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0007/3889393/Poverty-Lines-Australia-March-2021.pdf); Davidson, P., Bradbury, B., and Wong, M. (2020). Poverty in Australia 2020: Part 2, Who is affected? ACOSS/UNSW Poverty and Inequality Partnership Report No. 4, Sydney: ACOSS. [https://povertyandinequality.acoss.org.au/wp-content/uploads/2020/02/Poverty-in-Australia-2020\\_Part-1\\_Overview.pdf](https://povertyandinequality.acoss.org.au/wp-content/uploads/2020/02/Poverty-in-Australia-2020_Part-1_Overview.pdf).

<sup>9</sup> The Salvation Army. (2022). *Fallen on Hard Times this Christmas: Christmas Research Report December 2022*. [https://www.salvationarmy.org.au/subscribe/sites/auesalvos/files/Christmas\\_Research\\_Report\\_2022\\_V3.pdf](https://www.salvationarmy.org.au/subscribe/sites/auesalvos/files/Christmas_Research_Report_2022_V3.pdf).





## Poverty is devastating for individuals and families

The impact of poverty on individuals and families cannot be overstated.

Recent research undertaken by The Salvation Army has found that due to their inadequate incomes, many family households could not afford social, leisure and educational opportunities for their children, or necessary medical and health care when out-of-pocket payment is required. Some respondents also battled a range of complex challenges such as mental ill-health and family violence, further compounding their experiences of hardship. Those respondents seeking work experienced vocational barriers and struggled to find suitable employment in the past year. Many were left reliant on government income support, supplemented by assistance from charities and community organisations to survive.<sup>10</sup>

Experiencing poverty also has a long-term impact on life outcomes – most acutely for children. According to the five Australian Early Development Census (AECD) domains, around one in five Australian children are developmentally vulnerable by the time they start school, and these children are overrepresented in the most disadvantaged settings.<sup>11</sup>

There is a strong correlation between poverty in the first thousand days of a child's life and adverse health and wellbeing outcomes in later life including poor educational and employment outcomes.<sup>12</sup> Families who attract the attention of child protection services most often have ongoing lived experiences of poverty, domestic and family violence, substance misuse and mental health conditions. First Nations children are faced with additional hardships and children with disability have nearly four times higher risk of experiencing violence than children without disability.<sup>13</sup>

This submission illustrates the impact of poverty in terms of how it is experienced by different people at different times in their lives. Understanding the experience of poverty is key to identifying solutions.

“

*“You can't get out of the poverty cycle. It is so depressing to have to ask for money in your 50s so that you can buy a white shirt for an interview.”*

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– A Salvation Army Community Member

<sup>10</sup> The Salvation Army. (2022). *Red Shield Appeal Report 2022: Between a Rock and Hard a Place*. 4

[https://www.salvationarmy.org.au/subscribe/sites/auessalvos/files/RSA2022/RSA22\\_Research\\_Report\\_FINAL.pdf](https://www.salvationarmy.org.au/subscribe/sites/auessalvos/files/RSA2022/RSA22_Research_Report_FINAL.pdf).

<sup>11</sup> The Australian Early Development Census. (2022). *Australian Early Development Census National Report 2021: Early Childhood Development in Australia*. 9 <https://www.aedc.gov.au/Websilk/Handlers/ResourceDocument.ashx?id=75ac2964-db9a-6d2b-9fad-ff0000a141dd>.

<sup>12</sup> Royal Children's Hospital Melbourne. (2019). *Strong Foundations: Getting it Right in the First 1000 Days A Case for Investment*. 28 <https://www.rch.org.au/uploadedFiles/Main/Content/ccchdev/The-First-Thousand-Days-A-Case-for-Investment.pdf>.

<sup>13</sup> Australian institute for Family Studies. (2017). *Understanding safeguarding practices for children with disability when engaging with organisations*. 3 <https://aifs.gov.au/resources/practice-guides/understanding-safeguarding-practices-children-disability-when-engaging#:~:text=Children%20with%20disability%2C%20as%20a,children%2C%20their%20families%20and%20organisations>.





## Poverty harms our economy and community

Although The Salvation Army has not directly quantified the cost of widespread poverty to Australia, it is clear that there is an economic cost. The poorer health, educational and employment outcomes discussed in this submission all represent a long-term cost to Australia's economy and impact governments' review and expenditure.

Work has been done to identify the economic cost of some factors associated with poverty such as the costs of unemployment, mental ill-health and family violence, however we have been unable to find a source that estimates the overall cost of poverty in economic terms in Australia.

Work has been done in other nations to quantify the cost (and opportunity cost) of poverty in terms of impact on available labour, crime and health costs and the results are arresting. In the United Kingdom the cost of poverty has been estimated to be around GBP£78 billion per year.<sup>14</sup> In the United States, it has been estimated that child poverty costs as much as USD\$1 trillion each year.<sup>15</sup> In the United States it is estimated that the return on investment for policies that address poverty is around USD\$7 for each USD\$1 spent.

The New Zealand Productivity Commission (NZPC) has assessed the benefits of reducing persistent disadvantage. A study they cite suggests that the cost of child poverty in 2011 might have represented as much as 9.1 per cent of New Zealand's GDP.<sup>16</sup>

The report by the NZPC stated:

*We find that the benefits of reducing persistent disadvantage for all New Zealanders are:*

- *enhanced capabilities and opportunities (mana āheinga) creates more knowledge, skills and resources available to support future social and economic wellbeing;*
- *enhanced prosperity (mana whanake) occurs through an increase in economic output, productivity and contribution to our communities;*
- *greater intergenerational prosperity and system stewardship (mana whanake) means the better use of public resources by freeing up government investment to support prevention, instead of dealing with emergencies;*
- *enhanced identity and belonging (mana tuku iho) creates greater social cohesion and trust within communities;*

<sup>14</sup> Bramley, G. Hirsch, D. Littlewood, M. Watkins, D. (2016). *Counting the cost of UK Poverty*. Joseph Rowntree Foundation. 62 <https://www.jrf.org.uk/report/counting-cost-uk-poverty#:~:text=this%20gives%20a%20total%20cost,that%20poverty%20damages%20people%27s%20lives>.

<sup>15</sup> McLaughlin, M. Rank, M. (2018). Estimating the Economic Cost of Childhood Poverty in the United States. *Social Work Research*, Volume 42, Issue 2. 73–83. <https://academic.oup.com/swr/article-abstract/42/2/73/4956930?redirectedFrom=fulltext&login=true>.

<sup>16</sup> Timmins, J. (2022). *The benefits of reducing persistent disadvantage*. The New Zealand Productivity Commission. 3 <https://www.productivity.govt.nz/assets/Documents/Reducing-persistent-disadvantage-research-note-Sep-2022-FINAL-1.pdf>.



- *enhanced connectedness (mana tautuutuu) means stronger democratic processes by giving more people a voice in decision making.*

It would be unwise to attempt to extrapolate the experience of other nations to Australia, however these findings give strong indication that concerted efforts to address poverty would have a considerable beneficial impact in Australia. Understanding these benefits is helpful in driving an investment mindset.

We are conscious that most of the recommendations we will make in this submission involve governments prioritising reforms that address poverty over other policies but investing in addressing poverty will have a positive impact in our economy overall. We argue that it is a false economy to delay addressing poverty, such as by failing to increase welfare payments, because the cost will still need to be paid, just through different service systems and through loss of productivity.

Just as the case for the National Disability Insurance Scheme was validated and refined by careful consideration of the economic costs and benefits, The Salvation Army would support an investigation into the true cost of poverty in Australia. We recommend that the Commonwealth Government instruct the Productivity Commission to conduct a broad-based review of the total economic implications of and the combined opportunity costs of poverty in Australia.

**Recommendation - That the Committee recommend:**

- The Commonwealth Government instruct the Productivity Commission to report on the economic cost of poverty and the likely benefits that would accrue in Australia if disadvantage and financial hardship were addressed.



# How Poverty is Experienced, and What Can Be Done

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Poverty is real. It is more prevalent than many believe, and for individuals it can be extremely difficult to escape.

Although the issue of poverty impacts almost every corner of the country and people from all backgrounds, there are cohorts which are particularly impacted by poverty. Due to the way our current systems make poverty inescapable, there is also a greater likelihood of poverty becoming entrenched and intergenerational for these groups. The different elements of poverty interrelate, overlap and exacerbate each other.

We have taken the approach that if we are guided by the experience of people who are living with poverty the solutions must flow from there. Below we have explained what we see in terms of some of the elements of poverty that we see on a regular basis and the actions that flow from that experience. We have also highlighted some groups who experience poverty differently or are more likely to experience poverty. We do not in any way wish to crowd out the advice that will come to the Committee from others who can better represent these groups. Some actions will have an impact on multiple different elements of poverty and so we have reproduced the recommendations at the front of this submission for ease of navigation.

“

*“Addressing poverty would be hard – but Australians are good at hard work”*

**- A Salvation Army caseworker**

”

## Shelter

### Housing

Consultations with staff and clients consistently tell us that the depth, breadth, and ongoing escalation of unaffordable housing is impacting negatively on the lives and welfare of an increasing number of Australians and is resulting in homelessness and poverty. The current housing system fails to meet the housing needs of low-income households and exacerbates the harms to individuals and communities arising from housing insecurity, the inability to access affordable housing and ultimately, the drivers of poverty and homelessness.

Our experience from the frontline – from both clients and workers alike, and research and data - tells us that the housing outcomes and financial circumstances for increasing numbers of Australians are dire and not abating.





Rising rents and housing costs are not manageable nor sustainable for low-income earners and those who are reliant on government income support, who are particularly vulnerable to housing stress and the risk of homelessness. Research conducted by Anglicare Australia shows that as much as 50% of people, and two thirds of people under 24, who receive the Commonwealth Rental Assistance payment remain in rental stress due to the low rate and flawed design of the payment.<sup>17</sup> There is a lack of affordable private rental properties available for those on low incomes or government support benefits, with less than 1 per cent of affordable properties on the market.<sup>18</sup>

Where homelessness and the risk of homelessness were once the domains of a small minority of particularly disenfranchised individuals and families, Australia is now witnessing entire segments of society being excluded from affordable housing. Not only are people unable to exert control over their housing options, but they are also forced to make impossible financial decisions where paying for housing directly competes with paying for food, utilities, healthcare and medicine, costs associated with raising children, and other necessities. When combined with low fixed incomes, there is often no safety net to accommodate rising prices.

For many people who come to The Salvation Army for support, social housing provides a vital role in an increasingly unaffordable and insecure housing market. It often represents the only path out of homelessness. Yet the number of social housing households as a proportion of all households across Australia has fallen in recent years. A 2018 study estimated a national shortfall of social and affordable housing of 437,586 dwellings.<sup>19</sup> It also estimated that by 2036 there will be a shortfall of nearly 730,000 dwellings.<sup>20</sup>

The Salvation Army believes that Housing First approaches should underpin the homelessness response and social housing allocation policy across Australia. This also requires a supply of available social housing that is sufficient to meet demand. Despite some enhanced investment by some states, it will likely take many years and rolling budget commitments before there is adequate flow within the social housing system and capacity to deliver Housing First programs at scale. Therefore, in the shorter term, we consider that an increase in the stock of transitional housing and crisis accommodation centres is also necessary – particularly in regions where there are no such crisis options.

The Salvation Army identifies the following suggestions to grow social housing:

- **Ensure an ongoing funding program for community housing** so providers can have 'shovel-ready' projects to apply for available funds. The ad-hoc nature of current capital funding rounds (both within and among states) means that the sector cannot develop the capacity and capability required to continue growing. There needs to be more certainty when future funding rounds will be offered.

