



Submission to the Senate Inquiry into Poverty in Australia

**Senate Community Affairs References
Committee**

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Introduction

This submission describes the level and incidence of poverty and inequality in Queensland. In particular, it discusses key elements such as unemployment, education, health, and location in contributing to existing patterns of disadvantage. Child poverty and indigenous children's poverty in Queensland are discussed in separate sections to this submission and argue the need for early intervention and a reform of welfare responses.

Who is QCOSS?

QCOSS is a charitable member driven organisation - formed by the community sector to be a powerful and collective advocate, providing a high profile focus for the elimination of inequity and disadvantage.

QCOSS works to eliminate inequity and disadvantage in our society by:

- Advocating on behalf of low-income and disadvantaged people and communities to government
- Raising issues of equity and social justice in the media and with the wider community
- Undertaking policy analysis and research on critical issues such as tax reform and poverty
- Representing the interests of low-income people and disadvantaged communities on advisory bodies
- Working in close association with the Australian Council of Social Service and other State and Territory Councils of Social Service
- Maintaining a strong and vital social and community service sector in Queensland

QCOSS supports individuals and organisations working in community services across the State by:

- Disseminating information on policy, practice and professional development
- Providing support and training
- Facilitating communication and networking
- Auspicing new initiatives
- Advocating on sectoral issues

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- Undertaking research and policy analysis on sectoral issues
 - Providing policy leadership on emerging issues, and
 - Providing links to national and international bodies
 - Sponsoring two peak childcare advice, training and support units-Childcare Management Training and Support Unit (Brisbane) and the Indigenous Children Services Unit (Townsville)

QCOSS has approximately 800 members—individuals and organisations working in and with the community service sector in Queensland. A voluntary Board, comprising members from across Queensland oversees QCOSS. QCOSS is funded from time to time to undertake specific projects. QCOSS works to achieve a Fair Queensland through the building of a sustainable and viable community services sector.

Poverty and Inequality in Queensland

Over recent decades a variety of economic and demographic factors have combined to create the new phenomenon of 'jobless families' and 'job poor communities'. These unequal outcomes have generated the prospect that economic and social disadvantage have become entrenched. Long-term economic and social disadvantage has negative consequences for individuals, families and the broader community. Lack of paid employment and reliance on consequent income support reduce current and lifetime incomes. Disadvantage is also concentrated in particular segments of the community and in particular regions. An unequal distribution of employment gains has also seen some neighbourhoods with higher employment and income levels improve their position relative to neighbourhoods with lower employment and average incomes. The most disadvantaged regions have poorer educational, social and transport infrastructure as well as reduced employment opportunities.

Unemployment

Unemployment is the central determinant in social exclusion and poverty and is a key determinant in ill health. Many of Queensland's social concerns, in particular, unemployment and poverty are most serious in specific regions of the State. Place is a significant factor in determining disadvantage, unemployment and incidence of poverty. Structural economic impacts to rural communities continue to impact on families and small business and this continues to expand social divides. There has

been the movement of public services into larger regional centres from rural towns. Unemployment is considerably higher than the State average in a number of regions, particularly the Wide Bay-Burnett and West and North Moreton regions. Some towns in regional Queensland have unemployment rates between 20 – 30 percent. It is also these areas where poverty is particularly concentrated.

Educational Disadvantage

Educational disadvantage is experienced by an unacceptable number of young Australians and this correlates with economic disadvantage, experienced as unemployment, under-employment (part-time casual work) or instability in the process of revolving through periods of employment, under-employment or no employment. Material collected by the Dusseldorp Skills Forum (2000) shows that:

- By the age of 24 early school-leavers (i.e. not completing Year 12) have an unemployment rate twice that of school completers
- By the age of 24 66% of females who did not complete Year 12 were not in education or full-time employment or were 'at risk'
- By the age of 24 33% of young adult men who did not complete Year 12 were not in education or full-time employment or 'at risk'
- Completion rates for all students have declined in recent years after significant increases down from 77% in 1992 to 72% in 1999, and completion rates for Indigenous students are around 32%