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<sup>17</sup> Anglicare Australia. (2023). *Reforming Rent Assistance: Ending Rental Stress Across Australia*. 8. <https://www.anglicare.asn.au/wp-content/uploads/2023/01/Reforming-Rent-Assistance.pdf>.

<sup>18</sup> Anglicare Australia. (2022). *2022 Rental Affordability Snapshot*. 10 <https://www.anglicare.asn.au/wp-content/uploads/2022/04/Rental-Affordability-Snapshot-National-report.pdf>.

<sup>19</sup> Lawson, J., Pawson, H., Troy, L., Nouwelant, R., and Hamilton, C. (2018). *Social housing as infrastructure: an investment pathway*, AHURI Final Report No. 306. <https://www.ahuri.edu.au/research/final-reports/306>, doi:10.18408/ahuri-5314301.

<sup>20</sup> Ibid.





- **Simplify the application process and extend timelines** where the capacity for responding to new funding opportunities may be limited.
- **Review how rental payments are collected** through social and affordable housing to make it sustainable for providers to build and maintain housing, while also increasing their stock. The fact that other sources of revenue (for example, rental assistance and rental payments) are capped also inhibits yield and ultimately growth.
- **Introduce mandatory inclusionary zoning**, which would see developers compelled to include social and/or affordable housing in their projects. This should include a transparency and accountability framework that defines how social and affordable housing will be apportioned in new developments. There are currently few mechanisms in place to engage with developers to ensure a portion of their development is affordable.
- **Provide discounted rates to incentivise not-for-profit organisations to invest in housing**, where low rental returns, maintenance costs, rates and taxes can be prohibitive.
- **Provide better access to information about the availability of land** and whether infrastructure developments are already in place or proposed for the future.
- **Provide adequate funding for community housing providers** to develop housing in regional communities where they do not have a current presence and the costs incurred for travel can be prohibitive.

## Homelessness

People experiencing homelessness and those at risk of homelessness are among Australia's most socially and economically disadvantaged.<sup>21</sup> Safe and secure housing is a foundational material requirement for human survival and provides the conditions necessary for individuals and families to harness their potential to flourish as dignified and productive members of society.

Lack of stable housing has significant health implications for individuals experiencing homelessness. Living on the street or in crowded homeless shelters is extremely stressful and made worse by being exposed to violence, malnutrition, and harmful weather exposure, as well as communicable diseases such as tuberculosis, respiratory illnesses, influenza and hepatitis. Chronic health conditions such as high blood pressure, diabetes, and asthma become worse because there is no safe place to store medications properly.

Stress, the elements and lack of nutrition take their toll, and financial pressures prevent accessing medical help at early stages of illness, when simple interventions are cheapest and most effective. Injuries that result from violence or accidents do not heal properly because bathing, keeping bandages clean, and getting proper rest and recuperation is difficult on the street or in shelters. Poor health, high stress, unhealthy and dangerous environments, and an inability to control food intake often result in frequent visits to emergency rooms and hospitalisations. Psychological

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<sup>21</sup> Australian Institute of Health and Welfare. (2021). *Health of people experiencing homelessness*, AIHW. <https://www.aihw.gov.au/reports/australias-health/health-of-people-experiencing-homelessness>.



pressures mount to cause mental illness, as the absence of safe and private accommodation is a constant source of stress as well as a barrier to recovery.

Secure housing is a prerequisite for privacy and personal safety. It provides the environment where people can rest and recover without worrying about where to sleep and find a meal, or how to balance these needs while receiving health and social services. The best, most coordinated medical services are not very effective if the patient's health is continually compromised by street and shelter conditions. Even inpatient hospitalisation or residential drug treatment and mental health care do not have lasting impacts if a client has to return to the streets or shelters upon discharge.

Homelessness is the most extreme manifestation of poverty and the 'poor tax'. It exacerbates other forms of disadvantage, making it harder to seek help and cutting off opportunities for making progress, such as cost saving measures. Raising income adequacy, especially the rate of the JobSeeker Payment and Youth Allowance, would go some way to addressing issues of housing affordability and homelessness but structural action to address the whole housing system will also be necessary to end homelessness.

The Commonwealth Government has made a commitment to a national plan around homelessness and housing. The key factors we consider need to be included are:

- The structural drivers of poverty, housing stress and homelessness are squarely within scope (low working incomes, adequacy of income support and other payments such as Commonwealth Rent Assistance, tax settings and concessions).
- Understanding the full impact of population growth (it is estimated there will be the creation of one million new households by 2036), their housing destinations and the ramifications for the housing market, with a view to informing appropriate housing supply and a population strategy.
- Fully mapping, enumerating and projecting the housing needs for different cohorts.
- Driving funding and investment into specific housing types.
- Ensuring the engagement of, and clear roles and responsibilities for the Commonwealth, state and territory, and local governments, business, researchers, community organisations and individuals to drive development and implementation of the National Plan.
- Clear targets, consistent data metrics, and monitoring of outcome measures.
- Bipartisan and cross-party support now and going forward. There needs to be a vision for a better, fairer Australia based on the shared recognition of adequate housing as a human right. This will take time and require culture change, both within government and across the community.
- Recognition that the vast undersupply of social housing needs to be addressed at rates far more ambitious than current commitments and well into the future.



The principles that inform development, implementation and review of the National Plan must be informed by a commitment to:

- Transparency
- Accountability
- Integrity
- Comprehensiveness
- Commensurate effort and investment
- Engagement and collaboration.

The Salvation Army would also like to draw attention to the excellent report by the Productivity Commission in relation to the National Housing and Homelessness Agreement.<sup>22</sup> That report contains significant recommendations for addressing housing affordability and homelessness within the context of Australia's federated system, noting that unclear accountabilities around housing and homelessness may have contributed to the issue of homelessness.

**Recommendation - That the Committee recommend:**

- The Commonwealth Government continue its commitment to a national housing and homelessness plan with a particular focus on addressing the extreme shortfall of affordable and social housing.

**\*Dean's Story**

Dean\* is a single man in his 60s, who is unable to work due to his health.

Dean is currently receiving the JobSeeker Payment, which is insufficient to allow him to find appropriate accommodation. Prior to the 2022 floods, he had been living in a caravan in regional Victoria on his own. Dean had developed a significant cough due to the damp in his caravan but has been unable to afford to see a doctor.

In 2022 the caravan park was affected by flooding, and Dean had to evacuate. The Salvation Army's emergency services provided immediate relief through food and clothing. A homelessness organisation was able to fund and place him into temporary accommodation. This response was well received but temporary.

Dean will need to return to the caravan park as the floods have caused a chronic shortage in available accommodation. He can only afford superficial repairs to his caravan, rather than a replacement or a more lasting fix.

An increase to the JobSeeker Payment or more affordable housing could allow Dean to live free from poverty and homelessness.

*\*Name changed*

<sup>22</sup> The Productivity Commission. (2022). *In Need of Repair: The National Housing and Homelessness Agreement – Study report*. <https://www.pc.gov.au/inquiries/completed/housing-homelessness#report>.



## Family and Domestic Violence

Poverty does not cause family violence, nor is family violence only prevalent in financially disadvantaged households. The Salvation Army's experience in helping victim-survivors of family and domestic violence has led us to the conclusion that financial insecurity and family and domestic violence intersect in three key ways:

- Financial insecurity triggering or escalating instances of violence and abuse;
- Financial abuse leading to financial insecurity for victim-survivors; and
- Financial insecurity leading to reduced ability to escape family and domestic violence and the risk of poverty for a victim-survivor after leaving an abusive situation.

### *Triggering or escalation of family and domestic violence*

Financial stress and economic insecurity can exacerbate the violence and abuse that a victim-survivor is experiencing. While factors such as financial stress and unemployment are not the key drivers of family and domestic violence, they can trigger or escalate violence and abuse.

A recent study by Australia's National Research Organisation for Women's Safety (ANROWS) examined economic insecurity and intimate partner violence during the COVID-19 pandemic.<sup>23</sup> The study shows a relationship between economic insecurity and recent intimate partner violence. Women with higher levels of financial stress were much more likely to have experienced physical and sexual violence or emotionally abusive, harassing and controlling behaviours relative to those women who reported low levels of financial stress.<sup>24</sup>

### *Financial abuse leading to financial insecurity*

Economic and financial abuse can result in economic and financial hardship for victim-survivors of family and domestic violence. The Salvation Army's Doorways service and Moneycare program provide emergency relief and free access to qualified financial counsellors who can help with crisis intervention and financial resilience services. In many cases, victim-survivors are running households with minimal funds as perpetrators direct their income for personal use and place the responsibility for paying all bills, purchases and rental contracts to their partner. Often, perpetrators accrue significant debt in the victim-survivor's name. We have also assisted clients who have incurred government debt through incorrect reporting of income or coercive action by a perpetrator. In most cases, the use of technology-facilitated abuse, such as abusive phone calls and messages, and social media harassment, is also present with other forms of financial and economic abuse.

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<sup>23</sup> Morgan, A & Boxall, H. (2022). *Economic insecurity and intimate partner violence in Australia during the COVID-19 pandemic*. ANROWS. <https://anrowsdev.wpenginepowered.com/wp-content/uploads/2022/01/Economic-insecurity-and-IPV-during-the-C19-RR2.pdf>.  
<sup>24</sup> Ibid.





There is strong evidence that economic and financial abuse can contribute to economic and financial hardship and long-term financial insecurity.<sup>25</sup> Findings from Good Shepherd and UnitingCare's *Economic Abuse: Searching for Solutions* study highlighted how poor credit records due to economic abuse could limit victim-survivors' borrowing options.<sup>26</sup> This also affects victim-survivors' ability to access housing and other essential needs.<sup>27</sup>

Financial abuse also has the potential to impact a victim-survivor's housing security. In an Australian study of the immediate and long-term outcomes of women's experience of financial abuse almost half of the victim-survivors surveyed reported that it was 'difficult' or 'extremely difficult' to find housing after they left their abusive partners.<sup>28</sup>

As 'first responders' to victim-survivors experiencing financial abuse we continue to advocate for financial counsellors and the broader financial sector to be included in coordinated family violence responses. Our experience delivering financial counselling, as well as family violence support, is that banks do not always have sufficient protections in place to safeguard against financial abuse.

### \*Lily's Story

Lily\* is a 28-year old women, who recently left a 7-year relationship in which she experienced psychological, verbal, sexual and financial abuse, including manipulation, controlling and stalking behaviours. During the relationship her ex-partner controlled all finances and forced her to perform sexual acts in return for money for nappies or milk for their children.

During the relationship Lily's ex-partner obtained various loans in her name without her knowledge or consent. She discovered this after accessing an email account unused for years. Lily continues to find new debts in her name. The debts currently total over \$50,000, in addition to previous debts totaling tens of thousands of dollars in her name. These debts have severely affected Lily's credit rating and she is unable to purchase a car, which she needs for transport for her children and her medical appointments.

Lily's old social media and email accounts, which she has previously deactivated, continue to be reactivated by someone else. Lily's ex-partner has also managed to access information from Lily's new online accounts and has previously ascertained private information about her daughters' locations.

The Salvation Army has assisted Lily to contact all creditors and to provide the police with information. It is a slow process and Lily is still experiencing trauma.