The cost to individuals, governments and society from early school leaving is estimated at \$2.6 billion every year (Spierings 2000: 34). Summarising the comprehensive reviews of the relationship between socio-economic status (SES) and educational outcomes, Zappala and Considine (2001) conclude that children from low SES families are more likely to exhibit the following patterns in terms of educational outcomes compared to children from high SES families:

- Have lower levels of literacy, numeracy and comprehension
- Have lower retention rates (i.e. children from low SES families are more likely to leave school early)
- Have lower participation rates (children from low SES are less likely

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- to attend University)
- Exhibit higher levels of problematic school behaviour (e.g. truancy)
 - Are less likely to study specialised maths and science subjects
 - Are more likely to have difficulties with their studies and display negative attitudes to school
 - Have less successful school to labour market transitions

Indigenous Disadvantage

Indigenous communities are frequently the most disadvantaged communities. They are often characterised by high-levels of unemployment, poor health outcomes, high levels of violence and high levels of poverty and dependence on government benefits. The sense of safety and security they should enjoy is often absent from even the most basic elements. There is an urgent need to address this situation.

The international evidence on inequalities in health is compelling. People who live in disadvantaged circumstances have more illnesses, greater distress, more disability and shorter lives than those who live in affluent circumstances. Income inequality and poverty have increased in Australia over the last decade. Good health involves reducing levels of educational failure, job insecurity and reducing income differentials. Health policy and investment must be linked to a prevention focus and the social and economic determinants of health.

Health Inequalities

Improving health outcomes for Australians must take place where people live, work and play. Income is the single most important determinant of health and is strongly related to health and well-being. The link between poverty and health is clear with the financially worse – off experiencing the highest rates of illness and premature death. The disparity in health outcomes between the advantaged and the disadvantaged is most evident in Indigenous communities throughout Australia and Queensland who continue to struggle with health related issues where life expectancy of Indigenous people is 15-20 years below the general population and continues to be a concern.

Locational Disadvantage

The growing level of locational disadvantage is significant, as is the gap between the under-employed and the over-employed. The inequality in communities based on income, wealth and opportunity continues to grow and has done so over the last decades.

The QCROSS report *People and Places – A Profile of Growing Disadvantage in Queensland (1999)* attached to this submission, stated that poverty in Queensland had risen steadily from 1981-82 to 1995-96 with poverty rates almost doubling in that period. Of great concern is that poverty rates in Queensland have been and continue to be consistently high in comparison with national rates and in comparison with other states and territories. The report was instrumental in identifying 'place' as a key factor in socio-economic disadvantage and acknowledged that development in Queensland is both uneven and unequal, giving rise to real spatial inequalities.

Queensland community service organisations are struggling to meet the needs of people who are seeking assistance. The majority of community services are provided by non-government community service organisations, which are largely dependent on government grants for their recurrent income. The fifth survey results of the community services sector *Australians Living on the Edge (ALOTE)* released in February 2003, highlight the continuing external pressures impacting on the long-term viability of community service organisations. There has been a 13% increase in the number of people assisted by respondent Queensland community service organisations between the 2000-01 and 2001-02 financial years, rising from 537,560 to 606,586 people.

Queensland community sector organisations continue to work under increasing pressure, with only 1% of organisations reporting no increase in pressure from last year. The main reasons given for the increase in pressure were increased numbers of clients seeking services (19%), increased operating costs (18%), and the increasingly complex needs of clients (15%).

Faced with increasing service delivery pressure, community organisations are also expected to legally and ethically operate their incorporated community organisations

with well meaning and often under-trained volunteer board members. The pressure to do this without subsidized training and access to low cost organisational resources creates an unnecessary pressure to service delivery. To create a fairer level playing field, QCOSS endorses any Federal Government's commitment and funds towards on-going skills development and professional in-service training for community based organisations.

A recent example of this has been the removal of \$500,00.00 in-service training funds from Queensland children services in late 2002 by the Department of Families and Community Services. This decision only applied to Queensland and yet this state is the most regionalised state in the nation. The affect and outcome of the decision was immediate for in excess of 2,000 childcare services of which approximately 1,000 services are community based organisations from long day care, family day care and school aged care programs. Childcare staffs are not able to access subsidized professional training and yet childcare staff are deemed to be one of the lowest paid professional groups in Australia. To ensure children's services are high quality and to retain qualified staff, affordable up-to-date in-service training is a vital professional requirement.

There is currently significant demand being placed on services. Increased poverty levels and rates of homelessness, the growth of unemployment as well as demographic changes such as Queensland's ageing population are contributing towards this increased demand. Long term economic and social disadvantage has negative consequences for individuals and their families and the broader community. These issues must be responded to in order to redress the growing social divide.

Child Poverty in Queensland

QCOSS supports the recommendations contained in the submission from NACBCS *Working Towards Eradicating Child Poverty in Australia: The Benefits of an Investment in Child Care* to this Inquiry. The recommendations reflect the investment required in children and it is argued that in order to limit the effects of disadvantage on children before they enter school, Federal, State and Territory governments need to work collaboratively.

The Need for Early Intervention

Early schooling can contribute to equality of opportunity by helping overcome the initial handicaps of poverty or a disadvantaged social or cultural environment. Debilitating disadvantage often begins in the earliest years of life. Reaching children especially in jobless households, whether of single or couple parents, will require not merely an expansion of existing systems, but a redesigning and development of new models and systems.

Early childhood interventions of high quality can have lasting effects upon employment and earnings prospects of disadvantaged children, especially if they are sustained over time and not limited to one-off interventions. If young people leave the schooling system without qualifications and a good grounding in basic education, it is almost impossible for labour market programs to overcome these handicaps later on. (*Interim Report on Welfare Reform, 2000*).

Insufficient attention is often paid to prevention and early interventions that can help build capacities for participation and self-reliance. Foundation skills for social and economic participation are developed from early childhood and throughout the school years. Relationships skills are also important for individuals when they participate in their family, community and work settings (*Participation Support for a More Equitable Society McClure, 2000:9*)

The Report from the Prime Minister's Youth Pathways Action Plan Taskforce (Eldridge, 2000:48) listed as one of its key findings in the section on Families that:

Effective interventions in early childhood, followed in the first years of schooling, may alleviate the need for more intensive support in later years. This includes resolving difficulties in family relationships as early as possible

The Reports quoted above demonstrate the wide recognition that prevention is more effective than later attempts to cure. The Federal Government's own report from the Senate Employment, Education and Training References Committee: *Childhood Matters, the Report on the Inquiry into Early Childhood Education* (quoted in Latham, 2001:39) estimated that every dollar of early childhood spending is likely to save seven dollars in later expenditure on remediation.

In his keynote address to the National Education and Employment Forum in New South Wales, Michael Raper, then President of the Australian Council of Social Services (ACOSS) stressed two findings from relevant research. Firstly that Boocock's 1995 conclusion that good quality child care and pre-school programs promote cognitive development in the short term and prepare children to succeed in school particularly for disadvantaged children. Secondly that Barnett's 1995 conclusion that enhanced early childhood and development programs can produce large effects on IQ during early childhood years and sizeable, persistent effects on reading and math's achievement, grade retention and socialization, thereby making a significant difference to the lives of disadvantaged children (Raper, 2001:8).

The Eldridge Report acknowledged the Federal Government's *Stronger Families and Communities Strategy* which comprised eight new initiatives from 1 July 2000, one of which was 'Early Intervention, parenting and family relationship support' (Eldridge, 2000:49). Consistent with an enhanced national focus on the importance of the early years, it is essential that the nation develop effective strategies to address the need for a strong foundation in the early childhood years as critical to the success of later learning capacities. Investment in early preventative programs can reduce costly remediation later.