\*Name changed

<sup>25</sup> Breckenridge, J. (2020). *Understanding Economic and Financial Abuse in Intimate Partners Relationships*. Gender Violence Research Network. University of New South Wales. Sydney. <https://rlc.org.au/sites/default/files/attachments/UNSW%20report%201%20-%20Financial%20Abuse%20and%20IPV%20-%20PDF%20version%20-%20Final.pdf>

<sup>26</sup> Corrie, T. and McGuire, M. (2013). *Economic abuse: Searching for solutions* (A Spotlight on Economic Abuse Research Report). [https://goodshep.org.au/wp-content/uploads/2020/12/economic-abuse\\_final-report.pdf](https://goodshep.org.au/wp-content/uploads/2020/12/economic-abuse_final-report.pdf)

<sup>27</sup> Ibid.

<sup>28</sup> Cameron, P. (2014). *Relationship problems and money: Women talk about financial abuse* WIRE Women's Information: West Melbourne, Victoria. <https://www.wire.org.au/relationship-problems-and-money/>.





### *Reduced ability to escape family and domestic violence*

The financial challenges of relocation, legal costs and loss of paid work women face when attempting to escape incidences of family and domestic violence are immense. The Salvation Army has seen legal costs alone of leaving a violent relationship and establishing safety often cost women more than \$30,000.

The Salvation Army's family and domestic violence services work with many victim-survivors who have no income either because of caring responsibilities or coercion by the perpetrator to quit their job. This cohort of women often leave a violent relationship with no income and very little savings and become reliant on government payments.

In a recent study Dr Anne Summers concluded that many women are forced to choose between remaining in a violent relationship or entering into poverty. Dr Summers' analysis of the 2016 Australian Bureau of Statistics' Personal Safety Survey revealed that 275,000 women reported suffering physical or sexual violence from a current or former partner. Seventy per cent of respondents lived with their abusive partner at the time of the survey, of which almost 50 per cent said they wanted to separate but were unable to. A quarter of these women attributed being unable to leave to having no money or financial support.<sup>29</sup>

Additionally, research conducted by Chapman and Taylor revealed that many victim-survivors only experienced poverty after leaving the abusive relationship. They found that before separation, mothers who had experienced intimate partner violence had similar incomes to mothers who did not. After separation, mothers who had left a violent relationship saw their income drop by 34 per cent, compared with the 20 per cent drop for those who had left a non-violent relationship.<sup>30</sup> Victim-survivors of family and domestic violence also never recouped these losses – after separation, the income among mothers who had experienced partner violence only rose by 19 per cent compared to mothers who had not faced violence, whose incomes rebounded by 45 per cent.

In recommending that the Commonwealth Government improve the financial supports for victim-survivors we note that such supports need to be coupled with strategies and initiatives that address harmful attitudes supporting rigid gendered stereotyping and dismantle systems that enable these attitudes to exist. Ending family violence is complicated and requires cultural change. Ending the poverty associated with it is comparatively easy.

#### **Recommendation – that the Committee recommend:**

- The Commonwealth Government focus on prevention, early intervention and community education, including education around financial literacy and financial abuse to empower victims, particularly those within vulnerable cohorts, to seek help.

<sup>29</sup> Summers, A. (2022). *The Choice - Violence or Poverty: A report into domestic violence and its consequence in Australia today*. <https://www.violenceorpoverty.com/>.

<sup>30</sup> Chapman, B., Summers, A., & Taylor, M. (2022). *Women who suffer domestic violence fare much worse financially after separating from their partner: new data*. The Conversation. <https://theconversation.com/women-who-suffer-domestic-violence-fare-much-worse-financially-after-separating-from-their-partner-new-data-190047>.



- The Commonwealth Government increase income support payments to give more financial options to women and children with experience of family and domestic violence.
- The Commonwealth Government adopt the recommendations outlined by Dr Anne Summers in her report '*The Choice: Violence or Poverty*'.

## Health

### Food insecurity

The Salvation Army's observation from our services is that access to appropriate, nutritious food has become more limited for people experiencing financial hardship, especially those reliant on welfare payments. Recent research conducted with community members accessing The Salvation Army's emergency relief services found that more than half (51 per cent) of respondents had gone without food or skipped meals to make ends meet.<sup>31</sup> As part of our homelessness services, The Salvation Army sees many community members who are 'couch surfing', or otherwise do not have permanent accommodation. This means that they lack the facilities to keep cheaper bulk items, store fresh produce in a fridge or freezer, and are unable to cook. In this way homelessness and insecure housing compounds the health impact of food insecurity.

The Salvation Army's emergency relief teams have also reported a significant increase in the number of people seeing assistance who are employed, who tend to seek assistance in the form of food hampers. An astonishing number (77 per cent) of community members surveyed late last year identified that they would not be able to afford enough food at Christmas. This number rose to 82 per cent among single parent households. Some respondents remarked that the possibility of not being able to provide enough food filled them with guilt and shame.

We understand that Foodbank Australia has provided a submission to the Committee focusing on food insecurity as it relates to people experiencing poverty. The Salvation Army echoes the observations and recommendations in the Foodbank submission. In particular we support the recommendation that the Australian Government immediately develop a long-term, whole-of-government strategy to underpin the efforts of the public, private and non-profit sectors in addressing food security in Australia.

### **Recommendation – that the Committee recommend**

- The Commonwealth Government develop a long-term, whole-of government strategy to underpin the efforts of the public, private and non-profit sectors in addressing food security in Australia.

<sup>31</sup> The Salvation Army. (2022). *Fallen on Hard Times this Christmas: Christmas Research Report December 2022*. 17 [https://www.salvationarmy.org.au/subscribe/sites/auesalvos/files/Christmas\\_Research\\_Report\\_2022\\_V3.pdf](https://www.salvationarmy.org.au/subscribe/sites/auesalvos/files/Christmas_Research_Report_2022_V3.pdf)



## Physical Health

Australia is, and should be proud of the public health network developed over decades of investment and that rooted in the idea that income should not be a barrier to accessing quality healthcare. It is still clear that poverty has significant impacts upon an individual's physical health.

The World Health Organization (WHO) describes a social gradient in health, in that the lower a person's socioeconomic position the worse their health including their mental health is likely to be.<sup>32</sup> Health inequities are caused by structural determinants and conditions of daily life – the social determinants of health (SDH) – such as the unequal distribution of power, income, goods, and services. In turn, these SDH leads to unequal access to health care, schools, education, conditions of work and leisure, housing, and an individual's chance of leading a fulfilling and healthy life.<sup>33</sup>

Poverty and poor health status and outcomes are closely linked. Food insecurity and poor nutrition, poor housing and access to basic amenities place an individual's health at risk. Poor health also contributes to the incidence and severity of poverty through reduced social and economic participation, such as unemployment or reduced earning potential.

The WHO lists the following as social determinants that can influence health equity in positive and negative ways, all of which are highly correlated to the broader definition of poverty:

- Income and social protection;
- Education;
- Unemployment and job insecurity;
- Working life conditions;
- Food insecurity;
- Housing, basic amenities and the environment;
- Early childhood development;
- Social inclusion and non-discrimination;
- Structural conflict;
- Cultural recognition and human rights fulfilment<sup>34</sup>; and
- Access to affordable health services of decent quality.<sup>35</sup>

Community members who access services from The Salvation Army pinpointed the critical barriers to their engagement with healthcare as:

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<sup>32</sup> World Health Organization (2008). *Closing the Gap in a Generation: Health Equity through Action on the Social Determinants of Health*. WHO Press: Geneva, Switzerland. <[http://www.who.int/social\\_determinants/thecommission/finalreport/en/index.html](http://www.who.int/social_determinants/thecommission/finalreport/en/index.html)>.

<sup>33</sup> World Health Organization (2008). *Closing the Gap in a Generation: Health Equity through Action on the Social Determinants of Health*. WHO Press: Geneva, Switzerland. 1 <[http://www.who.int/social\\_determinants/thecommission/finalreport/en/index.html](http://www.who.int/social_determinants/thecommission/finalreport/en/index.html)>.

<sup>34</sup> Wilkinson, R. & Marmot, M. (2003). *Social Determinants of Health: the solid facts, second edition*. The Regional Office for Europe of the World Health Organization.

Commonwealth of Australia. (2013). *Australia's domestic response to the World Health Organization's Commission on Social Determinants of Health report "Closing the gap within a generation"*.

<sup>35</sup> World Health Organization. (2022). *Social determinants of health*. WHO, Geneva. <[https://www.who.int/health-topics/social-determinants-of-health#tab=tab\\_1](https://www.who.int/health-topics/social-determinants-of-health#tab=tab_1)>.



- **Physical access** – a particular issue in rural and remote communities where services are far away, or providers have ‘closed books’;
- **Linguistic access** – where people from culturally and linguistically diverse, and Aboriginal and Torres Strait Islander communities were unable or uncomfortable communicating with medical services in their area;
- **Financial access** – this both related to the difficulty accessing a provider who provides bulk billing, as well as the associated time off work and transport costs that were necessary to get themselves or a loved one to see a practitioner.

Without timely access to healthcare, developing a health condition or incurring an injury can quickly become an employment and income problem by missing too much time from work and depleting sick leave, or by not performing expected work outputs. This can especially be the case for those in physically demanding jobs and those living in areas with limited healthcare services. The consequent loss of employment due to poor health then becomes a vicious cycle, where accessing and affording appropriate healthcare and achieving recovery are compromised and the loss or reeducation of income leads to the loss of housing.

In these situations, individuals quickly deplete their savings and relying on friends and family for assistance to help maintain rent and other essentials puts stress on relationships, and on the mental health of the sick individual. Once these personal safety nets are exhausted, there are usually very few options available to help with healthcare or housing. Ultimately, poor health can lead to unemployment, poverty, and homelessness.

The sustainable health of a population is dependent upon reliable access to basic resources and needs, such as food, water, shelter and energy. Climate is a primary condition that can influence these needs and resources.

The health impacts of climate change are already being felt in Australia and are varied across different regions, among people of different ages and states of health and wealth. Individuals and families facing financial hardship will be disproportionately affected by climate change as they are the cohort least able to adapt. This includes factors such as poor existing health and access to healthcare services, limited social support networks, limited financial resources to respond to food price rises, and limited ability to respond to public health information and warnings.

The links between climate change and health equity can be addressed through the development of climate policies that seek to address social conditions that affect the health of individuals.

**Recommendation – The Committee recommend:**

- The Commonwealth Government work to address the shortage of General Practitioners, with attention to rural and remote communities.
- The Commonwealth Government acknowledge the specific relationship between climate impacts, health equity and poverty.





## Mental Health

The Salvation Army sees the impacts of mental ill-health upon individuals in almost every aspect of our services. Mental ill-health is a cause, result and amplifier of other forms of disadvantage. Our frontline service providers work with individuals, other providers, authorities and the health system to provide wraparound care for individuals experiencing poverty alongside mental ill-health.

“

*“The best clinical care in the world won’t make a difference if you’re sending them out to sleep in their cars afterwards.”*

”

**- General Manager of Policy and Advocacy, The Salvation Army**

A major research piece by The Salvation Army, launched in 2022 showed that the single largest social justice issue that Australians saw was mental health. This research showed that more than half of Australians surveyed considered it as one of the top issues they saw in their community.<sup>36</sup> This research confirms that many individuals see mental well-being as a necessity and how uniformly they identify the issue across all geographic, socioeconomic and cultural areas as a fundamental issue of social inequity.

Mental ill-health is prevalent in all parts of our society, however recent research by the Bankwest Curtin Economics Centre *Focus on The States* series examining the prevalence of poverty and disadvantage in Australia<sup>37</sup> found that:

- People who face persistent poverty are more likely to experience psychological distress, and the longer the time in poverty, the worse the mental health impact<sup>38</sup>;
- Those who are in poverty for at least five of the last ten years are three times more likely to suffer acute mental stress compared to people who have never been in poverty<sup>39</sup>;
- The psychological trauma from years in poverty rises more steeply for women than for men in most age cohorts and family settings.<sup>40</sup>

Although it may not be possible for the Commonwealth Government to eradicate mental ill-health, it is possible, and incumbent upon the Government to address the hardships which form some of the underlying causes of ill health.

<sup>36</sup> The Salvation Army Australia. (2022). *Social Justice Stocktake: Taking Stock of Our Communities*. 9

[https://www.salvationarmy.org.au/subscribe/sites/auesalvos/files/social-justice-2022/Australia\\_TSASocialJusticeStocktake.pdf](https://www.salvationarmy.org.au/subscribe/sites/auesalvos/files/social-justice-2022/Australia_TSASocialJusticeStocktake.pdf).

<sup>37</sup> Duncan, A. (2022). *Behind the Line: Poverty and disadvantage in Australia 2022*. Bankwest Curtin Economics Centre Focus on the States Series, #9. <https://bcec.edu.au/assets/2022/03/BCEC-Poverty-and-Disadvantage-Report-March-2022-FINAL-WEB.pdf> .

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.







Based on our experience providing support to those with mental ill-health, The Salvation Army supports the development of an improved income support mechanism to support the recovery of those with mental illness experiencing unemployment.

The principles of recovery-oriented mental health practice should see mental health consumers describe themselves as being in recovery, retaining hope and healing through empowerment and connection. The current requirement for permanent impairment for an applicant to be eligible for the Disability Support Pension contradicts a recovery-oriented approach to mental illness. This results in many people experiencing mental ill-health and unemployment being placed on the JobSeeker Payment, which imposes significant mutual obligations on recipients. There is some flexibility in these requirements but a requirement to apply for jobs when not yet ready to keep a job, and the ever-present risk of having payments suspended causes undue stress. It also diverts their focus from getting well.

The Salvation Army supports Recommendation 19 and Actions 19.1 to 19.5 of the Productivity Commission report into mental health<sup>41</sup>, and their focus on an individual's recovery could be facilitated by a new category of income support aimed at providing recovery-oriented support. The details of this payment would need to be developed in close consultation with those who have lived experience of both mental ill-health and unemployment. The object of this payment would be to allow an unemployed person experiencing mental illness and ill-health to prioritise their own recovery and empower them to gradually return to work as they become able.

**Recommendation – that the Committee recommend:**

- The Commonwealth Government, in consultation with people with lived experience, introduce a new category of income support aimed at providing recovery-oriented support in accordance with current best practice.

### Alcohol and Other Drugs

The predeterminants of individuals developing substance use disorders are highly associated with genetics. As much as half of these factors can be associated with heritability.<sup>42</sup> It is important not to conflate substance use disorders and poverty.

What is clear is that the harm associated with a similar level of substance use is far greater for people experiencing poverty than for those who are not. This harm can come in numerous forms. The availability and affordability of alcohol and other drugs (AOD) services, and an individual's capacity to take part in AOD programs, is hampered by poverty. Even where there are no-cost or low-cost AOD programs, the availability of spaces, geographic accessibility, and the time associated

<sup>41</sup> Productivity Commission. (2020). *Mental Health, Inquiry Report*. <https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health-volume1.pdf>.

<sup>42</sup> Deak, J. & Johnson, E. (2021). Genetics of Substance Use Disorders: A Review. *Journal of Psychological Medicine*. [https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8477224/#:~:text=Substance%20use%20disorders%20\(SUDs\)%20are,of%20SUDs%20and%20related%20traits](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8477224/#:~:text=Substance%20use%20disorders%20(SUDs)%20are,of%20SUDs%20and%20related%20traits).



with taking part can prove to be a hurdle. Particularly if this involves taking time off work or needing to maintain payment of housing costs when attending residential facilities.

Another factor that magnifies the harms associated with substance use in those experiencing poverty is the cost of accessing substances upon their overall budget. It is less likely that individuals with higher incomes will be forced to choose between purchasing substances, and meeting food or accommodation costs. This has knock-on effects, as the lack of suitable nutrition can itself amplify the negative effect of drugs. Where an individual is unable to maintain a nutritious and balanced diet, there is increased risk of alcohol related brain damage.<sup>43</sup>

“  
*There’s a lot of meals in that pack of cigarettes.”*  
**General Manager of Alcohol and Other Drug Services, The Salvation Army**  
 ”

Wealthier people are also less likely to need to resort to criminal behavior to finance substance use disorders. These interactions with the criminal justice system have prolonged impacts on employability and economic welfare. Similarly, people on lower incomes are less likely to have a safe place to go when under the influence.

Alcohol related brain injury can itself have prolonged impacts upon a person’s financial wellbeing. One of the major manifestations of alcohol related brain injury is reduced capacity in memory making, thinking ability and physical coordination. Compromised memory building particularly hampers learning. This makes undertaking further training, working in a new field, and even maintaining employment is made more difficult.

Another important aspect of the alcohol and other drugs space is the impact of tobacco. Due to successive and successful government policies, media campaigns and duties, smoking has been on a downward trajectory in Australia, however, this decline has not been uniform. Adults living in socioeconomically disadvantaged areas are 3.2 times more likely to smoke on a daily basis than those in wealthier areas.<sup>44</sup>

The dissuading characteristics of taxation upon tobacco is undeniable, and the burden tobacco has had upon the overall health system has been in decline.<sup>45</sup> Yet the steadily increasing price of cigarettes has also meant a further drain on the household budgets for those who have the least.

Reducing the harms of poverty for people with substance use disorders must be the goal of Commonwealth and state and territory governments. Additional investment in the availability and

<sup>43</sup> Better Health Channel. (2015). *Alcohol Related Brain Impairment*. Victorian Government Department of Health. <https://www.betterhealth.vic.gov.au/health/conditionsandtreatments/alcohol-related-brain-impairment#guidelines-to-reduce-health-risks-from-alcohol>.

<sup>44</sup> Australian Institute of Health and Welfare. (2022). *Alcohol, Tobacco and Other Drugs in Australia*. AIHW, Australian Government. <https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/contents/drug-types/tobacco#consumption>.

<sup>45</sup> Ibid.





accessibility of AOD services would ensure enhanced outcomes across the domains of health, social, economic and criminal justice. Accessibility, availability and affordability of early intervention and early detection of harm from substance use would help prevent at-risk people from developing more serious ill-health from substance use. Similarly, improvements to overall wellbeing and connectedness will have a positive impact on the non-genetic elements of substance use disorders.

“*More money does not mean more use, it means better use.*”  
- General Manager of Alcohol and Other Drug Services, The Salvation Army

#### **Recommendations– that the Committee recommend:**

- The Commonwealth Government increase access to affordable healthcare and alcohol and other drug treatment.

## Participation

### Unemployment

Employment underpins the economic output of a nation and enables people to support themselves, their families and their communities. In The Salvation Army’s experience, the right employment can bolster a person’s self-worth and mental health. Conversely, insecure or exploitative employment can have a detrimental impact. Being unable to access employment, or a sufficient level of employment, is a facet of poverty in itself as well as a major contributor to financial hardship and therefore every other form of poverty.

Australia’s headline figures around unemployment hide the experiences of people who are underemployed and those who have given up looking for work. The Salvation Army, through its employment, financial counselling and emergency relief services, has identified that unemployment, underemployment and casualised employment can be a major source of stress. The rate of underemployment is probably a truer reflection of the untapped capacity within Australia’s labour market than the unemployment rate.



About 99,700 people are currently considered to be ‘long-term unemployed’ in Australia, meaning they have been on unemployment payments of 12 months or longer.<sup>46</sup> The longer a person is unemployed, the more their employment prospects diminish<sup>47</sup>, and the more likely they are to experience heightened levels of anxiety, depression and hopelessness. Our experience of working with people reliant on the JobSeeker Payment suggests that the low level of that payment is in itself a barrier to securing employment because it limits an individual’s ability to pay for transport, access to the internet and appropriate clothing for job searches, as well as having an impact on mental health.

Our services have noticed an increase in insecure work in Australia. It is our experience that insecure work has a detrimental impact on workers’ physical and mental health, their sense of self-worth and consequently, their ability to persevere through adversity. There is a clear link between casualisation and poorer quality job outcomes. Staff have further observed that casual wages, even with a loading, rarely provide sufficient income to sustain people when they have no work. Insecure work impacts on a person’s ability to secure and maintain private accommodation and increases the risk of homelessness.

We have also noticed increasing ad-hoc earning (gig and on-demand economy roles) as individuals’ primary source of income, which does not provide basic work entitlements and can significantly reduce workers’ superannuation and retirement savings if they form a long-term source of employment. The Salvation Army’s 2021 submission to the Senate Select Committee on Job Security inquiry of the same name investigates the issues raised above in more detail.<sup>48</sup>

#### **Recommendation – the Committee recommend:**

- The Commonwealth Government increase the rate of the JobSeeker Payment to ensure that recipients are able to live with dignity, out of severe poverty, and that the payment rate does not trap recipients in long term-unemployment.
- The Commonwealth Government commit to full employment and addressing underemployment as a long term economic goal, and establish this as a central pillar of fiscal policy.
- The Commonwealth Government ensure casual workers and those employed in the gig and on-demand economy enjoy equal protection under labour laws as permanent employees.

<sup>46</sup> Australian Bureau of Statistics. (December 2022). *Labor Force, Australia Detailed: Unemployed persons by Duration of job search and Sex - Trend, Seasonally adjusted, and Original*. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release#all-data-downloads>

<sup>47</sup> The Salvation Army. (2022). *Social Justice Stocktake: Taking Stock of Our Communities*. 15 <https://www.salvationarmy.org.au/socialjusticestocktake/#national-report>

<sup>48</sup> The Salvation Army Australia. (2021). *Inquiry into Job Security: Submission to the Senate Select Committee on Job Security*. <https://www.aph.gov.au/DocumentStore.ashx?id=0edc75b1-50ea-4f41-a9c3-854bbffd5227&subId=705996>.





### \*Kendall's Story

Kendall\* is a young, single-mother of two children in a rural city. She has a casual job behind the bar at a local club. She used to work four shifts every week, while her mother looked after her two children.

Kendall's employer took on a second staff member and reduced her shifts. She has tried to find another bar where she can work some shifts to restore her income, but heading in to winter, there is fewer jobs in the town's venues.

Kendall had taken out a loan to buy a second hand car to get to and from work, but as her income decreased, she began to fall behind in repayments, and into rental arrears with her community housing provider.

Kendall came to see a Salvation Army financial counsellor, who succeeded in getting her onto a repayment plan for her rental property. But Kendall still describes the psychological strain of the uncertainty, worrying, "How would I afford to care for my kids if they cut my shifts again. Nothing is secure."

*\*Name changed*

### Loneliness and Social Isolation

Social isolation is classless and impacts people across our whole society. Our corps (churches), community support services and Salvos Stores put us in contact with people in the community needing social connection and support. A poverty of connectedness is real, serious, and as deserving of government action as the other manifestations listed in this submission.

It is very possible for a person to be financially self-sufficient, but without community and connectedness, however there is a clear relationship between financial hardship and social isolation. People who are experiencing poverty or financial hardship are often forced into a position of isolation and develop feelings of loneliness.

Throughout Australian culture, there remains a stigma around talking about money. People who are experiencing financial disadvantage feel unable to talk to their family or friends about money, and when they do, they or their friends feel uncomfortable about the topic.