To ensure all staff working within a children's service are fully aware of their responsibilities and utilizing service's in-depth knowledge of the families in their communities, QCOSS strongly endorses national mandatory child protection reporting by all childcare services.

Welfare Responses

Arguably, social security payments targeted tightly on people on low incomes create problems through the effects of high effective marginal tax rates on incentives for employment. We have to be much cleverer in designing social security arrangements in ways that maintain incentives to employment to the greatest extent possible. By comparison, tax credits can be targeted towards those who are low wage earners in low-income families so that only they benefit, and they retain the full amount of higher credit. Thus for a two income family with two children and a combined annual income of \$44,600, an earnings credit of as little as \$10 per week would lead to the

same increase in their disposable income as a \$23 increase in the 'living wage' (Dawkins, 2002:7).

In this context it might be noted that in recent years government social expenditures on income support, education, health and housing have been restructured in favour of higher income groups. In particular, changes to family assistance, aid to private schools and the health insurance rebate have all contributed to upper middle class welfare. Thus there would seem to be significant scope to review government priorities and achieve savings in favour of the most disadvantaged. Assisting those people to realise their full potential by participating in work and society would then improve economic performance over time. Indeed the question might well be put can Australia afford not to take action along these lines? (Dawkins, 2002:8)

Calls for a re-configuration of the taxation system by the use of an appropriate mix of earned tax credits and negative income tax to achieve the result that parents, whether sole or couples, receive the equivalent of an additional \$2000 per child in disposable income for pre-school children. This will assist them to access child-care or pre-school places and/or adapt their own employment arrangements to provide them more opportunity to nurture their pre-school children.

Reform of the unsustainable welfare system in this country is required and will result in the on-going provision of a basic 'safety-net' of welfare. It is more likely to facilitate the transfer of more Australians into productive employment and social engagement rather than chronic welfare dependence.

Indigenous Children's Poverty

QCROSS acknowledges the particular challenges that confront indigenous children across Australia. There is a multiplicity of associated poverty problems for indigenous communities that compound issues for indigenous families so much so that the only feasible response for many is helplessness. The non-paying of child-care fees is an issue. Due to competing demands on an indigenous family's funds and associated social problems such as substance abuse, which may drain finances, child-care fees are not necessarily seen as a priority. Greater support is needed to ensure child-care services remain viable in these communities.

The segmented funding responses typical of governments do not address the holistic nature of poverty and indeed the spiritual and social structures in indigenous communities e.g giving significant funds to health services one year and to education mean that services are not balanced and are forever uncertain of their continuation. Due to the large number of active and regional Indigenous communities in Queensland, QCOSS endorses the expansion and development of Multifunctional Aboriginal Children Services (MACS) and other early childhood services to ensure all Queensland Aboriginal and Torres Strait Islander children have access to quality child care, family support and early intervention programs.

The dissemination of funds to a community as a whole for them to decide what it is needed is also problematic. Perhaps this has the potential to provide a fairer response. Communities continually battle to revive and exist, strongly needing linkages between all social and community services. This is especially important for indigenous communities.

The recent Unicef Report (2000) *State of the Worlds Children's* points out that 150 million children still suffer from malnutrition. The focus of the report is on the importance of child participation and it argues that engaging children and young people and including them in decision making processes and in prevention efforts to save their lives, is essential to addressing problems such as poverty. What is needed is an expansion of culturally responsive options for indigenous communities that are holistic and that address a range of areas including health and economic development.

QCOSS also supports the sentiments echoed by the Secretariat of National Aboriginal and Islander Child Care (SNAICC), who have highlighted the need for additional services for Indigenous children as currently Indigenous families have much lower access to Commonwealth funded child care than other Australian families. QCOSS also supports the recent paper by SNAICC relating to child abuse and neglect, which argued that the Commonwealth Government needs to focus on prevention through providing long term, secure and substantial funding directed towards family support and early intervention.