The Salvation Army has done extensive research around the impact of poverty on people reliant on the JobSeeker Payment as their main or sole source of income. People on JobSeeker often cut back on spending to focus on their most basic needs – food and shelter. Money for almost all social activities is sacrificed. With no money for social activity and as the stresses of poverty become more dominant in their lives, those experiencing financial disadvantage withdraw. People we work with report being unable to afford to go on normal social outings, but also that they feel like they are a burden to their friends.







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*“I couldn’t even shout a friend a cup of coffee. It was easier to stay home as much as possible so I didn’t spend any money...it [the JobSeeker Payment] cut me off from my friends and family.”*

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**- Maria, Community Member**

### **\*Jess’ story**

Jess\* came to The Salvation Army for assistance after escaping a relationship of intense domestic violence that included substance use and required intervention from the Queensland Department of Child Safety. She came into a Salvation Army store in the latter months of 2020, desperate to get off the streets and into her own accommodation so that she could sort her life out, with the view of establishing contact with her children once again.

Jess has been in her own small flat, keeping it tidy and paying her rent regularly since late 2020, but social isolation and loneliness is a huge issue for her. Her family consider Jess a hopeless case and offer her no support whatsoever, and Jess’ previous friends are still entrenched in an environment of substance use. Jess’ experiences have led to her developing trust issues, which limit her confidence and make her scared of interaction with the general public.

*\*Name changed*

Unemployment more generally has an impact on a person’s social life, as there is a significant degree of camaraderie and connection in the relationships between co-workers in most workplaces. A person who is unable to find employment faces additional stigma from the fact of unemployment, as well as the financial pressures of unemployment. The Salvation Army has observed that the longer a person remains unemployed, the more susceptible they become to deteriorating mental and physical health and increased social isolation.<sup>1</sup> Financial distress and uncertainty exacerbate existing barriers to both social connection and employment making it more challenging to successfully re-enter the workforce.

### **\*Melinda’s story**

Melinda\* had become isolated after her husband of more than 40 years had passed away. One of Melinda’s friends put her in touch with the local Salvation Army Officer, Narelle, as she was concerned how Melinda had become detached, and was becoming easily overwhelmed.

Narelle organised to visit Melinda’s house and spent several hours together. Melinda had become overwhelmed and unable to begin even minor household tasks, and the shame had



prevented her from inviting friends over, or even going out. Together, Narelle and Melinda were able to prioritise, and begin the process of decluttering and ordering her house.

Melinda didn't need physical help, she needed the company and the emotional support that she used to get from her husband, and friends. She said, 'I just needed someone to be there with me through that'.

The companionship Narelle provided was able to help Melinda start her journey out of isolation and loneliness.

*\*Name changed*

#### **Recommendation – that the Committee recommend:**

- The Commonwealth Government work with community groups and service providers to develop a public awareness campaign highlighting the prevalence of social isolation and loneliness, and to publicise the existence and accessibility of loneliness reduction and intervention services.
- The Commonwealth Government increase the rate of the JobSeeker Payment to ensure that recipients are able to live with dignity, with a sense of connection to their community, friends and family.

### Discrimination

Discrimination and intolerance lead to social exclusion and increased barriers to social and economic participation for many people in our society. Systems and structures that inadvertently discriminate, along with deliberate discrimination or ignorance, can directly contribute to the experience of poverty.

The Salvation Army's experience is that people who have experienced discrimination are more likely to need the assistance of organisations like our own while also experiencing additional barriers and stigma around seeking assistance. This includes Aboriginal and Torres Strait Islander peoples, people who identify as LGBTIQ+, people from culturally and linguistically diverse backgrounds, and people with disabilities.

Sometimes the experience of needing assistance in itself can lead to discrimination as there continues to be stigma associated with disadvantages such as substance use disorder, family violence and homelessness.

It is critical that the Commonwealth Government proactively create safe and effective ways to co-design policies and programs and to collaborate with people who have experienced discrimination. Involving people with lived experience of disadvantage in the design of policies



aimed at addressing disadvantage is critical and can only be done when the systems for involvement are trauma-informed, safe and sensitive to that experience.

**Recommendation – that the Committee recommend:**

- The Commonwealth Government proactively create safe and effective ways to co-design policies and programs, and to collaborate with people who have experienced discrimination.

## How Poverty is Experienced

The experience of poverty is not uniform. Across our society we have different ideas of what constitutes poverty and our ideas around what we need to live vary over the course of our lives, across geographic locations, and according to cultural expectations. Many of the people The Salvation Army works with do not consider themselves to be in poverty even as they rely on us and other charities to help them meet their basic needs.

In this submission The Salvation Army has made a conscious decision to avoid talking about people as being ‘vulnerable’ to poverty. There are cohorts of people who are more likely to experience poverty in their lives than others. There is nothing inherent to any of these cohorts or individuals that makes them ‘vulnerable’ – instead, these are cohorts that Australia’s systems and structures are particularly failing. Finding workable solutions to poverty for these cohorts requires working directly with the people affected, respecting their lived experience and the expertise that comes from that experience, and engaging meaningfully with them to find solutions that will work for them.

**Recommendation – That the Committee:**

- In drafting its recommendations, make a conscious decision to use language that humanises and empowers people experiencing poverty and financial hardship and furthers the discussion of poverty as an issue of systemic failure.

### Gender and Intersectionality

The Salvation Army recognises that women experience discrimination and disadvantage based on their gender. Across the 2021-22 financial year, women made up 64 per cent of those who approached The Salvation Army for emergency relief. Of these, 81 per cent were receiving a social security payment, 24 per cent were receiving the JobSeeker Payment, and 25 per cent were receiving the Parenting Payment and therefore caring for young children.

Our experience working with women experiencing poverty and economic insecurity has shown us how easily a loss of employment and absence of adequate social security can cascade into unmanageable debt, housing stress, homelessness, relationship strain, shame, social isolation and deterioration in physical and mental health. We have also seen how our Moneycare financial



counselling, Homelessness and Doorways emergency relief programs can act as crucial circuit-breakers for people experiencing or at risk of experiencing these negative outcomes.

### *Women and the Workforce*

The current economic nature of the Australian workforce in many ways limits women's ability to engage and places them at greater risk of experiencing poverty. Women account for approximately 27.9 per cent of the full-time Australian workforce. More specifically, women make up 38.4 per cent of all full-time employees, and 68.5 per cent of all part-time employees across the nation. Female-dominated industries are comprised of mostly part-time employees, in comparison to male-dominated industries which are comprised of mostly full-time employees.<sup>49</sup>

This is due partly to the long-acknowledged fact that the juggle of paid work and unpaid caring responsibilities falls disproportionately to women who are more likely to take time out of the workforce, or to work reduced hours to care for children, elderly relatives and family members with a disability. Compared to the general population, mothers are less likely (65.5 per cent) and fathers more likely (94.4 per cent) to be in paid work.<sup>50</sup> These factors in turn contribute to and are reflected in Australia's gender pay gap – which is currently sitting at 14.1 per cent.<sup>51</sup>

The systematic disadvantage and discrimination that women encounter in the workplace when they become mothers is sometimes referred to as the 'motherhood penalty'. This disadvantage often means lower pay, lower perceived competence and commitment, and fewer opportunities for career progression. Recent Treasury research suggests that this could amount to as much as a 55 per cent reduction in income in the first 5 years for mothers who reduce working hours and take time out of the workforce, when compared to what they were earning prior to giving birth.<sup>52</sup> There is some evidence that it affects all people with caring responsibilities, not just mothers.<sup>53</sup>

A report by Deloitte Access Economics in 2020 found that based on an average hourly rate, the cost of employing a formal carer to replace unpaid care came to \$77.9 billion that year, or almost \$1.5 billion a week.<sup>54</sup> Despite this, our systems and structures continue to undervalue both paid and unpaid caring work, leaving people living in, or close to, poverty. Women are most impacted by this undervaluing.

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<sup>49</sup> Workplace Gender Equality Agency. (2022, December 12). *WGEA Scorecard 2022: The State of Gender Equality in Australia*. <https://www.wgea.gov.au/sites/default/files/documents/WGEA-Gender-Equality-Scorecard-2022.pdf>.

<sup>50</sup> Australian Bureau of Statistics. (2020). *Gender Indicators, Australia*. <https://www.abs.gov.au/statistics/people/people-and-communities/gender-indicators-australia/latest-release>.

<sup>51</sup> Workplace Gender Equality Agency. (2022, August 18). *Gender workplace statistics at a glance*. <https://www.wgea.gov.au/sites/default/files/documents/2022-08-18%20Stats%20at%20a%20glance%20FINAL%20V1.2.pdf>.

<sup>52</sup> Priestley, A. (2022, July 13). "The cost of being a mother is significantly higher than being a father in Australia." *Women's Agenda*. <https://womensagenda.com.au/latest/the-cost-of-being-a-mother-is-significantly-higher-than-being-a-father-in-australia/>

<sup>53</sup> Australian Human Rights Commission. (2007). Chapter 3: Legal protection for workers with family and carer responsibilities. In *It's About Time: Women, men, work and family*. <https://humanrights.gov.au/our-work/its-about-time-chapter-3>

<sup>54</sup> Deloitte Access Economics. (2020, May). *The Value of informal care in 2020: Caring comes at a cost*. <https://www2.deloitte.com/au/en/pages/economics/articles/value-of-informal-care-2020.html>.





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*“There is an inherent, unspoken pressure: employers hire casuals as the ‘relief’ for permanent staff who enjoy rights and protections at work. The expectation is that you will always be able to work when you are needed. If you can’t be a ‘relief’ person, ‘what do I need you for’? This is particularly bad for migrant women, who feel like they don’t have any bargaining power. They just take what they can get.”*

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**- Moneycare Financial Counsellor**

### *An Unequal Playing Field*

Certain groups of women experience greater economic inequity, and therefore are at increased risk of experiencing poverty. We discuss some of these groups further below.

#### *Single Mothers*

Parents in sole parent families are less likely to be employed when compared with parents in couple families (58 per cent compared with 71 per cent for mothers and 76 per cent compared with 88 per cent for fathers).<sup>55</sup> This illustrates the juggle between finding family-friendly employment and meeting caring responsibilities. It also means a higher proportion of sole parent families rely on social security payments. Research found that in 2017 sole parent families were three times more likely to live in poverty when compared to couple families.<sup>56</sup> This was more pronounced for single mother families, who make up the vast majority (82 per cent) of one-parent families with dependents.<sup>57</sup>

#### *Women from Culturally and Linguistically Diverse Backgrounds*

Where there is limited proficiency in English, discrimination and limited familiarity with social norms and networks, there exists significant barriers to accessing and sustaining employment and economic security.

The Salvation Army assists many migrant women within our family and domestic violence services who feel they lack labour market choice on the basis of cultural bias, limited proficiency in English, age, gender or skin colour.

<sup>55</sup> Australian Bureau of Statistics. (2022). *Labour Force Status of Families*. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-status-families/latest-release>

<sup>56</sup> Davidson, P., Bradbury, B., and Wong, M. (2020). *Poverty in Australia 2020: Part 2, Who is affected?* ACOSS/UNSW Poverty and Inequality Partnership Report No. 4, Sydney: ACOSS. [https://povertyandinequality.acoss.org.au/wp-content/uploads/2020/02/Poverty-in-Australia-2020\\_Part-1\\_Overview.pdf](https://povertyandinequality.acoss.org.au/wp-content/uploads/2020/02/Poverty-in-Australia-2020_Part-1_Overview.pdf).

<sup>57</sup> Australian Bureau of Statistics. (2022). *Labour Force Status of Families*. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-status-families/latest-release>.



Since businesses have started to re-open following COVID-19 restrictions, participants of migrant backgrounds have found it more difficult to find any work, including casual work. Increased demand and competition amongst job seekers has shifted the power balance, locking out some disadvantaged applicants and undermining real choice in accepting casual work.

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*“Many of the asylum seekers didn’t speak English, were single mums, had no transport, and no support,” she says. “Many employers were reluctant to give them jobs and had certain preconceptions about them. I had to convince them that people seeking asylum would be an asset to any company as they wanted to work, [and] would be reliable...”*

”

**- EPlus Local Employment Specialist**

### *Older Women and Planning for Retirement*

Older women and women approaching retirement are more likely to experience poverty due to the accumulation of economic disadvantages they face throughout their working life, particularly the gap in earnings and time spent in the workforce.<sup>58</sup> Older women who are employed as casuals are also more likely to experience discrimination and shift-shortages at work, as illustrated in Tess’ story below.

It is important to tailor interventions for this cohort of women as any changes made to enhance participation and workplace conditions will have minimal impact on those approaching retirement, and none at all for retired women.

Australian women retire on average with 24 per cent less superannuation than men.<sup>59</sup> In 2015-16, women aged 65 to 69 had a median balance of less than \$10,000 and 45 per cent reported no superannuation balance at all.<sup>60</sup> Women approaching retirement (aged 55 to 64) had a median balance of less than \$100,000, less than a fifth of the amount the Association of Superannuation Funds of Australia (ASFA) estimates that a single person needs for a comfortable retirement.<sup>61</sup>

<sup>58</sup> The Australian Government the Treasury. (2020). *Retirement Income Review: Final report*. <https://treasury.gov.au/sites/default/files/2021-02/p2020-100554-udcomplete-report.pdf>.

<sup>59</sup> Women in Super. (n.d.). The facts about women and super. *Women in Super*. [https://www.womeninsuper.com.au/content/the-facts\[1\]about-women-and-super/gjumzs](https://www.womeninsuper.com.au/content/the-facts[1]about-women-and-super/gjumzs).

Riach, K., O’Hare, C., Dalton, B. & Wang, C. (2018). *The Future Face of Poverty is Female*. Australian Super. <https://www.australiansuper.com/-/media/australian-super/files/campaigns/future-women/the-future-face-of-poverty-is-female.pdf>  
Workplace Gender Equality Agency. (2017). *Women’s economic security in retirement* (Insight Paper). <https://www.wgea.gov.au/publications/womens-economic-security-in-retirement#:~:text=Women%20face%20greater%20risk%20of,living%20in%20the%20foreseeable%20future.>

<sup>60</sup> Clare, R. (2017). *Superannuation account balances by age and gender*. ASFA Research and Resource Centre. [https://www.superannuation.asn.au/ArticleDocuments/359/1710\\_Superannuation\\_account\\_balances\\_by\\_age\\_and\\_gender.pdf.aspx?Embed=Y](https://www.superannuation.asn.au/ArticleDocuments/359/1710_Superannuation_account_balances_by_age_and_gender.pdf.aspx?Embed=Y)

<sup>61</sup> Pennington, A. & Stanford, J. (2020). *Gender Inequality in Australia’s Labour Market: A Factbook*. Centre for Future Work: Sydney. <https://futurework.org.au/report/gender-inequality-in-australias-labour-market-a-factbook/#:~:text=The%20gender%20gap%20in%20total,and%20temporary%20positions%20than%20men.>



### \*Tess' Story

Tess\* is a Doorways service participant. She is over 50 years old and has worked as a casual staff in the medical field. Tess was amongst the first at her workplace to have her shifts cut when COVID-19 hit. When she raised concerns about the number of shifts she was receiving, she faced bullying and escalating intimidation. Pre-existing work-related trauma has only worsened as a result of her treatment at work, and she is now at risk of homelessness and isolation. She is experiencing anxiety about when she will be able to work again, which is inducing other mental health issues.

\*Name changed

Thirty-four per cent of women aged over 60 live in poverty.<sup>62</sup> Declining rates of home ownership, coupled with the lower retirement savings of many women, increase the risks that more older women will suffer poverty and homelessness as they approach retirement.<sup>63</sup> It is near impossible for older women who become single in retirement to obtain a home loan due to their age. Adequacy of retirement income and economic security in retirement for older women are highly dependent on home ownership and access to affordable housing. Older women who retire without owning a home and who rely on private rental accommodation in retirement, are at greater risk of living in poverty and experiencing housing stress.<sup>64</sup>

Our experience is also that the overwhelming reason older women approach The Salvation Army for emergency relief is for assistance with unexpected increased expenses, such as medical expenses. The pension rate, while higher than other social security payments, does not recognise the sacrifices that older women have typically made by foregoing paid work and the opportunity to save for retirement.

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<sup>62</sup> The number of homeless women aged 65-74 increased by about 50 per cent in the five years to 2016. The number of homeless men in the same age group increased by nearly 30 per cent over the same period. Feldman, S & Rademacher, H. (2016), *Time of our lives? Building opportunity and capacity for the economic and social participation of older Australian women*. Lord Mayor's Charitable Foundation. <https://www.lmcf.org.au/getmedia/23a2ebd6-b2dc-48b1-bc81-59e1bc0f27cd/2016-03-07-LMCF-Timeof-Our-Lives-Report.pdf.aspx>.

See also Coates, B. and Chivers, C. (2019), *Who is homeless in Australia?* <https://blog.grattan.edu.au/2019/06/who-is-homeless-in-australia/>.

<sup>63</sup> Coates, B. and Nolan, J. (2020), *Balancing Act. 2020-03*, <https://grattan.edu.au/submissions/balancing-act/>.

<sup>64</sup> Committee for Economic Development of Australia (CEDA) (2015), *The Super Challenge of retirement income policy*. <https://www.ceda.com.au/ResearchAndPolicies/Research/Tax-Superannuation/The-super-challenge-of-retirement-income-policy>.



Women are also disproportionately reliant on the Age Pension,<sup>65</sup> and more women than men rent in retirement.<sup>66</sup> Yet a key assumption of the Age Pension is that recipients will own their own home. This places renters at a disadvantage, with the Retirement Income Review finding that Commonwealth Rent Assistance (CRA) is 'far below the level that would bridge the gap in their living standards compared to homeowners'.<sup>67</sup> Unfortunately, it also found that simply raising the CRA rate 'would not have a meaningful impact on income poverty among retiree renters'.<sup>68</sup> Rather than simply increasing their fortnightly payment, more needs to be done to increase the stock of affordable and accessible housing for women who are renting in retirement.

#### **Recommendation – that the Committee recommend:**

- The Commonwealth Government work with the Fair Work Commission and the sector to increase pay rates in the significantly female-dominated health care and social assistance, and education and training sectors.
- The Commonwealth Government commit to adequate funding levels in the National Partnership Agreement on housing and homelessness that account for increases in wage costs in line with the Equal Remuneration Order 2012.
- The Commonwealth Government increase the age of the youngest child at which a single parent moves from the Parenting Payment to the JobSeeker Payment in recognition of the significant unpaid work associated with sole parenting and the difficulty of securing family friendly employment.
- The Commonwealth Government partner with state and territory governments and organisations to deliver the next National Financial Capability Strategy to increase public awareness of existing resources and support for women to 'engage with their finances'.
- The Commonwealth Government work with state and territory governments to increase the stock of affordable and accessible housing for women who are renting in retirement and women on the Age Pension.
- The Commonwealth Government increase the JobSeeker Payment, and the Age Pension to a rate that allows women experiencing unemployment, and older women to live with dignity.

### Aboriginal and Torres Strait Islander Peoples

Aboriginal and Torres Strait Islander peoples are part of the oldest living culture in the world, but they are also amongst the most disadvantaged Australians. Aboriginal and Torres Strait Islander communities experience lower life expectancy and poorer health outcomes, while encountering

<sup>65</sup> Department of Social Services. (2021, May 18). *DSS Payment Demographic Data – March 2021*. <https://data.gov.au/dataset/dss-payment-demographic-data>.

Australian Institute of Health and Welfare. (2018). *Older Australia at a glance*. [https://www.aihw.gov.au/reports/older-people/older\[1\]australia-at-a-glance](https://www.aihw.gov.au/reports/older-people/older[1]australia-at-a-glance).

<sup>66</sup> The Australian Government the Treasury. (2020). Retirement Income Review: Final report. <https://treasury.gov.au/sites/default/files/2021-02/p2020-100554-udcomplete-report.pdf>.

<sup>67</sup> Ibid.

<sup>68</sup> Ibid.







higher rates of infant and maternal mortality, family and domestic violence, incarceration, suicide, children in out of home care.

The 2004 Poverty inquiry observed that:

*“Although poverty in Australia is evident among all ethnic groups, it is Indigenous Australians who appear most profoundly affected by poverty ... that Indigenous Australians are significantly worse off than non-Indigenous Australians, according to all social indicators...”*<sup>69</sup>

The foundational determinants of dispossession and racism that underpin the conditions faced by our First Nations people are compounded by other inequities that lead to all forms of disadvantage. This includes high levels of unemployment, lower levels of formal education, inadequate housing, discrimination and racism, poor access to fundamental amenities and services, and inadequate infrastructure and facilities, which exacerbates disadvantage. These disadvantages are heightened in rural and remote regions and for Aboriginal and Torres Strait Islander Australians living on Country.

Data drawn from the ANU Centre for Aboriginal Economic Policy Research in 2016 indicates that approximately 30 per cent of Aboriginal and Torres Strait Islander people would be regarded as living in poverty.<sup>70</sup> It further indicates that poverty amongst Aboriginal and Torres Strait Islander people in very remote communities is approximately twice as high as for those in capital cities.<sup>71</sup>

Critical to closing the gap or addressing the inequity in the conditions in which Aboriginal and Torres Strait Islander Australians live and the inequity they face in accessing power, money, and resources is centred on cultural recognition and right to self-determination. This can be coupled with investment in Aboriginal and Torres Strait Islander homeownership and support for First Nations enterprise and entrepreneurship.

The WHO Commission on Social Determinants of Health report – *Closing the gap within a generation*, amongst other determinants, identified cultural recognition and human rights fulfilment as important social and economic factors that impact an individual’s health.<sup>72</sup> Being on Country and physical closeness to ancestral and cultural land are integral to the spiritual wellbeing of First Nations people. This has a significant implication for individuals who have had to move off Country

<sup>69</sup> Senate Community Affairs References Committee. (2004). *Report on poverty and financial hardship—A hand up not a hand out: Renewing the fight against poverty*.

[https://www.aph.gov.au/parliamentary\\_business/committees/senate/community\\_affairs/completed\\_inquiries/2002-04/poverty/index](https://www.aph.gov.au/parliamentary_business/committees/senate/community_affairs/completed_inquiries/2002-04/poverty/index).

<sup>70</sup> Markham, F. & Biddle, N. (2018). *Income, poverty and inequality - Census Paper 2*, ANU Centre for Aboriginal Economic Policy Research, Canberra.

Note: The research cautions that measurement of poverty in ATSI communities is constrained by a number of parameters that may result in an under-estimation of poverty in these communities. This includes: non-declaration of income; complexity of family structures; and income-sharing arrangements.

<sup>71</sup> Markham, F. & Biddle, N. (2018). *Income, poverty and inequality - Census Paper 2*, ANU Centre for Aboriginal Economic Policy Research, Canberra.

<sup>72</sup> Wilkinson, R. Marmot, M. (2003). *Social Determinants of Health: the solid facts, second edition*. The Regional Office for Europe of the World Health Organization

Commonwealth of Australia. (2013). Australia’s domestic response to the World Health Organization’s Commission on Social Determinants of Health report “Closing the gap within a generation”.

[https://www.aph.gov.au/parliamentary\\_business/committees/senate/community\\_affairs/completed\\_inquiries/2010-13/socialdeterminantsofhealth/index](https://www.aph.gov.au/parliamentary_business/committees/senate/community_affairs/completed_inquiries/2010-13/socialdeterminantsofhealth/index).



to find suitable, affordable accommodation. Living far away from their community, family and heritage itself leads to hardship.

The Salvation Army steadfastly believes that a constitutionally enshrined Voice to Parliament is a crucial step in our nation's path to reconciliation. The fact that the need to implement a constitutionally enshrined Voice is the first of 15 recommendations in the 2021 Close the Gap report demonstrates the recognised link between Aboriginal and Torres Strait Islander peoples having guaranteed input into decisions that affect them and improving the health and wellbeing outcomes of Aboriginal and Torres Strait Islander Australians.

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*“We should have a Banaam – Gogaun relationship. It is a little like a big brother little brother relationship. The Banaam supports, but treats the Gogaun with respect. It is balance and never chaotic. There can always be shared learning between indigenous and non-indigenous cultures, sometimes as the big brother, sometimes as the younger brother, but always each has the responsibility to respect one another.”*

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**- A Salvation Army Indigenous Ministries team member**

#### **Recommendation – that the Committee recommend:**

- The Commonwealth Government work with First Nations people to ensure the passage of a referendum to enshrine a Voice to Parliament in the Constitution.
- The Commonwealth Government work with state and territory governments to ensure that affordable housing stock is also boosted in rural and remote communities, allowing First Nations people to remain physically and spiritually connected to Country.
- The Commonwealth Government work to increase access to culturally and linguistically appropriate healthcare to maximise the utilisation and effectiveness of medical care for First Nations people.
- The Commonwealth Government work to foster Aboriginal and Torres Strait Islander home ownership and entrepreneurship.

#### People from Culturally and Linguistically Diverse Backgrounds

The culturally and linguistically diverse (CALD) community encounter numerous factors which increase the risk of experiencing poverty.

Language barriers, a lack of or limited Australian work experience and references, overseas qualifications which are not recognised, a lack of familiarity with Australia's job market and work culture, limited local networks, and other settlement challenges all contribute to make finding decent jobs more difficult to new arrivals in Australia.



One of the major cohorts The Salvation Army works with is new migrants through our EPlus Local program, which helps new migrants, asylum seekers and refugees to find paid work and help meet their practical and social needs while they await the outcomes of their visa application.

People who have been granted refugee visa (in Australia or overseas) are eligible for Centrelink support. While it is also challenging to find jobs, they are able to access financial support while looking for work. This is not the case for most people seeking asylum.

People seeking asylum (asylum seekers) are at high risk of poverty as most are not eligible for Centrelink support and have systematic barriers unique to this cohort. Most individuals and families who are awaiting an immigration decision are not eligible to work in Australia. The Status Resolution Support Services (SRSS) payment is a payment designed to help people seeking protection while waiting for their application to be processed. However the payment is even lower than the JobSeeker Payment, and our experience is that the eligibility requirements are onerous.

**Recommendation – that the Committee recommend:**

- The Commonwealth Government broaden eligibility for the Status Resolution Support Services Program to all people seeking asylum, and bring the payment in line with the JobSeeker Payment to help people seeking asylum to live with dignity.
- The Commonwealth Government work with providers in the sector to provide employment and emergency relief support for new migrants engaging with the Australian labour market.



### \*Mary's Story

Mary\* is a single mother from Africa with two young children. Mary attended our Brunswick site initially in search of financial assistance for a rental bond to secure new accommodation. The rooming house where she was living, was cramped, very poorly maintained, and had safety concerns involving violence and police visits to other tenants. Her children had trouble sleeping at night and the stress made Mary feel desperate to move out and into a better property.

Arriving here on a bridging visa, Mary's hope was to live here in safety and with a sense of peace. Despite having full Australian working rights, it was tough to gain employment – many employers refuse job seekers without permanent residency or without Australian work experience. Mary could not find work and was unable to access Centrelink as a temporary visa holder. With two young children to take care of on her own, Mary decided to undertake studies in child care and aged care to make a better life for her family.

Desperate for work and without money for daily living, she was distressed and it was just before Christmas. Our emergency relief team provided food vouchers, a food parcel and some beautiful toys for the children to lift their spirits.

Mary was referred to the EPlus Local program, where we updated several resumes for the different job roles she was interested in and provided job search support. It was a lengthy process and involved a series of appointments and ongoing support.

We also called potential employers to see if she could meet them face to face. This was crucial as employers were reporting over 400 applications for jobs posted on Seek and other online job sites. It was almost impossible to get work using the online application process alone.

One of our volunteers had a connection with an aged care agency providing work all over Melbourne. Our employment specialist arranged a meeting with the human resources manager and managed to secure an interview for Mary.

We then helped her prepare for the interview, ensured her referees were up to date and advised her of likely questions they would ask. After the interview, the employer called to give feedback. They were thrilled with Mary. She was the perfect fit for them and they wanted to hire her. EPlus Local assisted her to prepare for induction and training, complete job registrations, provided support and advice for licences, helped her fill out and understand tax and superannuation forms and provided advice on negotiating her employment conditions.

It is great news for us to hear that Mary is now working on a full-time basis by combining two roles, one in child care and the other in aged care. She is very happy with how her life here is turning around and very grateful to The Salvation Army for providing support. She is now looking at securing a better rental property for her and her children's future.

*\*Name changed*





## Young People

The number of children living in poverty in Australia is understood to be around 761,000, approximately one in every six children.<sup>73</sup> Monash University's 2022 Australian Youth Barometer found that a staggering 90 per cent of young Australians aged 18 to 24 had experienced financial difficulties at some point in the past 12 months.<sup>74</sup>

The Salvation Army Youth Services has a range of programs for young people, their families and the community. Approximately half of these young people come to us with no income. They typically then have a 10-week wait to start receiving a Centrelink payment. Even then, the payment remains inadequate to afford housing costs.

Children living in poverty tend to be those whose parents are experiencing poverty. The Salvation Army holds significant concerns about income adequacy and its deep, causal relationship with poverty. Accordingly, we maintain that a comprehensive review and subsequent adjustments to income support payments would go some way to addressing this problem.

Beyond the financial implications, The Salvation Army's youth services offer insight into the challenges and opportunities of addressing the compounding issues of disadvantage that many disenfranchised young people face.

Disadvantage reduces the opportunities for young people to realise their full potential as individuals and participate in the broader community. We know that growing up in poverty can limit children's chances of thriving at school, which in turn affects their ability to reach their full potential and limits their overall life outcomes, continuing the cycle of disadvantage.<sup>75</sup> Young people who do not complete their education, enter the labour market, or receive support to recover from past trauma, can suffer long-term psychological, social, and economic harm. Appropriate intervention is critical to avoid these long-term harms. They have a greater likelihood of continuing to live on low incomes into adulthood and suffer poor mental health. This is also how intergenerational disadvantage can manifest. In the long term, these factors reduce national productivity, increase welfare costs and dampen economic growth.

Our work with people in highly challenging circumstances shows that people can thrive when the drivers of poverty, disadvantage and discrimination are removed. Too many children and young people in Australia face:

- generational poverty;
- family breakdown, sometimes leading to statutory intervention;
- inadequate family and community support;

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<sup>73</sup> Australian Council of Social Services. (2022). Poverty in Australia 2022: A snapshot. <https://povertyandinequality.acoss.org.au/a-snapshot-of-poverty-in-australia-2022/>.

<sup>74</sup> Walsh, L., Gallo Cordoba, B., Waite, C., and Cutler, B. (2022). The 2022 Australian Youth Barometer. [https://bridges.monash.edu/articles/report/The\\_2022\\_Australian\\_Youth\\_Barometer/21541410/2](https://bridges.monash.edu/articles/report/The_2022_Australian_Youth_Barometer/21541410/2).

<sup>75</sup> The Smith Family. (2020). Poverty in Australia. [www.thesmithfamily.com.au/poverty-in-australia](http://www.thesmithfamily.com.au/poverty-in-australia).



- unstable parental employment;
- sexual, physical and emotional abuse;
- rising housing costs and the unaffordability of the rental market;
- inadequate housing;
- difficulties in accessing Youth Allowance and other support payments;
- exposure to substance use;
- mental ill-health; or
- the death of a parent or guardian.

As any of these circumstances may occur concurrently, consecutively or even sporadically, each individual's experience and the duration of their disadvantage will be unique. Many young people are already experiencing deep, multi-dimensional exclusion and compounding disadvantage. They are unlikely to escape poverty, engage in society and achieve their potential without appropriate intervention and support.

The Salvation Army engages with young people across Australia on their journey to independence through an integrated suite of targeted programs, supporting more than 4,000 young clients annually, including more than 50,510 nights of accommodation, through 115 programs throughout Australia. These initiatives create intentional avenues for young people to explore opportunities, build support networks and to access, participate and contribute to their communities. They provide tailored services and support to meet the specific needs of young people and break the cycle of disadvantage.

The announcement of a National Youth Engagement Strategy and recently, the selection of members of the Youth Steering Committee to progress the Strategy is a step in the right direction. The Strategy will fail, however, without policy direction and long-term funding support for programs which address the deep and multidimensional aspects of intergenerational disadvantage young people face. The single most critical element is a youth housing strategy. Given the high rates of youth homelessness and the unique housing challenges faced by young people, the Commonwealth must develop a national youth housing and homelessness strategy that is dedicated to addressing the specialist and intensive support needs of young people. Our experience delivering financial counselling and assistance is that young people who do not have others to share this knowledge with them would also benefit from targeted financial literacy programs, including a foundational understanding of pay slips, superannuation and bills.



### Recommendation – that the Committee recommend:

- The Commonwealth Government increase the rate of Youth Allowance to be equal with the JobSeeker Payment, recognising the cost of living is the same irrespective of age and ensure that recipients are able to live with dignity.
- The Commonwealth Government includes the development of a Youth Housing Strategy under the National Housing and Homelessness Plan that includes an appropriate allocation of social housing and homelessness service models appropriate to the needs of young people.
- The Commonwealth Government recognise that mainstream employment support is not adequate for disengaged young people who have experienced generational poverty and disadvantage. The Commonwealth can invest in the attributes and success of many employment and pre-employment programs provided by organisations like The Salvation Army, and support the expansion of these programs to reach more disengaged young people.
- The Commonwealth Government ensure the National Youth Engagement Strategy directs sufficient resources towards early intervention and prevention responses for at-risk children and families to achieve a significant and sustained reduction in rates of child abuse and neglect, and interaction with the child protection system.

### Rural and remote communities

Around 7 million people – or 28 per cent of the Australian population – live in rural and remote areas, which encompass many diverse locations and communities. These Australians face unique challenges due to their geographic location and these challenges are amplified for those experiencing financial insecurity or poverty. People living in rural and remote areas also generally have lower incomes but pay higher prices for goods and services.<sup>76</sup> In 2017-18, Australians living outside capital cities had, on average, 19 per cent less household income per week compared with those living in capital cities, and 30 per cent less mean household net worth.<sup>77</sup> These incomes are also highly variable based on growing conditions, exchange rates, fuel prices and natural disasters.<sup>78</sup> The Salvation Army offers a wide range of services in these areas and assist many community members who are doing it tough in these areas.

<sup>76</sup> National Rural Health Alliance. (2021). *Mental Health in Rural and Remote Australia: Fact Sheet*. <https://www.ruralhealth.org.au/sites/default/files/publications/nrha-mental-health-factsheet-july2021.pdf>.

<sup>77</sup> Australian Bureau of Statistics. (2022). *Labor Force, Australia Detailed*. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release#data-download>.

<sup>78</sup> National Rural Health Alliance. (2021) *Mental Health in Rural and Remote Australia: Fact Sheet*. <https://www.ruralhealth.org.au/sites/default/files/publications/nrha-mental-health-factsheet-july2021.pdf>.



### *Access to services and service delivery challenges*

The Salvation Army has a presence in metropolitan, regional, and rural areas of Australia. This allows us to not only see the unique struggles people in regional and rural areas face but also the disparity of services available in these areas. It is our experience that there are currently few social support services available in rural and regional areas in Australia. This means that those experiencing poverty or financial hardship must travel greater distances to access a service, be that a homelessness or family and domestic violence service, financial assistance service or AOD support. For example, in rural Western Australia, the only service available for women in Karratha is The Salvation Army's crisis accommodation, comprising only four apartments.

As a result of the minimal services in rural and remote areas there are a significant number of clients whose service needs can only be met by outreach visits. Current funding models fail to account for the significant time and travel costs associated with providing support services to these areas. In an environment where it is not uncommon to have to travel 90 or more minutes each way to see a client, half of a staff member's business day may be spent on a single service interaction. Clients with complex needs may need support in attending appointments for necessary complementary services (such as mental health treatment, court dates), which can mean multiple visitations a week in the early stages of a service period. However, funding ratios for rural and regional areas do not account for the significant difference in time commitment per client, leaving rural and regional areas significantly under-resourced.

Services operating in regional and rural areas also face unique operational challenges, particularly in relation to staffing. Our services have experienced major struggles in attracting suitable, qualified staff in remote areas. For example, at the family and domestic violence refuge in Karratha, it took 10 months to recruit a new mobile outreach worker, while our homelessness service in Geraldton had a position vacant for 8 months. Remuneration is a major barrier in some rural areas, as our services cannot compete with the attractive wages of the mining industry. This is compounded by a lack of affordable accommodation available for staff.

It is also our experience that the complexity of issues faced by homelessness clients increases with remoteness and that it is difficult to attract staff that have appropriate skills to work with the complexity of cases in these areas. We encourage the Commonwealth Government to consider funding incentives to attract suitable and qualified staff in rural areas, for example by increasing funding to include overheads such as housing and transport as well as wages.





### Access to housing

Even though rents are likely to be lower outside of major cities (except for areas with strong labour markets, for example, mining towns), people in rural and regional Australia are more likely to experience housing stress.<sup>79</sup> Affordable rental properties are also often unavailable due to competition or are offered by unscrupulous landlords in poor states of repair and in stigmatised areas.<sup>80</sup>

The lack of long-term and affordable housing and support options is distinctly felt in rural and remote locations and can make it difficult to help a family in crisis beyond the provision of crisis and temporary accommodation. Exits from emergency and transitional housing, due to the lack of availability of long-term affordable housing options, are major challenges in many regional areas. In the Pilbara region of Western Australia, there are only three shelters available for victim-survivors of family violence: The Salvation Army's short-term crisis accommodation in Karratha and two other shelters in Port Hedland and Newman. The lack of services, coupled with a lack of affordable houses, makes leaving a violent relationship increasingly difficult. In Karratha our staff are reporting a five-year wait for housing. The housing crisis has meant that women who should only have stayed for six to eight weeks are now staying for up to 12 months and are sometimes living in hotel-sized rooms with up to four children. In the last 12 months our service in Karratha has anecdotally reported having to turn away individuals on 600 occasions.

### Implications of climate change

The Salvation Army, through our Salvation Army Emergency Services (SAES) and rural chaplaincy service, sees firsthand the impact that climate change is having through extreme weather events such as bushfires, droughts and floods. Rural and regional communities are disproportionately affected by these events and are therefore disproportionately affected by the impact of climate change.

The Salvation Army has witnessed the need for emergency and short-term housing options following natural disasters, including the 2019-2020 bushfire season and 2022 floods, which both saw large-scale losses of property and significant demand on already short supplies of affordable housing. Many residents, even those able to afford to fully reconstruct their properties, still experienced homelessness and required housing during the rebuilding process.

The Salvation Army, with a consortium of service providers in the Northern Rivers region, undertook a research project into housing needs in the region following the recent floods.<sup>81</sup> The report found

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<sup>79</sup> National Rural Health Alliance. (2013). *A snapshot of poverty in rural and regional Australia*. Joint Report National Rural Health Alliance, ACOSS. <https://www.ruralhealth.org.au/sites/default/files/documents/nrha-policy-document/policy-development/rural-poverty-snapshot-11-october-final.pdf>.

<sup>80</sup> Australian Housing and Urban Research Institute. (2020). *Supporting families effectively through the homelessness services system*. <https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI-Final-Report-330-Supporting-families-effectively-through-the-homelessness-services-system.pdf>.

<sup>81</sup> Nouwelant, R. & Cbin, A. (2022). *The impact of housing vulnerability on climate disaster recovery: The 2022 Northern Rivers Floods*. UNSW City Future Research Centre. University of New South Wales. Sydney. <https://www.vinnies.org.au/content/Document/NSW/Social%20Justice/Northern-Rivers-postflood-housing-20221102.pdf>.



that there are two dimensions to regional and rural rental markets that make them particularly susceptible to the shocks brought about by the loss of stock following a climate disaster, such as the Northern Rivers floods. The first is the small size of the private rental market, where many groups (particularly Indigenous communities) find it difficult to secure housing on the rental market. The second dimension of the longer-term housing crisis in the Northern Rivers, and other regions, is the ‘decoupling’ of demand and supply, with a loss of private rentals that were, historically, available at a price point affordable to those whose incomes come from pensions or other government payments. The shock to housing supply caused by the recent floods has accelerated this urgent and growing need for subsidised housing options in the Northern Rivers.

#### **Recommendation – the Committee recommend:**

- The Commonwealth Government increase funding for services operating in rural and remote communities and invest in incentives to attract suitable and qualified staff to these areas.
- The Commonwealth Government transition from universal funding and service agreements to funding and service agreements with ‘built in’ recognition of the time and distance for rural and regional Australia, within the service delivery context.
- The Commonwealth Government address bottlenecks in crisis accommodation and transitional housing due to the lack of exit points in rural and remote areas, including into social housing.
- The Commonwealth Government increase stock of transitional housing and crisis accommodation – particularly in regions where there are no or limited crisis options.
- The Commonwealth Government develop housing system intelligence to inform disaster preparedness and recovery planning.

#### People with Disability

People with disability often experience structural barriers to economic security, including stereotypes that prevent them from obtaining and maintaining meaningful employment and adequate income. Financial security for people with disability is also one of the outcome areas under the National Disability Strategy, yet too often we see this security lacking on the ground.

The experience of The Salvation Army is that paid employment has benefits far beyond remuneration. A job has both personal and economic benefits for the employee and the broader population. A job provides an individual with structure and routine in their daily life, a sense of purpose and confidence, and many people derive a connection to their community and society through their employment. These have significant benefits to the mental health of an individual.

The Salvation Army is a Disability Employment Service (DES) provider, working with people with disability to help them secure and maintain employment. Our person-centred approach means that



DES staff focus on the community member and work to match them with a job that is suited to them and their abilities. We also work with employers to ensure that workplaces are equipped to support employees' needs. This includes assisting employers with the purchase of necessary equipment, workplace modification and training. Post-placement support by our DES staff further helps to ensure that the position continues to be workable in the long term.

### \*Jane's Story

Jane\* has a disability and was referred to The Salvation Army's Disability Employment Service. In getting to know Jane and her skills, the DES officer discovered that she had a passion for flowers and dreamt of becoming a florist. They then worked with a local florist to secure a position for Jane that would suit her needs and continued to support them after she had started work.

Jane has continued to grow into her role and is becoming more confident talking to customers and helping them get exactly what they are looking for. When reflecting on her new job, Jane said, "Knowing that the people I work with really appreciate me and are happy with who I am; I couldn't really ask for any better".

*\*Name changed*

In our financial counselling services we have also witnessed the significant barriers to accessing the Disability Support Pension (DSP), the complexity of which is a disincentive for eligible people to access a higher payment.

Our experience is that there is a stark contrast between the experience of people accessing the DSP from that of older Australians transitioning to the Age Pension. Centrelink Financial Information Service (FIS) officers provide a highly effective, experienced and personalised support for older Australians preparing for retirement. The same level of support and case management is not available for people seeking to access the DSP. This gap is currently filled by the community and legal sectors.

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*“It is a sad state of affairs that we need to seek legal advice for a person to get a government benefit.”*

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**- A Salvation Army Moneycare financial counsellor**

The Salvation Army recognises the need for a suitably qualified medical professional to verify an applicant's physical, intellectual and/or psychiatric condition as part of the DSP assessment process. Our experience is that the current process presents too high of a financial burden on potential applicants and prevents too many Australians from accessing the payment.



Medical reports and letters of confirmation are particularly difficult to access in regional and rural areas, where a shortage of general and specialist medical professionals prevents people from being able to afford appointments, or means they have to wait a long time to see an appropriate clinician. For example, the requirement for applicants with a mental health condition to have a report from a clinical psychologist has been known to draw out the process by 12 months and add significant costs. Even dedicated physicians can be unaware of the precise wording required and letters that are intended to verify eligibility end up falling short of the criteria sought by assessors. It is unreasonable to expect medical professionals to devote time to researching the correct wording and a waste of their time to reword their findings multiple times before it is accepted.

**Recommendation – that the Committee recommend:**

- The Commonwealth Government develop pro-forma documentation to assist medical professionals assess the eligibility of Disability Support Pension applicants.
- The Commonwealth Government extend the Financial Information Service (or establish a similar service) to guide people through the application process for the Disability Support Pension.
- The Commonwealth Government ensure that wraparound services and support play a key role in Commonwealth Government-funded services for people with disability and other conditions.





## Conclusion

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The Salvation Army thanks the Senate Standing Committee on Community Affairs for the opportunity to provide feedback to this inquiry.

This inquiry forms another opportunity for Australians and the Commonwealth Government to see the face of poverty. It may be hard to measure and define, but it is also very real, widespread and is too often inescapable.

We urge the Committee, and the Commonwealth Government, to both learn from the work of the 2002-04 inquiry into Poverty and Financial Hardship, and to ensure there is accountability for the enactment of the recommendations of this Committee's work, so that the next twenty years see the eradication of poverty in Australia.



## About The Salvation Army

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The Salvation Army is an international Christian movement with a presence in more than 130 countries. Operating in Australia since 1880, The Salvation Army is one of the largest providers of social services and programs for people experiencing hardship, injustice and social exclusion.

The Salvation Army Australia provides more than 1,000 social programs and activities through networks of social support services, community centres and churches across the country.

Programs include:

- Financial counselling, financial literacy and microfinance
- Emergency relief and related services
- Homelessness services
- Youth services
- Family and domestic violence services
- Alcohol, drugs and other addictions
- Chaplaincy
- Emergency and disaster response
- Aged care
- Employment services

As a mission-driven organisation, The Salvation Army seeks to reduce social disadvantage and create a fair and harmonious society through holistic and person-centred approaches that reflect our mission to share the love of Jesus by:

- Caring for people
- Creating faith pathways
- Building healthy communities
- Working for justice

We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.

## Further Information

The Salvation Army would welcome the opportunity to discuss the content of this submission should any further information be of assistance. Further information can be sought from

